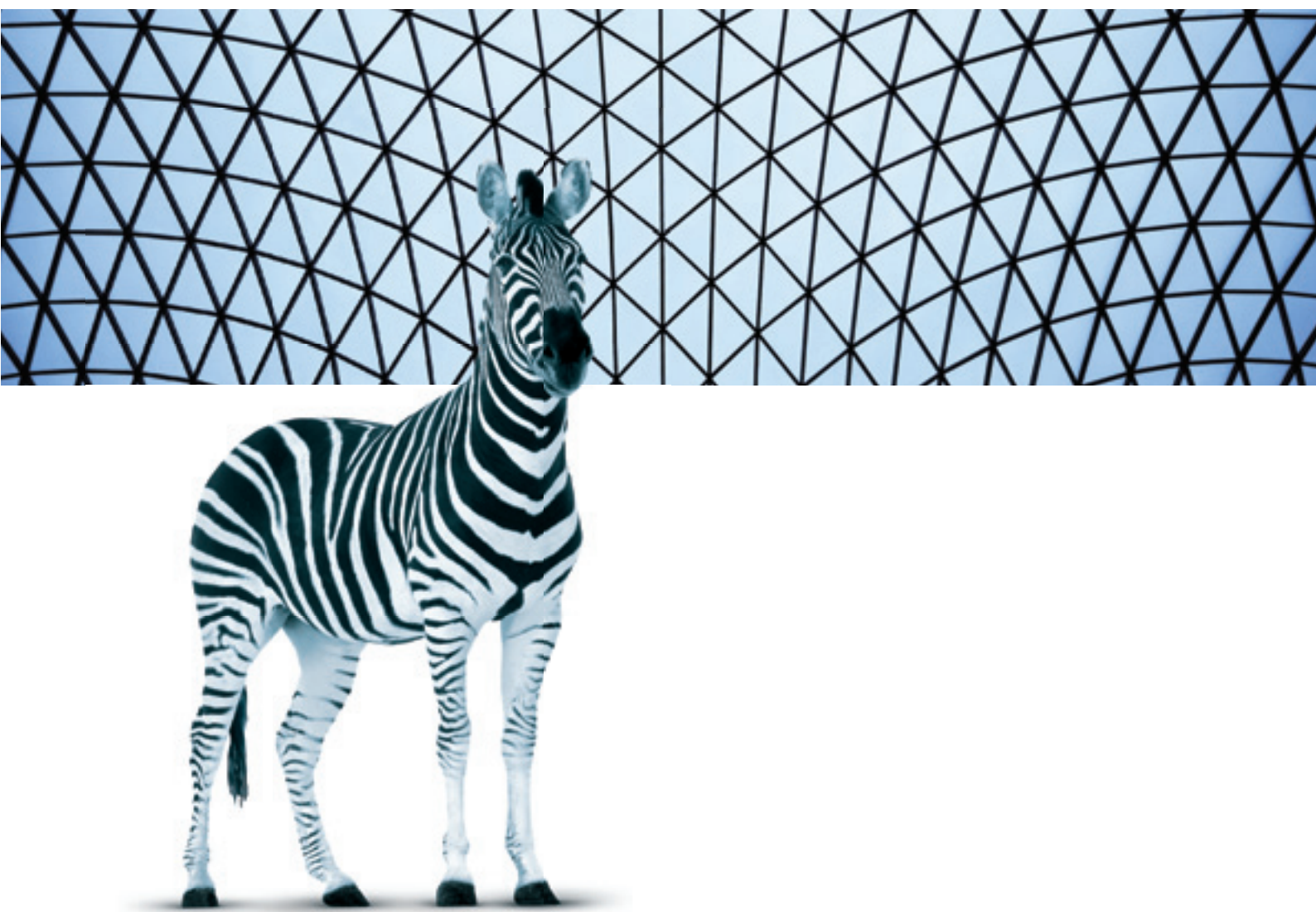


Investec Funds Series ii [A UK based Investment Company](#)

[Interim report and accounts](#) | For the period ended 30 June 2012



Out of the Ordinary®

 **Investec**
Asset Management

Contents

American Fund*	2-4
Asia ex Japan Fund*	5-6
European Fund*	7-9
Global Energy Fund*	10-12
Global Free Enterprise Fund*	13-15
Monthly High Income Fund*	16-18
Portfolio statements per Fund*	19-35
Authorised Corporate Director's report*	36-37
Performance records	38-41
Shares in issue, net asset values, total expense ratios, ongoing charges and portfolio turnover rates per fund	42-46
Financial statements	47-64
Other information	65-71

** The above information collectively forms the Authorised Corporate Director's report*



American Fund

Summary of the Fund's investment objective and policy

The Fund aims to grow the value of your investment over the long term.

The Fund invests primarily in the shares of US companies and in related derivatives (financial contracts whose value is linked to the price of an underlying asset).

The Investment Manager is free to choose how the Fund is invested and does not manage it with reference to an index.

Full details on this Fund's investment objective and policy can be found in the Prospectus.

Performance record¹

For the six months ending 30 June 2012 the value of the 'A' shares of the Fund* fell 2.2%, while the S&P 500 NDR (net dividends reinvested) Index** returned 8.1% and IMA North America** returned 5.0% in sterling terms.

We are long-term, individual stock selecting, fundamental investors. However in this risk-on/risk-off environment¹, company fundamentals are largely being ignored, in our opinion. As the crisis in Europe continues, relative performance has been driven more by the risk-on/risk-off cycle than by the fundamental development of individual firms. During the first quarter, for example, fears of euro disintegration ebbed and US equity markets were buoyed. But in the second quarter, the Greek elections ignited deep concerns over sovereign debt and European bank health, and US equity markets contracted sharply, reversing the first quarter's gains.

Our view is that the near-zero interest rate environment is temporary and that both banks and insurers are trading very cheaply, relative to more normal levels of profitability. Over the period, these cheap stocks have become even cheaper, but we believe the underlying value of the companies has actually been growing as companies have generated earnings and used them to strengthen their balance sheets. Some of our financial holdings performed reasonably well during the first quarter but came under pressure during the second three months and were detractors from performance during the period. They include MetLife, Genworth Financial, and Citigroup.

Just as we believe interest rates are likely to return to normal over time, we believe that the US economy should improve. But markets, driven by generalised fears of a deep European recession and moderating US and Chinese growth, appear to be pricing in major cyclical headwinds.

An example of a holding with high perceived cyclical exposure is United States Steel, which was among the top detractors for the period. But United States Steel serves markets that are picking up: oilfield services are experiencing strong demand due to increased US oil and gas production; the US auto sector is in the midst of a robust recovery; and there are signs of life in commercial real estate construction. Importantly, the company's competitive position has improved since the last cyclical peak, as wages and currencies have appreciated in China and other emerging market steel producing countries (while staying flat in the US). Staples, another of the top detractors from performance, trended lower due to demand concerns, weak employment growth, and sagging business confidence – all of which weighed upon the stock. MEMC Electronic Materials' stock price, while not under as much purely cyclical pressure, performed very poorly following weak earnings and the Chief Financial Officer's departure during the second quarter.

¹ An environment where market sentiment swings back and forth between optimism and buying perceived riskier assets such as equities (risk-on) and pessimism and looking to sell riskier assets (risk-off)

Gilead Sciences was the top contributor to performance during the six months. It and Bristol-Myers Squibb reported strong data from a combination trial in Hepatitis C during the quarter, further solidifying Gilead's likely leading position in the treatment of the virus when the product is approved. Gilead's HIV business continues to develop as expected, supporting the valuation of the company.

Chief Executive Officer Glenn Murphy's dogged restructuring efforts at The Gap, were finally reflected in the stock price during the six months, as the company was among the Fund's top contributors to return.

Community Health Systems was also among the leading contributors for the period. The company has a long history of consistent earnings growth, yet traded at a low valuation at the beginning of the quarter. The recent US Supreme Court healthcare decision positively impacted the stock and the market has begun to recognise the company's strong growth, yet the stock still trades at what we believe to be a low valuation. Other positive contributors to performance were PulteGroup and Apple.

Significant purchases (2% of Net Asset Value and above or minimum 5 holdings) during the period comprised:

Halliburton, Citigroup, Yum! Brands, Anadarko Petroleum, Intel

Significant sales (2% of Net Asset Value and above or minimum 5 holdings) during the period comprised:

Hewlett Packard, SandRidge Energy, Gilead Sciences, Dell, The Gap, Apache

**Source: Lipper, total return, net of UK basic rate tax, no initial charge, net of fees in GBP.*

***Index shown for performance comparison purposes only.*

† Provided by Thornburg Investment Management Inc. who managed the Fund during the period. Refer to Authorised Corporate Director's report on page 37 for details.

Risk and Reward profile*

Lower risk

Potentially lower rewards

Higher risk

Potentially higher rewards



This indicator is based on historical data and may not be a reliable indication of the future risk profile of the Fund. The risk and reward category shown is not guaranteed to remain unchanged and may shift over time. The lowest category does not mean 'risk free'.

The value of your investment can fall as well as rise and you are not certain of making profits; losses may be made.

The Fund appears at the higher end of the Risk and Reward Indicator scale. This is because it invests in the shares of companies, whose values tend to fluctuate more widely.

The following risks may not be fully captured by the Risk and Reward Indicator:

The investments of the Fund are primarily concentrated in one country. This may mean that there are times when the value of the Fund decreases even while more broadly invested funds are growing.

Changes between the values of different international currencies may adversely affect the value of the Fund's investments and any related income.

**The risk and reward profile is taken from the Key Investor Information Document. Please note that, the risk and reward profile section is based on Sterling "A" Class Accumulation shares.*

The full list of the Fund's risks are contained in Appendix VII of the Investec Funds Series ii Prospectus.

Asia ex Japan Fund

Summary of the Fund's investment objective and policy

The Fund aims to grow the value of your investment over the long term.

The Fund invests primarily in the shares of companies in the Asian region (excluding Japan) and in related derivatives (financial contracts whose value is linked to the price of an underlying asset). The Fund seeks to invest in companies that are expected to benefit from Chinese economic growth and development.

The Investment Manager is free to choose how the Fund is invested. However, the MSCI All Countries Asia ex Japan Index is taken into account when the Fund's investments are selected.

Full details on this Fund's investment objective and policy can be found in the Prospectus.

Performance record

For the six months ending 30 June 2012 the value of the 'A' shares of the Fund* returned 4.1%, while the MSCI AC Asia ex Japan NDR (net dividends reinvested) Index** returned 5.0% and IMA Asia Pacific excluding Japan** returned 4.4% in sterling terms.

After a difficult 2011, Asian equity markets began 2012 strongly, aided by improving economic momentum in Europe and the United States and action from central banks to maintain low interest rates. Unexpectedly weaker data from China on trade and growth expectations hurt sentiment during the period and exerted a strong influence on Asian equities. Despite wide fluctuations Asian equity markets marginally outperformed global markets during the first six months of 2012.

The Fund saw good performance during the period across the telecommunications and utilities, resources and industrials super sectors. A poor performance from the retailing and insurance sectors, however, reduced some of the Fund's returns.

The industrials sector was the strongest contributor to performance over the period. This was mainly down to good stock picking in capital goods stocks, namely Samsung Heavy Industries, which reported good earnings and strong order momentum in the offshore segment. In resources, we were aided from being underweight materials stocks, which were weak due to poor earnings reports. In services, we benefited from our overweight position and good stock picking in the automobile space. Hyundai Motor and Kia Motors were strong after reporting better-than-expected earnings – they continue to grow global market share and margins moved upwards after a slight blip in the fourth quarter of 2011. Great Wall Motor, the Chinese SUV and pick-up truck maker, outperformed after good first quarter numbers where growth was much stronger than expected.

Within retailing, our overweight holdings in jewellery chain store Luk Fook Holdings and Hyundai Department Store hurt performance as same store sales have been weak in the sector and margins are coming under pressure due to discounting (as competitors compete for growth). Luk Fook also suffered as consumers are avoiding purchases of gold due to the metal's poor performance this year; furthermore a large portion of its inventory was purchased at higher gold prices prior to the fall in the price of the metal. We sold this stock in May.

Other detractors in the resources sector, included Chinese coal (such as China Shenhua Energy and Yanzhou Coal) and oil stocks (including CNOOC and Sinopec), which were hurt by weak underlying commodity prices, due to fragile Chinese and global growth.

Significant purchases (2% of Net Asset Value and above or minimum 5 holdings) during the period comprised:

Hon Hai Precision Industry, Samsung Electronics, CNOOC, China Overseas Land & Investment, Sime Darby

Significant sales (2% of Net Asset Value and above or minimum 5 holdings) during the period comprised:

CNOOC, Hon Hai Precision Industry, Hyundai Mobis, Bangkok Bank, China Merchants

Outlook

Markets have bounced in the short term at the end of June, after being very oversold at the end of May. We are cautiously optimistic for the rest of the year. While Europe continues to dominate the headlines and the path to Europe's solution is a long and bumpy one, it is encouraging to see politicians appear to be on the right path. Sentiment is still depressed and equities are under-owned. According to Emerging Portfolio Fund Research (EPFR), the global funds flow database, Asia ex Japan funds have seen \$5.2 billion of outflows this year, after \$24.2 billion of outflows in 2011 – a staggering figure versus history. Valuations look cheap relative to history and earnings revisions appear to have turned the corner. Falling commodity prices have lowered inflationary pressures allowing central banks to step up monetary easing. This should also help improve corporate profit margins. While macroeconomic data has been deteriorating around the world, one could argue that the pace of deterioration is slowing. We believe Asia remains an attractive investment destination from a structural perspective given superior growth prospects driven by rising consumerism, low debt levels and the need for upgrading of infrastructure. Asian governments and central banks have room to stimulate their economies. We believe a disciplined bottom-up investment process that focuses on return on capital and shareholder returns, improving profitability, valuations and share price momentum is best placed to capture the positive dynamic the region has to offer.

**Source: Lipper, total return, net of UK basic rate tax, no initial charge, net of fees in GBP.*

***Index shown for performance comparison purposes only.*

Risk and Reward profile*



This indicator is based on historical data and may not be a reliable indication of the future risk profile of the Fund. The risk and reward category shown is not guaranteed to remain unchanged and may shift over time. The lowest category does not mean 'risk free'.

The value of your investment can fall as well as rise and you are not certain of making profits; losses may be made.

The Fund appears at the higher end of the Risk and Reward Indicator scale. This is because it invests in the shares of companies, whose values tend to fluctuate more widely.

The following risks may not be fully captured by the Risk and Reward Indicator:

The investments of the Fund are concentrated in one region. This may mean that there are times when the value of the Fund decreases even while more broadly invested funds are growing.

Changes between the values of different international currencies may adversely affect the value of the Fund's investments and any related income.

Some of the countries in which the Fund invests have less developed political, economic and legal systems. These markets carry a higher than average risk of investment and the Fund may have problems or delays in getting its investments back.

**The risk and reward profile is taken from the Key Investor Information Document. Please note that, the risk and reward profile section is based on Sterling "A" Class Accumulation shares.*

The full list of the Fund's risks are contained in Appendix VII of the Investec Funds Series ii Prospectus.

European Fund

Summary of the Fund's investment objective and policy

The Fund aims to grow the value of your investment over the long term.

The Fund invests primarily in the shares of companies in Europe (excluding the UK) and in related derivatives (financial contracts whose value is linked to the price of an underlying asset).

The Investment Manager is free to choose how the Fund is invested and does not manage it with reference to an index.

Full details on this Fund's investment objective and policy can be found in the Prospectus.

Performance record

For the six months ending 30 June 2012 the value of the 'A' shares of the Fund* returned 4.7%, while the MSCI Europe ex UK NDR (net dividends reinvested) Index** returned 0.9% and IMA Europe excluding UK** returned 1.7% in sterling terms.

European equity markets started the year strongly, as concerns about growth due to the euro-zone sovereign debt crisis subsided. Companies reported robust first quarter 2012 corporate results and were reasonably confident about the outlook. However, the second quarter gave back almost all the gains seen in the first quarter on concerns that the Chinese economy was slowing down sooner than expected. Furthermore, the euro-zone crisis came back into focus due to Spain's weak banking sector and two elections required in Greece to elect a coalition government.

