

# Absa Income Enhancer Fund 31 July 2010

## Fund Description / Objective

The Absa Income Enhancer Fund is structured to provide investors with a high interest income return over the medium term. The Manager is mandated to anticipate movement in the pattern of short and longer-term interest rates and structure the investments to achieve the objective. The fund's investments must have a modified duration not exceeding 2-years.

### Fund Facts

<b>Inception Date</b>	1 April 1993
<b>JSE Code</b>	ABSC
<b>Fund Size</b>	R 1,1 billion
<b>Industry Category</b>	Domestic - Fixed Interest - Varied Specialist
<b>Minimum Investment</b>	R 10 000 lump sum R 500 debit order
<b>Initial Fee</b>	0% to 1,14% (VAT incl.)
<b>Total Expense Ratio</b>	0,76%
<b>Annual Service Fee</b>	0,75% (VAT incl.)
<b>Income Declaration</b>	the last day of every month
<b>Income Distribution</b>	2nd working day of the following month
<b>Performance target</b>	1 year Fixed Deposit Index
<b>Risk Rating</b>	Low

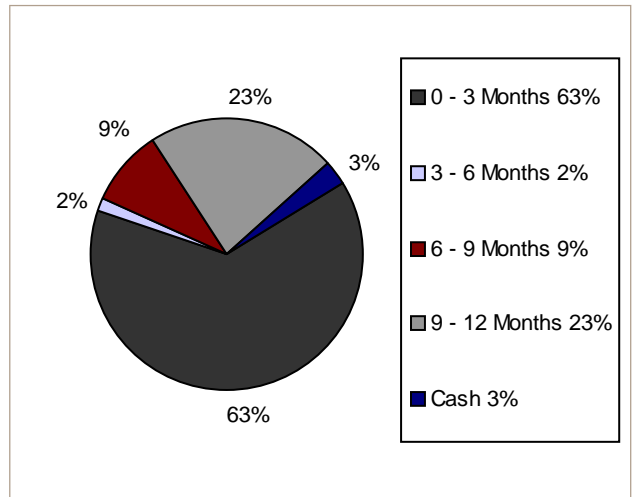
### Historic Performance

	Absa Income Enhancer Fund
1 Year	7,75%
3 Years*	10,06%
5 Years*	8,78%

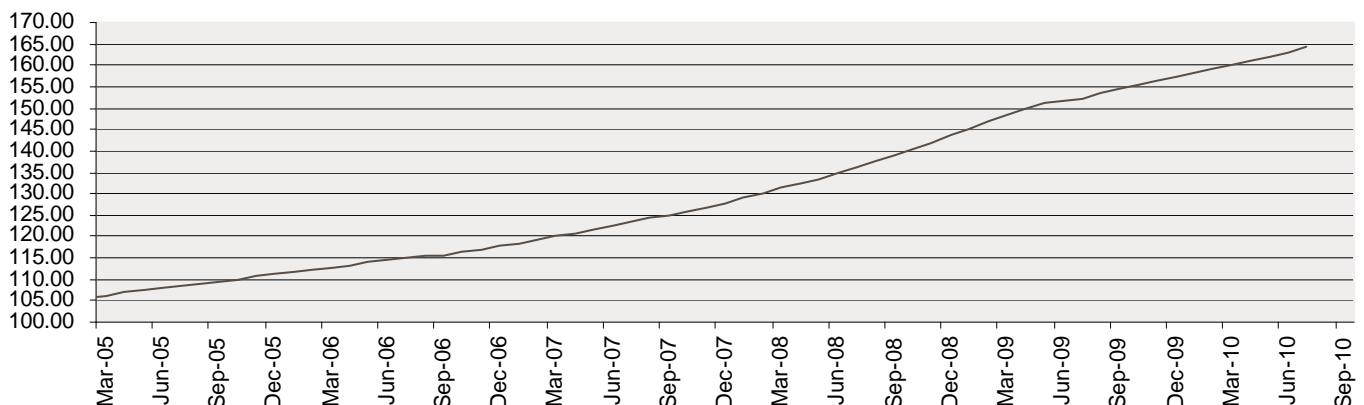
\* Figures are annualised

Source: Morningstar

### Duration Allocation



### Performance History Graph



# Absa Income Enhancer Fund 31 July 2010

## Fund Commentary

The Monetary Policy Committee (MPC) unanimously decided to leave the Repo rate unchanged at 6.50%, in line with the majority of economists' forecasts but contrary to the Fixed income markets expectations of a 50 basis point cut. Governor Gill Marcus delivered a dovish monetary policy statement on concerns that South Africa's economic recovery remains fragile and is dependent on global recovery, Europe in particular. She also highlighted the Rand's current volatility as a major challenge, noting the impact it has on inflation.

The Rand appreciated by 4.85% against the US Dollar and 1.57% against the Euro in July. Strong foreign bond inflows of a massive R20.5 billion, and equity foreign inflows of R3.7 billion for the month of July have underpinned the strength of the Rand.

The continued participation of foreigners in our bond market as well as the relative strength of the Rand, have driven bond yields lower over the month. Bonds also rallied in anticipation of an interest rate cut with the market having discounted a 50% probability of a 50 basis point rate reduction. The yield curve flattened as demand for duration increased.

The money market rates increased marginally after the MPC's rate decision, but then subsequently began to fall as the market has not completely ruled out the possibility of a rate cut at the next MPC meeting in September. The money market yield curve thus flattened in line with the Bond yield curve, with the 1 year NCD rate falling below 7.00% to 6.90%

Duration continues to be actively managed with the view that the Repo rate remains at 6.50% for the remainder of the year, given the favorable outlook for inflation.

## Asset Management Co:

Absa Asset Management (Pty) Ltd

## Portfolio Manager

Rehana Rungasamy  
Bcom, SAIFM



## Contact Details

### Absa Fund Managers Limited:

Absa Investments Campus,  
65 Empire Road, Parktown, 2193  
PO Box 6115, Johannesburg, 2000

Contact Centre : 0860 111 456  
Fax : (011) 480 5440  
unittrusts@absa.co.za

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  
PO Box 54, Cape Town, 8000

## DISCLAIMER

The Absa Income Enhancer Fund is a low risk fund. No initial charge is levied though investments through intermediaries could include a maximum of 1,14% (incl. VAT) payable for commissions and incentives. An annual service charge of 0.75% (incl.VAT) against the assets of the Fund will be calculated and accrued daily. The Absa Income Enhancer Fund requires a minimum balance of R10 000. 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 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. This Fund may be closed to new investments. The Fund Manager may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. 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. 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  
PRIVATE CLIENT ASSET MANAGEMENT  
MULTI MANAGEMENT  
**UNIT TRUSTS**  
STOCKBROKING  
PARTICIPATION BONDS  
LINKED INVESTMENTS

  
**ABSA**  
Investments