



Investec Global Balanced Feeder Fund

As at 30 June 2010

Investment objective

The Investec Global Balanced Feeder Fund aims to grow capital and income over the long term. The fund's objective is to outperform its benchmark (60% MSCI World Index and 40% CITI World Government Bond Index), measured over three year periods.

Strategy

This rand-denominated fund invests in international fixed-income assets, cash, convertible securities and equities. Exposure to international assets is obtained by investing directly into our top performing Investec GSF Global Strategic Managed Fund. This balanced fund aims to be fully invested offshore, with a maximum equity exposure of 75%. The investment team utilises Investec's proprietary 4Factor™ process to assist in screening and selection of companies. The emphasis is on valuation, strategy, earnings dynamics and technical analysis.

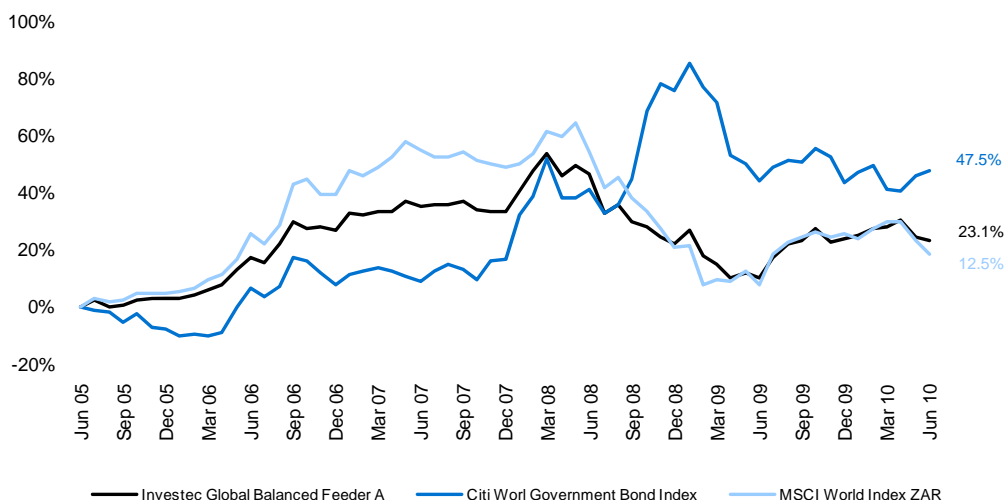
Fund features

- The fund invests directly into our top performing Investec GSF Global Strategic Managed Fund
- This balanced fund aims to be fully invested offshore, with a maximum equity exposure of 75%
- Utilisation of Investec's proprietary 4Factor™ process to assist in screening and selection of companies
- Diversification across asset classes minimises the portfolio's overall volatility and offers the potential to generate good long-term returns

Performance (A Class, net of fees)

Cumulative returns	1 year	3 years	5 years	Since incep.	Annualised returns	1 year	3 years	5 years	Since incep.
Investec Global Balanced Feeder Fund	12.0%	-8.9%	23.1%	29.4%	Investec Global Balanced Feeder Fund	12.0%	-3.1%	4.3%	3.8%
Benchmark	7.2%	-1.9%	32.0%	51.6%	Benchmark	7.2%	-0.6%	5.7%	6.4%

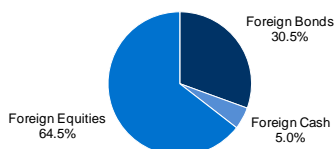
5 Year cumulative returns



Source: Morningstar, NAV-NAV, Gross Income Reinvested.

Portfolio characteristics

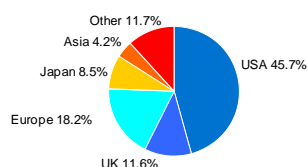
Asset Allocation



Top 5 equity holdings

Occidental Petroleum Corp.
Bank of America Corp.
Microsoft Corp.
Nestle SA
JP Morgan Chase and Co.

Geographic allocation



Risk profile



Key Facts

Portfolio manager: Philip Saunders & Max King
Launch date: 1 September 2003
Sector: Foreign AA Flexible
Size of fund: R 651 million
Benchmark: 60% MSCI World Index (ZAR)
 40% CITI World Government Bond Index (ZAR)
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	1.75%	1.75%

*Negotiable

Fees shown are excluding VAT

Total expense ratio (TER)*

The TERs for this fund are listed below.

	A Class	B Class
TER	2.23%	2.21%

TERs shown are including VAT

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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 accrual 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.

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Market review

Stable markets at the start of the quarter soon gave way to a period of significant weakness with all attempts to rally soon fizzling out as the euro-zone crisis continued to worsen. The MSCI World Index returned -12.5% in dollars over the review period. The US dollar strengthened against sterling and the euro, but weakened against the yen. Ten-year government bond yields declined to 2.96% in the US, to 2.58% in Germany, to 3.35% in the UK and to 1.09% in Japan. Yield spreads within Europe relative to Germany spiked upwards early in May, fell back but then moved inexorably higher during the rest of the quarter. Spreads on corporate bonds and especially on high yield rose as risk aversion increased.

US economic data and global leading indicators point to a fading in the rate of global economic recovery, but not to a 'double dip' in activity. More significantly, all attempts to restore confidence in the euro zone have failed. Rising yield spreads within Europe threaten governments' ability to finance deficits, making it difficult for banks to roll over lending and encouraging capital flight. A break-up of the euro zone would severely undermine European banks' balance sheets, requiring major bailouts. Fiscal retrenchment, although welcome in the long term, may lead to stagnation in the countries concerned, with most of the benefit of a weak euro accruing to those that need it least – notably Germany. We think this imposes a significant headwind for the global economy and markets, which is unlikely to lift until the system unravels.

Portfolio review

The Investec Global Balanced Feeder Fund underperformed its benchmark in rand terms over the quarter. Our holdings in global equities detracted from performance. Asset allocation, including currency and external positions, added value.

Portfolio positioning

The fund's equity exposure was further reduced at the beginning of July. It looks likely that the euro crisis will continue to worsen and overhang markets for the third quarter. We believe a partial break-up of the euro, while chaotic in the short term, would be significantly positive for economies and markets provided that governments supported the banking system. Delays would increase the scale of necessary currency adjustment, the size of the bank losses and the broader economic damage. Therefore, we think that a favourable market outcome requires financial catharsis sooner rather than later. Global equity markets are exceptionally good value on a 2010 price to earnings ratio, based on consensus forecasts of 13.1 times for 2010 and 10.9 times for 2011. Earnings forecasts are stable and, we believe, credible. This should provide significant upside to markets when the macroeconomic concerns dissipate. We remain cautious about government bonds, which discount long-term economic stagnation, despite increasing evidence of a determination to reduce fiscal deficits. Valuations in corporate bonds appear reasonable again, though many bank issues are still highly vulnerable. Our currency view remains negative on the euro until it reverts to being a Deutsche mark proxy.

We believe the downside to equity markets is very limited in valuation terms and the upside considerable, but macro factors are likely to dominate for now. At the moment of crisis, we will be ready to buy.