Central banks have been very active in the last six months: China cut banks' reserve requirement three times; Japan increased its stimulus programme by \$123 billion; and EU leaders agreed to use the bailout funds to directly support struggling banks.

In general, stocks that performed well over the period exhibited high quality, resilient growth characteristics, with investors chasing these to levels where the valuation case started to look stretched. Examples included Henkel, Anheuser-Busch InBev and Kerry Group, all of which the Fund held. The automotive sector performed well, as car sales continued to recover from low levels and smaller, more fuel-efficient cars won market share, which favoured European manufacturers. The Fund's holdings in Volkswagen, BMW, Continental and Pirelli all contributed positively to performance.

Banks and telecommunications and utilities performed poorly. These sectors appear to make up the 'value' end of the stock market, with their low valuations. However, for the banks, disappointing operating performance, due to poor demand combined with rising costs and balance sheets worries regarding asset quality, meant many banking stocks hit new lows. For telecommunication shares, increasing competition and the need to invest in networks meant balance sheets became stretched. Utility shares also suffered as weak demand and a leveraged (high debt to equity ratio) balance sheet exposed the risks of their business model. Furthermore, signs that several governments would implement measures to help fix budget deficits hurt utility stocks. The Fund had almost no exposure to these sectors.

The healthcare sector was another positive contributor to performance, with Novo Nordisk and Bayer on the pharmaceutical side, and Fresenius, Gerresheimer and Getinge, on the medical equipment side.

In terms of portfolio activity, we reduced our holdings in financials with the sale of UBS, BNP Paribas and Allianz. We increased our exposure to healthcare with the purchase of Sanofi. Elsewhere we bought shares in Teleperformance, global leader in call centres, and Drillisch, German mobile reseller at the budget end, which replaced Millicom International in the telecom sector, as the outlook for revenue growth in Latin America and Africa deteriorated.

Significant purchases (2% of Net Asset Value and above or minimum 5 holdings) during the period comprised:

Sanofi, Teleperformance, Koninklijke Ahold, TOTAL, Deutsche Post

Significant sales (2% of Net Asset Value and above or minimum 5 holdings) during the period comprised:

Nestlé, Siemens, ASML, Telefonaktiebolaget LM Ericsson, Henkel

Outlook

It is clear that the second quarter of 2012 has seen a discernible shift in earnings expectations for listed corporations. To a large extent the shift to a negative expectation set from a small positive at the end of the first quarter appears to be a reaction to macroeconomic growth headlines as opposed to a disappointment in achieved earnings. The general reluctance of many strong first quarter earners to upgrade expectations for the year and some cautious statements from managers as to the outlook for the remainder of 2012 has undermined analysts' resistance in their forecasts and resulted in many broad 'industry headwind' justified earnings downgrades. The second quarter reporting season should provide an insight into whether this more negative outlook is justified, or whether companies will be able to exceed these modified expectations, as they have managed to do for so many recent quarters. It will also be instructive as to whether or not there proves to be a greater propensity for managers to give more certain full year guidance.

Although it seems unlikely that a generally better earnings season will be enough to enable jittery investors to look beyond the headlines and focus on the evidence on a company-specific basis, we believe that we are nowhere near the levels of interdependency seen in 2011. Our experience this year has and will likely continue to be that individual stock selection will prove to be of the highest importance in generating alpha¹. This follows years of increasing correlation and a risk-on/ risk-off market environment², which has created opportunities to buy high quality companies cheaply across our universe.

So our message remains positive with June demonstrating again that at current valuation levels progress can be made despite an atmosphere of fear. Equities appear very attractive relative to bonds and, if margins can be maintained, are intrinsically cheap in an absolute sense. Some positive surprises in the coming earnings season will be helpful, but companies increasing their focus on result and returning cash to shareholders could prove to be the most productive method of attracting money to the European equity market.

The outlook statement reflects the views of the output from our 4Factor process and is therefore similar to that of the Investec Global Free Enterprise Fund.

**Source: Lipper, total return, net of UK basic rate tax, no initial charge, net of fees in GBP.*

***Index shown for performance comparison purposes only.*

¹ The excess return generated by a fund over its performance comparison index

² An environment where market sentiment swings back and forth between optimism and buying perceived riskier assets such as equities (risk-on) and pessimism and looking to sell riskier assets (risk-off)

Risk and Reward profile*

Lower risk

Potentially lower rewards

Higher risk

Potentially higher rewards



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The value of your investment can fall as well as rise and you are not certain of making profits; losses may be made.

The Fund appears at the higher end of the Risk and Reward Indicator scale. This is because it invests in the shares of companies, whose values tend to fluctuate more widely.

The following risks may not be fully captured by the Risk and Reward Indicator:

The investments of the Fund are primarily concentrated in one region. This may mean that there are times when the value of the Fund decreases even while more broadly invested funds are growing.

Changes between the values of different international currencies may adversely affect the value of the Fund's investments and any related income.

**The risk and reward profile is taken from the Key Investor Information Document. Please note that, the risk and reward profile section is based on Sterling "A" Class Accumulation shares.*

The full list of the Fund's risks are contained in Appendix VII of the Investec Funds Series ii Prospectus.

Global Energy Fund

Summary of the Fund's investment objective and policy

The Fund aims to grow the value of your investment over the long term.

The Fund invests around the world primarily in the shares of companies and in related derivatives (financial contracts whose value is linked to the price of an underlying asset). The companies are those that are involved in the exploration, production or distribution of oil, gas and other energy sources or those that service the energy industry.

The Investment Manager is free to choose how the Fund is invested and does not manage it with reference to an index.

Full details on this Fund's investment objective and policy can be found in the Prospectus.

Performance record

For the six months ending 30 June 2012 the 'A' shares of the Fund fell 8.1%*. Over the same period the performance comparison index the MSCI World Energy NDR (net dividends reinvested) Index** fell 5.2% and Lipper Global Equity Sector Natural Resource** fell 10.0% in sterling terms.

Macroeconomic concerns and general market and energy price fluctuations dominated the first half of 2012. New Year optimism was quickly overshadowed by concerns about the sovereign debt crisis in Europe, a potential slowdown of the Chinese economy and a faltering US recovery.

The flight to perceived safe assets (UK, German and US government bonds), which began in March, was partially reversed later in the period. However, the US dollar's strength in the interim, in which most commodities are denominated, was an important reason for the 3.7% drop in the DJUBS Commodity Index over first half of 2012. Similarly, energy equities fell, with the MSCI World Energy NDR Index down 5.2%. Energy equities continue to trade at a discount to (below) the current oil price.

West Texas Intermediate (WTI) crude oil finished June at \$84.9 per barrel (bl), falling 15.3% (in sterling terms) for the period and almost 30% from the high in February. Brent crude oil finished the period at \$97.8/bl. Oil prices rebounded dramatically (over 9% for WTI and 7% for Brent) on the last day of June, due to improving European sentiment, supply concerns and anticipation of the European embargo on importing Iranian oil.

US natural gas prices fell 6.5% (GBP) during the period to finish June at just over \$2.8 per thousand cubic feet (mcf). However, since the April low of \$1.9/mcf we have seen the price rise almost 50%, as evidence of production shut-ins, a declining rig count and hotter-than-expected weather had a positive effect on the price. We have seen US natural gas production growth slow and are seeing significant levels of natural gas storage in the US, which should guarantee full natural gas storage at the end of the injection season this year (September/October 2012).

Asian liquefied natural gas (LNG) continues to be a tight market, with prices surging to four-year highs around \$17 per million metric British thermal units (mmBtu) – an increase of approximately 20% in the past year.

The Fund held the following broad energy sub-sector composition at the end of June with the balance in cash.

Integrated oil companies and refiners (40% weight): We hold positions in high quality European integrated oil companies with strong balance sheets, free cash generation and attractive dividend yields, including Royal Dutch Shell, TOTAL, ENI and Petroleo Brasileiro. We aim to take advantage of the significant disconnect between the oil price and a number of these

companies. However, we continue to believe that in a rising oil price environment there are better valuation opportunities in other energy sub-sectors.

Exploration & production (35% weight): We hold a relatively high weighting in this sector. We have taken advantage of weaker equity valuations to buy high quality companies with a low cost position, as well as production growth and attractive asset-backed valuation. Significant positions include Apache, Talisman and Southwestern.

Service companies (18% weight): We maintain a high weighting in the oil services sector. Significant positions include Halliburton, Petroleum Geo-Services (PGS), Schlumberger and Baker Hughes. We believe that the investment cycle in the oil and gas industry has significantly further to run and that our holdings are not valued accordingly.

Significant purchases (2% of Net Asset Value and above or minimum 5 holdings) during the period comprised:

Royal Dutch Shell 'B' Shares, Halliburton, Schlumberger, Baker Hughes, Exxon Mobil, Patterson-UTI Energy, Repsol, Lukoil, Newfield Exploration

Significant sales (2% of Net Asset Value and above or minimum 5 holdings) during the period comprised:

Weatherford International, Transocean, PetroBakken Energy, Petroleo Brasileiro, Gazprom, Ophir Energy, Murphy Oil, SBM Offshore, Baker Hughes, Canadian Natural Resources

Outlook

We believe that although resource equity valuations appear generally attractive across the board, energy equity valuations look most compelling in the current environment for those willing to look beyond the near term uncertainty surrounding the euro zone, Chinese slowdown and other macroeconomic factors.

Based on our fundamental analysis of the global energy sector, we see significant potential value upside in many energy equities, based on a long-term oil price assumption of \$100/bl and a long-term gas price assumption of \$5/mcf. The Fund has a bias towards companies that have the resource base to deliver organic growth over the next four years, which we estimate could lead to earnings growth in excess of 10% per annum across the Fund.

This potential growth in value requires stock markets to properly reflect the value of sustained cashflow generation and asset quality, and we expect this to happen as oil prices remain high and market fluctuations normalise. In the event of a deteriorating global economic outlook (predominantly as a result of European sovereign debt concerns) we would not expect the full value of the portfolio to be recognised in the near term by stock markets. Outside of these very attractive valuations and economical headwinds, we believe the long-term fundamental outlook for investing in energy remains very strong.

**Source: Lipper, total return, net of UK basic rate tax, no initial charge, net of fees in GBP.*

***Index shown for performance comparison purposes only.*

Risk and Reward profile*

Lower risk

Potentially lower rewards

Higher risk

Potentially higher rewards



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The value of your investment can fall as well as rise and you are not certain of making profits; losses may be made.

The Fund appears at the higher end of the Risk and Reward Indicator scale. This is because it invests in the shares of companies whose values tend to fluctuate more widely.

The following risks may not be fully captured by the Risk and Reward Indicator:

The Fund invests in a narrow range of investments and specialised sectors. This may lead to its returns fluctuating more widely than those of more broadly invested funds. It may also mean that there are times when the value of the Fund decreases even while more broadly invested funds are growing.

It may not be possible to sell smaller company shares as easily as those of larger companies. This could mean that their value fluctuates more widely and that the price obtained for these investments when they are sold is less than expected.

**The risk and reward profile is taken from the Key Investor Information Document. Please note that, the risk and reward profile section is based on Sterling "A" Class Accumulation shares.*

The full list of the Fund's risks are contained in Appendix VII of the Investec Funds Series ii Prospectus.

Global Free Enterprise Fund

Summary of the Fund's investment objective and policy

The Fund aims to grow the value of your investment over the long term.

The Fund invests around the world primarily in the shares of companies and in related derivatives (financial contracts whose value is linked to the price of an underlying asset). These companies are expected to benefit from privatisation, regulatory change or demutualisation (e.g. a building society becoming a company) or believed to offer good growth potential.

The Investment Manager is free to choose how the Fund is invested and does not manage it with reference to an index.

Full details on this Fund's investment objective and policy can be found in the Prospectus.

Performance record

For the six months ending 30 June 2012 the value of the 'A' shares of the Fund* returned 4.2%, while the MSCI AC World NDR (net dividends reinvested) Index** returned 4.7% and IMA Global** returned 2.6% in sterling terms.

The Fund saw good performance during the period from good stock selection in the services (particularly retailing and media stocks), technology and industrials super sectors. A poor performance from the financials super sector, however, detracted from returns.

Our significant overweight position in priceline.com contributed to performance, as the stock responded to yet another set of excellent results which saw continued growth for the platform, despite feared consumer spending headwinds leading to a reduction in travel. The shift to digital media and exposure to emerging markets helped our media stocks to outperform: the US-based provider of entertainment, information and communication products, Comcast, saw its share price jump following strong first quarter results and earnings upgrades, while IMAX performed well over the six months as a series of films, including *The Hunger Games*, *Marvel's The Avengers*, *Men in Black 3* and *Prometheus*, drove sales.

Within the technology super sector owning hardware companies Apple and Hitachi, and semiconductor stocks Samsung Electronics and Avago Technologies made a significant positive contribution.

The Mexican industrial conglomerate Alfa also did well for us. The group is restructuring to an extent which should see its holding company discount erode as it develops into a more focused entity. The stock also benefited from a strong run in the Mexican market, which has gained ground on the back of higher growth expectations and a change in the political landscape.

Within financials, the Fund is underweight European financials and these rallied strongly towards the end of the period following the Greek elections, Spain's bank bailout and news that European leaders are close to agreeing on using the European Stability Mechanism to purchase sovereign bonds. We were also impacted by Banco do Brazil's capital increase.

Other detractors included the energy equipment stock Patterson-UTI Energy as well as Helmerich & Payne, which underperformed over fears that the low gas price will discourage drilling and that a rotation from gas to oil exploration will take time to materialise.

Significant purchases (2% of Net Asset Value and above or minimum 5 holdings) during the period comprised:

Valero Energy, Japan Tobacco, JPMorgan Chase, Illinois Tool Works, Nexon

Significant sales (2% of Net Asset Value and above or minimum 5 holdings) during the period comprised:

Mastercard, priceline.com, Chevron, Biogen Idec, Novo Nordisk

Outlook

It is clear that the second quarter of 2012 has seen a discernible shift in earnings expectations for listed corporations. To a large extent the shift to a negative expectation set from a small positive at the end of the first quarter appears to be a reaction to macroeconomic growth headlines as opposed to a disappointment in achieved earnings. The general reluctance of many strong first quarter earners to upgrade expectations for the year and some cautious statements from managers as to the outlook for the remainder of 2012 has undermined analysts' resistance in their forecasts and resulted in many broad 'industry headwind' justified earnings downgrades. The second quarter reporting season should provide an insight into whether this more negative outlook is justified, or whether companies will be able to exceed these modified expectations, as they have managed to do for so many recent quarters. It will also be instructive as to whether or not there proves to be a greater propensity for managers to give more certain full year guidance.

Although it seems unlikely that a generally better earnings season will be enough to enable jittery investors to look beyond the headlines and focus on the evidence on a company-specific basis, we believe that we are nowhere near the levels of interdependency seen in 2011. Our experience this year has and will likely continue to be that individual stock selection will prove to be of the highest importance in generating alpha¹. This follows years of increasing correlation and a risk-on/ risk-off market environment², which has created opportunities to buy high quality companies cheaply across our universe.

So our message remains positive with June demonstrating again that at current valuation levels progress can be made despite an atmosphere of fear. Equities appear very attractive relative to bonds and, if margins can be maintained, are intrinsically cheap in an absolute sense. Some positive surprises in the coming earnings season will be helpful, but companies increasing their focus on result and returning cash to shareholders could prove to be the most productive method of attracting money to the Global equity market.

The outlook statement reflects the views of the output from our 4Factor process and is therefore similar to that of the Investec European Fund.

**Source: Lipper, total return, net of UK basic rate tax, no initial charge, net of fees in GBP.*

***Index shown for performance comparison purposes only.*

¹ The excess return generated by a fund over its performance comparison index

² An environment where market sentiment swings back and forth between optimism and buying perceived riskier assets such as equities (risk-on) and pessimism and looking to sell riskier assets (risk-off)

Risk and Reward profile*

Lower risk

Potentially lower rewards

Higher risk

Potentially higher rewards



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The Fund appears at the higher end of the Risk and Reward Indicator scale. This is because it invests in the shares of companies, whose values tend to fluctuate more widely.

