

# RE:CM MONEY MARKET Fund

Period ended 30 September 2011

<b>Portfolio Manager</b>	Piet Viljoen, Thompson Ganyeka
<b>Sector</b>	Domestic Fixed Interest Money Market
<b>Inception Date</b>	1 October 2010
<b>Fund Size</b>	R1.1 billion
<b>Benchmark</b>	SteFI Call Rate
<b>Min. Investment</b>	R150,000 initial investment
<b>Fund Status</b>	Open
<b>Initial Fee</b>	No initial fee
<b>Annual Fee (Class A)</b>	0.15% annual fee excl. VAT
<b>Total Expense Ratio</b>	Not available at present
<b>Income Declarations</b>	Monthly distributions are paid in cents per unit
<b>Regulation 28</b>	Does not comply

## About the Fund

The RE:CM Money Market Fund comprises a diversified combination of money market instruments.

## Fund Objective

The Fund aims to maximise interest income, preserve capital and provide liquidity. This Fund is also suitable for risk averse investors seeking a temporary, safe holding vehicle in times of market uncertainty. Investors seeking capital preservation, requiring regular interest income and liquidity should invest in this fund.

## Risk Measures

Capital losses are unlikely but can occur. For example, should one of the issuers of an asset held within the underlying Fund default and a loss occur, this loss will be borne by the Fund and the investors

## RISK STATISTICS AND PORTFOLIO DETAIL

### FUND PROFILE



- This fund has a low risk profile

### CREDIT EXPOSURE (%)

September 2011	
Government and Parastatals	-
Corporates	-
Banks	100.0
<b>TOTAL</b>	<b>100.0</b>

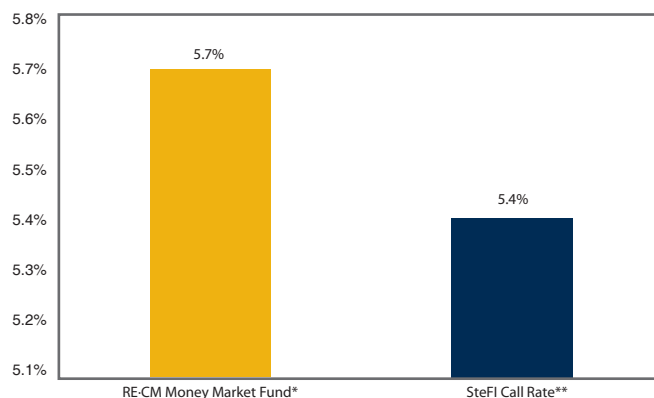
### DURATION BREAKDOWN (%)

September 2011	
0 - 1 month	40.8
1 - 2 months	-
2 - 3 months	36.9
3 - 6 months	2.6
6 - 12 months	19.8
<b>TOTAL</b>	<b>100.0</b>

## PERFORMANCE AND COMMENTARY

### PERFORMANCE

This Fund was launched on the 1st October 2010. As such, it does not yet have a full performance history to report. Over time this document will include the monthly performance of the Fund versus its benchmark, as well as the cumulative performance of the Fund versus its benchmark, the SteFI Call Rate.



\* Yield is calculated using an annualised 7 day rolling average as at 30 September 2011 (gross of fees)

\*\*Source: I-Net Bridge

### INVESTMENT COMMENT

During September the Reserve Bank Monetary Policy Committee left interest rates unchanged, however the bank acknowledged that there remained some upside risk to inflation in the short term. The August inflation reading matched that of July's, being 5.3%, but core inflation edged up slightly to 3.9%. Grain and petrol prices continue to trend upwards and apply further upward pressure to inflation. The petrol price is set to increase by 37 cents per litre in October reducing consumers' disposable income.

Due to poor economic growth, the Monetary Policy Committee (MPC) is reluctant to hike interest rates. The output growth in the second quarter was 1.3% compared to 4.5% in the first quarter. Growth in household consumption has been moderate while credit growth and money supply continue to grow slower. It seems the MPC is deploying a wait-and-see approach with regard to how the economy responds in the short term before deciding on any action with regard to short term rates.

Deposit interest rates have generally remained flat since their significant decline in July this year. The fund continues to maintain high duration close to 90 days due to the declining interest rates. However, the fund also has significant exposure to variable interest rate instruments should the MPC decide to hike rates in the short term. Currently, the fund is only invested in the big five local banks and generated a yield of 5.7% for the month vs the benchmark yield of 5.4%. The fund is also one year old at the end of September this year.

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