



Investec Wealth & Investment Balanced Fund of Funds

31 December 2016

Minimum Disclosure Document

Investment Objectives

The objective of the Investec Wealth & Investment Balanced Fund of Funds is to achieve long term growth of capital and income by investing in a diversified range of assets, these include equities, bonds, property and cash, and the fund aims to outperform the benchmark with lower than benchmark risk over three year rolling periods. The portfolio complies with the prudential investment limits governing retirement funds (Regulation 28 of the Pension Fund Act).

Investment Philosophy

The Investec Wealth & Investment Balanced Fund of Funds is a multi-asset portfolio that leverages off the investment team's expertise in asset allocation and manager selection. Active asset allocation, which is based on our in-house strategic and tactical views, is combined with "bottom-up" manager selection to create an optimal blend of asset classes and funds, designed to generate superior risk-adjusted returns over the long term.

Market Overview

The defining event in the last quarter of 2016 was the widely unexpected and shock election of Donald Trump as the 45th US president. While initially market pundits perceived the news as somehow negative for the US and the global economy, this was quickly reversed. Markets digested Trump's pro-fiscal policy stance and commitment to cut taxes and promote deregulation, and welcomed the policy shift.

Global risk appetite surged on the back of this outcome, leading most markets higher with the exception of developed market bonds and emerging markets.

On the local front, equities struggled, with the All Share Index losing 2.1%, while bonds were fairly resilient, managing to eke out a positive gain of 0.3%. Cash was the best performing asset class, up 1.9%, followed by property, up 1.3%. Despite the widespread expectation of a stronger US dollar after the elections, the rand managed to hold its ground, maintaining its strengthening bias relative to the dollar.

Quick Facts

Portfolio Manager	Investec Wealth & Investment Management Pty Ltd	
Administered By	Investec Fund Managers SA (RF) (Pty) Ltd	
Sector	South Africa – Multi Asset – Medium Equity	
Benchmark	Sector Peer Group Average	
Assets Under Management	R1.22 billion	
Income Distribution	Semi – annual: March & September	
Inception Date	1 September 2012	
Total investment charge (TIC) Incl. VAT	Annual Management Fee	1.00%
	Other	0.94%
	TER	1.94%
	TC	0.17%
TIC		2.11%
Valuation	16h00 SA time each business day	
Transaction Cut-Off	15h00 SA time each business day	
Minimum Investment	R1 million	
ISIN	ZAE0001655437	
Issue Date	20 January 2017	

Risk Profile



Investment Categories

Domestic	
Offshore	
Retirement	

Out of the Ordinary®



Portfolio Review & Actions

In the fourth quarter of the year, local risk assets struggled as Trump's anti-trade rhetoric negatively impacted emerging markets. Local equities were down 2.1% while global equities outperformed, delivering 1.3% in rands. Property (1.3%) and bonds (0.3%) lagged cash's return of 1.9%.

Against this backdrop, the Balanced Fund delivered -0.7%, outperforming the peer return of -1.3%.

For 2016 as a whole, the fund returned 4.1%, which was well ahead of the peer return of 1.5%. This was a respectable outcome against the backdrop of disappointing returns from both local and global equities. The key contributor to performance was solid outperformance from our value-biased fund managers – Coronation Top 20 and Denker. In addition, sizeable exposure to our flexible fixed income funds, which outperformed cash, added value.

2016 ushered in a seismic shift in both the global economic outlook and the political backdrop. While the shift to fiscal policy in key economies is welcome, the rise of populism and trade protectionism is likely to have negative outcomes, exacerbating the fragile political landscape. Markets will bear the brunt of these opposing forces, with increased volatility being the likely outcome. Going into 2017, we look to balance the positives: fiscal policy shift, stronger local currency and the increased potential of rate cuts in SA against the rising volatility of markets. A mildly positive risk stance offset by a meaningful exposure to flexible fixed income funds should provide some protection.

Income Distribution (cents per unit) - Semi-annually

Payment Date	Dividend	Interest	Total
31 March 2013	0.13	0.73	0.86
30 September 2013	0.20	0.72	0.92
31 March 2014	0.26	0.83	1.09
30 September 2014	0.25	0.90	1.15
31 March 2015	0.32	0.89	1.21
30 September 2015	0.29	1.04	1.33
31 March 2016	0.42	1.33	1.75
30 September 2016	1.01	1.41	2.42

