

Investec Global Strategy Fund

Registered office:

49, Avenue J.F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

Postal address:

Investec Asset Management Hong Kong Limited
Suites 2602-06, Tower 2, The Gateway,
Harbour City, Tsimshatsui,
Kowloon Hong Kong

**THIS DOCUMENT IS IMPORTANT AND
REQUIRES YOUR ATTENTION. IF IN DOUBT,
PLEASE SEEK PROFESSIONAL ADVICE.**

29 April 2016

Investec Asset Management Fund Centres

Hong Kong T +852 2861 6888 Singapore T +65 (0)6653 5550
F +852 2861 6861 F +65 (0)6653 5551
investec.hk@investecmail.com investec.sg@investecmail.com

Taiwan T +886 2 8101 0800 South Africa T +0860 500 900
F +886 2 8101 0900 F +0861 500 900
iamtaiwan.iam@investecmail.com saoffshore@investecmail.com

All other investors

T +44 (0)20 7597 1800
F +352 2460 9923
enquiries@investecmail.com

www.investecassetmanagement.com

Dear Investor,

Change of name and investment policy for the Investec GSF Global Bond Fund

We regularly review the Investec Global Strategy Fund (“GSF”) range of funds to ensure they remain relevant for our clients as investment markets evolve.

Following such a review, we have decided to change the name and investment policy of the Global Bond Fund (the “Fund”).

The Fund aims both to provide income and to protect and maximise the real asset value of its investments in terms of their international purchasing power by investing primarily in fixed income investments from around the world. With global interest rates at record lows, and in some cases negative, traditional approaches to managing fixed income investments are providing a lower level of income than they have done historically.

We therefore believe we should change the investment policy of the Fund from one seeking to outperform the broader fixed income market (as measured by the Fund’s comparative index), to one which instead seeks to achieve a specified return target (i.e. a positive total return over Overnight USD LIBOR over rolling three year periods¹). We believe this will offer Shareholders a better outcome in the more challenging markets that we foresee.

We have therefore decided to change the investment policy of the Fund, and as a result, its name to the ‘Target Return Bond Fund’.

The new investment policy targets producing positive returns over rolling three year periods, regardless of market conditions, by investing in a diversified portfolio of fixed income instruments, including bonds. In aiming to produce positive returns, the Fund targets a lower level of volatility (i.e. on average 2% to 3%, based on the investment manager’s historical track record managing this strategy) than may be expected from the broader fixed income market (i.e. on average 4% to 7%). The Investment Manager believes a flexible investment approach provides a greater opportunity to meet these return and volatility targets in all market conditions. Subsequently, the Fund will not be restricted by type of issuer, geographic region, sector, currency denomination or credit rating. The Investment Manager is free to choose how the Fund is invested and does not manage it with reference to an index.

When investing in fixed interest instruments, the Investment Manager will apply disciplined qualitative analysis through, including but not limited to, assessment of macroeconomic factors, valuation and market behaviour; and quantitative modelling, including but not limited to valuation, yield spread and curve models with the aim to enhance the return of the Fund¹.

¹ Investors should note that there is a possibility that any quantitative and qualitative techniques used by the Fund may not work and the Fund’s value may be adversely affected.



The Fund will also be permitted to invest in related derivatives for the purpose of reducing risk or seeking to enhance returns. It is not intended that the use of derivatives extensively in this way will cause the net asset value of the Fund to have high volatility. However, the use of derivatives may still increase the risk in the Fund by multiplying the effect of both gains and losses².

The methodology used to calculate the global exposure of the Fund under the new investment policy will be changed from a relative value at risk approach to an absolute value at risk approach and the maximum leverage level (using commitment approach) will be changed from 100% to 200%.

The Fund may invest in currencies indirectly through the use of derivatives. The active currency positions implemented by the Fund may not be correlated with the underlying assets of the Fund.