The following risks may not be fully captured by the Risk and Reward Indicator:

Changes between the values of different international currencies may adversely affect the value of the Fund's investments and any related income.

Some of the countries in which the Fund invests have less developed political, economic and legal systems. These markets carry a higher than average risk of investment and the Fund may have problems or delays in getting its investments back.

**The risk and reward profile is taken from the Key Investor Information Document. Please note that, the risk and reward profile section is based on Sterling "A" Class Accumulation shares.*

The full list of the Fund's risks are contained in Appendix VII of the Investec Funds Series ii Prospectus.

Monthly High Income Fund

Summary of the Fund's investment objective and policy

The Fund aims to provide a high income, paid on a monthly basis.

The Fund invests around the world primarily in bonds (contracts to repay borrowed money which typically pay interest at fixed times) and related derivatives (financial contracts whose value is linked to the price of an underlying asset).

The bonds may be issued by governments, institutions or companies and may be of investment grade (high quality) as rated by the credit rating agencies (companies that rate the ability of the issuers of bonds to repay borrowed money) or below investment grade (if providing a high income).

The Fund will use hedging (an investment technique which aims to protect the value of an investment against currency movements) to minimise any currency risk in sterling.

The Investment Manager is free to choose how the Fund is invested and does not manage it with reference to an index.

Full details on this Fund's investment objective and policy can be found in the Prospectus.

Performance record

For the six months ending 30 June 2012 the 'A' shares of the Fund returned 8.1%*, the IMA £ High Yield sector** returned 6.9% and the Merrill Lynch European Currency Non-Financial High Yield Constrained Hedged** (GBP) performance comparison index returned 12.2%.

The total income distribution for the period in relation to 'A' Income shares was 1.92p per share. This compares to total of 1.92p per share paid for the corresponding period in 2011.

High yield assets performed well over the last six months, especially in the first quarter of 2012. They rallied on positive sentiment after the European Central Bank helped banks meet their short-term liquidity needs by issuing two long term refinancing operations (LTRO). This, coupled with strong US economic data and hopes of a resolution to Greece's problems, led to one of the best first quarter performances for European high yield assets over the last decade.

However, US economic data began to slow in the second quarter and the elections in Greece initially failed to produce a coalition government that would implement the austerity measures needed to secure funding from the European Union. This was further exacerbated by the perceived inaction of European leaders to proactively deal with the on-going crisis, which saw Spanish and Italian bond yields rise sharply. As a result, risk assets sold off. They recouped some of the losses in June, when a better than expected European Summit removed the obligation for bailout funds to have priority over other asset holders and provided a roadmap for a single banking regulator.

Over the period, we have looked to broadly reduce our risk at the aggregate Fund level with sector changes being driven primarily by individual stock selection. For example, our increased exposure in the energy sector is through IPIC – the Abu Dhabi government energy investment vehicle. The bonds are AA-rated but were yielding just under 6% at purchase. We continued to reduce our banking exposure given the on-going turmoil in Europe taking our exposure to close to zero. The credit quality of banks remains inextricably tied to that of its government. In addition, banks are facing forced unwinding of debt requirements, onerous regulation and low growth prospects making the sector unattractive.

Our defensive positioning in the Fund has been a positive driver of returns with the telecommunications sector being the best performing sector over the last six months. We have reduced our exposure to the sector more recently, selling some of our stake in the Japanese telecommunications provider, eAccess, after the company's most recent outlook

statement disappointed. Our exposure to both the healthcare and consumer non-cyclical sectors were positive drivers of performance with our holdings in Care UK, a British care home provider, and Boparan, a major food producer, performing well. The Fund has also benefited from corporate actions this year. Most recently our holdings in Elster, a global manufacturer of electricity smart meters, have risen markedly on news that it is to be acquired by Melrose Plc, an international engineering group. Our exposure to Labco, French laboratory services, has also been a strong driver of performance. Acquisition rumours have seen the company's bonds rally. Edcon, a large South African retailer, successfully sold its store and credit card business over the period driving up its bonds.

Significant purchases (2% of Net Asset Value and above or minimum 5 holdings) during the period comprised:

IPIC 5.875% 14/03/2021, Carlson Wagonlit 7.5% 15/06/2019, Boparan Finance 9.875% 30/04/2018, Eileme 11.75% 31/01/2020, Linde Finance Floating 14/07/2066

Significant sales (2% of Net Asset Value and above or minimum 5 holdings) during the period comprised:

Kabel BW Musketeer 9.5% 15/03/2021, Europcar Floating 15/05/2013, Crown Newco 8.875% 15/02/2019, Lonking 8.5% 03/06/2016, Matalan Finance 8.875% 29/04/2016

Outlook

On the macroeconomic level, the most recent economic data has disappointed, with Europe now slipping towards a recession as the impact of austerity measures and high unemployment drag on growth. Despite this, the number of bankruptcies remains low, with default rates in Europe surprisingly below those in the US. Defaults are forecast to increase, but only very modestly over the remainder of the year. This highlights the robustness of corporate balance sheets and reflects the steps companies have undertaken over the last few years to improve liquidity and profitability. This has generally left them in far better shape than in previous recessionary periods. Given strong company fundamentals and low real interest rates globally, credit remains an attractive asset class over the medium term, although returns in the near term could be volatile as the risk on/risk off mentality¹ persists. As such we remain defensively positioned and we remain a selective buyer of perceived riskier assets.

**Source: Lipper, total return, net of UK basic rate tax, no initial charge, net of fees in GBP.*

***Index shown for performance comparison purposes only*

¹ An mentality where market sentiment swings back and forth between optimism and buying perceived riskier assets such as equities (risk-on) and pessimism and looking to sell riskier assets (risk-off)

Risk and Reward profile*



This indicator is based on historical data and may not be a reliable indication of the future risk profile of the Fund. The risk and reward category shown is not guaranteed to remain unchanged and may shift over time. The lowest category does not mean 'risk free'.

The value of your investment can fall as well as rise and you are not certain of making profits; losses may be made.

The Fund appears towards the middle of the Risk and Reward Indicator scale. This is because it invests in bonds whose returns tend to fluctuate more than those of cash funds but less than those of funds which invest in the shares of companies.

The following risks may not be fully captured by the Risk and Reward Indicator:

The value of bonds tends to decrease when interest rates and/or inflation rises.

There is a risk that the issuers of bonds may not be able to repay the money they have borrowed nor make any interest payments. This risk is greater than average where the Fund invests in a bond with a below investment grade credit rating (ratings based on the ability of the issuers of bonds to repay borrowed money).

A proportion of the Fund's charges are taken from capital. This will increase the level of income automatically reflected in the value of your shares.

**The risk and reward profile is taken from the Key Investor Information Document. Please note that, the risk and reward profile section is based on Sterling "A" Class Accumulation shares.*

The full list of the Fund's risks are contained in Appendix VII of the Investec Funds Series ii Prospectus.

American Fund**Portfolio Statement**

As at 30 June 2012

Security	Holding	Market value (£'000)	Percentage of net assets (%)
Automobiles & Parts 1.34% (31.12.11: 0.00%)			
Delphi Automotive	324,421	5,285	1.34
Banks 7.09% (31.12.11: 4.62%)			
JPMorgan Chase	543,350	12,488	3.16
Citigroup	503,400	8,508	2.15
Bank of America	1,417,900	7,025	1.78
		28,021	7.09
Basic Resources 2.78% (31.12.11: 3.11%)			
United States Steel	618,350	8,239	2.08
Alpha Natural Resources	515,100	2,760	0.70
		10,999	2.78
Financial Services 7.15% (31.12.11: 6.80%)			
Charles Schwab	1,893,900	15,209	3.85
Goldman Sachs	218,000	13,051	3.30
		28,260	7.15
Health Care 15.95% (31.12.11: 16.32%)			
Gilead Sciences	529,215	16,969	4.29
Thermo Fisher Scientific	433,910	14,055	3.56
Community Health Systems	677,879	11,952	3.02
Alere	698,424	8,285	2.10
Varian Medical Systems	205,185	7,756	1.96
St Jude Medical	162,200	4,030	1.02
		63,047	15.95
Industrial Goods & Services 6.55% (31.12.11: 5.53%)			
General Electric	876,790	11,334	2.87
Paychex	528,190	10,484	2.65
Oshkosh	322,037	4,078	1.03
		25,896	6.55
Insurance 7.38% (31.12.11: 7.43%)			
MetLife	648,500	12,249	3.10
Hartford Financial Services	1,028,900	11,184	2.82
Genworth Financial	1,655,100	5,760	1.46
		29,193	7.38
Media 0.93% (31.12.11: 0.00%)			
Nielsen	223,500	3,671	0.93
Oil & Gas 8.73% (31.12.11: 10.97%)			
Exxon Mobil	340,790	18,161	4.59
Halliburton	501,500	8,897	2.25
Anadarko Petroleum	184,000	7,458	1.89
		34,516	8.73
Personal & Household Goods 1.13% (31.12.11: 1.43%)			
PulteGroup	700,234	4,474	1.13

American Fund**Portfolio Statement (continued)**

As at 30 June 2012

Security	Holding	Market value (£'000)	Percentage of net assets (%)
Retail 11.14% (31.12.11: 11.78%)			
Staples	1,874,700	15,127	3.83
Best Buy	740,300	9,907	2.51
The Gap	488,900	8,260	2.09
AutoZone	20,209	4,639	1.17
Office Depot	2,696,346	3,525	0.89
OfficeMax	864,774	2,566	0.65
		44,024	11.14
Technology 19.69% (31.12.11: 23.59%)			
Apple	50,800	18,518	4.68
Google	37,779	13,656	3.45
Yahoo!	1,167,800	11,556	2.93
Microsoft	498,730	9,557	2.42
Intel	492,400	8,152	2.06
Juniper Networks	504,274	5,019	1.27
EMC	266,600	4,046	1.02
NetApp	209,600	4,015	1.02
MEMC Electronic Materials	2,478,190	3,335	0.84
		77,854	19.69
Telecommunications 2.28% (31.12.11: 1.88%)			
Level 3 Communications	666,568	9,031	2.28
Travel & Leisure 3.80% (31.12.11: 2.35%)			
Yum! Brands	197,100	8,070	2.04
Life Time Fitness	239,193	6,952	1.76
		15,022	3.80
Corporate Bonds 0.69% (31.12.11: 0.48%)			
Level 3 Communications 6.50% 01/10/2016	\$3,113,000	2,717	0.69
OTC Forward foreign exchange transactions 0.00% (31.12.11: 0.00%)			
Sell USD (153,151) for GBP	98,009	-	-
Portfolio of investments		382,010	96.63
Net other assets		13,334	3.37
Net assets		395,344	100.00

Unless otherwise stated the above securities are ordinary shares or common stock and admitted to official stock exchange listings.

The forward foreign exchange contract is not listed.

Total purchases, including transaction charges, for the period were £107,056,000 (30.06.11: £325,046,000).

Total sales, net of transaction charges, for the period were £223,563,000 (30.06.11: £375,228,000).

Asia ex Japan Fund

Portfolio Statement

As at 30 June 2012

Security	Holding	Market value (£'000)	Percentage of net assets (%)
China 19.27% (31.12.11: 22.16%)			
China Construction Bank	17,136,100	7,476	2.86
Industrial & Commercial Bank of China	17,174,025	6,073	2.32
China Petroleum & Chemical	8,504,000	4,827	1.85
Great Wall Motor	3,364,250	4,253	1.63
China Shenhua Energy	1,840,500	4,106	1.57
Netease.com	88,818	3,306	1.27
Bank of China	12,539,289	3,046	1.17
PICC Property & Casualty	4,243,000	3,036	1.16
Lenovo	5,496,000	2,965	1.14
Country Garden	9,620,907	2,393	0.92
Dongfeng Motor	2,268,000	2,223	0.85
China Railway Construction	3,391,500	1,791	0.68
Guangzhou R&F Properties	2,088,000	1,756	0.67
Baidu	18,400	1,281	0.49
Shanda Games	432,834	1,065	0.41
Sichuan Expressway	3,388,000	725	0.28
Real Gold Mining	1,507,000	-	-
		50,322	19.27
Hong Kong 24.69% (31.12.11: 22.11%)			
China Mobile	1,914,000	13,403	5.13
CNOOC	6,218,000	7,912	3.03
AIA Group	3,102,600	6,793	2.60
Cheung Kong	687,000	5,367	2.05
China Overseas Land & Investment	2,904,000	4,314	1.65
Swire Pacific	567,000	4,198	1.61
Hongkong Land	969,148	3,509	1.34
Hutchison Whampoa	551,000	3,028	1.16
PCCW	12,788,000	2,990	1.14
SJM Holdings	2,185,000	2,567	0.98
Guangdong Investment	4,598,000	2,112	0.81
Cheung Kong Infrastructure	541,000	2,083	0.80
Yue Yuen Industrial	961,857	1,907	0.73
Cathay Pacific Airways	1,435,000	1,473	0.57
BOC Hong Kong	745,500	1,451	0.57
Techtronic Industries	1,706,000	1,369	0.52
		64,476	24.69
India 5.12% (31.12.11: 3.29%)			
Glenmark Pharmaceuticals	775,338	3,214	1.23
Oil & Natural Gas	908,470	2,961	1.13
Tata Motors	788,659	2,186	0.84
Tech Mahindra	240,404	1,954	0.75
Bank of Baroda	219,202	1,839	0.70
Tata Consultancy Services	83,583	1,226	0.47
		13,380	5.12

Asia ex Japan Fund

Portfolio Statement (continued)

As at 30 June 2012

Security	Holding	Market value (£'000)	Percentage of net assets (%)
Indonesia 1.57% (31.12.11: 2.24%)			
Bank Negara Indonesia Persero	10,281,840	2,666	1.02
Indofood Sukses Makmur	4,356,000	1,434	0.55
		4,100	1.57
Malaysia 4.37% (31.12.11: 3.51%)			
Sime Darby	1,705,800	3,395	1.30
Axiata	2,912,000	3,209	1.23
Genting Malaysia	4,396,878	3,186	1.22
Alliance Financial	1,953,900	1,625	0.62
		11,415	4.37
Philippines 1.25% (31.12.11: 1.84%)			
Alliance Global	10,115,200	1,776	0.68
Aboitiz Power	2,841,300	1,476	0.57
		3,252	1.25
Singapore 3.25% (31.12.11: 3.59%)			
Oversea-Chinese Banking	1,369,000	6,071	2.32
Avago Technologies	109,834	2,415	0.93
		8,486	3.25
South Korea 23.24% (31.12.11: 21.91%)			
Samsung Electronics	27,588	18,540	7.10
Hyundai Motor	59,843	7,786	2.98
Samsung Heavy Industries	222,640	4,647	1.78
Kia Motors	104,037	4,349	1.66
KT&G	90,006	4,090	1.57
Shinhan Financial	176,010	3,910	1.50
SK Innovation	45,981	3,538	1.35
Kangwon Land	212,000	2,883	1.10
Hyundai Home Shopping Network	43,128	2,691	1.03
Industrial Bank of Korea	318,100	2,261	0.87
DGB Financial	287,350	2,219	0.85
Korean Reinsurance	330,226	2,051	0.79
Grand Korea Leisure	131,000	1,719	0.66
		60,684	23.24
Taiwan 8.93% (31.12.11: 9.67%)			
Taiwan Semiconductor Manufacturing	5,943,357	10,350	3.96
Asustek Computer	520,000	3,028	1.16
E.Sun Financial	8,366,096	2,745	1.05
Fubon Financial	4,286,709	2,735	1.05
Wistron	3,398,300	2,656	1.02
Lite-On Technology	2,253,423	1,800	0.69
		23,314	8.93

Asia ex Japan Fund**Portfolio Statement (continued)**

As at 30 June 2012

Security	Holding	Market value (£'000)	Percentage of net assets (%)
Thailand 3.46% (31.12.11: 3.91%)			
Krung Thai Bank	7,877,700	2,575	0.98
PTT Exploration & Production	736,500	2,512	0.96
Bangkok Bank	577,300	2,376	0.91
PTT Global Chemical	1,409,154	1,582	0.61
		9,045	3.46
United Kingdom 0.81% (31.12.11: 0.00%)			
Standard Chartered	151,208	2,115	0.81
United States 2.86% (31.12.11: 2.66%)			
POSCO	19,067	3,873	1.48
Jabil Circuit	160,769	2,012	0.77
Jardine Strategic	81,000	1,583	0.61
		7,468	2.86
Portfolio of investments		258,057	98.82
Net other assets		3,089	1.18
Net assets		261,146	100.00

Unless otherwise stated the above securities are ordinary shares or common stock and admitted to official stock exchange listings.

