

Lion of Africa Real Return CPI + 5 Fund

December 2007

Portfolio Objective

The Lion of Africa Real Return CPI + 5 Fund is a specialist portfolio with the objective to secure consistent real total returns in excess of headline inflation plus 5% per annum over any 3 year rolling period. In selecting securities for this portfolio and in the determining the portfolio asset allocation, the manager shall seek to achieve this objective, where possible, regardless of the economic cycle.

Managers Comments

Local markets came under pressure during the month of December as factors such as rising inflation, a 50 basis point hike in the repo rate and pertinent political issues resulted in muted performance from most asset classes.

Domestic equities turned negative in December with Resource stocks being the worst returns coming from investments in the short end of the yield curve. The fund continues to hold an underweight position in nominal bonds as further inflationary pressures and potential rate increases provide resistance to downward movement in bond yields.

Real yields remained fairly constant providing stable returns for inflation linked bonds during the month of December. The fund continues to hold higher cash weightings to capitalise on the favourable yields being achieved from this asset class.

Investment Strategy

The fund is constructed using a methodology that focuses on both strategic and tactical asset allocation. The methodology concentrates on minimising downside risk and excessive volatility through adequate diversification. By applying meticulous optimisation strategies to the investment choices, the fund is able to target returns in excess of inflation.

Investment Universe

The portfolio may invest in exchange listed equity securities, government, corporate and inflation-linked bonds, non-equity securities, preference shares and assets in liquid forms as well as participatory interests in collective investment schemes – locally and international.

Portfolio Managers

Kimon Boyiatjjs and Sidney McKinnon

Fund Classification

Domestic – Target and Absolute Return

Managed by:


TRIDENT CAPITAL

Custodian: Standard Executors & Trustees: Tel: (021) 401-2286. Metropolitan Collective Investments Limited Parc du Cap Mispel Road Belville, P.O. Box 925 Bellville 7535 Tel: (021) 940-5981 Fax: (021) 940-5885 Call Centre Tel: 0860 100 279 Registration No: 1991/03741/06.

Collective Investments are generally medium to long term investments. The value of participating interests may go down as well as up and past performance is not necessarily a guide to the future. Collective Investments are traded at ruling prices and can engage in scrip lending. Forward pricing is used. A schedule of fees and charges and maximum commissions is available on request from company/scheme. Commission and incentives may be paid and if so, are included in the overall cost. This fund may be closed to new investors. Graphs and performance figures are sourced from Money Mate for lump sum investments including income distribution, at NAV to NAV basis and does not take any initial fees into account. Income is reinvested on the ex-dividend date. Actual investment performance will differ based on the initial fees applicable, the actual investment date and the date of reinvestment of income. Collective Investment prices are calculated on a net asset value basis and auditor's fees, bank charges and trustee fees are levied against the portfolio. The portfolio manager may borrow up to 10% of portfolio NAV to bridge insufficient liquidity. The performance fee FAQ document is kept as a public document at Metropolitan Head Office. Metropolitan Collective Investments Ltd is an authorised Financial Services Provider and member of the ACI.

Asset Allocation

Equities	8.98%
Inflation Linked Bonds	41.57%
Nominal Bonds	10.12%
PUT's	0.93%
Cash	38.40%

Top 10 Holdings

R189 Inflation Linked Bond	20.14%
R197 Inflation Linked Bond	13.87%
R202 Inflation Linked Bond	7.56%
R153 Gov Bond	4.44%
WS04 TCTA Bond	2.21%
R203 Gov Bond	1.82%
R157 Gov Bond	1.65%
REM	0.89%
MET	0.87%
SLM	0.86%

Technical Overview

Portfolio value:	R57.5m
Original buying price:	100.00cents
Minimum lump sum:	R5 000
Minimum monthly investment:	R150
Managers upfront charge (max):	0.285% (incl VAT)
FSP upfront comm. (max):	3.42% (incl VAT)
Annual service fee:	1.425% (incl VAT)
Formation date:	January 2007
Date of income declaration:	30 June / 31 Dec
Date of income payment:	7 July / 7 January
Benchmark:	CPI + 5%
Valuation time:	15h00
Transaction time:	15h00
Risk:	Medium
Reg 28 compliant:	Yes

Bank Details

Bank:	ABSA
Account number:	406 716 2928
Branch code:	31 21 09

Please fax application form and proof of payment to 021 940 4586

Contact Details

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