

Absa Rand Protector Fund 31 July 2010

Fund Description / Objective

The Fund invests in domestic stock exchange shares that have rand-hedge characteristics. The intention is to provide investors with long-term capital growth and escalating dividend income. Exposure to equities typically ranges between 75% and 95% of the fund and comprises a diverse combination of shares selected following independent research. The fund comprises approximately 20 "liquid, big market cap" shares that derive a significant part of their earnings from foreign enterprises and in foreign currency priced sales.

Fund Facts

Inception Date	28 September 2001
JSE Code	ABRF
Fund Size	R 160 million
Industry Category	Domestic - Equity - Large Cap
Minimum Investment	R2 000 lump sum R 200 debit order
Initial Fee	5,70%
Total Expense Ratio	1,18%
Annual Service Fee	1,14% (VAT incl.)
Income Declaration	30 June & 31 December
Income Distribution	15 July & 15 January
Performance target	FTSE/JSE Africa Top 40 Index [J200]
Risk Rating	High

Income Distribution

Distribution for the 6 months ended 30 June 2009	1,33 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	0,74 c.p.u

Top Holdings

- Anglo American Plc
- Anglo American Platinum Ltd
- BHP Billiton Plc
- Compagnie Financiere Richemont SA
- Exxaro Resources Ltd
- Impala Platinum Holdings Ltd
- Investec Plc
- Naspers Limited
- SAB Miller
- Sasol Ltd

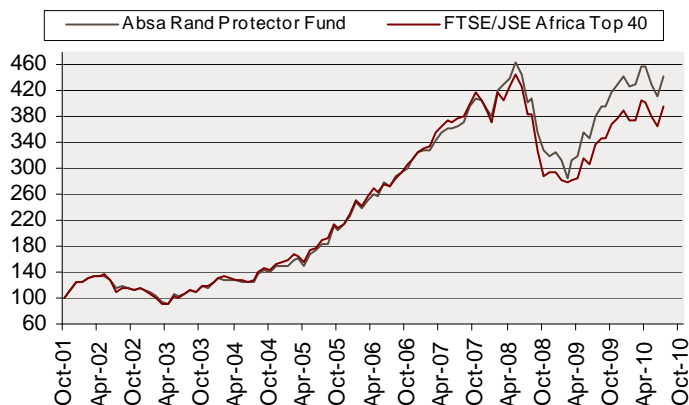
Historic Performance

	Absa Rand Protector Fund	FTSE/JSE (Africa) Top 40	Sector Ranking
1 Year	16,33%	15,41%	8/8
3 Years*	6,81%	-0,81%	2/8
5 Years*	20,01%	23,20%	1/7

* Figures are annualised

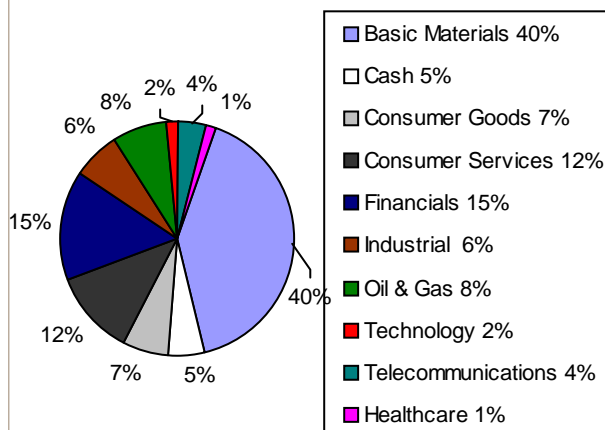
Source: Morningstar

Performance History Graph



*Index performance of Fund & Benchmark based to 100 at inception of fund

Sector Allocation



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Fund Commentary

In July the Absa Rand Protector Fund was up 7% while the Top 40 Index returned 8.3%. The Rand appreciated by 5%. Over the month resources underperformed the Alsi 40, however they have recovered somewhat in August.

World growth and economic numbers continue to recover. However, growth risks remain. In the short term there has been disappointing job data in the US, with the FED revising US growth lower. Nevertheless, the IMF and Barclays have increased their world growth projections. European economic growth, particularly Germany has surprised on the up. China's economic growth is starting to slow on measures implemented earlier in the year. This slower growth is welcomed as China's inflation rate had started to creep up. There also seems to be some movement by the authorities on the Rmb being allowed to strengthen. House price escalations are also a problem for the authorities but this also seems to be moderating. In general developing Asian economies have weathered the storm well, which has benefited countries such as Australia which have close economic ties. Korea has been the latest country to start increasing interest rates. Despite the good news on the economic front there is a concern about world growth on the back of the European and US situation. It will take time for these excesses to work through the system.

Despite reasonable news on the economic front, investors remain nervous. Talk is still around a double dip, or at best significantly slower growth. Our view is that the market is discounting relatively benign growth and any good news from here could result in satisfactory returns from equity markets.

The Rand has surprised by its strength relative to the dollar. Longer term we are of the opinion that the Rand is over-valued and will require some real term depreciation for South Africa to remain competitive.

We have moved the portfolios resources exposure to 50%. This is slightly lower than our benchmark. We believe that good earnings growth will come through in the second half of 2010, and expect to take full advantage of the upside potential. The turmoil has placed some of the commodity prices under pressure and we are seeing commodity price forecasts, at the margin, being revised downward. Nevertheless we still see value in the sector.

In comparing the performance of this Trust with other funds, investors should be aware that this Trust is listed under the domestic large capitalization category. The Rand Protector is managed against a benchmark that consists of 25 shares with good Rand hedge qualities, and will have lower weightings in financials and domestic industrial companies relative to the other funds in this category.

DISCLAIMER

The Absa Rand Protector 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 1,14% (incl. VAT) against the assets of the fund will be calculated and accrued daily. The Absa Rand Protector Fund requires a minimum balance of R2000. 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. 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.

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Portfolio Manager

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To find out more about this fund and
Absa's unit trust range visit :
www.absainvestments.co.za

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