

# Absa Money Market Fund

15 August 2014

## Fund facts

<b>Industry category</b>	SA - Interest Bearing -Money Market
<b>Performance target</b>	STeFI Composite Index
<b>Inception date</b>	2 May 1997
<b>Fund size</b>	R 46,2 billion
<b>JSE code</b>	ABMM
<b>Fund manager</b>	Juan Bekker - SAIFM



<b>Asset management company</b>	Rehana Rungasamy - BCom, SAIFM
	Absa Asset Management (Pty) Ltd

## Fund details

<b>Minimum lump sum investment</b>	R 100 000
<b>Minimum monthly debit order</b>	R 1 000
<b>Income declaration</b>	The last day of every month
<b>Income distribution</b>	The first day of the following month

## Performance: total return (%) as at 31 July 2014

Term	Absa Money Market Fund	Benchmark	Sector Average	Rank
Since inception	9.57	8.47	7.95	1/4
1 year	5.23	5.49	5.40	28/28
3 years	5.23	5.47	5.33	25/27
5 years	5.74	5.98	5.81	21/25

\*Figures are annualised

Source: Morningstar

## Monthly distributions (c.p.u) as at 31 July 2014

31 August 2013	0.40
30 September 2013	0.42
31 October 2013	0.43
30 November 2013	0.40
31 December 2013	0.43
31 January 2014	0.44
28 February 2014	0.41
31 March 2014	0.47
30 April 2014	0.45
31 May 2014	0.46
30 June 2014	0.45
31 July 2014	0.48
<b>Total</b>	<b>5.24</b>

## Major exposures (%)

Absa Group Ltd	22.73
Nedcor Ltd	21.86
Standard Bank Group	20.79
Investec Ltd	19.65
Firststrand Bank Ltd	14.90
Republic of South Africa	0.07

## Wealth and Investment Management

## Fund objectives

This fund aims to deliver a higher level of income compared to fixed deposits and call deposits over the short to long term within stringent credit and liquidity parameters, while protecting the initial capital and providing immediate liquidity. The Fund achieves this by investing in high quality (of at least F1 rated) short-term money market instruments. The Fund has a maximum weighted term of 90 days.

## Risk profile and advisable minimum term

Low	Low-Medium	Medium	Medium-High	High
X				
3 Months +	6 Months +	2 Years +	3 Years +	5 Years +
X				

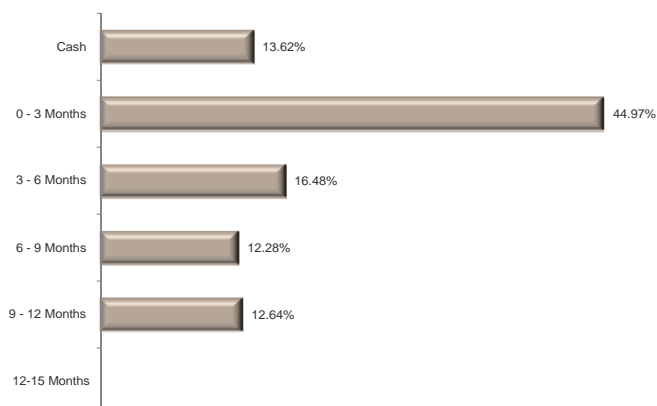
## Fees and total expense ratio

<b>Initial fees:</b>	Absa Fund Managers: 0.16% (VAT incl.)
	Adviser: 0.24% (VAT incl.)
<b>Annual management fee**:</b>	0.57% (VAT incl.)
<b>Total expense ratio:</b>	0.57%

