

Investec

Target Return Bond Fund

'I' shares, GBP

As at end December 2019

Objectives and investment policy summary

The Fund aims to produce a positive performance return above overnight GBP LIBOR (an interbank lending rate) over rolling 3 year periods regardless of market conditions. The Fund targets a return of overnight GBP LIBOR +2.5% (gross of fees) per annum over rolling 3 year periods. While the Fund aims to achieve a positive return and its performance target, there is no guarantee either will be achieved over rolling 3 year periods or over any period of time.

The Fund invests around the world primarily in a wide range of bonds (contracts to repay borrowed money which typically pay interest at fixed times) issued by companies, institutions or governments and in their related derivatives (financial contracts whose value is linked to the price of an underlying asset). The Fund will not invest in shares or in their related derivatives. The Fund also has the flexibility to invest outside of the aforementioned asset classes.

Returns could be from income or growth or a combination of the two.

Derivatives may be used for investment purposes (i.e. in order to achieve the Fund's investment objectives) or for efficient portfolio management purposes e.g. with the aim of either managing the Fund risks or reducing the costs of managing the Fund.

The performance target has been chosen as we believe it sets a realistic expectation of the Fund's long-term outperformance of the return an investor can expect, based on the principal asset types available for investment and the current market environment.

Monthly and annual average returns (%)

	1 month	1 year	3 years annualised	5 years annualised	10 years annualised
Fund - I Acc GBP	1.3	3.7	-1.0	-0.9	-0.6
Comparative index	0.2	3.0	2.9	2.8	2.9

Calendar year performance (%)

	YTD	2019	2018	2017	2016	2015
Fund - I Acc GBP	3.7	3.7	-5.8	-0.5	0.4	-2.0
Comparative index	3.0	3.0	2.9	2.7	2.8	2.8

Rolling 12 month performance (%)

	31.12.18 -31.12.19	31.12.17 -31.12.18	31.12.16 -31.12.17	31.12.15 -31.12.16	31.12.14 -31.12.15
Fund - I Acc GBP	3.7	-5.8	-0.5	0.4	-2.0
Comparative index	3.0	2.9	2.7	2.8	2.8

Investors must read the Key Investor Information Document and Prospectus prior to investing

Key facts

Portfolio manager: Imran Ahmad, Russell Silberston

Fund size: GBP 12.5m

Fund launch date: 10.10.05

I Acc GBP share class launch date: 03.03.08

Domicile: United Kingdom

Sector: IA Targeted Absolute Return

Comparative index: LIBOR GBP Overnight Rate +2.5%

'I' share class dealing currency: GBP
Risk and reward profile (KIID SRRI): 2 out of 7

'I' Acc Share class charges

Maximum initial charge: 0.00%

Ongoing charge: 0.74%

Other information

Pricing: 12 noon (forward pricing)

Minimum investment:

£1,000,000 lump sum

'I' Acc GBP

ISIN: GB00B0FNM414

Sedol: B0FNM41

Distribution Payment dates: 31 Oct, 31 Jan, 30 Apr, 31 Jul

'I' Inc GBP

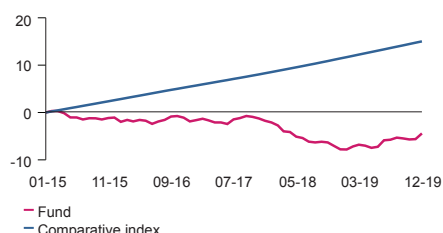
ISIN: GB00B71DHL68

Sedol: B71DHL6

Yield: 2.30%

Distribution Payment Dates: 31 Oct, 31 Jan, 30 Apr, 31 Jul

Performance (%)



Risk statistics

	3 years	5 years
Annualised sharpe ratio (%)	-0.8	-0.8
Annualised volatility (%)	2.1	1.9

Performance data source: © Morningstar, dates to 31.12.19, NAV based, (net of fees, excluding initial charges), total return, in Sterling.

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Top holdings (%)

Russian Federal Bond - OFZ 6.9 May 23 29	7.6
Nota Do Tesouro Nacional 6 May 15 45	3.4
Ecuador Government International 10.75 Jan 31 29	2.5
Turkey Government International 7.625 Apr 26 29	2.5
Bonos De Tesoreria 6.15 Aug 12 32	2.4
France Government Bond Oat 1.5 May 25 50	2.0
United States Treasury Inflat 1 Feb 15 49	1.9
Egypt Government International 8.5 Jan 31 47	1.9
Angolan Government Internation 8 Nov 26 29	1.3
Lloyds Banking Group Plc 4.5 Nov 04 24	1.3
Total	26.8

Number of bond holdings: 49

Credit breakdown (%)*

AAA	1.9
AA	3.3
A	10.0
BBB	13.2
BB	11.8
B	13.7
CCC	0.3
Cash and near cash	45.8
Total	100.0
Average credit rating	BBB

*Bond ratings are Investec approximations.

