

# Investec

## UK Special Situations Fund

'I' shares, GBP

As at end June 2019

### Objectives and investment policy summary

The Fund aims to provide income and long-term capital growth.

The Fund invests primarily in the shares of UK companies.

The Fund currently uses a value-based, contrarian approach (investing in companies seen as undervalued where market sentiment is believed to be generally weak) in selecting investments.

The Fund may invest in other assets such as cash, money market instruments (tradable securities where money can be invested for short periods), other funds (which may be managed by the Investment Manager, other companies in the same group as the Investment Manager or a third party) and derivatives (financial contracts whose value is linked to the price of an underlying asset). Derivatives may be used for investment purposes (i.e. in order to achieve the Fund's investment objectives) or for efficient portfolio management purposes e.g. with the aim of either managing the Fund risks or reducing the costs of managing the Fund.

### Monthly and annual average returns (%)

|                   | 1 month | 1 year  | 3 years annualised | 5 years annualised | 10 years annualised |
|-------------------|---------|---------|--------------------|--------------------|---------------------|
| Fund - I Acc GBP  | 2.3     | -3.2    | 8.1                | 4.1                | 9.7                 |
| Comparative index | 3.7     | 0.6     | 9.0                | 6.3                | 10.3                |
| Sector            | 2.5     | -2.2    | 9.4                | 6.1                | 10.3                |
| Fund/Sector rank  | 178/261 | 164/257 | 173/243            | 195/228            | 135/190             |

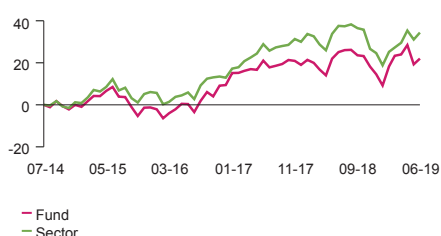
### Calendar year performance (%)

|                   | YTD     | 2018    | 2017    | 2016   | 2015    | 2014    |
|-------------------|---------|---------|---------|--------|---------|---------|
| Fund - I Acc GBP  | 11.7    | -10.0   | 5.4     | 17.6   | -1.2    | -0.5    |
| Comparative index | 13.0    | -9.5    | 13.1    | 16.8   | 1.0     | 1.2     |
| Sector            | 13.1    | -11.2   | 14.1    | 11.0   | 4.8     | 0.7     |
| Fund/Sector rank  | 183/259 | 116/252 | 241/247 | 26/240 | 206/230 | 164/226 |

### Rolling 12 month performance (%)

|                   | 30.06.18<br>-30.06.19 | 30.06.17<br>-30.06.18 | 30.06.16<br>-30.06.17 | 30.06.15<br>-30.06.16 | 30.06.14<br>-30.06.15 |
|-------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Fund - I Acc GBP  | -3.2                  | 7.0                   | 22.0                  | -7.1                  | 3.9                   |
| Comparative index | 0.6                   | 9.0                   | 18.1                  | 2.2                   | 2.6                   |
| Sector            | -2.2                  | 9.2                   | 22.4                  | -3.8                  | 6.8                   |
| Fund/Sector rank  | 164/257               | 198/250               | 115/244               | 183/236               | 164/229               |

### Performance (%)



### Risk statistics

|                               | 3 years | 5 years |
|-------------------------------|---------|---------|
| Annualised alpha (%)          | -0.6    | -1.5    |
| Beta                          | 1.0     | 0.9     |
| Annualised information ratio  | -0.1    | -0.4    |
| Annualised tracking error (%) | 6.5     | 6.2     |
| Annualised volatility (%)     | 11.6    | 10.8    |

Performance data source: © Morningstar, dates to 30.06.19, NAV based, (net of fees, excluding initial charges), total return (net of UK basic rate tax), in Sterling.

### Ratings

**Morningstar Analyst Rating: Silver**  
**Rayner Spencer Mills: Rated**

Fund ratings may be provided by independent rating agencies based on a range of investment criteria. For a full description of the ratings please see [www.investecassetmanagement.com/ratings](http://www.investecassetmanagement.com/ratings). Morningstar Analyst Rating was awarded in April, 2018. All other ratings are current as at the date of publication.

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

### Key facts

**Portfolio manager:** Alastair Mundy

**Fund size:** GBP 930.1m

**Fund launch date:** 02.10.78

**I Acc GBP share class launch date:** 01.06.07

**Domicile:** United Kingdom

**Sector:** IA UK All Companies

**Comparative index:** FTSE All-Share

**'I' share class dealing currency:** GBP  
**Risk and reward profile (KIID SRRI):** 5 out of 7

### 'I' Acc Share class charges

**Maximum initial charge:** 0.00%  
**Ongoing charge:** 0.82%

### Other information

**Pricing:** 12 noon (forward pricing)

**Minimum investment:**

£1,000,000 lump sum

### 'I' Acc GBP

**ISIN:** GB00B1XFJS91

**Sedol:** B1XFJS9

**Distribution Payment dates:** 30 Nov

### 'I' Inc GBP

**ISIN:** GB00B61JXN13

**Sedol:** B61JXN1

**Yield:** 2.43%

**Distribution Payment Dates:** 30 Nov

### 'I' Inc-2 GBP

**ISIN:** GB00BRWQDJ43

**Sedol:** BRWQDJ4

**Yield:** 3.28% (2.46%)\*

**Distribution Payment Dates:** 30 Nov

\*Yield if charges had been taken from income. See yield explanation on page 4.