The Fund is not subject to any investment restrictions on the credit rating of debt securities it holds. The Fund may invest up to 100% of its assets in fixed income/debt securities issued or guaranteed by a Member State of the European Union, by its local authorities, by any other state which is a member of the Organisation for Economic Co-operation and Development or the Group of twenty (G20), by the Republic of Singapore or by a public international body of which at least one Member State of the European Union is a member, provided that certain criteria as disclosed in the Prospectus are met. Where these criteria are not met, the Fund may invest more than 10%, but no more than 35%, of its assets in fixed income/debt securities issued or guaranteed by a single sovereign issuer (including its government, public or local authority) which is below investment grade.

It is also anticipated that the Fund will invest in distressed debt securities, asset-backed securities, mortgage-backed securities and contingent convertible bonds. The maximum permitted exposure to these debt securities combined will not represent more than 20% of the assets of the Fund.

Outside of the primary investment policy of investing in fixed income instruments and related derivatives, the Fund may invest in other transferable securities, money market instruments, cash and near cash, deposits and units in collective investment schemes to achieve its investment objective. The maximum aggregate exposure to these assets will not represent more than one-third of the assets of the Fund.

While the Fund aims to achieve a positive total return of income and capital, there is no guarantee that this will be achieved over the specified period or any period. Under the new investment policy, investors will have access to a fixed income strategy that aims to deliver stable positive returns with lower volatility.

The Investment Manager has a track record managing approximately US\$427m³ (as at 31 March 2016) under the Target Return strategy.

Please note that whilst the change in investment policy may result in the Fund having greater exposure to non-investment grade debt securities at times and leverage through the use of derivatives, the investment manager uses investment management techniques to target a lower level of overall risk under the new investment policy. Subsequently, the changes to the Fund's investment policy are expected to reduce its risk profile, but this cannot be guaranteed.

We have put the summary of key changes of current and new investment policy and the specific risk factors relevant to the Fund before and after the change.

² Risk associated with the use of financial derivatives include counterparty/credit risk, high leverage risk, risk of implementing active currency positions not correlated with underlying asset of the Sub-fund, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. Further details on the relevant risk factors are set out in Appendix 2 to the Prospectus. The leverage element of a financial derivative instrument can result in a loss significantly greater than the amount invested in the financial derivative instrument by the Fund. The exposure to the financial derivatives instruments may lead to a high risk of significant loss by the Fund.

³ The total of the asset under management contains information of funds that are not authorized by the SFC. Investment involves risks.



Global Bond Fund **Current investment policy**

The Sub-Fund aims both to provide income and to protect and maximise the real asset value of its investments in terms of their international purchasing power by means of the management and diversification of currency exposure and investment in fixed interest bearing securities of varying maturities. The majority of the Sub-Fund's assets will be denominated in major currencies and exposure to minor currencies will be managed on a cautious basis.

The currency mix of denominations will be varied, reflecting the Investment Manager's assessment of likely exchange rate movements. When, in the opinion of the Investment Manager, the general trend in interest rates is upwards, a substantial portion of the Sub-Fund's assets is likely to be held in the form of short-dated bonds and other short-term instruments, such as certificates of deposit.

Careful attention is paid to the quality and marketability of the securities held by the Sub-Fund.

When fixed interest bearing securities are included in the portfolio, at least two-thirds of the value of the Sub-Fund must consist of Investment Grade instruments. The remaining value may be comprised of Non-Investment Grade instruments.

The Sub-Fund will also be allowed to use derivatives for the purposes of hedging and/or efficient portfolio management.

Target Return Bond Fund **New investment policy**

The Sub-Fund aims to produce a positive total return, consisting of both income and capital gains, over rolling 3 year periods, regardless of market conditions, by investing primarily in fixed interest bearing instruments and related derivatives.

A positive total return refers to a positive total return over Overnight USD LIBOR over rolling 3 year periods.

While the Sub-Fund aims to achieve a positive total return there is no guarantee this will be achieved over rolling 3 year periods, or any time period, and invested capital is at risk.

