

Investec Cautious Managed Fund

A fund that has proved itself in all weathers

June 2005



Highlights

■ Winner of S&P's UK Defensive Fund of the Year, 2002, 2003 & 2004 ■ Winner of S&P's Best UK Defensive Fund over 5 years, 2004 ■ Lipper Citywire All Stars Awards 2005: Investec Fund Managers, winner of best Mixed Asset Small Group award

Investment aims

The Fund aims to provide a combination of income and long-term capital growth by investing conservatively in a diversified portfolio of equities, bonds and other fixed interest securities of high quality and marketability. At all times, the Fund's equity exposure will be limited to a maximum of 60% of the portfolio value.

Fund overview

Over the last five years the Fund has outperformed the broader equity market by a substantial margin by investing in a blend of investment grade corporate bonds and good quality equities, with occasional switches between them to take advantage of opportunities. The bonds and equities tend not to rise and fall together, so they can smooth out the effects of each other's moves.

The Fund is designed to provide lower risk exposure to bonds and quality equities, with the manager gradually adjusting the exposure to each with the objective of enhancing performance by comparison with funds that are more restricted. The relatively stable returns that this fund has shown itself capable of producing in the longer term should be an attractive way to save for retirement, to pay off a mortgage, budget for school fees or simply to build a nest egg. While past performance will not necessarily be repeated, its historic performance is exemplary compared to its peers and is the result of a consistent investment philosophy.

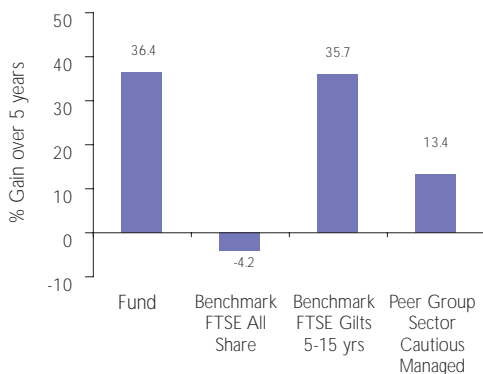
Cumulative performance (%)

	Fund	Sector	Rank
1 year	12.5	11.4	20/49
2 years	23.9	18.7	8/39
3 years	24.3	13.7	2/28
4 years	26.3	10.1	2/22
5 years	36.4	13.4	1/18

12 months to end March of year (%)

	Fund	Sector	Rank
2005	10.7	8.9	17/51
2004	24.0	15.9	3/38
2003	-10.4	-11.4	9/28
2002	4.5	-0.1	2/23
2001	7.4	-0.2	2/19

Performance - over 5 years



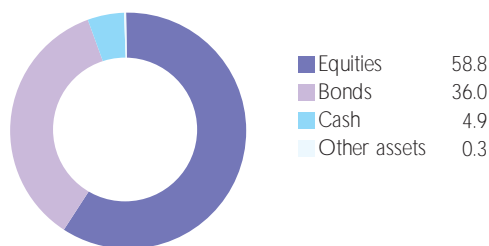
Top holdings (%)

GlaxoSmithKline	3.8
Vodafone	3.6
UK Treasury 7.25% Dec 07 07	2.8
BP	2.8
UK Treasury 2.5% Aug 16 13	2.7
UK Treasury 2.5% Jul 26 16(II)	2.2
UK Treasury 2.5% Aug 23 11(II)	2.2
UK Treasury 4% Mar 07 09	1.8
Royal Bank of Scotland	1.8
Astrazeneca	1.7
TOTAL	25.5

Sector analysis (%)

Bonds and other defensive assets	41.2
Financials	22.1
Cycl. Services	9.3
Non-Cycl. Cons. Gd	8.7
Non-Cycl. Servs.	8.0
Resources	5.0
Basic Industries	1.9
I.T.	1.6
Utilities	0.8
Other	1.6

Asset split (%)



Manager rating

Citywire: AA

Fund ratings

Standard & Poor's:
Fund Management AA
Stars ★★★★★
Forsyth-OBSR: AA

Key facts

Fund manager: Alastair Mundy
Fund size: £523m
Launch date: 7.6.93
Peer group sector: Cautious Managed
Risk level: Low/Medium (Relative to FTSE All Share Index)
Risk factors (please read over): General
Volatility (3yr, ann.): 7.9%
Est. net yield: 2.26%
PEP/ISA status: Yes/Yes

Fund charges

Initial charge: 4.5%
Annual fee: 1.25%

Other information

Dealing time: 12 noon (forward pricing)
Minimum investment: £1,000 Lump Sum
£100 Per month
Type of shares: Income & Accumulation
Income frequency: Quarterly - end Feb, etc
Domicile: London
Sedol number:
Inc - 3107845
Acc - 3107481

Recent awards



Important information

Please read over

Important information

Risk factors and other notes for your consideration before making an investment.

