



Adviser Choice

Investec Absolute Balanced Fund

As at 30 June 2010

Investment objective

The Investec Absolute Balanced Fund targets inflation-beating returns measured over three year periods, while actively managing downside risk.

Strategy

The fund invests in a mix of South African equities, bonds and money market instruments. Equity exposure is currently limited to 75%. Significant portions of the fund are however protected from negative returns using financial instruments such as equity and bond index futures. The aim is to preserve capital from a downward move in the market.

Fund features

- Strong focus on capital preservation and absolute returns
- Low probability of negative returns over 12 month periods
- Preserves wealth in real terms, regardless of whether markets are rising or falling

Performance

Monthly performance % (A Class, net of fees)

	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov	Dec	YTD
2003	-	-	-	-	-	-	0.8	1.0	0.5	1.4	2.2	0.9	7.0
2004	-0.5	0.4	1.1	-0.3	0.6	1.1	0.8	1.1	0.6	1.3	1.6	0.2	8.3
2005	0.5	0.9	-0.4	0.7	0.9	0.7	1.4	0.3	1.9	0.3	0.3	1.7	7.6
2006	1.7	-0.1	0.5	0.7	-0.1	-1.0	0.5	0.5	-0.1	0.7	1.3	1.2	6.0
2007	1.4	0.6	0.7	0.5	0.6	0.6	0.6	0.9	0.6	1.5	0.2	0.9	9.7
2008	-0.3	1.8	0.1	0.8	1.1	0.0	0.8	1.2	1.7	0.1	1.0	0.9	9.6
2009	1.0	-0.3	0.5	1.6	0.9	0.0	2.2	0.5	0.3	1.0	0.3	1.3	9.7
2010	-0.1	0.4	0.7	0.5	-0.1	0.6							2.0

Risk and return

Historic performance

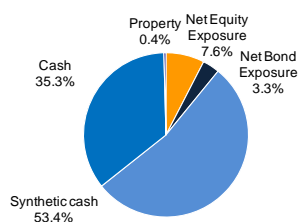
Cumulative returns	1 year	3 years	5 years	Since Incep.
Investec Absolute Balanced A	7.9%	28.5%	50.9%	80.5%
Investec Absolute Balanced B	7.9%	29.0%	52.4%	83.3%
Headline CPI [#]	4.6%	25.3%	38.8%	51.1%

Annualised returns	3 years	5 years	Since incep.
Investec Absolute Balanced A	8.7%	8.6%	8.8%
Investec Absolute Balanced B	8.9%	8.8%	9.1%

Source: Investec Asset Management, Morningstar, NAV-NAV, Gross Income Reinvested.# Headline CPI (for all urban areas) but CPIX for periods before 1/1/2009, lagged by a month. ¹Standard Deviation: Measures the volatility of investment return. The higher the standard deviation, the more volatile the fund's returns are. ²Sharpe ratio: Measure the risk adjusted return of a unit trust fund compared to the risk-free rate of return (money market return).

Asset allocation

Effective asset allocation



Breakdown of asset allocation

Equity (excl property)	59.6%
Equity derivatives	-52.1%
Net equity exposure	7.5%
Property	0.4%
Bonds	4.6%
Bond derivatives	-1.3%
Net bond exposure	3.3%
Equities (synthetic cash)	52.1%
Bonds (synthetic cash)	1.3%
Cash & money market assets	35.3%
Total	100%

Top 10 holdings

BHP Billiton
SABMiller
Sasol
Anglo American
MTN Group
Richemont SA
Standard Bank Group
Impala Platinum Holdings
Anglogold Ashanti
Newgold Issuer

Risk profile



Key Facts

Portfolio manager: Clyde Rossouw
Launch date: 1 July 2003
Sector: Domestic AA Targeted Absolute & Real Return
Size of fund: R1.7 billion
Target Return: Headline CPI +4% pa (under current market conditions) measured net of fees over 3 year periods
Minimum investment: R10 000 lump sum or R500 monthly debit order

Fees

	A Class	B Class
Initial fund fee	0%	0%
Initial Adviser fee	3.00%*	0%
Annual management fee	1.50%	1.50%

* Negotiable
 Fees are shown excluding VAT

Important notice:

The annual management fee for A and B class reduced on 1 April 2010 from 1.50% to 1.20%. The corresponding TERs include periods before 1 April 2010, and can therefore be expected to reduce over time.

Total expense ratio (TER)*

The TERs for this fund are listed below.