# Investec UK Special Situations Fund

## Top equity holdings (%)

|                                  |             |
|----------------------------------|-------------|
| GlaxoSmithKline Plc              | 6.9         |
| Capita Plc                       | 6.1         |
| Travis Perkins Plc               | 5.5         |
| Royal Dutch Shell Plc            | 5.4         |
| Grafton Group Plc                | 4.7         |
| Tesco Plc                        | 4.5         |
| BP Plc                           | 4.4         |
| Barclays Plc                     | 4.0         |
| Royal Bank of Scotland Group Plc | 3.8         |
| Citigroup Inc                    | 3.6         |
| <b>Total</b>                     | <b>48.9</b> |

\*Excluding investment trusts and mutual funds

**Number of equity holdings:** 46

## Sector analysis (%)

|                    |              |
|--------------------|--------------|
| Industrials        | 26.7         |
| Financials         | 22.3         |
| Consumer Services  | 15.8         |
| Oil & Gas          | 9.8          |
| Health Care        | 6.9          |
| Consumer Goods     | 5.9          |
| Basic Materials    | 4.2          |
| Telecommunications | 3.1          |
| Bond               | 1.1          |
| Cash               | 4.2          |
| <b>Total</b>       | <b>100.0</b> |

The portfolio's equity exposure is modified by short (i.e. seeking to benefit from a fall in value) futures positions held as follows:

|                       |      |
|-----------------------|------|
| Equities              | 94.7 |
| Short S&P 500 futures | -3.4 |
| Net equity exposure   | 91.2 |
| Gross equity exposure | 98.1 |

## Geographic allocation (%)

This Fund is primarily invested in securities of UK companies. However, due to globalisation, the economic exposures of the investments will be to a range of countries

## Top & bottom stock weightings vs comparative index (%)

|                              |      |
|------------------------------|------|
| Capita Plc                   | 6.0  |
| Travis Perkins Plc           | 5.4  |
| Grafton Group Plc            | 4.6  |
| Tesco Plc                    | 3.6  |
| Citigroup Inc                | 3.6  |
| British American Tobacco Plc | -2.7 |
| Diageo Plc                   | -3.4 |
| AstraZeneca Plc              | -3.7 |
| Royal Dutch Shell Plc        | -3.7 |
| HSBC Holdings Plc            | -5.8 |

## Top & bottom sector weightings vs comparative index (%)

|                               |      |
|-------------------------------|------|
| Support Services              | 16.9 |
| Banks                         | 7.3  |
| General Retailers             | 5.5  |
| Food & Drug Retailers         | 5.0  |
| Construction & Materials      | 2.4  |
| Tobacco                       | -3.5 |
| Life Insurance                | -3.8 |
| Beverages                     | -3.8 |
| Equity Investment Instruments | -4.0 |
| Oil & Gas Producers           | -4.2 |

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

The yield information has been calculated as at 30.06.19. Where FTSE data is shown, source: FTSE International Limited ("FTSE") © FTSE 2019. Please note a disclaimer applies to FTSE data and can be found at [http://www.ftse.com/products/downloads/FTSE\\_Wholly\\_Owned\\_Non-Partner.pdf](http://www.ftse.com/products/downloads/FTSE_Wholly_Owned_Non-Partner.pdf). Where MSCI data is shown, source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, endorsed, reviewed or produced by MSCI. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. All other information is from Investec Asset Management at 30.06.19.

# Investec UK Special Situations Fund

## General risks

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

## Specific fund risks

**Charges from capital:** For Inc-2 and Inc-3 shares classes, expenses are charged to the capital account rather than to income, so capital will be reduced. This could constrain future capital and income growth. Income may be taxable.

**Derivatives:** The use of derivatives is not intended to increase the overall level of risk. However, the use of derivatives may still lead to large changes in value and includes the potential for large financial loss. A counterparty to a derivative transaction may fail to meet its obligations which may also lead to a financial loss.

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

**Geographic / Sector:** Investments may be primarily concentrated in specific countries, geographical regions and/or industry sectors. This may mean that the resulting value may decrease whilst portfolios more broadly invested might grow.

## Important information

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

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

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

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

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

# Investec UK Special Situations Fund

## Glossary summary

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

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

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

### Distribution types

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

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

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

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

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

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

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

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

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

**Ongoing charge:** This figure includes the annual management fee and administrative costs but excludes any performance fee or portfolio transaction costs (except in the case of an entry or exit charge paid by a fund when buying or selling units in another fund). Ongoing charges may vary from year to year.

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

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

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

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

**YTD:** Year to date.

### Yields

**Yield:** The Yield reflects distributions declared over the past 12 months as a percentage of the mid-market share price, as at the date shown. Where there is a yield number in brackets, it is calculated in the same way, however, as the charges of the share class are deducted from capital rather than income, it shows the level of yield had these charges been deducted from income. Yields do not include any preliminary charge and investors may be subject to tax on their distributions. The effect of taking expenses from capital is to increase income whilst reducing capital to an equivalent extent and may constrain future capital and income growth.

For an explanation of other statistical terms, please see [www.investecassetmanagement.com/glossary](http://www.investecassetmanagement.com/glossary)

## Contact us

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