

The Monthly Income Fund

ALTERNATIVE REAL ESTATE

CAPITAL MANAGEMENT

www.altre.co.za

3rd Floor, North Block, Hyde Park Shopping Centre, Hyde Park, Sandton, 2196

PO Box 413581, Craighall, 2024

Tel: +27 11 325 6511 Fax: +27 11 325 6514

The Fund's return for the month of August was -4.81%.

During August a number of the counters within the listed property sector reported their earnings. Industry leader Growthpoint, produced earnings growth of 7.2% over the full-year. Growthpoint expects its earnings growth to be similar through to June 2014 which provides some insight into the favourable fundamentals being enjoyed by the listed property sector over the near term.

Our Fund has a meaningful exposure to SA Corporate which after a number of years of difficulty delivered earnings growth of 7.3%. The company now believes that the various issues facing its property portfolio have been addressed and that this difficult recent past is now behind them.

Other exposure the Fund has is to Synergy-A REIT units. Synergy REIT is a relative newcomer to the sector and a specialist rural retail focussed REIT, it also put in a commendable performance, meeting its forecast and exceeding our own more conservative earnings expectations of the company.

The positive earnings growth that is being delivered by the companies that the Fund has exposure to means that as the income we receive continues to grow, so will it be possible to pass this income through to our investors.

We are pleased with how the Fund is positioned. The Fund's loan-to-value ratio is 38%, which is in line with our target gearing level for the Fund. The Fund has a strong investment bias towards A Class units. This has helped to hedge the Fund from significant downward movements in the property sector.

The A Class units we have invested in are well over collateralised by the company's B Class units, whilst the A Class units benefit from preferential rights to a growing distribution. As a result of this over-collateralisation, a high degree of cash flow certainty is provided to owners of the A Class units and we believe the financial risk is low. This allows us strong certainty as to the smoothed monthly distribution the Fund is able to pay to investors. The fundamentals of these companies remain sound.

The Fund is well positioned to meet its core objective of a consistent growing income while maintaining above inflation capital growth.

Kind regards,
Alternative Real Estate Team

Fund Information

Manager	Alternative Real Estate
Strategy	Long Term Value & Income
Asset Class	Real Estate & Fixed Income
Inception	August 2012
Current Period	August 2013
Size	R 11,000,000

Fund Performance

Return from Inception	5.08%
Annualised Return	4.68%
% Up Months	53.85%
No Months	13
Best Month	9.08%
Worst Month	-8.35%
Current Month	-4.81%
Year-to-Date Return (2013)	-11.66%
2012 Return (5 months)	18.95%

Fund Metrics

Unit Price	R 9.67
Current Distribution	6.00cpu
Loan-to-value	37.57%
Forecast Yield	7.45%
Historic Payout Ratio	93%
R 100 000 investment	Pays R 620.67 per month

Fund Objective

Our objective for the fund is to deliver a consistent growing income while maintaining above inflation capital growth. The target total return for the fund is 15% per annum. This is achieved by using a long term value investment approach whilst holding as little fundamental risk as possible.

Key Investor Information

Minimum Investment	R 100,000.00
Management Fee	0.75%
Performance Fee	10%
Entry Fee	None
Exit Fee	None
Investor Liquidity	Calendar Month End
Notice Period	Subject to partnership agreement
Lockup	Subject to partnership agreement
Benchmark	STEFI Call Deposit Index

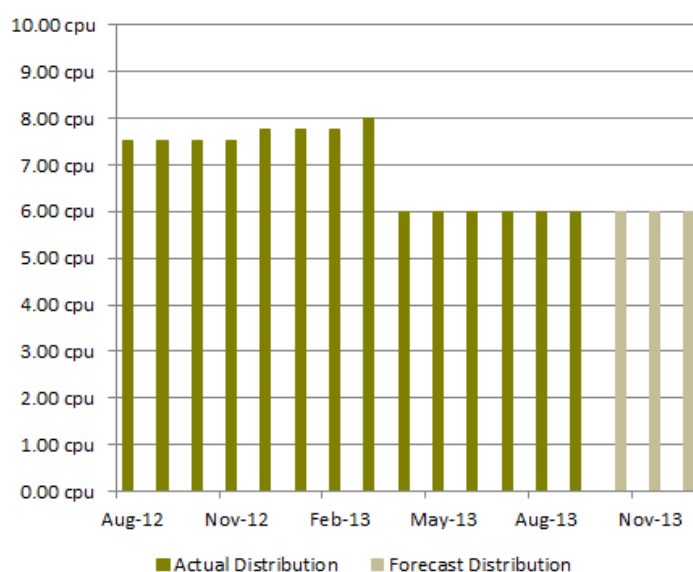
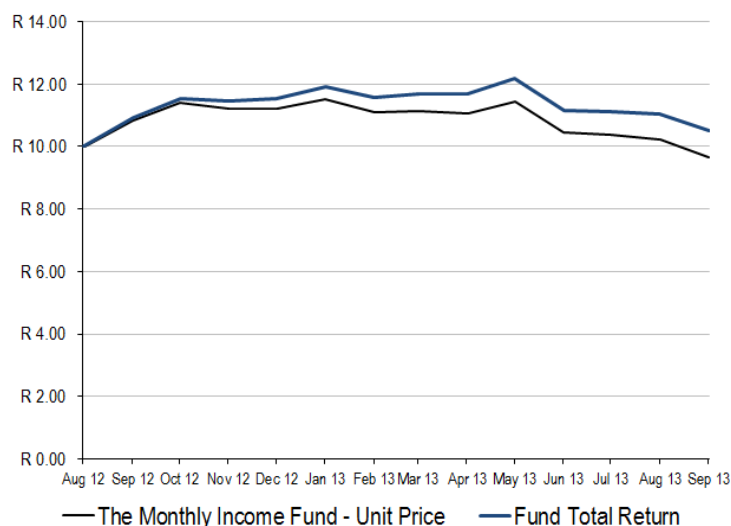
Disclosure

Please note: We continue to emphasise that the fund is long term in nature. Market movements in the underlying portfolio will impact the volatility of the value of the fund and it is important to recognise the long term nature of the investment before accounting for short term profits or losses.

If you have chosen to pay-out your distributions the distribution should reflect in your bank account (as detailed on the statement) in the next 3-5 days. If you have chosen to Re-Invest your distributions, new units have been allocated and should reflect on your statement.

The contents of this document are confidential and subject to our [Disclosure & Disclaimers](#)

Graphs



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2012								9.08%	5.88%	-0.94%	0.76%	3.20%	18.95%
2013	-2.90%	1.17%	0.00%	4.06%	-8.35%	-0.19%	-0.76%	-4.81%					-11.66%