General risks

- You are not certain to make a profit; you may lose money and any income is not fixed – it can go up or down.
- The past performance of a Fund should not be taken as a guide to its future performance and does not take into account the effects of inflation.
- Changes in the rates of exchange between currencies may cause your investment and the income from it to go down or up.
- While opinions stated are honestly held, they are not guarantees and should not be relied on.
- If you exercise any cancellation rights you may have, you may not get back the full amount of your investment.
- Where income is insufficient to pay charges the residual is taken from capital which will reduce the rate of capital growth.
- We recommend that you contact an independent financial adviser if you are in any doubt about the suitability of an investment in any of our Funds, or if you are not confident that you fully understand the risks involved.
- Shares should generally be regarded as long-term investments.

Specific risks - see overleaf for applicability

a) Charges from capital

As half of the charges are taken, in the first instance, from capital the growth of the capital value of the investment will be reduced.

b) Concentration risk

Funds which invest in a small number of holdings or in specialised sectors may be more volatile than more broadly diversified equity funds.

c) Emerging markets

Due to political and economic uncertainty investments in emerging markets tend to be highly volatile with the potential for large capital losses.

d) High yield bonds

High yield bonds pose a greater risk of capital loss through default.

e) Non UK registered funds

UK Shareholders only: The rules made under the UK's Financial Services and Markets Act 2000 for the protection of private customers do not apply and the compensation scheme established under that Act will not be available.

f) Sector risk

Funds that restrict investment to a single industry, sector or type of company may decline even while broader based equity market indices are rising.

g) Small companies

Small companies' shares tend to be more volatile than larger companies' shares.

h) Split capital securities

The capital value of zeros is at risk if the capital growth of the underlying portfolio is inadequate or if a counterparty is unable to meet its obligations. Neither the income nor the redemption yield are guaranteed.

i) Technology

Investments in high growth stocks, e.g. technology, benefit from investor optimism about the future and their value can fall sharply if sentiment deteriorates.

This advertisement is not an invitation to make an investment nor does it constitute an offer for sale. It also does not constitute an advertisement for a fund in a country where that fund is not registered for sale. The full documentation required to make an investment, including the Prospectus or Scheme Particulars, is available from Investec Asset Management.

Investec Funds Series ii and iii - funds domiciled in London

Investec Funds Series ii and Investec Funds Series iii are registered for sale in Luxembourg and Switzerland and by the Dutch Central Bank under the Act on the Supervision of Investment Institutions and, in Germany, the distribution of shares has been notified to the BAFin. Copies of the full Prospectus, Instrument of Incorporation and latest annual and interim reports are available free of charge from: Investec Asset Management, 2 Gresham Street, London EC2V 7QP; or in Germany from J.P. Morgan & Co, Grueneburgweg 2, Frankfurt am Main 60322; or in Switzerland from the Swiss Representative, Distributor and Paying Agent, Investec Bank Switzerland AG, Talacker 41, 8039 Zurich; or in Luxembourg from J.P. Morgan Bank Luxembourg SA, 5 rue Plaetis, L-2338 Luxembourg.

Investec International Accumulation Fund and Investec Global Strategy Fund - funds domiciled in Guernsey

Investec Global Strategy Fund Limited (IGSF) and Investec International Accumulation Fund Limited are Guernsey-domiciled.

They are registered for sale in the UK, Channel Islands and Isle of Man; also in South Africa with the exception of the multi-currency and high yield fixed income funds. IGSF only is also registered in Ireland, Hong Kong, Macau, Switzerland and for certain funds only in Chile, Taiwan and Peru.

The Funds' Scheme Particulars, Articles of Association and latest annual and interim annual reports are available free of charge from Investec Asset Management or; for IGSF only, from the Swiss Representative, Distributor and Paying Agent, Investec Bank Switzerland AG, Talacker 41, 8039 Zurich.

Other notes

■ Bond yields

The quoted running yield is a measure of the estimated income that the fund will produce in the near-term. Another measure is the Redemption yield which takes account of the return of both capital and income over the long-term. If the Redemption yield is below the running yield it implies that the latter is partly made up of a return of capital. The Redemption yield takes no account of possible defaults and so must be treated with care when considering high yield funds.

■ Sector averages are equal weighted.

■ Telephone calls may be recorded to confirm your instructions.

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