Total purchases, including transaction charges, for the period were £112,321,000 (30.06.11: £131,437,000).

Total sales, net of transaction charges, for the period were £76,530,000 (30.06.11: £103,371,000).

European Fund

Portfolio Statement

As at 30 June 2012

Security	Holding	Market value (£'000)	Percentage of net assets (%)
Austria 0.70% (31.12.11: 0.71%)			
Voestalpine	10,307	173	0.70
Belgium 3.15% (31.12.11: 3.33%)			
Anheuser-Busch InBev	16,162	781	3.15
Cyprus 0.67% (31.12.11: 0.00%)			
Songa Offshore	111,596	166	0.67
Denmark 2.60% (31.12.11: 2.85%)			
Novo Nordisk	7,098	646	2.60
Finland 0.81% (31.12.11: 1.04%)			
Elisa	15,813	202	0.81
France 17.91% (31.12.11: 13.67%)			
Sanofi	24,273	1,150	4.63
TOTAL	35,817	1,010	4.07
Teleperformance	43,044	598	2.41
Publicis	13,241	380	1.53
Schneider Electric	10,782	371	1.49
Christian Dior	4,106	354	1.43
Ingenico	11,135	340	1.37
Safran	10,486	243	0.98
		4,446	17.91
Germany 27.15% (31.12.11: 28.84%)			
Bayer	17,701	793	3.19
BASF	15,772	683	2.75
SAP	17,000	629	2.53
Fresenius	7,867	514	2.07
Hannover Rueckversicherung	13,052	488	1.97
Deutsche Post	36,684	403	1.62
Volkswagen	4,152	390	1.57
Gerresheimer	12,247	368	1.48
Drillisch	58,584	348	1.40
Wirecard	28,023	341	1.37
Deutsche Boerse	9,454	316	1.27
Brenntag	4,243	292	1.18
Hugo Boss	4,429	278	1.12
Freenet	28,752	266	1.07
Continental	4,942	260	1.05
MTU Aero Engines	5,071	235	0.95
Aareal Bank	13,617	138	0.56
		6,742	27.15
Ireland 2.11% (31.12.11: 1.95%)			
Kerry	11,485	316	1.28
Dragon Oil	38,888	207	0.83
		523	2.11

European Fund

Portfolio Statement (continued)

As at 30 June 2012

Security	Holding	Market value (£'000)	Percentage of net assets (%)
Italy 3.76% (31.12.11: 1.70%)			
Recordati	90,937	406	1.63
Pirelli	45,346	298	1.20
De'Longhi	37,342	230	0.93
		934	3.76
Luxembourg 0.00% (31.12.11: 1.33%)			
Netherlands 6.37% (31.12.11: 6.66%)			
Unilever	30,619	649	2.61
ING Groep	125,193	512	2.06
Koninklijke Ahold	54,317	422	1.70
		1,583	6.37
Norway 9.29% (31.12.11: 6.05%)			
TGS Nopec Geophysical	30,567	505	2.03
Statoil	30,499	457	1.84
DNB ASA	64,044	398	1.60
Atea	54,150	304	1.22
Gjensidige Forsikring	34,678	255	1.03
Fred Olsen Energy	10,878	241	0.97
Opera Software	33,501	148	0.60
		2,308	9.29
Portugal 0.00% (31.12.11: 1.20%)			
Spain 2.65% (31.12.11: 2.59%)			
Amadeus IT	31,866	417	1.68
Obrascon Huarte Lain	19,051	242	0.97
		659	2.65
Sweden 8.80% (31.12.11: 13.44%)			
Assa Abloy	23,046	401	1.61
Swedish Match	14,449	369	1.49
Nordea Bank	66,008	356	1.43
Swedbank	34,420	340	1.37
Intrum Justitia	31,133	278	1.12
Getinge	15,424	240	0.97
Tele2	20,579	200	0.81
		2,184	8.80

European Fund**Portfolio Statement (continued)**

As at 30 June 2012

Security	Holding	Market value (£'000)	Percentage of net assets (%)
Switzerland 12.67% (31.12.11: 13.66%)			
Novartis	37,805	1,345	5.42
Nestlé	14,306	541	2.18
Dufry	7,100	535	2.15
Aryzta	12,251	385	1.55
GAM	49,168	340	1.37
		3,146	12.67
<hr/>			
Portfolio of investments		24,493	98.64
Net other assets		337	1.36
Net assets		24,830	100.00

Unless otherwise stated the above securities are ordinary shares or common stock and admitted to official stock exchange listings.

Total purchases, including transaction charges, for the period were £7,886,000 (30.06.11: £9,260,000).

Total sales, net of transaction charges, for the period were £9,812,000 (30.06.11: £11,568,000).

Global Energy Fund

Portfolio Statement

As at 30 June 2012

Security	Holding	Market value (£'000)	Percentage of net assets (%)
Canada 19.39% (31.12.11: 23.85%)			
Suncor Energy	574,603	10,105	5.23
Encana	624,333	8,206	4.25
Talisman Energy	903,244	6,393	3.31
Nexen	474,145	5,074	2.63
Imperial Oil	151,923	3,973	2.06
Canadian Natural Resources	223,033	3,698	1.91
		37,449	19.39
France 5.73 (31.12.11: 6.08%)			
TOTAL	392,682	11,070	5.73
Italy 4.19% (31.12.11: 3.71%)			
ENI	608,770	8,094	4.19
Netherlands 0.00% (31.12.11: 2.77%)			
Norway 2.96% (31.12.11: 3.07%)			
Petroleum Geo-Services	766,854	5,719	2.96
Russia 2.42% (31.12.11: 0.00%)			
Lukoil	133,655	4,677	2.42
Switzerland 0.00% (31.12.11: 8.32%)			
United Kingdom 10.28% (31.12.11: 4.31%)			
Royal Dutch Shell 'B' shares	614,371	13,719	7.11
EnQuest	3,872,138	4,170	2.15
Falkland Oil & Gas	1,208,326	1,027	0.53
Valiant Petroleum	251,435	944	0.49
		19,860	10.28

Global Energy Fund

Portfolio Statement (continued)

As at 30 June 2012

Security	Holding	Market value (£'000)	Percentage of net assets (%)
United States 47.92% (31.12.11: 46.25%)			
Southwestern Energy	451,976	8,913	4.62
Petroleo Brasileiro	716,292	7,846	4.06
Apache	143,358	7,825	4.05
Devon Energy	214,464	7,813	4.05
Schlumberger	193,677	7,782	4.03
Halliburton	418,020	7,416	3.84
Ultra Petroleum	507,414	7,366	3.81
Exxon Mobil	125,089	6,666	3.45
Murphy Oil	192,094	5,941	3.08
Baker Hughes	230,639	5,902	3.06
Newfield Exploration	236,865	4,176	2.16
Nabors Industries	452,158	4,008	2.08
Valero Energy	241,449	3,703	1.92
Forest Oil	674,727	3,057	1.58
Patterson-UTI Energy	304,092	2,723	1.41
Denbury Resources	153,709	1,393	0.72
		92,530	47.92
Portfolio of investments		179,399	92.89
Net other assets		13,730	7.11
Net assets		193,129	100.00

Unless otherwise stated the above securities are ordinary shares or common stock and admitted to official stock exchange listings.

Total purchases, including transaction charges, for the period were £86,907,000 (30.06.11: £168,487,000).

Total sales, net of transaction charges, for the period were £109,693,000 (30.06.11: £147,408,000).

Global Free Enterprise Fund

Portfolio Statement

As at 30 June 2012

Security	Holding	Market value (£'000)	Percentage of net assets (%)
Australia 2.64% (31.12.11: 2.47%)			
Telstra	3,657,348	8,786	2.64
Bermuda 0.00% (31.12.11: 0.71%)			
Brazil 2.24% (31.12.11: 3.15%)			
Telefonica Brasil	195,000	2,951	0.89
Cia De Saneamento Basico Do Estado De Sao Paulo	57,400	2,743	0.83
Banco Do Brasil	301,100	1,741	0.52
		7,435	2.24
Canada 1.10.% (31.12.11: 1.46%)			
IMAX	239,524	3,640	1.10
China 3.39% (31.12.11: 3.46%)			
China Construction Bank	10,269,420	4,480	1.35
China Petroleum & Chemical	7,232,000	4,105	1.24
China Shenhua Energy	1,192,500	2,660	0.80
		11,245	3.39
Denmark 1.83% (31.12.11: 2.75%)			
Novo Nordisk	66,884	6,083	1.83
France 2.61% (31.12.11: 2.34%)			
Arkema	125,414	5,076	1.53
Schneider Electric	104,284	3,584	1.08
		8,660	2.61
Germany 2.83% (31.12.11: 2.27%)			
MTU Aero Engines	92,611	4,289	1.29
Volkswagen	32,703	3,205	0.97
ThyssenKrupp	189,407	1,905	0.57
		9,399	2.83
Hong Kong 2.71% (31.12.11: 2.47%)			
CNOOC	4,157,000	5,290	1.59
AIA Group	1,698,800	3,720	1.12
		9,010	2.71
Israel 0.99% (31.12.11: 1.60%)			
Teva Pharmaceutical	130,816	3,282	0.99
Italy 1.69% (31.12.11: 2.96%)			
Fiat Industrial	930,894	5,618	1.69
Japan 11.38% (31.12.11: 8.65%)			
Hitachi	2,644,000	10,360	3.12
Japan Tobacco	399,600	7,604	2.29
KDDI	1,783	7,375	2.22
Nexon	457,300	5,704	1.72
Credit Saison	239,700	3,394	1.02
Nissan Motor	558,200	3,366	1.01
		37,803	11.38

Global Free Enterprise Fund

Portfolio Statement (continued)

As at 30 June 2012

Security	Holding	Market value (£'000)	Percentage of net assets (%)
Mexico 2.49% (31.12.11: 1.88%)			
Fomento Economico Mexicano	745,800	4,151	1.25
Alfa	394,900	4,110	1.24
		8,261	2.49
Netherlands 3.22% (31.12.11: 3.24%)			
ING Groep	1,672,019	6,833	2.06
LyondellBasell Industries	156,400	3,869	1.16
		10,702	3.22
Russia 1.13% (31.12.11: 1.12%)			
Lukoil	107,612	3,766	1.13
Singapore 0.96% (31.12.11: 0.83%)			
Avago Technologies	145,700	3,204	0.96
South Africa 0.80% (31.12.11: 0.86%)			
MTN	248,119	2,670	0.80
South Korea 2.28% (31.12.11: 4.42%)			
Samsung Electronics	7,602	5,109	1.54
Shinhan Financial	110,470	2,454	0.74
		7,563	2.28
Sweden 1.70% (31.12.11: 0.81%)			
Swedbank	571,460	5,645	1.70
Switzerland 1.08% (31.12.11: 1.75%)			
Novartis	101,193	3,601	1.08
United Kingdom 1.79% (31.12.11: 2.62%)			
BHP Billiton	175,097	3,158	0.95
Anglo American	132,886	2,796	0.84
		5,954	1.79

Global Free Enterprise Fund

Portfolio Statement (continued)

As at 30 June 2012

Security	Holding	Market value (£'000)	Percentage of net assets (%)
United States 49.43% (31.12.11: 46.50%)			
Apple	31,972	11,654	3.51
UnitedHealth	246,238	9,406	2.83
JPMorgan Chase	387,224	8,899	2.68
Pfizer	583,926	8,428	2.54
Macy's	384,723	8,245	2.48
priceline.com	18,722	7,721	2.32
Valero Energy	458,670	7,035	2.12
Occidental Petroleum	133,249	6,913	2.08
Comcast	311,474	6,192	1.86
AmerisourceBergen	248,886	6,179	1.86
Philip Morris International	103,095	5,658	1.70
Lowe's	292,965	5,113	1.54
Illinois Tool Works	151,482	4,946	1.49
Cisco Systems	460,353	4,859	1.46
Lincoln National	351,537	4,713	1.42
Qualcomm	129,936	4,521	1.36
CBS	208,165	4,237	1.28
Capital One Financial	119,032	4,076	1.23
Fiserv	86,123	3,852	1.16
Mastercard	13,782	3,707	1.12
Oracle	193,484	3,493	1.05
Mylan	249,537	3,327	1.00
Nu Skin Enterprises	113,268	3,324	1.00
Tupperware Brands	95,233	3,278	0.99
ValueClick	352,257	3,181	0.96
Activision Blizzard	416,501	3,067	0.92
Thermo Fisher Scientific	94,356	3,056	0.92
BorgWarner	71,721	2,965	0.89
Helmerich & Payne	103,615	2,757	0.83
Marathon Petroleum	97,177	2,751	0.83
Patterson-UTI Energy	259,745	2,326	0.70
Cliffs Natural Resources	72,475	2,190	0.66
LifePoint Hospitals	81,246	2,110	0.64
		164,179	49.43
Portfolio of investments		326,506	98.29
Net other assets		5,671	1.71
Net assets		332,177	100.00

Unless otherwise stated the above securities are ordinary shares or common stock and admitted to official stock exchange listings.

Total purchases, including transaction charges, for the period were £90,349,000 (30.06.11: £141,479,000).

Total sales, net of transaction charges, for the period were £130,639,000 (30.06.11: £178,235,000).

Monthly High Income Fund

Portfolio Statement

As at 30 June 2012

Security	Holding	Market value (£'000)	Percentage of net assets (%)
Corporate Bonds 90.03% (31.12.11: 87.61%)			
Corporate Bonds – Maturity 0 to 5 years 25.00% (31.12.11: 27.24%)			
William Hill 7.125% 11/11/2016	£4,500,000	4,824	2.50
Edcon Proprietary Floating 15/06/2014	€6,350,000	4,635	2.40
Ladbroke Finance 7.625% 05/03/2017	€4,350,000	4,614	2.39
Codere Finance Luxembourg 8.25% 15/06/2015	€5,900,000	3,503	1.81
Catalent Pharma Solutions 9.5% 15/04/2015	\$4,652,000	3,067	1.59
Beverage Packaging Holdings Luxembourg II 8% 15/12/2016	€3,800,000	2,874	1.49
Consol Glass (Proprietary) 7.625% 15/04/2014	€3,500,000	2,855	1.48
Ineos 7.875% 15/02/2016	€4,100,000	2,852	1.48
Vimpel Communications 8.25% 23/05/2016	\$3,400,000	2,266	1.17
Ashtead Capital 9% 15/08/2016	\$3,203,000	2,127	1.10
FMG Resources 7% 01/11/2015	\$3,247,000	2,094	1.08
Rexel 8.25% 15/12/2016	€2,300,000	2,029	1.05
Smurfit Kappa Funding 7.75% 01/04/2015	€2,350,000	1,922	0.99
Campofrio Food 8.25% 31/10/2016	€2,270,000	1,787	0.93
Ardagh Glass 9.25% 01/07/2016	€1,850,000	1,627	0.84
Fresenius US Finance 9% 15/07/2015	\$1,800,000	1,307	0.68
Schaeffler Finance 7.75% 15/02/2017	€1,200,000	1,004	0.52
Virgin Media Finance 9.5% 15/08/2016	€1,100,000	987	0.51
Polish Television 11.25% 15/05/2017	€1,200,000	970	0.50
Telefonica Emisiones 4.75% 07/02/2017	€1,300,000	956	0.49
		48,300	25.00
Corporate Bonds – Maturity 5 to 15 years 60.82% (31.12.11: 56.94%)			
Cyfrowy Polsat Finance 7.125% 20/05/2018	€6,200,000	5,070	2.62
Care UK Health & Social Care 9.75% 01/08/2017	€4,800,000	4,903	2.54
Ziggo Bond 8% 15/05/2018	€5,500,000	4,810	2.49
Elster Finance 6.25% 15/04/2018	€5,000,000	4,298	2.23
Cirsa Capital Luxembourg 8.75% 15/05/2018	€6,000,000	3,967	2.05
Wind Acquisition Finance 7.375% 15/02/2018	€5,700,000	3,931	2.04
Kinove German 10% 15/06/2018	€4,750,000	3,901	2.02
Greif Luxembourg Finance 7.375% 15/07/2021	€4,400,000	3,672	1.90
New World Resources 7.875% 01/05/2018	€4,700,000	3,583	1.86
IPIC 5.875% 14/03/2021	€4,010,000	3,543	1.83
Crown European 7.125% 15/08/2018	€4,014,000	3,486	1.80
Levi Strauss 7.75% 15/05/2018	€3,850,000	3,205	1.66
TVN Finance 10.75% 15/11/2017	€3,750,000	3,151	1.63
Vimpel Communications 7.748% 02/02/2021	\$5,000,000	3,086	1.60
Boardriders 8.875% 15/12/2017	€3,850,000	3,027	1.57
Boparan Finance 9.875% 30/04/2018	€2,900,000	3,000	1.55
Carlson Wagonlit 7.5% 15/06/2019	€3,750,000	2,979	1.54
Brenntag Finance 5.5% 19/07/2018	€3,350,000	2,890	1.50