The Sub-Fund aims to meet its objectives by investing in a diversified portfolio of fixed interest bearing instruments and that may be (i) denominated in any currency (ii) deposits, bills, notes and bonds (iii) issued by companies, institutions, governments, government agencies or supranational bodies around the world (including but not limited to emerging markets) (iv) of any duration (v) Investment Grade and/or Non-Investment Grade (including high yield securities).

The Sub-Fund's exposure to mortgage-backed securities, asset-backed securities, Contingent Convertibles and distressed debt combined will not represent more than 20% of its assets.

The Sub-Fund may also invest in related derivatives including but not limited to forward currency contracts and interest rate, currency or credit derivatives, which may be held either with the purpose of reducing risk or of seeking to enhance prospective returns.

The Sub-Fund may also invest in other transferable securities, money market instruments, cash and near cash, other derivatives and forward transactions, deposits and units in collective investment schemes.

The Sub-Fund will also be allowed to use derivatives for the purposes of hedging, efficient portfolio management and/or investment purposes⁴.

⁴ The Fund may invest extensively in derivatives e.g. currency forwards and options, interest rate swaps and/or bond futures for investment purposes. It does not use a specific derivative strategy but will rather use derivatives for gaining exposure in accordance with the investment policy of the Fund. The Fund may also invest in currencies indirectly through the use of derivatives. The active currency positions implemented by the Fund may not be correlated with the underlying assets of the Fund. The Fund may be leveraged through the use of derivatives. The expected range of leverage level is 0%-100% and the maximum expected leverage level is 200% of the Fund's net asset value, calculated using the commitment approach. Using the sum of notionals methods, the expected range of leverage level is 0%-400% and the maximum expected leverage level is 400% of the Fund's net asset value.



The Sub-Fund is not subject to any investment restrictions on the credit rating of debt securities it holds. The Fund may invest up to 100% of its assets in fixed income/debt securities issued or guaranteed by a Member State of the European Union, by its local authorities, by any other state which is a member of the Organisation for Economic Co-operation and Development or the Group of twenty (G20), by the Republic of Singapore or by a public international body of which at least one Member State of the European Union is a member, provided that certain criteria as disclosed in the Prospectus are met. Where these criteria are not met, the Sub-Fund may invest more than 10%, but no more than 35%, of its assets in fixed income/debt securities issued or guaranteed by a single sovereign issuer (including its government, public or local authority) which is below investment grade (for example, Serbia and Bolivia). The Investment Manager will actively manage the Sub-Fund, which relies on the professional judgment of the investment manager whose reasons for investment may include but not limited to a favourable outlook on the sovereign issuer, potential credit rating upgrade and the expected changes in the value of such investments due to the ratings changes⁵.

Comparison of Risk factors

Global Bond Fund	Target Return Bond Fund
Investment Risk	Investment Risk
Investment in Europe Risk	Investment in Europe Risk
Credit Risk	Credit Risk
Interest Rate Risk	Interest Rate Risk
Risk Associated with Sovereign Debt Securities	Risk Associated with Sovereign Debt Securities
Downgrading of Investment Grade Debt Securities Risk	Downgrading of Investment Grade Debt Securities Risk
Derivatives Usage Risk (Derivatives may be used for the purpose of hedging and/or efficient portfolio management ("EPM") but not extensively for investment purposes)	High Yield / Non-Investment Grade /Unrated Debt Securities Risk
Emerging Markets Risk	Mortgage Backed and other Asset Backed Securities Risk
Leverage Risk	Risk Associated with Derivatives (Derivatives may be used for the purpose of hedging, EPM and/or extensively for investment purposes)

⁵ Please note the ratings of sovereign issuers may change from time to time and abovementioned sovereign is named only for reference and is subject to change as it ratings changes. Investment in debt securities below investment grade may subject to low liquidity and high volatility and greater risk of loss of principal and interest than high-rated debt securities. Investment in sovereign debt securities may be subject to risk of loss that the issuers of its investment do not make payments as promised and/or if there is a downgrading of the sovereign credit rating of the issuers. The Fund may suffer significant losses when there is a default of sovereign debt issuers.