Maturity profile (%)

0 - 1 year	51.1
1 - 3 years	10.0
3 - 5 years	7.1
5 - 10 years	15.9
10 - 20 years	3.7
20 years +	12.2
Total	100.0

Average maturity (years) 7.0
Yield to maturity (%) 5.9

Geographic allocation (%)

United States	16.4
Russian Federation	7.6
United Kingdom	6.1
Brazil	4.6
Ecuador	2.5
Turkey	2.5
Peru	2.4
France	2.0
Egypt	1.9
Angola	1.3
Costa Rica	1.3
Switzerland	1.3
Ghana	1.2
Australia	1.0
Dominican Republic	1.0
Germany	1.0
Argentina	0.3
European Union	0.1
Chile	0.0
China*	0.0
Cash and near cash	45.5
Total	100.0

* Offshore and/or Mainland

Currency positions (%)

	Duration contrib.	%NAV
Pound Sterling	0.3	99.1
US Dollar	2.0	-15.5
Euro	0.8	-9.1
Israeli Shekel	0.0	5.9
Russian Ruble	0.5	4.1
Singapore Dollar	0.0	-4.0
Swedish Krona	0.0	4.0
Japanese Yen	0.0	3.9
Mexican Peso	0.0	3.9
Thai Baht	0.0	3.0
Kazakhstani Tenge	0.0	2.9
Philippine Peso	0.0	-2.9
Peruvian Nuevo Sol	0.2	2.4
Polish Zloty	0.0	2.0
New Zealand Dollar	0.0	-2.0
Australian Dollar	0.0	2.0
Chinese Offshore Renminbi	0.0	0.1
Chinese Renminbi	0.5	0.1
Other	0.5	0.1
Total	4.8	100.0

Sector analysis (%)

	Duration contrib.	%NAV
Investment Grade Corporate	0.3	14.4
Emerging Market Local Currency Debt	1.2	13.4
Emerging Market Hard Currency Debt	1.0	12.1
High Yield Corporate	0.3	10.2
Developed Market Sovereign	0.5	2.0
Developed Market Index Linked	0.5	1.9
High Yield Cds	0.4	1.6
Investment Grade Cds	0.0	0.1
Emerging Market IRS	0.5	0.0
FX	0.0	-0.2
Unclassified	0.0	-1.1
Cash	0.1	45.6
Total	4.8	100.0

The portfolio may change significantly over a short period of time. This is not a buy or sell recommendation for any particular security. Figures may not always sum to 100 due to rounding.

The yield information has been calculated as at 31.12.19. Where FTSE data is shown, source: FTSE International Limited ("FTSE") © FTSE 2019. Please note a disclaimer applies to FTSE data and can be found at http://www.ftse.com/products/downloads/FTSE_Wholly_Owned_Non-Partner.pdf. Where MSCI data is shown, source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, endorsed, reviewed or produced by MSCI. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. All other information is from Investec Asset Management at 31.12.19.

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General risks

The value of these investments, and any income generated from them, will be affected by changes in interest rates, general market conditions and other political, social and economic developments, as well as by specific matters relating to the assets in which they invest. Past performance should not be taken as a guide to the future. The Fund's objectives will not necessarily be achieved and there is no guarantee that these investments will make profits; losses may be made. This Fund may not be appropriate for investors who plan to withdraw their money within the short to medium term.

Specific fund risks

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

Default: 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.

Derivatives: The use of derivatives may increase overall risk by magnifying the effect of both gains and losses leading to large changes in value and potentially large financial loss. A counterparty to a derivative transaction may fail to meet its obligations which may also lead to a financial loss.

Emerging market: These markets carry a higher risk of financial loss than more developed markets as they may have less developed legal, political, economic or other systems.

Government securities exposure: The Fund may invest more than 35% of its assets in securities issued or guaranteed by a permitted sovereign entity, as defined in the definitions section of the Fund's prospectus. Currently, it is expected that the Fund will exceed this limit in securities issued by the US government.

Interest rate: The value of fixed income investments (e.g. bonds) tends to decrease when interest rates rise.

Important information

We recommend that you seek independent financial advice to ensure this Fund is suitable for your investment needs.

All the information contained in this communication is believed to be reliable but may be inaccurate or incomplete. Any opinions stated are honestly held but are not guaranteed and should not be relied upon.