Monthly High Income Fund

Portfolio Statement (continued)

As at 30 June 2012

Security	Holding	Market value (£'000)	Percentage of net assets (%)
Corporate Bonds – Maturity 5 to 15 years 60.82% (31.12.11: 56.94%) (continued)			
Fiat Finance & Trade 7.375% 09/07/2018	€3,350,000	2,606	1.35
Kabel Deutschland Vertrieb und Service 6.5% 29/06/2018	€3,000,000	2,589	1.34
Aguila 7.875% 31/01/2018	\$3,900,000	2,512	1.30
UPC 9.75% 15/04/2018	€2,900,000	2,504	1.30
Inmarsat Finance 7.375% 01/12/2017	\$3,700,000	2,466	1.28
Labco 8.5% 15/01/2018	€3,300,000	2,399	1.24
Ono Finance II 11.125% 15/07/2019	€3,600,000	2,265	1.17
Eileme 11.75% 31/01/2020	€2,700,000	2,219	1.15
Hypermarcas 6.5% 20/04/2021	\$3,350,000	2,077	1.08
First Hydro Finance 9% 31/07/2021	£1,750,000	2,069	1.07
Sunrise Communications 8.5% 31/12/2018	€2,400,000	2,042	1.06
Phones4u Finance 9.5% 01/04/2018	£2,250,000	2,013	1.04
eAccess 8.375% 01/04/2018	€2,850,000	1,992	1.03
Iron Mountain 6.75% 15/10/2018	€2,450,000	1,973	1.02
Bombardier 7.5% 15/03/2018	\$2,800,000	1,956	1.01
Virgin Media Secure Finance 7% 15/01/2018	€1,800,000	1,929	1.00
TAM Capital 8.375% 03/06/2021	\$2,900,000	1,926	1.00
ARD Finance 11.125% 01/06/2018	€2,606,638	1,881	0.97
Investec Bank 9.625% 17/02/2022 †	£1,912,000	1,834	0.95
ConvaTec Healthcare 10.875% 15/12/2018	€2,150,000	1,705	0.88
Smurfit Kappa Acquisitions 7.75% 15/11/2019	€1,700,000	1,464	0.76
Unitymedia Hessen 8.125% 01/12/2017	€1,600,000	1,379	0.71
Bombardier 7.5% 15/03/2018	\$1,740,000	1,221	0.63
Unitymedia Hessen 9.5% 15/03/2021	€1,350,000	1,175	0.61
Aguila 7.875% 31/01/2018	\$1,300,000	856	0.44
Corral Petroleum 15% 31/12/2017	€1,190,085	748	0.39
Kabel Deutschland Vertrieb und Service 6.5% 31/07/2017	€800,000	658	0.34
Rexel 6.125% 15/12/2019	€800,000	518	0.27
		117,478	60.82
Corporate Bonds – Maturity 15+ years 4.21% (31.12.11: 3.43%)			
Lottomatica 8.25% 31/03/2066	€5,000,000	3,417	1.77
Rexam 6.75% 29/06/2067	€3,550,000	2,725	1.41
Linde Finance Floating 14/07/2066	€2,200,000	1,989	1.03
		8,131	4.21
Credit Default Swaps 0.88% (31.12.11: 1.12%)			
ITRAXX 5% 20/12/2016	16,000,000	960	0.50
ITRAXX 5% 20/12/2016	12,250,000	734	0.38
		1,694	0.88

Monthly High Income Fund

Portfolio Statement (continued)

As at 30 June 2012

Security	Holding	Market value (£'000)	Percentage of net assets (%)
OTC Forward foreign exchange transactions 0.07% (31.12.11: 1.66%)			
Buy EUR 1,910,000 for GBP	(1,533,768)	8	-
Sell EUR (160,223,157) for GBP	129,552,714	247	0.13
	(158,313,157)	127,763,785	
Sell USD 43,894,941 for GBP	(28,138,344)	(108)	(0.06)
		147	0.07
Portfolio of investments*		175,750	90.98
Net other assets		17,415	9.02
Net assets		193,165	100.00

* including investment liabilities

† A related party to the Fund.

Unless otherwise stated the above securities are bonds and admitted to official stock exchange listings.

The credit default swaps and the forward foreign exchange contracts are not listed.

Monthly High Income Fund

Portfolio Analysis

Security	30.06.12		31.12.11	
	Market value (£'000)	Percentage of net assets (%)	Market value (£'000)	Percentage of net assets (%)
Bonds	173,909	90.03	161,211	87.61
Derivatives	1,841	0.95	5,126	2.78
Net other assets	17,415	9.02	17,677	9.61
Net assets	193,165	100.00	184,014	100.00

Credit Breakdown*

Security	30.06.12		31.12.11	
	Market value (£'000)	Percentage of net assets (%)	Market value (£'000)	Percentage of net assets (%)
AA	3,177	1.64	-	-
BBB	4,457	2.31	457	0.25
BB	84,991	44.00	76,334	41.48
B	64,245	33.26	67,600	36.74
CCC	10,977	5.68	14,006	7.61
Unrated	6,062	3.14	2,814	1.53
	173,909	90.03	161,211	87.61

*Bond ratings are Investec approximations

Total purchases, including transaction charges, for the period were £41,879,000 (30.06.11: £105,898,000).

Total sales, net of transaction charges, for the period were £33,747,000 (30.06.11: £94,465,000).

Authorised Corporate Director's report

The Authorised Corporate Director ("ACD") of Investec Funds Series ii (the "Company") is Investec Fund Managers Limited. The ACD is the sole director of the Company.

Authorised Status

The Company is an investment company with variable capital incorporated in England and Wales under registered number IC125 and authorised by the Financial Services Authority ("FSA") with effect from 10 June 2005.

The Company is structured as an umbrella company, in that different sub funds (the "Funds") may be established from time to time by the ACD with the approval of the FSA. The Company currently comprises of six Funds.

The Company (and therefore the Funds) have been certified by the FSA as complying with the conditions necessary for it to enjoy rights conferred by the EC Directive on Undertakings for Collective Investment in Transferable Securities ("UCITS"). The Company has an unlimited duration. The assets of each Fund will be treated as separate from those of every other Fund and will be invested in accordance with the investment objective and investment policy applicable to that Fund. Investment of the assets of each of the Funds must comply with the FSA Collective Investment Scheme ("COLL") Sourcebook and the investment objective and policy of the relevant Fund.

Each Fund has a specific portfolio to which that Fund's assets and liabilities are attributable. So far as shareholders are concerned, each Fund is treated as a separate entity. Creditors of the Company may nevertheless look to all the assets of the Company for payment regardless of the Fund in respect of which that creditor's debt has arisen. Assets may be re-allocated to and from other Funds of the Company in the highly unlikely event that a Fund's assets are insufficient to meet its liabilities. In the event that any assets are so reallocated, the ACD will advise shareholders in the next succeeding annual or half yearly report to shareholders.

Subject to the above, each Fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Fund, and within each Fund charges will be allocated between share classes in accordance with their terms of issue. Any assets, liabilities, expenses, costs or charges not attributable to a particular Fund may be allocated by the ACD in a manner which it believes is fair to the shareholders generally. This will normally be pro rata to the net asset value of the relevant Funds.

Accounting period covered by these accounts

The accounting period covered in these accounts is from 1 January 2012 to 30 June 2012.

Changes during the accounting period

The following share class was launched on 2 May 2012:

- Monthly High Income, I, Income, Net, GBP

The following USD share classes were launched on 8 May 2012

- American, A, Accumulation, Net, USD
- Global Energy, A, Accumulation, Net, USD
- Global Energy, I, Accumulation, Net, USD
- Global Free Enterprise, A, Accumulation, Net, USD

Other information

On 6 August 2012, notice was given to shareholders that, with effect from 20 August 2012, the ACD would be changing the Investment Management arrangements of the American Fund. From this date Thornburg, the sub-investment Manager, are no longer the sub-investment Manager of the fund. Instead the Investment Manager, Investec Asset Management Limited, have assumed direct control of this activity.

Corporate address details

Investec Fund Managers Limited
2 Gresham Street
London
EC2V 7QP

A. Gallagher
Director of the ACD

D. Aird
Director of the ACD

20 August 2012

Performance records

Calendar year (all figures in pence unless otherwise stated)	2012 (up to 30 June)	2011	2010	2009	2008	2007
American Fund 'A' Class (Accumulation shares)						
Accumulation share high	176.28	186.66	176.48	157.02	152.55	163.22
Accumulation share low	143.20	134.54	143.85	96.75	95.59	142.18
Net revenue per accumulation share	-	-	-	0.74	0.20	-
American Fund 'A' Class (Accumulation shares) (GBP Hedged) ⁽⁴⁾						
Accumulation share high	146.07	153.42	137.96	126.10	-	-
Accumulation share low	104.86	104.86	112.60	96.87	-	-
Net revenue per accumulation share	-	-	-	0.43	-	-
American Fund 'A' Class (USD Accumulation shares) ⁽⁷⁾						
Accumulation share high (US cent)	279.00	-	-	-	-	-
Accumulation share low (US cent)	222.00	-	-	-	-	-
Net revenue per accumulation share (US cent)	-	-	-	-	-	-
American Fund 'B' Class (Accumulation shares)						
Accumulation share high	179.77	189.83	179.41	159.23	153.75	164.45
Accumulation share low	146.11	137.04	146.11	97.80	96.56	143.26
Net revenue per accumulation share	-	-	0.02	1.07	0.56	-
American Fund 'I' Class (Accumulation shares) ⁽¹⁾						
Accumulation share high	112.21	117.88	111.37	98.61	94.80	101.32
Accumulation share low	91.30	85.34	90.62	60.48	59.67	88.32
Net revenue per accumulation share	-	0.15	0.27	0.87	0.55	-
American Fund 'S' Class (Accumulation shares)						
Accumulation share high	129.58	134.97	127.32	111.59	105.33	112.36
Accumulation share low	105.60	98.21	103.28	67.91	66.81	98.05
Net revenue per accumulation share	-	1.15	1.42	1.82	1.51	-
Asia ex Japan Fund 'A' Class (Accumulation shares)						
Accumulation share high	341.14	365.36	356.70	274.08	273.91	290.30
Accumulation share low	300.73	269.95	251.40	156.86	138.97	174.81
Net revenue per accumulation share	-	2.91	2.58	2.06	2.71	1.36

Performance records

Calendar year (all figures in pence unless otherwise stated)	2012 (up to 30 June)	2011	2010	2009	2008	2007
Asia ex Japan Fund 'B' Class (Accumulation shares)						
Accumulation share high	3,440.85	3,678.81	3,586.90	2,749.08	2,741.70	2,906.75
Accumulation share low	3,034.62	2,719.79	2,522.09	1,570.73	1,390.54	1,749.38
Net revenue per accumulation share	-	37.49	33.46	23.21	32.67	17.92
Asia ex Japan Fund 'I' Class (Accumulation shares) ⁽¹⁾						
Accumulation share high	162.37	173.00	168.35	128.72	127.67	135.58
Accumulation share low	143.33	128.06	118.11	73.36	64.90	94.45
Net revenue per accumulation share	-	2.45	1.92	1.47	1.71	0.53
Asia ex Japan Fund 'S' Class (Accumulation shares) ⁽¹⁾⁽⁵⁾						
Accumulation share high	338.63	358.96	173.84	131.71	128.55	136.04
Accumulation share low	298.61	266.20	120.94	74.49	65.70	94.69
Net revenue per accumulation share	-	7.70	3.42	2.36	2.48	1.26
European Fund Fund 'A' Class (Accumulation shares)						
Accumulation share high	307.25	342.73	321.31	290.98	345.71	348.15
Accumulation share low	266.41	240.18	248.86	183.28	188.84	287.01
Net revenue per accumulation share	-	5.36	1.84	4.46	5.57	1.75
European Fund Fund 'I' Class (Accumulation shares) ⁽²⁾						
Accumulation share high	104.93	116.27	108.80	97.78	111.90	-
Accumulation share low	91.09	81.71	83.99	61.42	63.19	-
Net revenue per accumulation share	-	2.49	1.11	1.90	2.39	-
Global Energy Fund 'A' Class (Accumulation shares)						
Accumulation share high	257.26	290.20	260.33	233.66	269.42	226.91
Accumulation share low	198.80	192.06	206.97	152.46	131.72	155.84
Net revenue per accumulation share	-	1.35	1.14	2.50	0.58	0.05
Global Energy Fund 'A' Class (USD Accumulation shares) ⁽⁷⁾						
Accumulation share high (US cent)	406.67	-	-	-	-	-
Accumulation share low (US cent)	310.89	-	-	-	-	-
Net revenue per accumulation share (US cent)	-	-	-	-	-	-

Performance records

Calendar year (all figures in pence unless otherwise stated)	2012 (up to 30 June)	2011	2010	2009	2008	2007
Global Energy Fund 'I' Class (Accumulation shares)						
Accumulation share high	270.11	302.63	270.95	241.03	275.06	231.00
Accumulation share low	209.24	201.06	214.88	152.46	134.94	158.02
Net revenue per accumulation share	-	3.37	2.90	4.04	1.69	1.67

Global Energy Fund 'I' Class (USD Accumulation shares) ⁽⁷⁾

Accumulation share high (US cent)	427.03	-	-	-	-	-
Accumulation share low (US cent)	327.23	-	-	-	-	-
Net revenue per accumulation share (US cent)	-	-	-	-	-	-

Global Energy Fund 'S' Class (Accumulation shares)

Accumulation share high	168.00	186.99	167.09	147.25	166.21	139.22
Accumulation share low	130.47	124.69	132.18	95.19	81.91	94.45
Net revenue per accumulation share	-	3.33	2.93	2.94	3.05	1.88

Global Free Enterprise Fund 'A' Class (Accumulation shares)

Accumulation share high	426.66	436.37	412.46	363.62	429.68	442.02
Accumulation share low	373.65	329.82	333.37	242.25	252.55	369.14
Net revenue per accumulation share	-	0.78	-	2.94	3.33	0.28

Global Free Enterprise Fund 'A' Class (USD Accumulation shares) ⁽⁷⁾

Accumulation share high (US cent)	679.42	-	-	-	-	-
Accumulation share low (US cent)	586.26	-	-	-	-	-
Net revenue per accumulation share (US cent)	-	-	-	-	-	-

Global Free Enterprise Fund 'I' Class (Accumulation shares) ⁽¹⁾

Accumulation share high	104.17	105.99	99.85	87.53	102.44	105.31
Accumulation share low	91.35	80.25	80.46	58.07	60.46	87.85
Net revenue per accumulation share	-	0.84	0.27	1.10	1.15	0.03

Global Free Enterprise Fund 'S' Class (Accumulation shares)

Accumulation share high	123.19	124.69	116.93	101.55	116.58	119.68
Accumulation share low	108.12	94.60	93.80	66.76	69.33	99.67
Net revenue per accumulation share	-	1.90	1.34	2.03	2.11	1.53

