

Fund facts

Industry category	Foreign -Fixed Income -Varied Specialist
Performance target	US Dollar 90 Day Deposit Rate
Inception date	20 November 2006
Fund size	R 237 million
JSE code	ABUD
Fund manager	Greg Kettles - B Com (Hons), 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	31 March, 30 June, 30 September & 31 December
Income distribution	15 April, 15 July, 15 October & 15 January

Performance: total returns to 31 December 2011 (%)

Term	Absa US Dollar Income Fund	Benchmark	ZAR/USD
1 year	20.59	22.29	21.90
3 years	-4.44	-4.97	-5.38
5 years	4.47	4.91	2.96

* Figures are annualised

Source: Morningstar

Credit exposure (%)

AAA	44.64
AA	55.36

Income distributions

Distribution for the 3 months ended 31 Mar 2011	0.00 c.p.u
Distribution for the 3 months ended 30 Jun 2011	0.00 c.p.u
Distribution for the 3 months ended 30 Sep 2011	0.00 c.p.u
Distribution for the 3 months ended 31 Dec 2011	2.77 c.p.u

Fund objectives

This rand denominated offshore fund aims to offer investors a consistent foreign income as well as hedging against a depreciating rand. Securities to be included in the fund will mainly consist of US Dollar denominated interest bearing securities. Both capital and interest will be exposed to currency fluctuations.

Risk profile and advisable minimum term

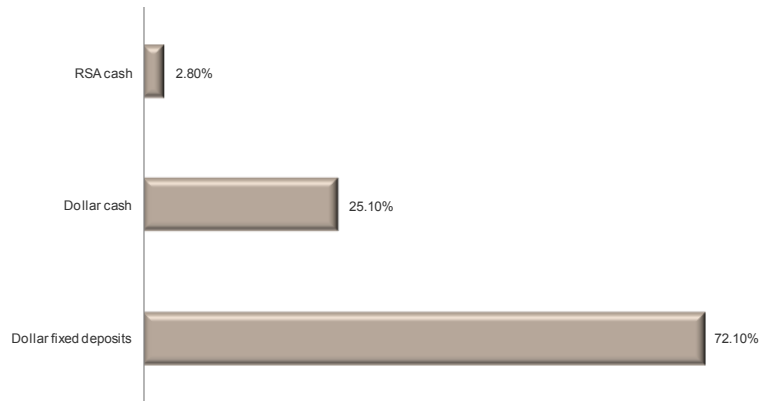
Low	Low-Medium	Medium	Medium-High	High
	X			
3 Months +	6 Months +	2 Years +	3 Years +	Varies*
				X

*Used for short to long term currency hedge.

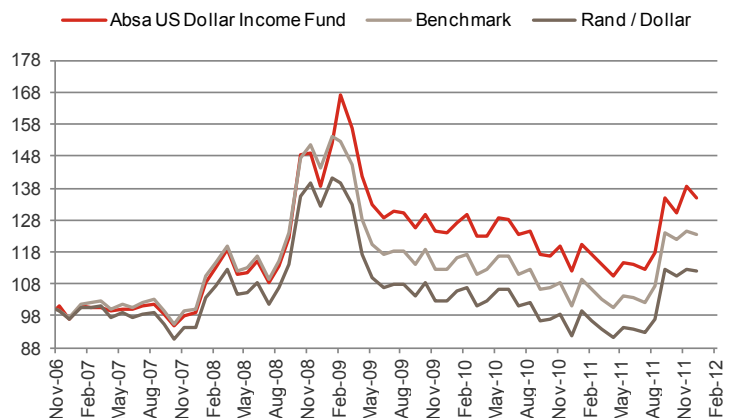
Fees and total expense ratio

Initial fees:	Absa Fund Managers: 0.40% (VAT incl.) Adviser: 1.14% (VAT incl.)
Annual management fee**:	0.86% (VAT incl.)
Total expense ratio:	0.86%

Asset allocation



Cumulative performance since inception*



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

Fund commentary

The last month of the year continued the pattern of volatility that has been seen pretty much since May, with the MSCI World Index closing at levels very much unchanged from the opening levels for the month, although well off the low point seen during December. Despite numerous meetings, little headway seems to have been made in the task of finding a solution to the precarious debt situation in which many Eurozone countries find themselves. The USA remains of concern, although good corporate earnings and better than expected employment numbers may herald the prospect of a better 2012. Food prices remain on an upward trajectory, which will obviously be negative for inflation, but it is unlikely that this measure will run rampant in the medium term.

The uncertainties emanating from Europe and the USA again led to the "risk off" trade, causing a marked decline in yields on government bonds as investors rushed to this perceived safe haven. The Rand strengthened marginally against the US Dollar over the month, closing at R8.07/USD at the end of December 2011 from R8.12/USD at the end of December 2011.

Short term yields remained volatile during the month, but finished the month close to the top end of their recent trading range.

The effective interest yield earned on the fund as at end of the month was 0.70%.

Investments will continue to be concentrated as close to the benchmark as possible, keeping duration at the short end of the mandated range.

DISCLAIMER

The Absa US Dollar Income Fund is a low to medium risk fund. The maximum initial charge is 1.54% (incl. VAT) of consideration received and will include a maximum of 1.14% (incl. VAT) payable for commissions and incentives. An annual service charge of 0.86% (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 0.17% (incl. VAT). The investor may instruct Absa Fund Managers in writing at any time to stop the ongoing adviser fee. The Absa US Dollar Income 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 quarterly 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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Reg no 1991/000881/06

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