	A Class	B Class
TER	1.61%	1.63%

TERs shown are including VAT

Income distribution

Income distribution dates

March & September

Previous income distribution for 6 months to 31 March 2010

A Class: Net dividend 0.48 cpu
 B Class: Net dividend 0.46 cpu
 A Class: Interest distribution 1.11 cpu
 B Class: Interest distribution 1.13 cpu

Contact details

Investec Fund Managers

36 Hans Strijdom Avenue
 Foreshore
 Cape Town
 8001
 South Africa

Telephone **0860 500 100**

To find out more about this and other Investec Fund Managers Funds, visit

www.investecassetmanagement.com

Trustees

First National Bank
 P O Box 7713
 Johannesburg
 2000

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. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. Forward pricing is used. Quantifiable deductions are the initial fee whilst non-quantifiable deductions included in the net asset value price may comprise brokerage, MST, auditor's fees, bank charges, trustee and custodian fees. Commissions and incentives may be paid and if so, would be included in the overall costs. A schedule of fees and charges and maximum commissions is available on request from the company/scheme. If required, the portfolio manager may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. 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 accrued and less any permissible deductions from the portfolio. Different classes of units apply to the fund and are subject to different fees and charges. Fund valuations take place at approximately 16h00 SA time each day. Purchase and repurchase requests must be received by the Manager by 16h00 SA time each business day. Performance figures are based on lump sum investment (if applicable). This portfolio may be closed in order to be managed in accordance with the mandate (if applicable). The risk profile is a measure of volatility, i.e. how the absolute return of the fund varies. Note that there are other risks in the fund, which are not reflected in this rating. A higher TER ratio does not necessarily imply poor return, nor does a low TER imply a good return. The current TER can not be regarded as an indication of the future TERs.

A copy of our performance fees FAQ is available at www.investecassetmanagement.com. Investec Fund Managers SA Ltd is a member of the Association for Savings & Investment SA.

Out of the Ordinary®

 **Investec**
 Asset Management

Adviser Choice

Investec Absolute Balanced Fund

As at 30 June 2010



Market review

The second quarter of 2010 reminded investors and market commentators that excess global indebtedness, which had resulted in the global financial crises, was not likely to be resolved in a few short months or by some extraordinary policy miracle. The spotlight remained firmly focused on Europe, with certain countries in the region straining under the heavy burden of unsustainable funding requirements. Global share markets headed lower as uncertainty rose around the likelihood of a V-shaped economic recovery. The MSCI World Index dropped sharply, closing 12.5% down over the quarter, dragging this year's returns into negative territory (-9.6%). Emerging markets fared somewhat better, shedding 8.3% over the quarter and 6% year to date.

The FTSE/JSE All Share Index lost 8.2%, dragging the year's returns 4.1% lower. The weaker rand detracted from US dollar returns. The local currency depreciated 4.9% over the quarter and 3.5% year to date against the dollar. The rand gained significantly against the euro, appreciating 12% over the first six months of 2010. Resources were worst hit over the quarter, with platinum and diversified miners off 11% and 18.2% respectively. The gold sector was the best performer over the quarter, rising 16.5%. Other defensive sectors also performed admirably: food and drug retailers ended 11.9% higher and fixed line telecommunications surged 10.5%. Industrials lost 7% with general retailers (4.1%) outperforming the local banking sector (-9.9%) by a wide margin.

Bonds, cash and listed property provided positive returns over the quarter. Cash returned 1.7%, bonds 1.1% and listed property rose 0.6%. Year to date, listed property remains the best performing asset class (10.6%).

Portfolio review

Markets have been trying to advance, but the cross-currents from a slowing China, deteriorating credit conditions in Europe and doubts surrounding the quality and longevity of the US economic recovery have had a negative impact on investor sentiment.

The Investec Absolute Balanced Fund earned a return of 1% over the second quarter. The positions in gold securities helped the performance, with the gold debenture performing better than the shares. Ongoing fiscal challenges faced by governments suggest that it is still prudent to have a meaningful weighting in gold.

The holdings in Sasol and MTN have hindered performance, with these shares delivering only downside risk, with no gain as yet. These counters seem to have lost favour with the global emerging market fund managers, given the rising ascendancy of the retailers. In this regard, momentum has taken over from value.

Portfolio activity

We added a 2% position in the African Bank inflation plus 5% corporate bond and this has generated a solid return. We will continue to seek other such opportunities.

Portfolio positioning

The fund has a small positive exposure to equities of 7%, down from 12% earlier this year. The equity positioning should continue to deliver the bulk of the investment performance in the months to come.

The current lower rates of observed inflation and market conditions make the achievement of the real return objective likely.