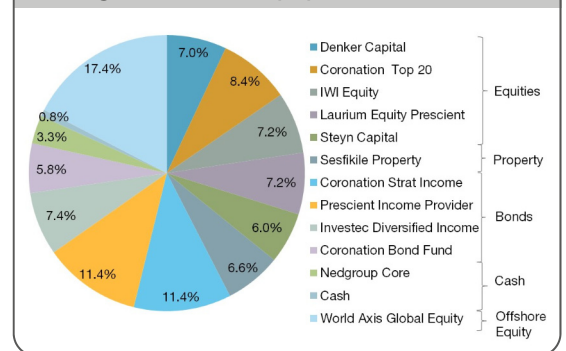
Portfolio Positioning

Asset Allocation (%)*		
	Investec Wealth & Investment Balanced Fund of Funds	Peer Group Average
Equities	34.7	31.9
Bonds	22.8	20.4
Cash	16.3	22.4
Property	8.4	7.0
Offshore Equities	16.7	14.1
Offshore Fixed Income	1.0	2.4
Offshore Property	0.1	1.8

Top 10 Holdings

Naspers Ltd	Old Mutual
MTN	Sasol
Steinhoff Intl	British American Tobacco
Anglo American	Reinet
Standard Bank Group	Mondi

Manager Allocation (%)*



* May not add up to 100 due to rounding.

Annualised Performance

	1 year	2 years	3 years	Since Inception	Calendar Low	Calendar High
Investec Wealth & Investment Balanced Fund of Funds*	4.1%	6.0%	7.3%	9.8%	4.1%	14.9%
Peer Group Benchmark	1.5%	4.4%	6.0%	9.1%	1.5%	15.8%

Source: Investec Asset Management and Morningstar
Method of calculation: NAV—NAV; Gross income reinvested
*The Investec Wealth & Investment Balanced Fund of Funds return is reported net of fees

Glossary summary

Annualised performance: annualised performance is the average return per year over the period.

Current yield: This reflects the amounts that may be expected to be distributed over the next 12 months as a percentage of the Fund's net asset value per share as at the date shown. It is based on a snapshot of the portfolio on that day. [It does not include any initial charge and investors may be subject to tax on distributions.]

Duration: This is a measure of risk for funds which invest in bonds as it predicts the sensitivity of the value of a fund's portfolio given changes in interest rates. The higher the value the greater the volatility of the fund's performance resulting from changes to interest rates. The modified duration is shown.

The effective annual cost (EAC): Is a measure which has been introduced to allow you to compare the charges you incur and their impact on investment returns when you invest in different Financial Products. It is expressed as an annualised percentage. The effect of some of the charges may vary, depending on your investment period. The EAC calculation assumes that an investor terminates his or her investment in the financial product at the end of the relevant periods shown in the table.



Glossary summary continued

Information ratio: A measure of a portfolio manager's skill against a performance comparison index. The over or underperformance of the fund relative to its performance comparison index is divided by the tracking error. In this way, we arrive at the value, per unit, of extra risk assumed, that the manager's decisions have added to what the market would have delivered anyway. The higher the Information ratio the better.

NAV: The net asset value (NAV) represents the value of the assets of a fund less its liabilities.

Risk profile:

- **High:** You are looking for strong capital growth over the short to medium term and are prepared to accept high levels of volatility and potential loss of capital in exchange for the potential of above average returns, in order to achieve your objectives.
- **Moderate high:** You are prepared to accept higher levels of volatility in order to achieve superior levels of income and capital growth over the medium to long term, and are willing to take greater risk with a portion of your assets in exchange for the potential of above average returns.
- **Moderate:** You are prepared to accept moderate levels of volatility in order to achieve higher levels of income and capital growth over the medium to long term, preferring a diversified portfolio that can mitigate the effects of adverse market conditions.
- **Low moderate:** Although capital preservation is of paramount importance to you, you are prepared to make limited investments in low to medium risk asset classes to provide some capital growth.
- **Low:** You are looking to preserve the value of your portfolio and generate income over the medium to long term, with low risk. There is limited capital growth in this category.

Total expense ratio (TER): includes the annual management fee, performance fee and administrative costs but excludes portfolio transaction costs (except in the case of an entry or exit charge paid by a fund when buying or selling units in another fund) expressed as a percentage of the average daily value of the Fund calculated over a rolling three years (or since inception where applicable) and annualised to the most recently completed quarter.

Total investment charge (TIC): This is the sum of the TER and TC.

Transaction cost (TC): Transaction costs are a necessary cost in administering the Fund and impacts returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of financial product, the investment decisions of the investment manager and the TER Calculations are based on actual data where possible and best estimates where actual data is not available.

Volatility: The amount by which the performance of a fund fluctuates over a given period.