This communication is provided for general information and/or marketing purposes only. It is not an invitation to make an investment nor does it constitute an offer for sale. The full documentation that should be considered before making an investment, including the Prospectus and Key Investor Information Documents, which set out the Fund specific risks, are available from Investec Asset Management. A rating is not a recommendation to buy, sell or hold a fund. This Fund should be considered as a long-term investment.

The fund is a sub-fund of Investec Funds Series iv which is a UCITS incorporated in England and Wales as an investment company with variable capital. This communication should not be distributed to private customers who are resident in countries where the Fund is not registered for sale or in any other circumstances where its distribution is not authorised or is unlawful. In the USA, this communication should only be read by institutional investors, professional financial advisors and, at their exclusive discretion, their eligible clients. It must not be distributed to US Persons apart from the aforementioned recipients. THIS INVESTMENT IS NOT FOR SALE TO US PERSONS.

Fund prices and English language copies of the Fund's Prospectus, latest annual and semi-annual Report & Accounts, Instrument of Incorporation and Key Investor Information Documents may be obtained from www.investecassetmanagement.com and Investec Asset Management Limited, Woolgate Exchange, 25 Basinghall Street, London EC2V 5HA.

Investec Target Return Bond Fund

Glossary summary

Alpha: Jensen's alpha is a risk adjusted measure of a fund's performance relative to its performance comparison benchmark.

Beta: A measure of the volatility of a fund relative to its performance comparison index, i.e. how sensitive the fund is to movements in the market. A figure greater than 1 indicates that the fund will tend to outperform in a rising market and under perform in a falling one, i.e. is more volatile than the market. The reverse applies to a Beta of less than 1.

Credit rating: A score awarded by an independent rating agency to indicate the financial strength of the issuer of a bond, and the potential for a default on interest and principal payments. The top credit rating is 'AAA'. The lowest rating to be considered 'investment grade' is 'BBB'. Below 'BBB', bonds are termed 'sub investment grade' or 'high yield'. Average credit ratings are based on the individual bond ratings issued by the ratings agencies. For each bond, the ratings issued by each agency are combined to form a single rating based on the methodology that most closely matches the performance comparison index (PCI), otherwise median is typically used where there is no PCI. The portfolio rating is the weighted average of the above bond ratings.

Distribution types

Accumulation (Acc): An accumulation share will not make income payments to shareholders but will instead accrue the income daily in the net asset value of the share class. Income is deemed distributed for UK tax purposes.

Income (Inc): An income share will distribute all or part of the income accruing in that share class.

Income-2 (Inc-2): These distribute the income accruing in the share class and charge all their expenses to capital. This maximises the income available for distribution – although it also reduces capital by an equivalent extent which could constrain future capital and income growth. This can be inefficient from a tax perspective in those countries where income tax rates are higher than those on capital gains.

Income-3 (Inc-3): These share classes are similar to Inc-2 share classes in that they charge all their expenses to capital in order to maximise the amount of distributable income. Additionally, Inc-3 share classes aim to provide a consistent distribution rate which is based on the investment manager's expectation of the long term underlying yield. To achieve this they may make distributions from capital or carry over excess income from one calendar year to the next. As the income rate is based on a forecast, there is a risk that future income generated by the fund is overestimated leading to distributions being taken from capital which could also constrain future capital and income growth.

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.

OEIC: Open Ended Investment Company. Investec Funds Series iv; incorporated in England and Wales, the UCITS umbrella of which this sub-fund is a part of.

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.

KIID SRRI: The Synthetic Risk Reward Indicator (SRRI) which appears in the Key Investor Information Document (KIID). A number on a scale of 1 to 7 based on how much the value of a fund has fluctuated over the past 5 years (or an estimate if the fund has a shorter track record). A rating of 1 represents the lower end of the risk scale with potentially lower rewards available whilst a rating of 7 reflects higher risk but potentially higher rewards.

Maturity profile: The average life of each bond in a fund's portfolio, weighted by value.

Ongoing charge: This figure includes the annual management fee and administrative costs but excludes any performance fee or 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). Ongoing charges may vary from year to year.

NAV: The Net Asset Value (NAV) represents the value of the assets of a fund less its liabilities.

Sector: A peer group of funds managed to a similar investment policy. Not every fund will have a relevant sector, but for those that do, a full list of the funds included in the sector can be obtained from us on request.

Tracking error: A measure of how much a fund's returns deviate from those of its performance comparison index. The lower the number the closer the fund's historic performance has followed that of its performance comparison index.

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

YTD: Year to date.

Yields

Yield: The Yield reflects the amounts that may be distributed over the next 12 months as a percentage of the Fund's net asset value per share, as at the date shown, based on a snapshot of the portfolio on that day. Yields do not include any preliminary charge and investors may be subject to tax on their distributions.

For an explanation of other statistical terms, please see www.investecassetmanagement.com/glossary

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