



Worldwide Equity Feeder Fund

As at 31 March 2011

Market review

Equity markets continued to advance over the quarter, with the MSCI All Countries World Index returning 4.4% in dollar terms. The MSCI Emerging Markets Free Index returned 2.1% and the MSCI Asia ex Japan Index 1.2%, both in US dollars. Smaller companies performed broadly in line with the major indices; the HSBC Index returned 4.8% in US dollars.

Forecasts for global economic growth have been trimmed, not least owing to short-term downgrades in Japan. The economic data, however, has been generally positive, especially in the US. Inflation data has been disappointing, due to rising commodity prices, but there is little evidence of this feeding through into core rates. Forecasts for the current year have been increased, but there is no assumption that price pressures will reverse in 2012. The European Central Bank has signalled an imminent rise in interest rates, the Bank of England is likely to follow and even the US Federal Reserve is indicating policy tightening with a further phase of quantitative easing unlikely.

Portfolio review

The Investec Worldwide Equity Feeder Fund had a good quarter, helped by excellent stock selection across the majority of sectors with only financials, and telecoms & utilities detracting from value. The services sector delivered the strongest contribution overall, with a number of consumer discretionary stocks performing well. Within resources, good stock selection in chemicals and mining, where we had exposure to specific specialist chemicals manufacturers and iron ore producers respectively, helped. In terms of those sectors that lagged, exposure to insurance stocks, following several earthquake-related natural disasters in the Pacific, detracted from value. A number of stocks in the telecoms sector, both owned and not owned, offset some of the positive performance generated overall.

Portfolio positioning

We believe equity markets are attractively valued on a historic basis and that the liquidity in financial markets is driving a new mergers and acquisition cycle as well as increasing corporate cash flows, share buy-backs and dividend levels. Input prices, particularly energy, are being absorbed to a greater extent, but companies that have the ability to raise prices and maintain margins and cash flows are likely to be the ongoing focus of investors' attention in 2011. Our assessment indicates a solid basis of fundamental analysis of individual company prospects that suggests we are in a more normalised capital markets environment than we have seen for some time. We anticipate that this can be sustained – barring abnormal geopolitical or economic events.

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). Please note that with effect from 1 February 2009 the annual management fee on B class units increased by 0.285% (incl. VAT). 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. * The TER shows the percentage of the average Net Asset Value of the portfolio that was incurred as charges, levies and fees relating to the management of the portfolio. A higher TER ratio does not necessarily imply poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of the future TERs.

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