

# Prudential Money Market Fund

30 June 2011

## Who should invest

Investors seeking to increase their portfolio's cash holdings with a high-yielding, low-risk money market fund. Investors who need an inexpensive safe haven to house funds whilst moving between market sectors. Investments that must be protected from equity and bond market volatility whilst earning above-inflation returns.

## Investment objective

This fund aims to achieve a high level of current income, while preserving capital and liquidity. The fund's objective is achieved by investing in cash and other high-quality money market instruments.

## Performance objective

The performance objective is to provide a yield in line with the benchmark yield over a rolling one-year period.

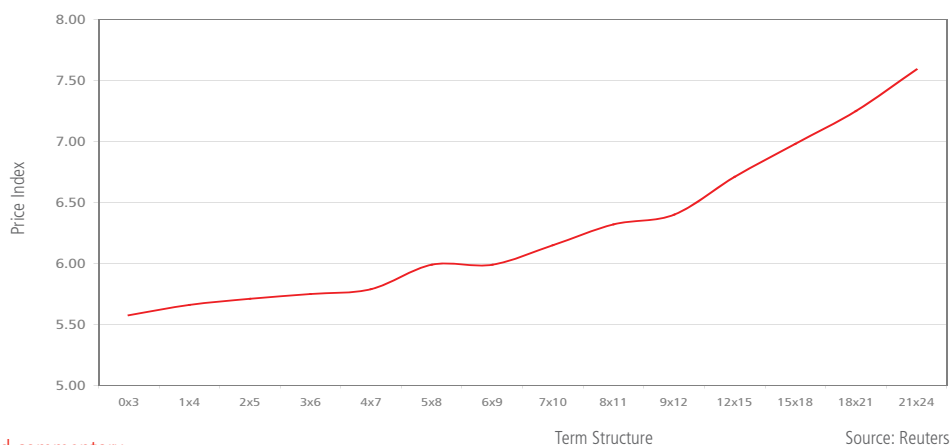
## Risk profile

The fund is managed even more conservatively than the parameters specified by CISCA. Within this highly conservative framework, duration, credit and liquidity risks are actively managed. Only short-term, single currency instruments with a maturity of one year or less are allowed by the fund which may not exceed a maximum 90-day maturity average.

## How to calculate the running yield of a money market fund

Published daily yields indicate the compounded annual return of a money market fund. This yield takes the maximum service charge plus VAT into account and is calculated on a seven-day rolling basis. The compounding factor is dictated by the annual distribution frequency, e.g. monthly = 12. The actual accrual in cents per unit for the previous 7 days is converted into an average annual nominal yield and divided by the compounding factor to obtain a periodic effective rate. This figure is then converted to an annual effective rate. The price of each unit is aimed at a constant value. 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 most cases this will merely have the effect of increasing or decreasing the daily yield, but in an extreme case it can have the effect of reducing the capital value of the fund.

## FRA curve



## Fund commentary

CPI inflation for May 2011 exceeded expectations at 4.6% year-on-year against an April figure of 4.2% year-on-year. The upside surprise came about as a result of a sharper than expected rise in food prices.

PPI increased by 6.9% year-on-year in May against an April figure of 6.6% year-on-year and a consensus expectation of 7.1% year-on-year. The key drivers of PPI inflation on the month were electricity, agricultural and food prices whilst the strong rand failed to counteract the overall rise.

Growth in private sector credit slowed unexpectedly to 5.2% year-on-year from 6.2% in April. The consensus was looking for a figure of 6.3% year-on-year. Corporate credit weakness was largely behind the decline in core Private Sector Credit Extensions, slipping to 3.7% year-on-year from 4.9% in April, while household credit rose to 6.9% year-on-year, virtually unchanged from April.

The FRA curve flattened slightly over the last month and indicates that the market expects rates to remain unchanged for longer than previously expected and for rate hikes to only begin in early 2012.

## Annualised performance

Date	Fund	Benchmark	Outperformance
1 year	6.0%	5.6%	0.4%
2 years	6.7%	6.4%	0.3%
3 years	8.2%	8.0%	0.2%
5 years	8.8%	8.6%	0.2%
Since inception	9.0%	9.0%	0.0%

## Yield as at 30 June 2011

5.38%  
(This yield is net of all fees)



## Fund information

### Risk profile:



### Sector:

Domestic – Fixed Interest - Money Market

### Benchmark:

STeFI Call Deposit Index

### Launch date:

9 April 2002

### Fund size:

R28 207 161 395

### Fund Managers:

Roshen Harry & Duncan Schwulst

### Min lump sum:

R50 000

### Income declaration:\*

Accrued daily, paid monthly

### Fees (excl. VAT):

Upfront fees : 0.00%

### Annual management fee:

Fee : 0.35%

### Total Expense Ratio (TER):\*\*

TER : 0.41%

### How to invest:

Cheques are to be made payable to "Prudential Money Market Fund" deposited into the following bank account: Standard Bank, Claremont, Acc. Number: 072538368, Branch code: 025109. Application forms and all documentation as required by FICA, may be faxed to 021 671 3343 or posted to PO Box 23167, Claremont, 7735. Our client service number is 0860 105 775 or visit our website at [www.prudential.co.za](http://www.prudential.co.za)

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Prudential Portfolio Managers is an authorised Discretionary Financial Services Provider in terms of the FAIS Act, 2002. Collective Investment Schemes in Securities (CIS) are generally medium- to long-term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to the future. CIS are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges and maximum commissions is available on request from the company/scheme. Commission and incentives may be paid and if so, would be included in the overall costs. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Different classes of units may apply to the portfolio and are subject to different fees and charges. Unit 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 divided by the number of units in issue. Fund valuations take place at approximately 15h30 SA time each day and forward pricing is used. Purchase and repurchase requests must be received by the Manager by 13h30 (11h30 for the Money Market and Dividend Income funds) SA time each business day. In calculating performance figures initial charges are not taken into account. Annual service charges are deducted in all calculations. Performance figures are sourced from Morningstar and are based on lump sum investments using NAV prices with gross income reinvested.

\*Income declaration  
Distributes bi-annually. To the extent that the total expenses exceed the income earned in the form of dividends and interest, the fund will not make a distribution.

\*\*TER  
The Total Expense Ratio (TER) shows the charges, levies and fees relating to the management of the portfolio and is expressed as a percentage of the average Net Asset Value of the portfolio, calculated for the year to end of June 2011. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs.



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