



Atlantic

ASSET MANAGEMENT

Real Income Fund

February 2009 Fund Fact Sheet



PRODUCT

Atlantic's Real Income Fund is an actively managed fixed income fund which aims to deliver inflation beating returns over time. The fund will invest primarily in inflation linked bonds as well as other high yielding fixed income securities. The fund manager may also invest in listed property and a basket of selected equity securities to ensure the targeted return is achieved. The Fund aims to protect investors capital and at the same time generate an inflation beating income stream.

PORTFOLIO MANAGER

Arno Lawrenz B.Sc(Hons), CFA

PERFORMANCE OBJECTIVE

The objective of the Atlantic Enhanced Income Fund is to preserve capital and to maximise income returns for investors. The performance objective of the fund is to achieve a total return in excess of the benchmark over rolling 36-month periods.

PORTFOLIO POSITIONING AND ACTIVITY

We have opted to remain in money market assets for the time being. Our expectation was that we would experience significant downside capital volatility has been shown to be correct over the past month. As such, by holding off on introducing riskier assets we opted for a safety first approach. Whilst this MAY seem like an easy option, in the current context we do not believe that trying to pick a bottom for risky assets like equity will pay off investors. Risks are still skewed to such an extent that a risk aversion approach in this deflationary world is the most appropriate.

This Fund does not hold any international assets

RISK PROFILE:

Low capital risk over the medium term.

BENCHMARK:

CPI+3% - Measured over a 1 year period

ACI FUND CLASSIFICATION:

Domestic - Asset Allocation - Targeted Absolute Return Portfolio

LAUNCH DATE:

1 January 2009

DISTRIBUTION FREQUENCY:

Quarterly

FUND SIZE AT 28 FEBRUARY 2009:

R 1.0m

DISTRIBUTION PER UNIT:

Feb '09 0.00 cents per unit

May '09 -

Aug '09 -

Nov '09 -

FEES:

Initial: 0.00% Annual: 1.00% per annum excluding VAT.

MONTH END NAV PRICE: 96.44c

TER: N/A

The Total Expense Ratio (TER) for this portfolio/ class of participatory interest cannot be accurately determined. The TER of this class of participatory interest/ portfolio will be higher than the quoted service charge of the manager.

MINIMUM INVESTMENT AMOUNT:

Monthly debit order R250 pm, Single premium R2000

MANAGEMENT COMPANY: PSG Collective Investments Limited

MARKET OUTLOOK

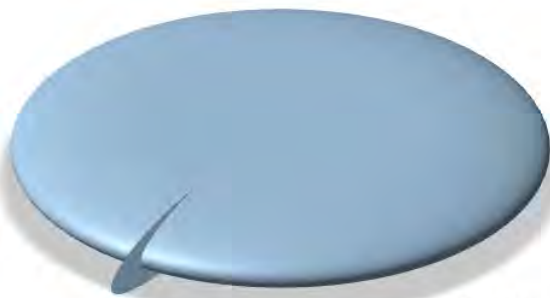
Insurance - in law and economics, is a form of risk management primarily used to hedge against the risk of a contingent loss. Also, a means of indemnity against the occurrence of an uncertain event. With depressions and deflations feared the world over, one would be excused for ignoring the risk of inflation for some time as global central banks continue to fight the fires of a collapsing global economy.

Basic economics teach us that inflation refers to a general rise in prices that causes the purchasing power of a currency to fall. There are many causes for inflation, including governments printing an excess of money to deal with a crisis; an increase in foreign lending and national debts; a steep drop of the exchange rate and a potential increase in taxes.

While inflation is probably far from the top of most minds at present, it is instructive to note that inflation-linked bonds were actually the second best performing asset class in February - albeit a negative 2.6% return. For the second month running cash was the only asset class offering a positive return at 0.84%, a number that is expected to drop off further in months to come as the SARB's MPC is likely to reduce interest rates aggressively in order to prevent a large-scale slowdown of the local economy. Even such a move could be too late to prevent an outright recession, with Merrill Lynch becoming the first sell-side research house to forecast an official recession for South Africa in 2009 of -0.6%. Interestingly enough the second-worst forecast remains in positive territory at present, while consensus remains somewhere closer to 1.0%, against the 1.2% forecasted by government.

Thus, for as long as it takes consensus to migrate closer to forecasting an outright recession, risk for an expected growth slowdown remains on the downside. However, while our preference for liquid, high quality asset remain unchanged as the bottom of the economic cycle remains some way off, the time for increased portfolio insurance appears to be moving closer.

Atlantic Real Income Fund Asset Allocation 28 February 2009



Money Market
incl Cash
100%



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