Performance records

Calendar year (all figures in pence unless otherwise stated)	2012 (up to 30 June)	2011	2010	2009	2008	2007
Monthly High Income Fund 'A' Class (Net Accumulation shares)						
Accumulation share high	170.55	171.23	166.21	148.28	133.90	137.09
Accumulation share low	156.69	145.90	148.86	103.44	102.00	132.18
Net revenue per accumulation share	4.54	9.87	9.86	9.06	8.52	7.07
Monthly High Income Fund 'A' Class (Net Income shares)						
Income share high	72.25	76.60	77.18	72.85	75.03	79.72
Income share low	66.98	63.82	70.55	54.13	54.15	75.01
Net revenue per income share	1.92	4.41	4.69	4.57	4.63	4.06
Monthly High Income Fund 'I' Class (Net Accumulation shares) ⁽²⁾						
Accumulation share high	135.45	135.40	130.87	116.47	104.23	-
Accumulation share low	124.23	115.62	116.93	81.01	79.85	-
Net revenue per accumulation share	3.61	7.84	7.90	7.10	5.63	-
Monthly High Income Fund 'I' Class (Net Income shares) ⁽⁶⁾						
Income share high	100.27	-	-	-	-	-
Income share low	97.57	-	-	-	-	-
Net revenue per income share	0.90	-	-	-	-	-
Monthly High Income Fund 'S' Class (Gross Accumulation shares) ⁽³⁾						
Accumulation share high	172.57	168.83	161.01	140.87	-	-
Accumulation share low	157.16	145.35	141.43	98.62	-	-
Gross revenue per accumulation share	5.74	12.69	11.83	9.85	-	-

(1) Launched 1 June 2007

(2) Launched 3 March 2008

(3) Launched 30 January 2009

(4) Launched 7 May 2009

(5) Consolidation 18 July 2011

(6) Launched 2 May 2012

(7) Launched 8 May 2012

High and low prices are quoted at Mid valuation

Shares in issue, net asset values, total expense ratios, ongoing charges and portfolio turnover rates per fund

	30 June 2012	31 December 2011	31 December 2010	31 December 2009
American Fund 'A' Class (Accumulation shares) ⁽⁶⁾				
Total net asset value (£'000)	254,307	388,255	633,378	469,638
Net asset value per share (p)	147.27	151.12	174.99	153.51
Number of shares in issue	172,678,001	256,914,994	361,954,747	305,927,589
Total expense ratio	1.60%	1.60%	1.61%	1.61%
Ongoing charges	1.60%	-	-	-
Portfolio turnover rate	7%	64%	88%	103%

American Fund 'A' Class (Accumulation shares) (GBP Hedged) ⁽²⁾⁽⁶⁾				
Total net asset value (£'000)	12,710	15,112	8,643	2,569
Net asset value per share (p)	116.50	118.35	137.94	125.96
Number of shares in issue	10,910,721	12,768,494	6,265,667	2,039,395
Total expense ratio	1.65%	1.64%	1.66%	1.67%
Ongoing charges	1.65%	-	-	-
Portfolio turnover rate	7%	64%	88%	103%

American Fund 'A' Class (USD Accumulation shares) ⁽⁵⁾⁽⁶⁾				
Total net asset value (US\$'000)	84,552	-	-	-
Net asset value per share (US cent)	229.84	-	-	-
Number of shares in issue	36,787,442	-	-	-
Total expense ratio	1.60%	-	-	-
Ongoing charges	1.60%	-	-	-
Portfolio turnover rate	7%	-	-	-

American Fund 'B' Class (Accumulation shares) ⁽⁶⁾				
Total net asset value (£'000)	7,446	8,421	10,458	13,373
Net asset value per share (p)	150.30	154.01	177.89	155.69
Number of shares in issue	4,953,872	5,467,843	5,878,648	8,589,466
Total expense ratio	1.35%	1.35%	1.36%	1.36%
Ongoing charges	1.35%	-	-	-
Portfolio turnover rate	7%	64%	88%	103%

American Fund 'I' Class (Accumulation shares) ⁽⁷⁾				
Total net asset value (£'000)	64,187	104,419	121,751	82,517
Net asset value per share (p)	93.95	96.03	110.43	96.41
Number of shares in issue	68,323,959	108,734,303	110,247,233	85,589,344
Total expense ratio	0.85%	0.92%	1.11%	1.11%
Ongoing charges	0.85%	-	-	-
Portfolio turnover rate	7%	64%	88%	103%

American Fund 'S' Class (Accumulation shares) ⁽⁷⁾				
Total net asset value (£'000)	2,504	2,559	3,383	2,947
Net asset value per share (p)	108.72	110.70	126.28	109.20
Number of shares in issue	2,303,734	2,311,793	2,679,319	2,698,512
Total expense ratio	0.10%	0.10%	0.11%	0.11%
Ongoing charges	0.11%	-	-	-
Portfolio turnover rate	7%	64%	88%	103%

Shares in issue, net asset values, total expense ratios, ongoing charges and portfolio turnover rates per fund

	30 June 2012	31 December 2011	31 December 2010	31 December 2009
Asia ex Japan Fund 'A' Class (Accumulation shares) ⁽⁶⁾				
Total net asset value (£'000)	254,417	210,812	261,634	207,805
Net asset value per share (p)	313.04	300.32	354.67	270.19
Number of shares in issue	81,271,783	70,195,663	73,768,582	76,911,497
Total expense ratio	1.68%	1.68%	1.62%	1.61%
Ongoing charges	1.72%	-	-	-
Portfolio turnover rate	35%	64%	76%	117%

Asia ex Japan Fund 'B' Class (Accumulation shares) ⁽⁶⁾				
Total net asset value (£'000)	4,313	4,389	5,797	4,946
Net asset value per share (p)	3,159.77	3,027.71	3,566.50	2,710.14
Number of shares in issue	136,488	144,961	162,554	182,519
Total expense ratio	1.43%	1.43%	1.37%	1.36%
Ongoing charges	1.47%	-	-	-
Portfolio turnover rate	35%	64%	76%	117%

Asia ex Japan Fund 'I' Class (Accumulation shares) ⁽⁷⁾				
Total net asset value (£'000)	2,033	7,332	9,995	5,155
Net asset value per share (p)	149.31	142.72	167.39	126.90
Number of shares in issue	1,361,718	5,137,452	5,970,866	4,062,272
Total expense ratio	0.93%	1.00%	1.12%	1.11%
Ongoing charges	0.97%	-	-	-
Portfolio turnover rate	35%	64%	76%	117%

Asia ex Japan Fund 'S' Class (Accumulation shares) ⁽³⁾⁽⁶⁾				
Total net asset value (£'000)	383	346	18,938	13,598
Net asset value per share (p)	312.12	297.28	172.89	129.74
Number of shares in issue	122,850	116,388	10,953,925	10,480,995
Total expense ratio	0.18%	0.18%	0.12%	0.11%
Ongoing charges	0.22%	-	-	-
Portfolio turnover rate	35%	64%	76%	117%

European Fund 'A' Class (Accumulation shares) ⁽⁶⁾				
Total net asset value (£'000)	24,806	25,886	36,039	58,581
Net asset value per share (p)	277.59	265.64	320.78	280.92
Number of shares in issue	8,936,125	9,744,846	11,235,013	20,853,234
Total expense ratio	1.62%	1.62%	1.61%	1.61%
Ongoing charges	1.65%	-	-	-
Portfolio turnover rate	57%	94%	111%	123%

European Fund 'I' Class (Accumulation shares) ⁽⁷⁾				
Total net asset value (£'000)	24	23	30	6
Net asset value per share (p)	94.98	90.18	108.61	94.64
Number of shares in issue	25,504	25,504	27,535	5,841
Total expense ratio	0.87%	0.94%	1.11%	1.11%
Ongoing charges	0.90%	-	-	-
Portfolio turnover rate	57%	94%	111%	123%

Shares in issue, net asset values, total expense ratios, ongoing charges and portfolio turnover rates per fund

	30 June 2012	31 December 2011	31 December 2010	31 December 2009
Global Energy Fund 'A' Class (Accumulation shares) ⁽⁶⁾				
Total net asset value (£'000)	127,126	160,416	188,516	151,438
Net asset value per share (p)	207.40	225.82	259.46	225.62
Number of shares in issue	61,294,759	71,037,020	72,657,436	67,120,041
Total expense ratio	1.61%	1.61%	1.61%	1.61%
Ongoing charges	1.62%	-	-	-
Portfolio turnover rate	45%	139%	204%	239%

Global Energy Fund 'A' Class (USD Accumulation shares) ⁽⁵⁾⁽⁸⁾

Total net asset value (US\$'000)	3,319	-	-	-
Net asset value per share (US cent)	323.70	-	-	-
Number of shares in issue	1,025,281	-	-	-
Total expense ratio	1.61%	-	-	-
Ongoing charges	1.62%	-	-	-
Portfolio turnover rate	45%	-	-	-

Global Energy Fund 'I' Class (Accumulation shares) ⁽⁶⁾

Total net asset value (£'000)	58,762	59,382	78,027	72,758
Net asset value per share (p)	218.34	236.87	270.08	233.09
Number of shares in issue	26,913,085	25,070,010	28,889,952	31,215,042
Total expense ratio	0.86%	0.86%	0.86%	0.86%
Ongoing charges	0.87%	-	-	-
Portfolio turnover rate	45%	139%	204%	239%

Global Energy Fund 'I' Class (USD Accumulation shares) ⁽⁵⁾⁽⁸⁾

Total net asset value (US\$'000)	85	-	-	-
Net asset value per share (US cent)	340.58	-	-	-
Number of shares in issue	25,000	-	-	-
Total expense ratio	0.86%	-	-	-
Ongoing charges	0.87%	-	-	-
Portfolio turnover rate	45%	-	-	-

Global Energy Fund 'S' Class (Accumulation shares) ⁽⁶⁾

Total net asset value (£'000)	5,060	5,217	14,911	9,366
Net asset value per share (p)	136.16	147.19	166.57	142.73
Number of shares in issue	3,715,879	3,544,702	8,951,908	6,562,044
Total expense ratio	0.11%	0.11%	0.11%	0.11%
Ongoing charges	0.12%	-	-	-
Portfolio turnover rate	45%	139%	204%	239%

Global Free Enterprise Fund 'A' Class (Accumulation shares) ⁽⁶⁾

Total net asset value (£'000)	162,745	170,264	244,782	239,802
Net asset value per share (p)	390.72	374.84	410.65	357.16
Number of shares in issue	41,653,070	45,423,049	59,608,323	67,141,725
Total expense ratio	1.62%	1.62%	1.61%	1.61%
Ongoing charges	1.63%	-	-	-
Portfolio turnover rate	43%	105%	170%	173%

Shares in issue, net asset values, total expense ratios, ongoing charges and portfolio turnover rates per fund

	30 June 2012	31 December 2011	31 December 2010	31 December 2009
Global Free Enterprise Fund 'A' Class (USD Accumulation shares) ⁽⁵⁾⁽⁸⁾				
Total net asset value (US\$'000)	5,502	-	-	-
Net asset value per share (US cent)	609.75	-	-	-
Number of shares in issue	902,274	-	-	-
Total expense ratio	1.62%	-	-	-
Ongoing charges	1.63%	-	-	-
Portfolio turnover rate	43%	-	-	-

Global Free Enterprise Fund 'I' Class (Accumulation shares) ⁽⁷⁾				
Total net asset value (£'000)	695	654	593	468
Net asset value per share (p)	95.60	91.40	99.31	86.05
Number of shares in issue	726,619	715,538	596,780	543,516
Total expense ratio	0.87%	0.93%	1.11%	1.11%
Ongoing charges	0.88%	-	-	-
Portfolio turnover rate	43%	105%	170%	173%

Global Free Enterprise Fund 'S' Class (Accumulation shares) ⁽⁷⁾				
Total net asset value (£'000)	165,212	186,943	205,910	200,056
Net asset value per share (p)	113.31	107.90	116.37	99.75
Number of shares in issue	145,804,682	173,259,344	176,941,162	200,565,133
Total expense ratio	0.12%	0.12%	0.11%	0.11%
Ongoing charges	0.14%	-	-	-
Portfolio turnover rate	43%	105%	170%	173%

Monthly High Income Fund 'A' Class (Net Accumulation shares) ⁽⁶⁾				
Total net asset value (£'000)	52,681	54,843	62,101	64,666
Net asset value per share (p)	166.34	154.85	164.23	146.95
Number of shares in issue	31,670,054	35,416,595	37,813,113	44,005,921
Total expense ratio	1.36%	1.35%	1.14%	1.06%
Ongoing charges	1.36%	-	-	-
Portfolio turnover rate	22%	109%	163%	114%

Monthly High Income Fund 'A' Class (Net Income shares) ⁽⁶⁾				
Total net asset value (£'000)	116,297	111,969	109,229	80,706
Net asset value per share (p)	69.24	66.22	74.72	71.15
Number of shares in issue	167,966,798	169,085,546	146,184,872	113,427,552
Total expense ratio	1.36%	1.35%	1.14%	1.06%
Ongoing charges	1.36%	-	-	-
Portfolio turnover rate	22%	109%	163%	114%

Monthly High Income Fund 'I' Class (Net Accumulation shares) ⁽⁷⁾				
Total net asset value (£'000)	3,683	3,031	5,193	2,467
Net asset value per share (p)	132.33	122.80	129.54	115.38
Number of shares in issue	2,783,465	2,468,544	4,008,663	2,138,200
Total expense ratio	0.76%	0.76%	0.81%	0.81%
Ongoing charges	0.76%	-	-	-
Portfolio turnover rate	22%	109%	163%	114%

Shares in issue, net asset values, total expense ratios, ongoing charges and portfolio turnover rates per fund

	30 June 2012	31 December 2011	31 December 2010	31 December 2009
Monthly High Income Fund 'I' Class (Net Income shares) ⁽⁴⁾⁽⁸⁾				
Total net asset value (£'000)	6	-	-	-
Net asset value per share (p)	97.52	-	-	-
Number of shares in issue	6,500	-	-	-
Total expense ratio	0.76%	-	-	-
Ongoing charges	0.77%	-	-	-
Portfolio turnover rate	22%	-	-	-

Monthly High Income Fund 'S' Class (Gross Accumulation shares) ⁽¹⁾⁽⁶⁾				
Total net asset value (£'000)	20,498	14,171	24,098	10,961
Net asset value per share (p)	169.15	155.35	160.11	139.73
Number of shares in issue	12,118,201	9,121,935	15,051,323	7,843,943
Total expense ratio	0.11%	0.10%	0.11%	0.11%
Ongoing charges	0.12%	-	-	-
Portfolio turnover rate	22%	109%	163%	114%

(1) Launched 30 January 2009

(2) Launched 7 May 2009

(3) Consolidation 18 July 2011

(4) Launched 2 May 2012

(5) Launched 8 May 2012

(6) The ongoing charges are based on the expenses for the year ending 31 December 2011.

The figure excludes any performance fee and portfolio transaction costs, except in the case of an entry or exit charges paid by the Fund when buying or selling units in another fund. Ongoing charges may vary from year to year. For more information about charges, please see section VII of the Investec Fund Series ii prospectus.

(7) The ongoing charges are based on the expenses for the year ending 31 December 2011 (adjusted for any material change which took place during the period but which was not fully reflected in these figures).

(8) The ongoing charges figure shown here is an estimate of the charges, as the share class was only recently launched. The Fund's annual report for each financial year will include details of the exact charges made.

