

Adviser Choice

Investec Absolute Income Fund

As at 28 February 2011



Investment objective

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

Strategy

The fund may invest in the full range of South African fixed-income assets. These include government, corporate and inflation-linked bonds as well as listed property and cash. Non-government bond exposure is currently limited to 25%. The fund aims to achieve its performance by identifying investment opportunities across the interest rate spectrum. Significant portions of the portfolio are protected from negative returns using financial instruments such as bond index futures and options (purchased only). The aim is to preserve capital in the event of a downward move in the market.

Fund features

- Strong focus on capital preservation and absolute returns
- Low probability of negative returns over six month periods
- Adds value regardless of the direction of interest rates
- Compelling alternative to money market and smoothed bonus funds
- A conservative investment solution for investors seeking capital preservation over the short term

Performance

Monthly performance % (A Class, net of fees)

	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov	Dec	YTD
2003	-	-	-	-	-	-	4.5	0.9	1.0	1.1	0.7	0.4	8.9
2004	0.7	0.7	0.7	0.7	0.7	0.5	0.6	0.7	0.6	0.5	0.8	0.6	8.1
2005	0.6	0.6	0.7	0.5	0.8	0.7	0.6	1.0	0.7	0.6	0.4	0.9	8.4
2006	0.8	1.0	1.0	0.4	0.4	0.3	0.6	0.8	0.5	0.8	0.7	0.7	8.3
2007	0.7	0.8	0.7	0.7	0.5	0.5	0.6	0.7	0.9	0.8	0.3	0.5	8.0
2008	0.5	0.8	0.8	0.8	0.6	0.7	2.9	1.2	0.8	-0.1	1.8	1.5	13.0
2009	1.0	0.4	0.8	0.9	0.6	0.5	0.8	0.7	0.6	0.6	0.5	0.7	8.5
2010	0.5	1.0	1.2	0.8	0.2	0.5	1.3	1.0	0.6	0.7	0.1	0.8	9.0
2011	-0.2	0.3											0.1

Risk and return

Historic performance

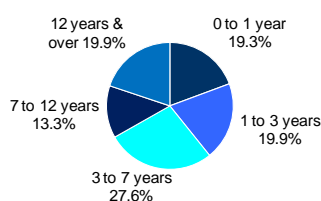
Cumulative returns	1 year	3 years	5 years	Since incep.
Investec Absolute Income Fund A	7.5%	31.8%	53.1%	98.3%
Investec Absolute Income Fund B	7.5%	32.1%	54.3%	101.7%
Headline CPI*	3.7%	19.7%	38.6%	47.1%
STeFI	6.7%	29.3%	52.8%	88.3%

Annualised returns	3 years	5 years	Since incep.
Investec Absolute Income Fund A	9.7%	8.9%	9.4%
Investec Absolute Income Fund B	9.7%	9.1%	9.6%

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: Measures the risk adjusted return of a unit trust fund compared to the risk-free rate of return (money market return).

Asset allocation

Duration distribution



Fund and risk statistics

Income yield	7.13%
3 Year Volatility (standard deviation) ¹	1.9%
3 Year Sharpe ratio ²	0.40
Maximum drawdown (3 years)	-0.2%
Number of negatives months	2
Positive months (since launch)	97.8%

Breakdown of asset allocation

Asset class	Percentage
Bonds	33.3%
Bond Derivatives	-14.2%
Net Bond Exposure	19.1%
Property	3.8%
Money Market & Equivalent	44.9%
Floating Rate Notes	32.3%
Inflation Linked Bonds	0.0%
Total	100%

Risk profile

Low	Low-Mod	Mod	Mod-High	High
●				

Key Facts

Portfolio manager: Malcolm Charles & John Stopford
Launch date: 1 July 2003
Sector: Domestic FI Varied Specialist
Size of fund: R2.3 billion
Benchmark: Headline CPI+3% pa (under current market conditions) measured net of fees over 2 years
Minimum investment: R10 000 lump sum or R500 monthly debit order

Fees

	A Class	B Class
Initial fund fee	0%	0%
Initial Adviser fee	0.60%*	0%
Annual management fee	1.00%	1.00%

*Negotiable
Fees are shown excluding VAT

Total expense ratio (TER)

The TERs for this fund are listed below.

	A Class	B Class
TER	1.14%	1.14%

TERs shown are including VAT

Income distribution

Income distribution dates
March, June, September, December
Previous income distribution for 3 months to 31 December 2010
 A Class: Interest distribution 1.94 cpu
 B Class: Interest distribution 1.93 cpu

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