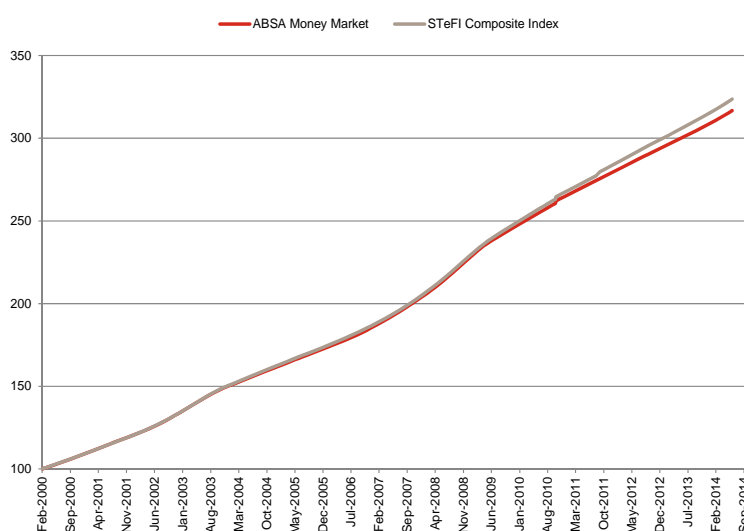
## Nominal Yield

Average nominal yield for the month (annualised)	5.63%
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## Duration analysis



## Absa Money Market Fund vs Benchmark



\*Index performance of Fund & Benchmark based to 100 from February 2000

Note: This graph is net of fees.  
Source: Morningstar

## Quarterly fund commentary as at 30 June 2014

The South African Reserve Bank's (SARB) decision to keep the repo rate on hold at its Monetary Policy meeting in May was widely expected. The statement though remained hawkish with the Bank highlighting that it was in a 'rising interest rate cycle' to gradually normalize rates. The moderate hiking cycle may also imply increasing interest rates by smaller increments of 25 basis points to allow for the gradual policy normalization. The SARB remains cognizant though of the stagflation bind it finds itself in.

Consumer Price inflation (CPI) jumped to 6.6% y/y in May from 6.1% in April, remaining stubbornly above the inflation target band of 3.0% - 6.0% which somewhat vindicated the SARB's decision to hike the repo rate by 50 basis points in January this year.

The prolonged strike action in the local platinum mining sector which in part contributed to Fitch's decision to downgrade South Africa's credit rating outlook to negative from stable, continued to plague the Rand over the quarter. The Rand weakened 1.03% to end the quarter around 10.63 to the US Dollar.

The money market yield curve steepened toward the end of the quarter on the back of hawkish rhetoric from the Reserve Bank Governor and the new Minister of Finance. The 1 year NCD rate rose by 12.5 basis points to 7.025%.

The FRA (forward rate agreement) curve continues to discount a further 75 basis point rate increase for the year.

The money market fund has been positioned for further interest rate hikes.

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### DISCLAIMER

The Absa Money Market Fund is a low risk fund. The maximum initial charge is 0.40% (incl. VAT) of consideration received and will include a maximum of 0.24% (incl. VAT) payable for commissions and incentives. An annual service charge of 0.57% (incl. VAT) will be calculated and accrued daily against the assets of the fund. \*\*The annual management fee does not include the financial adviser's ongoing fee. This fund has a maximum weighted term to maturity of 90 days. The Absa Money Market Fund requires a minimum opening balance of R100 000. The price of each unit is aimed at a constant value (R1). The total return to the investor is primarily made up of interest received but, may also include any gain or loss made on any particular instrument. The effect will be an increase or decrease of the daily yield and in extreme circumstances there can be a reduction of the capital value of the fund. Past performance is not necessarily a guide to future performance. The investment return is not guaranteed and is dependent on the performance of the underlying instruments. Income is distributed monthly and any income may be paid out into an account as nominated by the investor or be represented by additional units. All requests for transactions received on or before 16:00 every day will be traded at ruling prices and valued after 16:00 on that day. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. The yield is calculated using an annualized seven day rolling average as at 15/08/2014. Figures quoted are from Morningstar and figures quoted are net of fees. This fund will not have more than 25% in any one single entity. This product is not for sale to USA persons. The Total Expense Ratio (TER) is expressed as an annualised percentage of the charges, levies and fees incurred by the portfolio related to its management, for the period from 1 July 2013 to 30 June 2014, against the average NAV of the portfolio over this period. A higher TER does not necessarily imply a poor return, nor does a lower TER imply a good return. The current TER cannot be regarded as an indication of future TER's. Consult the Management Company for details. Absa Fund Managers is a member of the Association for Savings and Investment SA.

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### Contact details

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#### Trustees

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