The above portfolio turnover rate figures have been calculated for the period 1 January 2012 to 30 June 2012 based on the following formula:

$$\frac{(\text{Purchases} - \text{Creations}) + (\text{Sales} - \text{Liquidations})}{\text{Average Net Asset Value for the year}} \times \frac{100}{100}$$

(p) = pence

Financial Statements

Aggregated Statement of Total Return

For the period ended 30 June 2012

	30.06.12		30.06.11	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		11,299		17,157
Revenue	23,024		28,328	
Expenses	(10,250)		(13,719)	
Finance costs: Interest	(6)		(7)	
Net revenue before taxation	12,768		14,602	
Taxation	(1,605)		(2,022)	
Net revenue after taxation		11,163		12,580
Net revenue after taxation		22,462		29,737
Finance costs: Distributions		(7,195)		(6,832)
Change in net assets attributable to shareholders from investment activities		15,267		22,905

Aggregated Statement of Change in Net Assets Attributable to Shareholders

For the period ended 30 June 2012

	30.06.12		30.06.11	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		1,534,444		2,043,406
Amounts receivable on issue of shares	213,185		373,905	
Amounts payable on cancellation of shares	(365,618)		(384,928)	
		(152,433)		(11,023)
Dilution adjustment		284		-
Stamp duty reserve tax		(12)		(36)
Change in net assets attributable to shareholders from investment activities		15,267		22,905
Retained distribution on accumulation shares		2,240		2,570
Unclaimed distributions		1		2
Closing net assets attributable to shareholders		1,399,791		2,057,824

The aggregated financial statements represent the sum of the assets and liabilities of the Funds which comprise Investec Funds Series ii.

Aggregated Balance Sheet

As at 30 June 2012

	30.06.12		31.12.11	
	£'000	£'000	£'000	£'000
ASSETS				
Investment assets		1,346,323		1,481,077
Debtors	22,809		11,661	
Cash and bank balances	181,786		153,993	
Total other assets		204,595		165,654
Total assets		1,550,918		1,646,731
LIABILITIES				
Investment liabilities		108		444
Creditors	14,214		9,105	
Bank overdrafts	135,733		100,688	
Distribution payable on income shares	1,072		2,050	
Total other liabilities		151,019		111,843
Total liabilities		151,127		112,287
Net assets attributable to shareholders		1,399,791		1,534,444

The aggregated financial statements represent the sum of the assets and liabilities of the funds which comprise Investec Funds Series ii.

We hereby certify the Interim Report and Accounts on behalf of the Directors of Investec Fund Managers Limited.

A. Gallagher
Director of the ACD
20 August 2012

D. Aird
Director of the ACD

Notes to the aggregated financial statements

For the period ended 30 June 2012

Accounting policies

The interim financial statements have been prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in October 2010.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2011 and are described in those annual financial statements.

American Fund**Statement of Total Return**

For the period ended 30 June 2012

	30.06.12		30.06.11	
	£'000	£'000	£'000	£'000
Income				
Net capital (losses)/gains		(1,228)		2,537
Revenue	2,551		4,621	
Expenses	(3,583)		(5,901)	
Finance costs: Interest	(1)		(1)	
Net expense before taxation	(1,033)		(1,281)	
Taxation	(365)		(631)	
Net expense after taxation		(1,398)		(1,912)
Total return before distributions		(2,626)		625
Finance costs: Distributions		-		-
Change in net assets attributable to shareholders from investment activities		(2,626)		625

Statement of Change in Net Assets Attributable to Shareholders

For the period ended 30 June 2012

	30.06.12		30.06.11	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		518,766		777,613
Amounts receivable on issue of shares	86,325		192,633	
Amounts payable on cancellation of shares	(207,121)		(223,223)	
		(120,796)		(30,590)
Change in net assets attributable to shareholders from investment activities		(2,626)		625
Closing net assets attributable to shareholders		395,344		747,648

American Fund

Balance Sheet

As at 30 June 2012

	30.06.12		31.12.11	
	£'000	£'000	£'000	£'000
ASSETS				
Investment assets		382,010		499,533
Debtors	2,115		6,203	
Cash and bank balances	42,834		44,597	
Total other assets		44,949		50,800
Total assets		426,959		550,333
LIABILITIES				
Creditors	2,555		5,461	
Bank overdrafts	29,060		26,106	
Total liabilities		31,615		31,567
Net assets attributable to shareholders		395,344		518,766

Asia ex Japan Fund**Statement of Total Return**

For the period ended 30 June 2012

	30.06.12		30.06.11	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		6,377		(4,293)
Revenue	4,729		5,333	
Expenses	(2,181)		(2,262)	
Finance costs: Interest	(4)		(3)	
Net revenue before taxation	2,544		3,068	
Taxation	(382)		(534)	
Net revenue after taxation		2,162		2,534
Total return before distributions		8,539		(1,759)
Finance costs: Distributions		(82)		71
Change in net assets attributable to shareholders from investment activities		8,457		(1,688)

Statement of Change in Net Assets Attributable to Shareholders

For the period ended 30 June 2012

	30.06.12		30.06.11	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		222,879		296,364
Amounts receivable on issue of shares	62,729		79,445	
Amounts payable on cancellation of shares	(33,146)		(51,095)	
		29,583		28,350
Dilution levy		227		-
Change in net assets attributable to shareholders from investment activities		8,457		(1,688)
Retained distribution on accumulation shares				
Closing net assets attributable to shareholders		261,146		323,026

Asia ex Japan Fund

Balance Sheet

As at 30 June 2012

	30.06.12		31.12.11	
	£'000	£'000	£'000	£'000
ASSETS				
Investment assets		258,057		215,943
Debtors	3,801		244	
Cash and bank balances	18,166		19,678	
Total other assets		21,967		19,922
Total assets		280,024		235,865
LIABILITIES				
Creditors	913		354	
Bank overdrafts	17,965		12,632	
Total liabilities		18,878		12,986
Net assets attributable to shareholders		261,146		222,879

European Fund

Statement of Total Return

For the period ended 30 June 2012

	30.06.12		30.06.11	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		762		595
Revenue	828		980	
Expenses	(215)		(281)	
Finance costs: Interest	-		-	
Net revenue before taxation	613		699	
Taxation	(126)		(17)	
Net revenue after taxation		487		682
Total return before distributions		1,249		1,277
Finance costs: Distributions		(14)		(16)
Change in net assets attributable to shareholders from investment activities		1,235		1,261

Statement of Change in Net Assets Attributable to Shareholders

For the period ended 30 June 2012

	30.06.12		30.06.11	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		25,909		36,069
Amounts receivable on issue of shares	26		206	
Amounts payable on cancellation of shares	(2,340)		(2,888)	
		(2,314)		(2,682)
Change in net assets attributable to shareholders from investment activities		1,235		1,261
Closing net assets attributable to shareholders		24,830		34,648

European Fund

Balance Sheet

As at 30 June 2012

	30.06.12		31.12.11	
	£'000	£'000	£'000	£'000
ASSETS				
Investment assets		24,493		25,655
Debtors	551		118	
Cash and bank balances	3,624		2,332	
Total other assets		4,175		2,450
Total assets		28,668		28,105
LIABILITIES				
Creditors	279		92	
Bank overdrafts	3,559		2,104	
Total liabilities		3,838		2,196
Net assets attributable to shareholders		24,830		25,909

Global Energy Fund

Statement of Total Return

For the period ended 30 June 2012

	30.06.12		30.06.11	
	£'000	£'000	£'000	£'000
Income				
Net capital (losses)/gains		(18,560)		6,038
Revenue	2,270		3,804	
Expenses	(1,536)		(2,065)	
Finance costs: Interest	-		1	
Net revenue before taxation	734		1,740	
Taxation	(224)		(360)	
Net revenue after taxation		510		1,380
Total return before distributions		(18,050)		7,418
Finance costs: Distributions		(10)		(40)
Change in net assets attributable to shareholders from investment activities		(18,060)		7,378

Statement of Change in Net Assets Attributable to Shareholders

For the period ended 30 June 2012

	30.06.12		30.06.11	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		225,015		281,454
Amounts receivable on issue of shares	39,840		57,449	
Amounts payable on cancellation of shares	(53,655)		(39,158)	
		(13,815)		18,291
Stamp duty reserve tax		(11)		(29)
Change in net assets attributable to shareholders from investment activities		(18,060)		7,378
Closing net assets attributable to shareholders		193,129		307,094

Global Energy Fund

Balance Sheet

As at 30 June 2012

	30.06.12		31.12.11	
	£'000	£'000	£'000	£'000
ASSETS				
Investment assets		179,399		221,324
Debtors	3,896		755	
Cash and bank balances	26,666		14,881	
Total other assets		30,562		15,636
Total assets		209,961		236,960
LIABILITIES				
Creditors	959		1,003	
Bank overdrafts	15,873		10,942	
Total liabilities		16,832		11,945
Net assets attributable to shareholders		193,129		225,015

Global Free Enterprise Fund

Statement of Total Return

For the period ended 30 June 2012

	30.06.12		30.06.11	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		14,828		12,273
Revenue	5,298		5,880	
Expenses	(1,537)		(1,954)	
Finance costs: Interest	-		(3)	
Net revenue before taxation	3,761		3,923	
Taxation	(508)		(480)	
Net revenue after taxation		3,253		3,443
Total return before distributions		18,081		15,716
Finance costs: Distributions		(288)		(27)
Change in net assets attributable to shareholders from investment activities		17,793		15,689

Statement of Change in Net Assets Attributable to Shareholders

For the period ended 30 June 2012

	30.06.12		30.06.11	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		357,861		451,285
Amounts receivable on issue of shares	8,933		17,884	
Amounts payable on cancellation of shares	(52,472)		(54,878)	
		(43,539)		(36,994)
Dilution levy		63		-
Stamp duty reserve tax		(1)		(5)
Change in net assets attributable to shareholders from investment activities		17,793		15,689
Closing net assets attributable to shareholders		332,177		429,975

Global Free Enterprise Fund

Balance Sheet

As at 30 June 2012

	30.06.12		31.12.11	
	£'000	£'000	£'000	£'000
ASSETS				
Investment assets		326,506		351,841
Debtors	867		381	
Cash and bank balances	49,734		41,713	
Total other assets		50,601		42,094
Total assets		377,107		393,935
LIABILITIES				
Creditors	951		598	
Bank overdrafts	43,979		35,476	
Total liabilities		44,930		36,074
Net assets attributable to shareholders		332,177		357,861

Monthly High Income Fund

Statement of Total Return

For the period ended 30 June 2012

	30.06.12		30.06.11	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		9,120		7
Revenue	7,348		7,710	
Expenses	(1,198)		(1,256)	
Finance costs: Interest	(1)		(1)	
Net revenue before taxation	6,149		6,453	
Taxation	-		-	
Net revenue after taxation		6,149		6,453
Total return before distributions		15,269		6,460
Finance costs: Distributions		(6,801)		(6,820)
Change in net assets attributable to shareholders from investment activities		8,468		(360)

Statement of Change in Net Assets Attributable to Shareholders

For the period ended 30 June 2012

	30.06.12		30.06.11	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		184,014		200,621
Amounts receivable on issue of shares	15,332		26,288	
Amounts payable on cancellation of shares	(16,884)		(13,686)	
		(1,552)		12,602
Dilution levy		(6)		-
Stamp duty reserve tax		-		(2)
Change in net assets attributable to shareholders from investment activities		8,468		(360)
Retained distribution on accumulation shares		2,240		2,570
Unclaimed distributions		1		2
Closing net assets attributable to shareholders		193,165		215,433

Monthly High Income Fund

Balance Sheet

As at 30 June 2012

	30.06.12		31.12.11	
	£'000	£'000	£'000	£'000
ASSETS				
Investment assets		175,858		166,781
Debtors	11,579		3,960	
Cash and bank balances	40,762		30,792	
Total other assets		52,341		34,752
Total assets		228,199		201,533
LIABILITIES				
Investment liabilities		108		444
Creditors	8,557		1,597	
Bank overdrafts	25,297		13,428	
Distribution payable on income shares	1,072		2,050	
Total other liabilities		34,926		17,075
Total liabilities		35,034		17,519
Net assets attributable to shareholders		193,165		184,014

Monthly High Income Fund

Distribution Table

For the period ended 30 June 2012

Interim distribution paid 31 March 2012

Group 1 - shares purchased on or before 1 January 2012

Group 2 - shares purchased between 1 January 2012 and 31 January 2012

	Gross income pence	Income tax @ 20% pence	Net income pence	Equalisation pence	Distribution paid 31-Mar-12 pence	Distribution paid 31-Mar-11 pence
Share Class A - Accumulation						
Group 1	0.9356	0.1871	0.7485	-	0.7485	0.7050
Group 2	0.2868	0.0574	0.2294	0.5191	0.7485	0.7050
Share Class A - Income						
Group 1	0.4000	0.0800	0.3200	-	0.3200	0.3200
Group 2	0.1716	0.0343	0.1373	0.1827	0.3200	0.3200
Share Class I Net - Accumulation						
Group 1	0.7423	0.1485	0.5938	-	0.5938	0.5558
Group 2	0.0469	0.0094	0.0375	0.5563	0.5938	0.5558
Share Class S Gross - Accumulation						
Group 1	0.9404	-	0.9404	-	0.9404	0.8590
Group 2	0.9404	-	0.9404	-	0.9404	0.8590

Interim distribution paid 30 April 2012

Group 1 - shares purchased on or before 1 February 2012

Group 2 - shares purchased between 1 February 2012 and 28 February 2012

	Gross income pence	Income tax @ 20% pence	Net income pence	Equalisation pence	Distribution paid 30-Apr-12 pence	Distribution paid 30-Apr-11 pence
Share Class A - Accumulation						
Group 1	0.9399	0.1880	0.7519	-	0.7519	0.7050
Group 2	0.3008	0.0602	0.2406	0.5113	0.7519	0.7050
Share Class A - Income						
Group 1	0.4000	0.0800	0.3200	-	0.3200	0.3200
Group 2	0.1173	0.0235	0.0938	0.2262	0.3200	0.3200
Share Class I Net - Accumulation						
Group 1	0.7460	0.1492	0.5968	-	0.5968	0.5558
Group 2	0.5898	0.1180	0.4718	0.1250	0.5968	0.5558
Share Class S Gross - Accumulation						
Group 1	0.9468	-	0.9468	-	0.9468	0.8590
Group 2	0.3495	-	0.3495	0.5973	0.9468	0.8590

Monthly High Income Fund

Interim distribution paid 31 May 2012

Group 1 - shares purchased on or before 29 February 2012

Group 2 - shares purchased between 29 February 2012 and 31 March 2012

	Gross income pence	Income tax @ 20% pence	Net income pence	Equalisation pence	Distribution paid 31-May-12 pence	Distribution paid 31-May-11 pence
Share Class A - Accumulation						
Group 1	0.9441	0.1888	0.7553	-	0.7553	0.7093
Group 2	0.2289	0.0458	0.1831	0.5722	0.7553	0.7093
Share Class A - Income						
Group 1	0.4000	0.0800	0.3200	-	0.3200	0.3200
Group 2	0.0741	0.0148	0.0593	0.2607	0.3200	0.3200
Share Class I Net - Accumulation						
Group 1	0.7498	0.1500	0.5998	-	0.5998	0.5604
Group 2	0.2518	0.0504	0.2014	0.3984	0.5998	0.5604
Share Class S Gross - Accumulation						
Group 1	0.9533	-	0.9533	-	0.9533	0.8711
Group 2	0.9533	-	0.9533	-	0.9533	0.8711

Interim distribution paid 30 June 2012

Group 1 - shares purchased on or before 1 April 2012

Group 2 - shares purchased between 1 April 2012 and 30 April 2012

	Gross income pence	Income tax @ 20% pence	Net income pence	Equalisation pence	Distribution paid 30-Jun-12 pence	Distribution paid 30-Jun-11 pence
Share Class A - Accumulation						
Group 1	0.9484	0.1897	0.7587	-	0.7587	0.7123
Group 2	0.0381	0.0076	0.0305	0.7282	0.7587	0.7123
Share Class A - Income						
Group 1	0.4000	0.0800	0.3200	-	0.3200	0.3200
Group 2	0.0224	0.0045	0.0179	0.3021	0.3200	0.3200
Share Class I Net - Accumulation						
Group 1	0.7535	0.1507	0.6028	-	0.6028	0.5630
Group 2	0.2924	0.0585	0.2339	0.3689	0.6028	0.5630
Share Class S Gross - Accumulation						
Group 1	0.9597	-	0.9597	-	0.9597	0.8765
Group 2	0.9597	-	0.9597	-	0.9597	0.8765

