

Fund facts

Industry category	Domestic - Asset Allocation - Targeted Absolute & Real Return
Performance target	CPI + 4% p.a. over rolling 36 month period
Inception date	20 November 2006
Fund size	R 6,9 billion
JSE code	ABAF
Fund manager	Errol Shear - B.Bus.Sc. (Finance) (Hon), CA (SA), CFA
Asset management company	Absa Asset Management (Pty) Ltd

Fund details

Minimum lump sum investment	R 2 000
Minimum monthly debit order	R 200
Income declaration	30 June & 31 December
Income distribution	15 July & 15 January

Top share holdings (%)

Absa Group Ltd	1.03
Adcock Ingram Holdings Ltd	0.81
Anglo American Plc	1.64
BHP Billiton Plc	1.04
British American Tobacco Plc	0.83
Growthpoint Properties Ltd	1.45
Mr Price Group Ltd	0.91
Redefine Properties Ltd	1.19
Sasol Ltd	0.94
Woolworths Holdings Ltd	0.89

Performance: total returns to 31 December 2011 (%)

Term	Absa Absolute Fund	Sector Average	Rank
Since inception	10.54	8.93	13/49
1 year	8.57	4.89	5/49
3 years	10.08	9.06	9/42
5 years	10.57	7.56	3/35

*Figures are annualised

Source: Morningstar

Risk statistics

Additional Information	Since inception
Number of positive months	50/61
Sharpe ratio*	0.79
Maximum rolling 3 month gain	5.79%
Maximum rolling 3 month loss	-0.79%

*Risk Free Rate used: 7.88%

Income distributions

Income distribution for the 6 months ended 31 Dec 2011	1.72 c.p.u
Income distribution for the 6 months ended 30 Jun 2011	2.10 c.p.u

Fund objectives

The fund aims to offer investors a consistent return of 4% above inflation as measured by the SA Consumer Price Index over rolling 36 month periods. It also aims to minimise the risk of capital loss over any 12 month period. The fund will use a strategic asset allocation strategy by investing across all classes of assets to lower the overall risk profile of the fund.

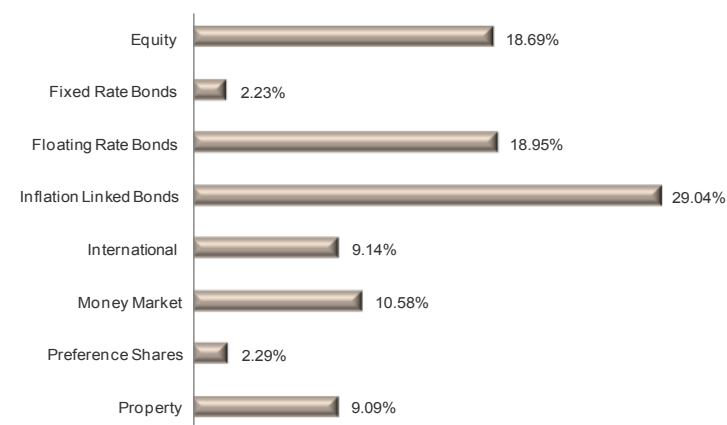
Risk profile and advisable minimum term

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

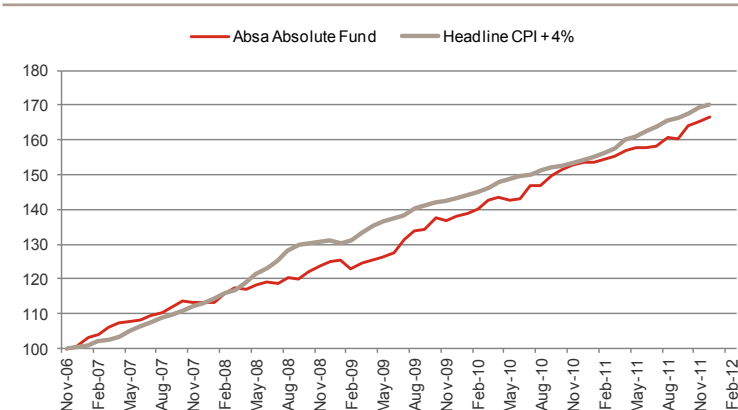
Fees and total expense ratio

Initial fees:	Absa Fund Managers: 0%
	Adviser: 0 - 3.42% (VAT incl.)
Annual management fee**:	1.71% (VAT incl.)
Total expense ratio:	1.70 %

Asset allocation



Cumulative performance since inception*



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

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

Fund commentary

The Absa Absolute Fund invests in a strategic mix of assets which is designed with the objective of generating a return of CPI plus 4% per annum over a rolling 3 year term, while trying to minimize the risk of losing money in any one year. Assets invested in include inflation linked assets, fixed-interest bonds, money market, equity, property and offshore assets. Assets selected for this fund are chosen carefully, based not only on return, but also with a view to minimize the potential downside risk of the portfolio. The Fund has returned a positive 8.6% over the past year, 10.1% p.a. over the past 3 years and 10.6% p.a. over the past 5 years. CPI inflation has been running at 6.1% over the past year.

Over the last couple of years, there has been dramatic stimulus by central banks and governments worldwide, and there is increasing recognition in various circles that fiscal consolidation will be required for years to come. On 5 August, S&P made the historic decision to downgrade US sovereign debt to a rating of AA+; furthermore the Japanese fiscal position continues to look dire. The rolling debt crisis amongst peripheral European nations is increasing feelings of nervousness amongst various market participants. Events in the Eurozone are changing on an almost daily basis at the moment, so it is virtually impossible to predict the ultimate choices that European politicians will ultimately make.

At a "main street" level, the global economic recovery continues to be somewhat anaemic, and the lack of job creation around the world is casting doubt on the extent to which a real business recovery will be able to "carry the baton" once governmental stimulus programmes start to wane. Whilst there are still pockets of value amongst some local stocks, the outlook for company earnings is quite uncertain. Accordingly, our equity exposure is focused on stocks that are trading at parity (or at a discount) with the market at large, yet have higher earnings and dividend yields, strong business franchises and balance sheets, and better visibility of cash flows.

Our first aim is always to protect our clients' money, and to achieve a satisfactory return over time.

DISCLAIMER

The Absa Absolute Fund is a low to medium risk fund. No initial fee is charged but investments through intermediaries could require a commission of up to 3.42% (VAT Incl.). An annual service charge of 1.71% (incl. VAT) against the assets of the fund will be calculated and accrued daily. **The annual management fee includes the financial adviser's ongoing fee of 0.285% (incl. VAT). The investor may instruct Absa Fund Managers in writing at any time to stop the ongoing adviser fee. The Absa Absolute 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. The investment return is not guaranteed and is dependent on the performance of the underlying instruments. 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 31/12/2011, 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 October 2010 to 30 September 2011 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.

Contact details



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