Global Bond Fund

Target Return Bond Fund

	Risk of implementing active currency position not correlated with underlying asset of the Fund
	High Leverage Risk
	Pricing and Liquidity Risk
	Counterparty Risk
	Emerging Markets Risk

Comparison of ongoing charges figures

We have put the ongoing charges of the Global Bond Fund and the estimated ongoing charges of the Target Return Bond Fund side by side, so it is easy for you to compare.

Global Bond Fund			Target Return Bond Fund		
Share Classes	Currency	Ongoing charges ⁶	Share Classes	Currency	Estimate ongoing charges ⁷
A Inc	USD	1.49%	A Inc	USD	1.49%
A Acc	USD	1.49%	A Acc	USD	1.49%
C Inc	USD	2.46%	C Inc	USD	2.46%
F Acc	USD	1.42%	F Acc	USD	1.42%

Fees and Costs

The above changes will not result in any change in the current level of annual management fees or other fees charged to the Fund and/or shareholders as disclosed in the Prospectus.

The implementation of the new investment policy may require the sale and purchase of assets, the cost of which will be borne in full by the Fund only after the investment policy change becomes effective. Other costs associated with the change, such as legal and mailing costs will be paid by GSF.

Effective date

The effective date for the change to the name and investment policy of the Fund will be 31 May 2016.

If you are not happy with the above changes to the Fund, you may switch your investment into an alternative SFC-authorized⁸ sub-fund within the GSF range or redeem your investment. You will not be charged for any such switch or redemption by Investec Asset Management.

⁶ The ongoing charges figures are based on the expenses over a 12-month period from 1 January 2015 to 31 December 2015. These figures represent the sum of the ongoing expenses chargeable to the respective share class of the Sub-Fund expressed as a percentage of the average net asset value of the respective share class of the Sub-Fund over the same period. These figures may vary from year to year.

⁷ These figures are an estimate only and represents the sum of the estimated ongoing expenses chargeable to the relevant class expressed as a percentage of the estimated average net asset value of the relevant class. These figures may vary from year to year.

⁸ SFC authorization is not a recommendation or endorsement of a product nor does it guarantee the commercial merits of a product or its performance. It does not mean the alternative scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.



Fund document updates

The Prospectus of GSF, the Supplement for Hong Kong Investors to the Prospectus and the Product Key Fact Statement of the Fund will be updated accordingly.

Revised copies of the Prospectus, the Supplement for Hong Kong Investors to the Prospectus and Product Key Fact Statement of the Fund will be available on our website, www.investecassetmanagement.com.hk⁹ and on request, free of charge.

ISIN codes

The ISIN code for each share class affected by the above changes is shown below. These codes will remain unchanged.

Share Class	Currency	ISIN Code
A Acc	USD	LU0345761810
A Inc	USD	LU0345762206
C Inc	USD	LU0345762388
D Inc ¹⁰	USD	LU0345762461
F Acc	USD	LU0345761901
I Acc ¹⁰	USD	LU0345762032
S Acc ¹⁰	USD	LU0439320390

More information

If you would like further information regarding the above changes or wish to discuss your options, please contact your usual financial and/or tax advisor. Alternatively, our teams are available to help you. For further information on our fund range, please visit our website, www.investecassetmanagement.com.hk⁹.

Thank you for your continued support.

Yours faithfully,

Grant Cameron
Director

John Green
Director

The Directors of GSF are responsible for the accuracy of the contents of this letter. To the best of the knowledge and belief of the Directors of GSF (who have taken all reasonable care to ensure that such is the case) the information contained in this letter is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors of GSF accept responsibility accordingly.

All defined terms in this letter shall have the same meaning as those defined terms as set out in the Prospectus of GSF, unless the context requires otherwise.

⁹ The website has not been reviewed by the SFC.

¹⁰ These share classes are not available to the public of Hong Kong.