

# Absa Money Market Fund 31 July 2010

## Fund Description / Objective

The Fund has a maximum weighted term to maturity of 90 days. No single investment can have a term to maturity exceeding one year. Investments are made in short-term money market instruments with at least A1-rated institutions. The Manager's objective is to maximise the income yield by anticipating movements in short-term interest rates. The investment strategy is implemented within stringent credit and liquidity parameters.

### Fund Facts

<b>Inception Date</b>	2 May 1997
<b>JSE Code</b>	ABMM
<b>Fund Size</b>	R 57 billion
<b>Industry Category</b>	Domestic - Fixed Income - Money Market
<b>Minimum Initial Investment</b>	R 100 000 lump sum R 1 000 debit order
<b>Ad-hoc Investment Size</b>	Any
<b>Initial Fee</b>	0,40% (VAT incl.)
<b>Total Expense ratio</b>	0,58%
<b>Annual Service Fee</b>	0,57% (VAT incl.)
<b>Income Declaration</b>	the last day of the month
<b>Income Distribution</b>	the first day of the following month
<b>Performance target</b>	90 days Bankers Acceptance Rate
<b>Risk Rating</b>	Low

### Income Distribution

Distribution for July 2010 in cents per unit	Average Nominal yield for the month (annualised)
0,67	6,64%

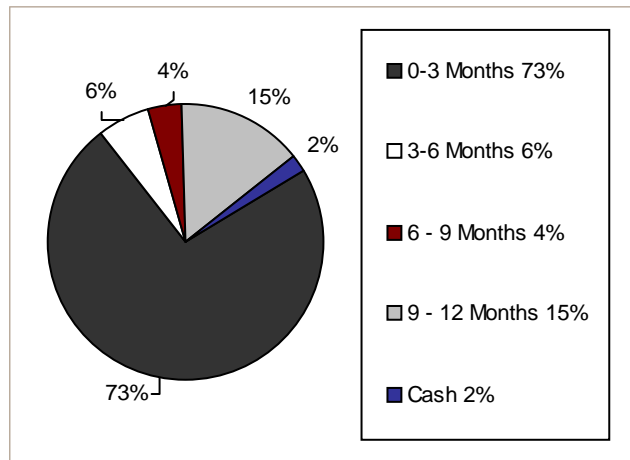
### Historic Performance

	Absa Money Market Fund	Sector Average	Ranking
1 Year	7,09%	7,33%	18/22
3 Years*	9,59%	9,76%	16/20
5 Years*	8,85%	8,91%	13/18

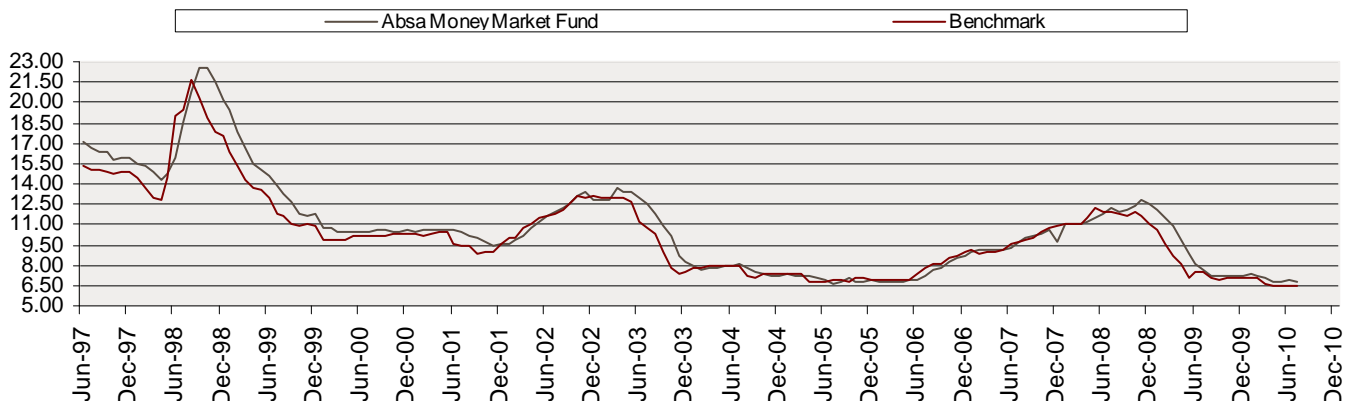
\* Figures are annualised

Source: Morningstar

### Fund Allocation



### Effective Yield History Graph



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## 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

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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  
PO Box 54, Cape Town, 8000

## 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. 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. In the event that this does occur it will have the effect of increasing or decreasing the daily yield. The total return to the investor is primarily made up of interest received and may 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. 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 31/07/2010. Figures quoted are from Morningstar. 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.

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