

# Absa General Fund 31 July 2010

## Fund Description / Objective

The Fund invests in shares on the stock exchange with the intention of providing investors with long-term capital growth and escalating dividend income. Exposure to equities typically exceeds 75% of the fund and comprises a diverse combination of shares selected following independent research.

### Fund Facts

<b>Inception Date</b>	1 April 1991
<b>JSE Code</b>	ABGF
<b>Fund Size</b>	R 1,3 billion
<b>Industry Category</b>	Domestic - Equity - General
<b>Minimum Investment</b>	R 500 lump sum R 100 debit order
<b>Initial Fee</b>	5,70% (VAT incl.)
<b>Total Expense Ratio</b>	1,72%
<b>Annual Service Fee</b>	1,71% (VAT incl.)
<b>Income Declaration</b>	30 June & 31 December
<b>Income Distribution</b>	15 July & 15 January
<b>Performance target</b>	FTSE/JSE All Share Index
<b>Risk Rating</b>	High

### Income Distribution

Distribution for the 6 months ended 30 June 2009	6,60 c.p.u
Distribution for the 6 months ended 31 December 2009	1,53 c.p.u
Distribution for the 6 months ended 30 June 2010	0,00 c.p.u

### Top Holdings

- Adcock Ingram Holdings Ltd
- Anglo American Plc
- BHP Billiton Plc
- British American Tobacco Plc
- Compagnie Financiere Richemont SA
- Naspers Ltd
- Remgro Ltd
- SAB Miller
- Sasol Ltd
- Standard Bank Group Ltd

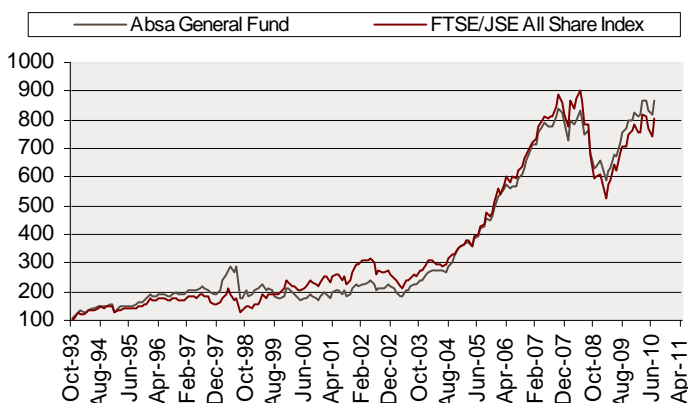
### Historic Performance

	Absa General	Sector Average	Ranking
1 Year	20,05%	17,91%	20/82
3 Years*	3,76%	1,17%	11/65
5 Years*	15,02%	13,72%	15/51

\* Figures are annualised

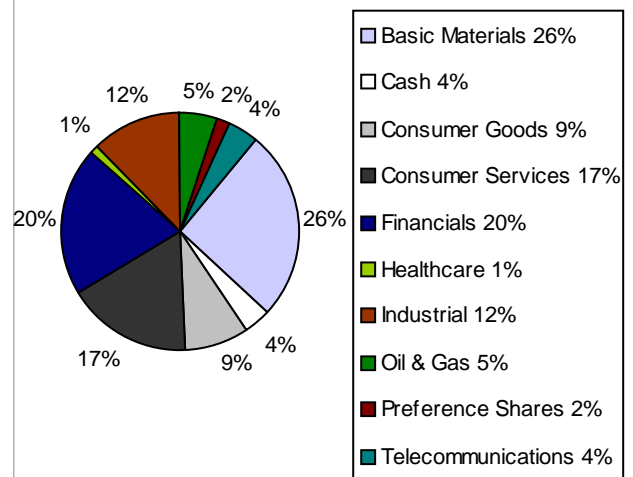
Source: Morningstar

### Performance History Graph



\*Index performance of Fund & Benchmark based to 100 as at October 1993

### Sector Allocation



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## Fund Commentary

Equities rallied strongly in July, with the All Share Index finishing the month over 8% higher. Of the major sectors, Technology was up by a massive 28.5%, Telecommunications was up by 13.5%, and Consumer Services was up by over 12%. To give an indication of the breadth of the market advance, Consumer Goods was a relative laggard, and yet it was still up by 4.7%.

We constantly stress the importance of investing with a longer-term perspective, and over the last 5 years, the Absa General Fund has returned 15.0% p.a. The Fund has gained over 20% over the last year, and is in the top quartile amongst its peers over the last 3 years.

During the last couple of years, there has been dramatic stimulus by central banks worldwide, and markets now appear to be realizing that fiscal consolidation is needed. A big issue at present is the extent to which a real business recovery will be able to "carry the baton" once governmental stimulus programmes start to wane. Growth in many European countries will be very sluggish for the next number of years, and there is increasing concern that China's growth may slow at some stage. Whilst profit growth by companies, which turned negative in many instances, has now "turned the corner", we continue to feel that the prospects for a sustained economic recovery at a "main street" level remain unclear.

Currency volatility has traditionally been a significant aspect for South African investors to consider, and the local currency has been strong of late. In July, the Rand strengthened from 7.67 to 7.29 against the Dollar, strengthened marginally against the Pound from 11.44 to 11.41, and weakened against the Euro from 9.37 to 9.51.

After its March meeting, where rates were cut by 50 basis points, in aggregate the Monetary Policy Committee of the South African Reserve Bank (SARB) has now cut interest rates by 550 basis points from their peak. The high indebtedness of local consumers, coupled with the effects of the National Credit Act, job losses and the generally tough economic environment, will likely mean that despite rate cuts, personal consumption figures will remain depressed for some time.

Furthermore there is still some uncertainty surrounding the economic fundamentals within South Africa, and the equity market as a whole remains in fairly expensive territory. The Fund remains cautiously positioned, and we have tried to keep our equity exposures to companies where we are comfortable with future earnings prospects.

We remind you that we are long term investors and short term fluctuations in share prices neither excite nor depress us. All the stocks in the portfolio are held because they offer long term value, and we expect that value to be unlocked over time.

## DISCLAIMER

The Absa General Fund is a medium to high risk fund. The maximum initial charge is 5,70% (incl. VAT) of consideration received and will include a maximum of 3,42% (incl. VAT) payable for commissions and incentives. An annual service charge of 1,71% (incl. VAT) against the assets of the fund will be calculated and accrued daily. The Absa General Fund requires a minimum balance of R500. Collective Investment Schemes in Securities (Unit Trusts) are generally medium to long term investments. The value of participatory interests (units) may go down as well as up and past performance is not necessarily a guide to the future. Forward pricing is used. Unit trust prices are calculated on a net asset value basis, which is the total value of all assets in the portfolio including any income accrual and less any permissible deductions from the portfolio. Income is distributed half yearly 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. This Fund may be closed to new investments. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Foreign interest and dividends as well as foreign currency movements affecting capital may be fully taxable under current legislation. The Fund Manager may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. Figures quoted are from Morningstar, for the period ending 31/07/2010, using NAV-NAV prices, with income distributions reinvested. 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 2009 to 30 June 2010 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.

## Asset Management Co:

Absa Asset Management (Pty) Ltd

## Portfolio Manager

Errol Shear

B.Bus.Sc. (Finance)

(Hons), CA (SA), CFA



## Contact Details

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To find out more about this fund and  
Absa's unit trust range visit :  
[www.absainvestments.co.za](http://www.absainvestments.co.za)

Absa Fund Managers,  
Reg no 1991/000881/06  
Authorised Financial Services Provider

### Trustees:

Standard Bank Trustee Services  
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ASSET MANAGEMENT

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