

Investec Asset Management

Guernsey domiciled open-end investment company

Report Issued: November 2006

Peer Group:

US Mainstream

Fund Manager/Adviser:

William Fries (since October 2002)

Location:

Santa Fe, New Mexico

Launch Date: November 1990

Fund Size (September 2006):

US\$163m

Group Contact No:

+44 20 7597 1900

Website:

www.investecfunds.com

S&P ID Number: OS039744

Share class screened:

A

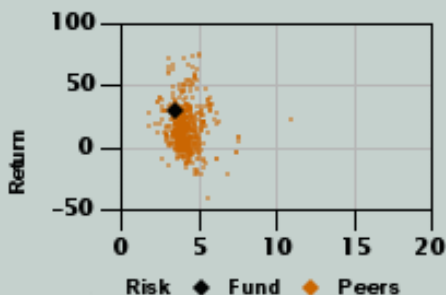
Details of fund charges and other share classes can be found on www.funds-sp.com.



INVESTMENT STYLE

	Value	Blend	Growth
Large-Cap			
Mid-Cap			
Small-Cap			

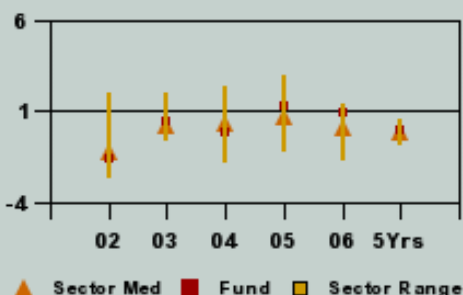
RISK RETURN (STD DEVIATION) OVER 5 YEARS



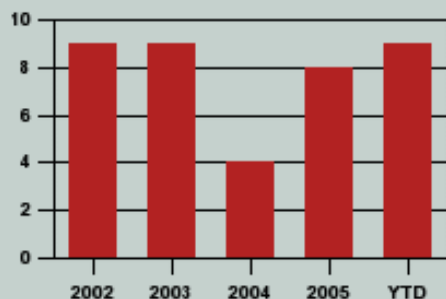
3 YEAR RISK CHARACTERISTICS

Maximum Drawdown (%)	Low	-6.8
Volatility	Low	8.0
Correlation	High	1.0
Beta	Medium	1.0

SHARPE RATIO VS PEER GROUP



CALENDAR YEAR DECILE RANKS



Decile ranking in discrete annual periods. 1st decile shown as rank 10, 2nd decile as rank 9, etc. to 10th decile as Rank 1.

All statistical data on this report has been run to 31/08/2006 on NAV to NAV basis, with gross income reinvested, in US Dollars.

STANDARD & POOR'S OPINION (NOVEMBER 2006)

Thornburg Investment Management has managed this fund since 2002, using the disciplined "value" process that was introduced in 1995.

Bill Fries has been a major driving force behind this process since his arrival, but he is now 68 years old and Thornburg have wisely taken steps to ensure continuity when Fries finally retires. As a result, in February 2006 he was joined by two co-managers from the wider Thornburg team, Ed Maran and Connor Browne. They have no previous portfolio management experience but 18 and five years' experience respectively as analysts - Maran covering value-oriented sectors such as energy and utilities, while Browne was on the growth side.

The bottom-up investment process is unchanged, in which stocks are classified as basic value, consistent earners and emerging franchises. The portfolio of

typically between 35 and 50 stocks is diversified across all three types and the new co-managers' backgrounds are therefore clearly very relevant. In a significant change to the foregoing, however, investment decisions will be reached by consensus between the three managers.

Although the process has a value orientation the presence of faster growing emerging franchises can give a growth tilt at certain parts of the economic cycle. Fries has added value in the past through these style tilts, helping to deliver top quartile returns over three years and year to date, and solid returns longer-term over several market cycles. While we wait to see how the changes bed down, we are reassured by Fries' continued involvement, allowing the fund to retain its AA rating.

FACT FILE

Group: Investec Asset Management (IAM) is the investment arm of Investec Group, the largest independent investment and private banking group in South Africa. The Investec Group was listed in Johannesburg in 1986 and in London in July 2002.

Team: Bill Fries, Ed Maran and Connor Browne manage this fund. Maran's background is value while Browne's is growth. This three-man team is a subset of a larger team comprised of 10 managers and analysts.

Fund Manager: Bill Fries has 35 years' experience and is one of the most senior members at Thornburg.

Ed Maran and Connor Browne have 18 and five years' experience respectively. This is their first management role.

Style: The fund is managed bottom up, aiming to identify attractive business models trading at a discount. Holdings may be biased to value, quality large-caps or growth according to market conditions.

Performance: Over the five years to 31/08/2006, the fund has returned 29.7%, compared with 13.0% for the sector median and 25.5% for the index, ranking 100/650.

FUND MANAGER & TEAM

Thornburg has assets under management in excess of \$27bn, of which approximately \$7.0bn is in domestic equity mandates. The value equity team of ten works on US and non-US portfolios. Additional input is taken from Brad Kinkelaar (manager of the Income Builder Fund), a three-man growth team and the CIO, Brian McMahon.