Monthly High Income Fund

Interim distribution payable 31 July 2012

Group 1 - shares purchased on or before 1 May 2012

Group 2 - shares purchased between 1 May 2012 and 31 May 2012

	Gross income pence	Income tax @ 20% pence	Net income pence	Equalisation pence	Distribution payable 31-Jul-12 pence	Distribution paid 31-Jul-11 pence
Share Class A Net - Accumulation						
Group 1	0.9526	0.1905	0.7621	-	0.7621	0.7153
Group 2	0.1099	0.0220	0.0879	0.6742	0.7621	0.7153
Share Class A Net - Income						
Group 1	0.4000	0.0800	0.3200	-	0.3200	0.3200
Group 2	0.0586	0.0117	0.0469	0.2731	0.3200	0.3200
Share Class I Net - Accumulation						
Group 1	0.7571	0.1514	0.6057	-	0.6057	0.5657
Group 2	-	-	-	0.6057	0.6057	0.5657
Share Class I Net - Income						
Group 1	0.5608	0.1122	0.4486	-	0.4486	n/a
Group 2	0.5608	0.1122	0.4486	-	0.4486	n/a
Share Class S Gross - Accumulation						
Group 1	0.9662	-	0.9662	-	0.9662	0.8823
Group 2	0.0753	-	0.0753	0.8909	0.9662	0.8823

Interim distribution payable 31 August 2012

Group 1 - shares purchased on or before 1 June 2012

Group 2 - shares purchased between 1 June 2012 and 30 June 2012

	Gross income pence	Income tax @ 20% pence	Net income pence	Equalisation pence	Distribution payable 31-Aug-12 pence	Distribution paid 31-Aug-11 pence
Share Class A Net - Accumulation						
Group 1	0.9565	0.1913	0.7652	-	0.7652	0.7184
Group 2	0.0204	0.0041	0.0163	0.7489	0.7652	0.7184
Share Class A Net - Income						
Group 1	0.4000	0.0800	0.3200	-	0.3200	0.3200
Group 2	0.0179	0.0036	0.0143	0.3057	0.3200	0.3200
Share Class I Net - Accumulation						
Group 1	0.7609	0.1522	0.6087	-	0.6087	0.5683
Group 2	-	-	-	0.6087	0.6087	0.5683
Share Class I Net - Income						
Group 1	0.5639	0.1128	0.4511	-	0.4511	n/a
Group 2	0.5639	0.1128	0.4511	-	0.4511	n/a
Share Class S Gross - Accumulation						
Group 1	0.9728	-	0.9728	-	0.9728	0.8877
Group 2	0.9728	-	0.9728	-	0.9728	0.8877

Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Other information

ISA status

During the period under review, the shares of the funds met the requirements for eligibility to be held in a stocks and shares ISA as determined by the regulations which govern ISAs.

Investec Fund Managers Limited offer the 'A' shares of the funds through its own ISA plan.

Distributions

Where a distribution is to be paid, it has been calculated as at 30 June 2012 and will be distributed to shareholders, where applicable, on 31 August 2012. On accumulation shares payments are deemed to be paid on 31 August 2012.

Telephone calls

Telephone calls may be recorded for training and quality assurance purposes.

Authorised Corporate Director (ACD)

Investec Fund Managers Limited

Contact address	PO Box 9042, Chelmsford CM99 2XL
Telephone	+44 (0)20 7597 1900
Email	enquiries@investecmail.com
Indicator	online valuation service www.investecassetmanagement.com
Registered address:	2 Gresham Street, London EC2V 7QP

Investment Adviser

Investec Asset Management Limited

2 Gresham Street
London EC2V 7QP

Registered number for Investec Funds Series ii

IC125 England and Wales

Registrar

International Financial Data Services (UK) Limited

IFDS House
St. Nicholas Lane
Basildon
Essex SS15 5FS

Depository

State Street Trustees Limited

20 Churchill Place
London E14 5HJ

Fund Administrator

State Street Bank and Trust Company Limited

20 Churchill Place
London E14 5HJ

Independent Auditors

KPMG Audit Plc

15 Canada Square
Canary Wharf
London E14 5GL

Issued by Investec Fund Managers Limited, August 2012.
Authorised and regulated by the Financial Services Authority

Investec Funds Series ii

Registration in overseas markets (unaudited)

	Chile	Peru	Switzerland	UK
American Fund	✓		✓	✓
Asia ex Japan Fund	✓		✓	✓
European Fund			✓	✓
Global Energy Fund	✓		✓	✓
Global Free Enterprise Fund	✓		✓	✓
Monthly High Income Fund	✓	✓	✓	✓

Notes: Chile and Peru to be distributed to AFPs (Pension Funds) only.

Investec Funds Series ii was de-registered in Germany, Luxembourg and Netherlands on 1 April 2012.

The Company's Prospectus, Key Investor Information Documents, Instrument of Incorporation, annual and semi-annual reports and accounts may be obtained, free of charge, from Investec Fund Managers Limited or, in Switzerland, from the Swiss Representative and Paying Agent, RBC Investor Services Bank S.A., Esch-sur-Alzette, Zurich Branch, Badenerstrasse 567, PO Box 101, CH-8066 Zurich.

A copy of the full portfolio changes during the period under review, is available free of charge from the Swiss Representative.

ACD fees during the period 01/01/12 to 30/06/12

	Effective charge and daily calculated (%)	Commission for administration, monthly paid to ACD (%)	Commission for administration according to the prospectus (%)
American Fund 'A' Class	0.00410959	0.12500000	1.50
American Fund 'B' Class	0.00342466	0.10416667	1.25
American Fund 'I' Class	0.00205479	0.06250000	0.75
American Fund 'S' Class	0.00000000	0.00000000	0.00
Asia ex Japan Fund 'A' class	0.00410959	0.12500000	1.50
Asia ex Japan Fund 'B' Class	0.00342466	0.10416667	1.25
Asia ex Japan Fund 'I' Class	0.00205479	0.06250000	0.75
Asia ex Japan Fund 'S' Class	0.00000000	0.00000000	0.00
European Fund 'A' Class	0.00410959	0.12500000	1.50
European Fund 'I' Class	0.00205479	0.06250000	0.75
Global Energy Fund 'A' Class	0.00410959	0.12500000	1.50
Global Energy Fund 'I' Class	0.00205479	0.06250000	0.75
Global Energy Fund 'S' Class	0.00000000	0.00000000	0.00
Global Free Enterprise Fund 'A' Class	0.00410959	0.12500000	1.50
Global Free Enterprise Fund 'I' Class	0.00205479	0.06250000	0.75
Global Free Enterprise Fund 'S' Class	0.00000000	0.00000000	0.00
Monthly High Income Fund 'A' Class	0.00342466	0.10416667	1.25
Monthly High Income Fund 'I' Class	0.00178082	0.05416667	0.65
Monthly High Income Fund 'S' Class	0.00000000	0.00000000	0.00

Additional Information for Overseas Regulators

Sub-Fund Class	Shares start of period	Shares created	Shares redeemed	Shares end of period
American Fund 'A' Class (Accumulation shares)	256,914,994	12,174,644	(96,411,637)	172,678,001
American Fund 'A' Class (GBP Hedged Accumulation shares)	12,768,494	315,229	(2,173,002)	10,910,721
American Fund 'A' Class (USD Accumulation shares)	-	37,781,460	(994,018)	36,787,442
American Fund 'B' Class (Accumulation shares)	5,467,843	10,955	(524,926)	4,953,872
American Fund 'I' Class (Accumulation shares)	108,734,303	5,976,827	(46,387,171)	68,323,959
American Fund 'S' Class (Accumulation shares)	2,311,793	229,279	(237,338)	2,303,734
Asia ex Japan Fund 'A' class (Accumulation shares)	70,195,663	19,367,603	(8,291,483)	81,271,783
Asia ex Japan Fund 'B' Class (Accumulation shares)	144,961	1,104	(9,577)	136,488
Asia ex Japan Fund 'I' Class (Accumulation shares)	5,137,452	117,088	(3,892,822)	1,361,718
Asia ex Japan Fund 'S' Class (Accumulation shares)	116,388	15,479	(9,017)	122,850
European Fund 'A' Class (Accumulation shares)	9,744,846	9,203	(817,924)	8,936,125
European Fund 'I' Class (Accumulation shares)	25,504	-	-	25,504
Global Energy Fund 'A' Class (Accumulation shares)	71,037,020	3,652,640	(13,394,901)	61,294,759
Global Energy Fund 'A' Class (USD Accumulation shares)	-	1,143,488	(118,207)	1,025,281
Global Energy Fund 'I' Class (Accumulation shares)	25,070,010	11,060,785	(9,217,710)	26,913,085
Global Energy Fund 'I' Class (USD Accumulation shares)	-	620,127	(595,127)	25,000
Global Energy Fund 'S' Class (Accumulation shares)	3,544,702	258,326	(87,149)	3,715,879
Global Free Enterprise Fund 'A' Class (Accumulation shares)	45,423,049	1,329,354	(5,099,333)	41,653,070
Global Free Enterprise Fund 'A' Class (USD Accumulation shares)	-	926,189	(23,915)	902,274
Global Free Enterprise Fund 'I' Class (Accumulation shares)	715,538	11,081	-	726,619
Global Free Enterprise Fund 'S' Class (Accumulation shares)	173,259,344	16,435	(27,471,097)	145,804,682
Monthly High Income Fund 'A' Class (Net Accumulation shares)	35,416,595	2,033,203	(5,779,744)	31,670,054
Monthly High Income Fund 'A' Class (Net Income shares)	169,085,546	9,137,927	(10,256,675)	167,966,798
Monthly High Income Fund 'I' Class (Net Accumulation shares)	2,468,544	338,690	(23,769)	2,783,465
Monthly High Income Fund 'I' Class (Net Income shares)	-	6,500	-	6,500
Monthly High Income Fund 'S' Class (Gross Accumulation shares)	9,121,935	2,996,266	-	12,118,201

Investec Funds Series ii

Fund Performance

	6 months to 29.06.12 %	31.12.10 to 30.12.11 %	31.12.09 to 31.12.10 %	31.12.08 to 31.12.09 %
American Fund				
'A' Acc	(2.22)	(13.94)	13.91	29.71
'A' Acc (GBP Hedged) ⁽²⁾	(1.23)	(14.48)	9.41	26.09
'A' Acc USD ⁽⁵⁾	(2.21)	n/a	n/a	n/a
'B' Acc	(2.09)	(13.72)	14.19	30.19
'I' Acc	(1.85)	(13.34)	14.46	30.44
'S' Acc	(1.48)	(12.63)	15.66	31.70
IMA North America	4.97	(1.90)	17.67	19.11
S&P 500 NDR	8.14	2.23	17.97	11.78
Asia ex Japan Fund				
'A' Acc	4.10	(15.31)	31.34	54.63
'B' Acc	4.22	(15.10)	31.67	54.95
'I' Acc	4.47	(14.73)	31.99	55.38
'S' Acc ⁽³⁾	4.88	(14.04)	33.22	56.87
IMA Asia Pacific Excluding Japan	4.40	(16.38)	21.40	52.44
MSCI AC Asia ex Japan NDR	4.99	(16.69)	23.38	53.20
European Fund				
'A' Acc	4.71	(17.22)	14.20	19.20
'I' Acc	5.09	(16.67)	14.92	19.80
IMA Europe Excluding UK	1.69	(15.60)	8.36	19.44
MSCI Europe ex UK NDR	0.94	(14.63)	4.76	18.03
Global Energy Fund				
'A' Acc	(8.11)	(12.94)	14.97	34.33
'A' Acc USD ⁽⁵⁾	(8.11)	n/a	n/a	n/a
'I' Acc	(7.77)	(12.28)	15.84	35.34
'I' Acc USD ⁽⁵⁾	(7.76)	n/a	n/a	n/a
'S' Acc	(7.43)	(11.63)	16.77	36.37
LIPPER Global Equity Sector Natural Resources	(10.03)	(19.47)	20.77	51.39
MSCI World Energy NDR	(5.17)	0.91	15.40	12.38
Global Free Enterprise Fund				
'A' Acc	4.24	(8.75)	14.97	19.43
'A' Acc USD ⁽⁵⁾	4.25	n/a	n/a	n/a
'I' Acc	4.63	(8.12)	15.62	20.06
'S' Acc	5.02	(7.36)	16.71	21.36
IMA Global	2.56	(9.45)	15.51	22.81
MSCI AC World NDR (MSCI World NDR Pre 01/01/11)	4.69	(6.66)	15.28	15.73
Monthly High Income Fund				
'A' Acc Net	8.04	(5.35)	11.38	43.18
'A' Inc Net	8.06	(5.34)	11.40	42.97
'I' Acc Net	8.31	(4.69)	11.74	43.63
'I' Inc Net ⁽⁴⁾	0.03*	n/a	n/a	n/a
'S' Acc Gross ⁽¹⁾	9.60	(2.41)	13.99	40.87
IMA £ High Yield	6.93	(4.18)	10.62	45.94
Merrill Lynch European Currency Non-Financial High Yield Constrained Hedged GBP**	12.21	(2.72)	16.28	78.27

Source: Lipper, total return, net of UK basic rate tax net of fees in GBP, no initial charges. Index shown for performance comparison purposes only.

Past performance should not be taken as a guide to the future and there is no guarantee that this investment will make profits. Returns will vary with market action, fee levels and taxes, and in certain market conditions losses may be exaggerated.

(1) Launched 30 January 2009.

(2) Launched 7 May 2009.

(3) Consolidation 18 July 2011

(4) Launched 2 May 2012

(5) Launched 8 May 2012

* Performance from 2 May 2012 to 30 June 2012.

** Pre 01.06.12 index was the Merrill Lynch European Currency High Yield Constrained (Hdg GBP).

Total Expense Ratio ('TER') methodology

Definition of TER

The total expense ratio is the ratio of total operating costs of each share class of each of the Funds to its average net assets.

$$\text{TER} = \frac{\text{Operating costs (excluding transaction fees)}}{\text{Average NAV}}$$

The ratio will be expressed as a percentage to 2 decimal places.

Operating costs:

- (a) The total operating costs are all the expenses which are shown in the statement of operation (or Statement of Total Return) for the relevant financial period.
- (b) Total operating costs include any legitimate expenses incurred by the Fund such as:
- management costs including performance fees (regardless if the amounts are charged to capital or income); performance fees will be included in the TER and will also be disclosed separately as a percentage of the average net asset value;
 - administration costs;
 - fees linked to depositary duties, including all custody fees charges (transaction and NAV based) in income or capital;
 - audit fees;
 - payments to shareholder services providers including payments to the Funds' transfer agent and payments to broker-dealers that are record owners of the Funds' shares and that provide sub-accounting services for the beneficial owners of the Funds' shares;
 - payments to lawyers;
 - any distribution or unit cancellation costs charged to the fund;
 - registration fees, regulatory fees and similar charges;
 - any additional remuneration of the management company (or any other party) corresponding to certain fee-sharing agreements.
- (c) The total operating costs do not include:
- transaction costs which are costs incurred in connection with transactions on its portfolio. These include brokerage fees, taxes and linked charges and the market impact of the transaction taking into account the remuneration of the broker and the liquidity of the concerned assets, but not including fees charged by the depositary;
 - interest on borrowing, or finance costs (e.g. debt interest or overdraft interest);
 - payments incurred because of financial derivative instruments;
 - entry/exit commissions or any other fees paid directly by the investor;
 - dealing commissions;
 - when IAS39 is adopted, transactions costs such as brokerage fees will be included within expenses rather than as cost of purchase or reduced sale proceeds. Such changes in the accounting presentation will not change the TER calculation. Corporation tax relief is not taken into account.

Average NAV

The average net assets are calculated using figures that are based on the Funds net assets at each calculation point of the net asset value (NAV).

Short accounting periods

For short periods, the operating expenses will be annualised based on the short period. However, if the annualisation does not properly reflect the expense that the Fund is likely to incur for the year, then an estimate will be made line-by-line based on previous fees for similar funds. For example, this may occur where one-off fees were charged to the profit and loss account and are unlikely to reoccur. As the TER is an annual percentage rate, if a period shorter than the annual period of account resulted in a material difference to an annual TER then this will be addressed and explained after the publication of the first audited annual financial statements, once the true annual TER has been established.