Specific fund risk

Concentration risk: Investments may be primarily concentrated in specific areas (e.g. countries/geographical regions and/or industry sectors), in terms of investment style (e.g. income or growth), in individual holdings and/or in a number of other ways. This may mean the value of the Fund may decrease whilst more broadly invested funds might grow.

Co-named portfolio: Investec Fund Managers SA (RF) (Pty) Limited maintains full legal responsibility for this co-named portfolio.

Country and political risk: Investments or underlying components of your Investments may be affected by their link or relationship to specific countries which could be exposed to political or economic events affecting companies, interest rates or currencies.

Currency exchange risk: Changes in the relative values of different currencies may adversely affect the value of the Fund's investments and any related income.

Default risk: There is a risk that the issuers of fixed income investments (e.g. bonds) may not be able to meet interest payments nor repay the money they have borrowed. The worse the credit quality of the issuer, the greater the risk of default and therefore investment loss.

Developing market risk: Some of the countries in which the Fund invests may have less developed legal, political, economic and/or other systems. These markets carry a higher risk of financial loss than those in countries generally regarded as being more developed.

Equity investment risk: The value of equities and equity-related investments may vary according to company profits and future prospects as well as more general market factors. In the event of a company default, the owners of their equity rank last in terms of any financial payment from that company.

Interest rate risk: The value of fixed income investments (e.g. bonds) tends to decrease when interest rates and/or inflation rises.

Multi-asset investment risk: The Fund is subject to possible financial losses in multiple markets and may underperform more focused funds.

Return on capital: Neither capital preservation nor returns are guaranteed.

Taxation risk: The tax treatment of any investment is determined by the specific circumstance of each client. Taxation may change during the lifetime of an Investment. This may result in unanticipated tax liabilities. You should obtain tax advice in order to be aware of the potential liability before making an Investment. If your circumstances change or you are uncertain of how an Investment might affect your own tax position you should seek professional advice.

Third party operational risk: The Fund's operations depend on third parties. Investors in the Fund may suffer disruption or financial loss in the event of third-party operational failure.

Disclaimer: Collective investment schemes in securities (CISs) are generally medium to long term investments and the manager gives no guarantee with respect to the capital or the return of the Fund. CISs are traded at ruling prices and can engage in borrowing, up to 10% of fund net asset value to bridge insufficient liquidity, and scrip lending. A schedule of charges, fees and advisor fees is available on request from the Manager, Investec Fund Managers SA (RF) (Pty) Ltd. Additional advisor fees may be paid and if so, are subject to the relevant FAIS disclosure requirements. Performance shown is that of the fund and individual investor performance may differ as a result of initial fees, actual investment date, date of any subsequent reinvestment and any dividend withholding tax and past performance is not necessarily a guide to the future. Performance figures above are based on lump sum investments, using NAV to NAV figures net of fees with gross income reinvested, in South African Rands. The value of participatory interests or the investment may go up or down. Different classes of units apply to the fund and the information presented is for the most expensive class. A fund of funds invests in portfolios of CISs which levy their own charges which could result in a higher fee structure for these portfolios. Fund valuation occurs at 16h00 and transaction cut-off time is 15h00 SA time each business day. This fund may be closed in order to be managed in accordance with the mandate. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. A higher Total Expense Ratio (TER) does not necessarily imply a poor return, nor does a low TER imply a good return. Where funds invest in the participatory interests of foreign collective investment schemes these may levy additional charges which are included in the relevant TER. The ratio does not include transaction costs. The current TERs cannot be regarded as an indication of the future TERs. Fund prices are published each business day in selected media. Additional information on the fund, including information on the EAC can be obtained, free of charge, at <https://www.investec.co.za/products-and-services/investing/unit-trusts.html?ad>. The Manager, PO Box 1655, Cape Town, 8000, Tel: 0860 500 100 is registered under the CIS Control Act. The scheme trustee is FirstRand Bank Limited, PO Box 7713, Johannesburg, 2000, Tel: (011) 282 1808. All information provided is product related, and is not intended to address the circumstances of any Financial Service Provider's (FSP) clients. In terms of the Financial Advisory and Intermediary Services Act, FSPs should not provide advice to investors without appropriate risk analysis and after a thorough examination of a particular client's financial situation. While the Manager appointed Investec Wealth and Investment Management (Pty) Ltd (IWIM) 2013/001592/07, as its authorised agent to solicit investment and to manage the co-named fund, the Manager retains full legal responsibility for the co-named fund. The relationship between the Manager and IWIM is governed by the CIS Control Act, the scheme deed, and formal written agreements. IWIM is an authorised financial services provider no. 44897. This is the copyright of Investec and its contents may not be re-used without Investec's prior permission.