William Fries - graduate (Pennsylvania State University) & MBA (Temple University), worked at USAA for 21 years managing various US mandates prior to joining Thornburg in 1995.

Brian McMahon - CIO - MBA (Dartmouth College), joined the group in 1984. As CIO he is responsible for the overall investment process. Previous experience includes various corporate finance roles at Norwest Bank over five years.

PORTFOLIO CHARACTERISTICS

No. of holdings	45
Turnover ratio (%)	N/A
% in top 10	28

TOP 10 HOLDINGS (01/09/06)

	%
ExxonMobil *	3.6
ChevronTexaco *	3.4
Altria	2.9
Conocophillips	2.8
Southern Copper	2.8
Apache	2.7
Las Vegas Sands	2.7
BearingsPoint	2.6
Freddie Mac	2.5
Charles Schwab	2.2

* In top 10 holdings a year ago

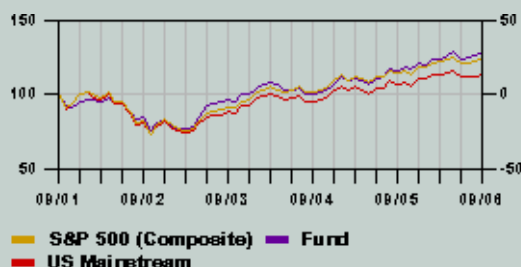
ALLOCATION BREAKDOWN (01/09/06)

	Index %**	Fund %
Consumer Discretionary	10	13
Consumer Staples	10	3
Energy	10	12
Financials	21	15
Industrials	11	5
Materials	3	-
Utilities	4	-
Health Care	13	16
Information Technology	15	20
Telecommunication Services	3	9
Other	-	2
Cash	-	5

PERFORMANCE STATISTICS

	3 Years	5 Years
Fund	33.9%	29.7%
Standard & Poor's Peer Median	28.5%	13.0%
Index**	36.6%	25.5%
Fund Rank	272/906	100/650
Standard Deviation	8.0	-
Relative Standard Deviation	0.8	-
Volatility Adjusted Ranking	115/906	-

CUMULATIVE PERFORMANCE



INVESTMENT GLOBAL STRATEGY FUND - AMERICAN EQUITY FUND

Peer Group: US Mainstream



MANAGEMENT STYLE

- The fund is managed in a largely bottom-up manner, using a disciplined process that seeks to identify promising companies with sound business fundamentals trading below their intrinsic value.
- The portfolio is kept diversified across three types of companies: attractive firms trading at fundamentally low valuations; consistent earners trading at higher valuations but below their historic average earnings multiple; and emerging franchises with growing strength recognised by the market. Sometimes recommendations are provided from the specialist growth team and limited to a max. 25% of total portfolio assets.

The split between the three categories is usually the result of stock selection.

A basic value screen is used to reduce the large-/mid-cap universe to between 100/150 stocks for detailed fundamental analysis. Company meetings are key, with the emphasis on management and the business model. The target portfolio has 35/50 holdings, with full positions of 3% and 2% for higher-risk, emerging franchises. Strong sell disciplines are instilled by setting target prices for each holding.

Cash is generally below 5%. Currency exposure is usually unhedged.

PORTFOLIO REVIEW

Despite the fund more than doubling in size since our last review, the number of holdings declined to 40, at the lower end of the target range of 35-50.

The fund remained diversified across their three types of stock: basic value (36%), consistent earners (48%) and emerging franchises (13%). The fund's exposure to larger companies has increased over time and Style Research shows the fund has a more pronounced growth bias than it has previously had.

In terms of sector, the fund's biggest overweight was in telecom services, followed by health care, energy and information technology. The fund's biggest underweight was in consumer staples followed by financials and industrials. They increased their technology exposure in March, buying into Apple Computer, Juniper Networks and others. Other recent purchases included low cost airline Jetblue Airways and oil explorer, Apache. They recently sold out of chip-maker Intel because of a contract win from Dell Computer for rival chip-maker, AMD.

PERFORMANCE ANALYSIS (SEPTEMBER 2006)

Fries has been managing this fund since October 2002 and since then performance has been volatile, but overall comfortably ahead of the peer group median, driven by strong stock selection and successful style tilts.

The overweight to undervalued financial stocks helped the fund outperform in 2003, while in 2004 it underperformed due to stock specific issues. In 2005, returns outstripped the median through strong stock selection, particularly in the energy sector.

During the year to end August 2006, the fund comfortably outperformed the S&P 500 index and our peer group median, ranking it comfortably in the top quartile. Outperformance in 2006 has been driven by the overweight in telecommunications, in particular the overweight in NII Holdings, while holding casino operator Las Vegas Sands also proved beneficial. Less successful holdings included satellite radio operators Sirius Satellite Radio and XM Satellite Radio Holdings and chip-maker Intel, sold soon after purchase.

DISCRETE PERFORMANCE (CALENDAR YEARS)

	2002		2003		2004		2005		YTD 31/08/2006	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	-18.3	124/716	32.4	152/847	7.0	647/937	7.6	241/1011	7.7	129/1028
Index**	-22.1		28.7		10.9		4.9		5.8	
Median	-24.6		26.2		8.5		4.2		3.3	

** S&P 500 (Composite)

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