

INVESTEC
UK Special Situations (OEIC)

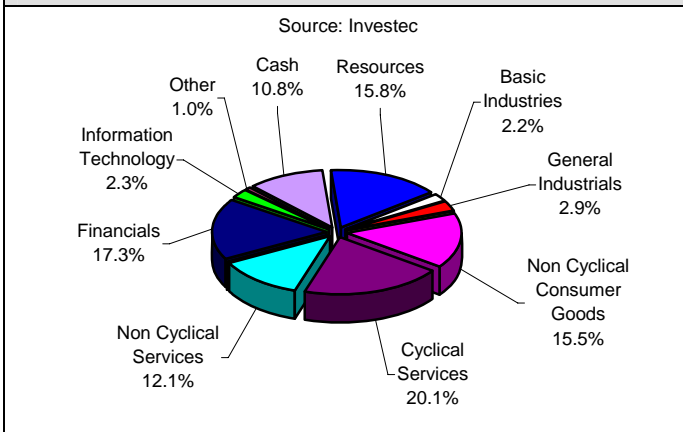


OBSR Fund Rating
AA

Key Information

Launch Date	2 October 1978	
Fund Size	£212.4m	
Type of Shares Available	Income & Accumulation	
Distribution Dates	31 May, 30 November	
Yield	2.13%	
ISA	Yes	
PEP Transfer	Yes	
Standard Fund Management Charges	Initial	4.50%
	Annual	1.50%

Asset Distribution - Sector



Top Ten Holdings

	%
Royal Dutch Shell	7.9
BP	7.0
HSBC Holdings	6.6
GlaxoSmithKline	5.7
Vodafone Group	5.7
Royal Bank of Scotland	3.2
Unilever	3.1
AstraZeneca	3.0
BT Group	2.9
British Sky Broadcasting	2.3
Concentration (Top 10)	47.4
Total Number of Holdings	72

Source: Investec

Classification

Sector	UK All Companies
Benchmark/Index	FTSE All-Share
Management/Investment Style	
Fund Manager	Alastair Mundy (August 2002)
<p>The fund offers investors a well-diversified portfolio comprising predominantly large and medium-sized UK equities and is managed using the traditional principals of value investing.</p>	

Investment Objective & Methodology

The fund aims to achieve long-term growth of capital through investment primarily in the UK. Investments will be made predominantly in UK equities. The manager aims to generate performance in excess of the benchmark index.

Alastair Mundy has managed the fund since August 2002. The team includes David Lynch, Celia Duncan, Mark Wynne-Jones, who is in charge of the research process and co-ordination and Jo Slater, who assists them on research. Peter Lowery is the deputy manager for the fund and is jointly responsible with the fund manager for determining the asset allocation. The team also has close interaction with Sam Houlie who manages the South African locally registered Cautious Managed fund.

The investment philosophy entails purchasing shares in strategically well-placed companies when sentiment towards them is at or near its worst and selling them as a combination of improving profitability and re-evaluation of their long-term prospects takes place. The process of stock selection and portfolio construction is driven by the manager's core beliefs. First, fundamental valuation is the key determinant of stock prices over the long term. Second, investor sentiment causes stocks to become overvalued if they are deemed to have good prospects and, conversely, undervaluation of those which are out of favour provides buying opportunities. Third, over a period of time, mean reversion affects all companies. Fourth, dividend yield is always likely to form a significant part of the overall shareholder return. Last, diversification is an important control. The manager recognises that particular companies or sectors can be out of favour for a considerable time. The first four factors form part of the stock selection process, with the fourth and fifth factors also acting as portfolio controls. Buy disciplines mean that until shares have fallen at least 35% from their 52 week relative high and stand no more than 5% above their relative low they cannot be purchased. The key sell disciplines mean that if the prospective P/E of a company is in line with the market, the overweight position must be eliminated. If the fundamentals have changed significantly or a new investment idea would provide a greater return then the stock will be sold. He looks to reduce or sell holdings where the prospective price/earnings multiple is at or above the market average, where the fundamentals have significantly changed, or where a better new idea requires cash to be raised to finance a purchase.

The fund will typically comprise 70-80 stocks although the manager does not actively target any particular tracking error. The amount by value invested in FTSE 100 stocks must be at most 15% less than the FTSE 100 weighting in the FTSE All-Share Index, with the balance of stocks being selected from the FTSE Mid 250 Index. The sum of sector divergences against a composite benchmark of 50% FTSE All-Share and 50% FTSE 350 High Yield Index will not exceed 25%. Individual stocks will be limited to 3% at purchase or 2% above the stock's sector weight in the FTSE All-Share, whichever is the greater. The overall dividend yield from the portfolio will be at least 20% above that of the FTSE All-Share Index.

www.obsrfundratings.co.uk

Data as at 30 June 2007
Last Updated July 2007