

Asset Management

Investment specialist focused on performance and client needs

Scope of activities

We offer a comprehensive range of portfolio management services and products to institutional and retail clients.

UK	<ul style="list-style-type: none">• Growing mutual fund (OEIC) business.• Recognised player in institutional market.• Leading public sector liquidity management provider.
Southern Africa	<ul style="list-style-type: none">• Market leader in mutual funds (unit trusts) and portfolio products.• One of the largest third party institutional managers.
Cross border	<ul style="list-style-type: none">• Growing offshore mutual funds provider to Asia, Europe, UK, the Americas, Southern Africa and other offshore markets.• Institutional services to sovereign funds and central bank clients.

Strategic focus

Mission: To exceed client expectations of investment performance and service

We intend to achieve this by:

- Delivering sound investment performance across all propositions.
- Providing exceptional client service.
- Recognising capacity constraints (alpha and service), where relevant.
- Being at the forefront of product innovation.
- Driving diversity worldwide.

Management structure

Global Head of Asset Management Hendrik du Toit

Chief Operating Officer Kim McFarland

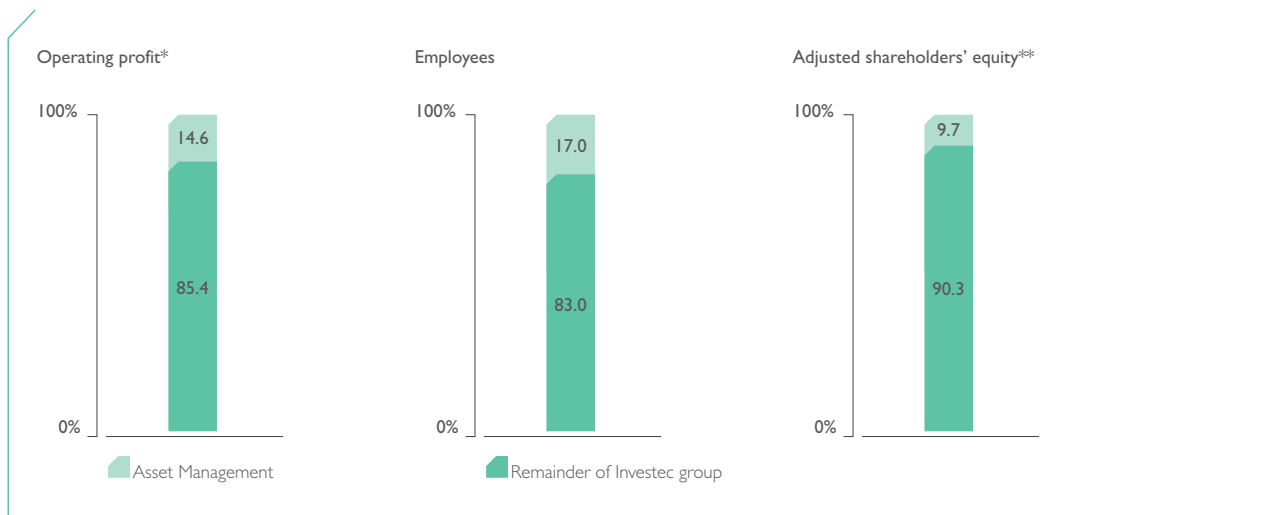
UK and international

Investments	Domenico Ferrini
4Factor Equities	Mark Breedon
4Factor Equity Research	James Hand
Contrarian	Alastair Mundy
Multi-asset	Philip Saunders
Fixed Income	John Stopford
Mutual Funds (UK and Europe)	David Aird
Mutual Funds (Asia)	Philip Yeung
Mutual Funds (Americas)	Richard Garland
Institutional (UK)	Mark Samuelson
Institutional (US)	Steve Padden
Marketing	Sarah McLeland

South Africa

Managing Director	John Green
Deputy Managing Director	Thabo Khojane
Managing Director (Africa, excluding SA)	Ade Animashahun
Investments	John McNab
Equities	Sam Houlie
Fixed Income	Andre Roux
Communications	Jeremy Gardiner

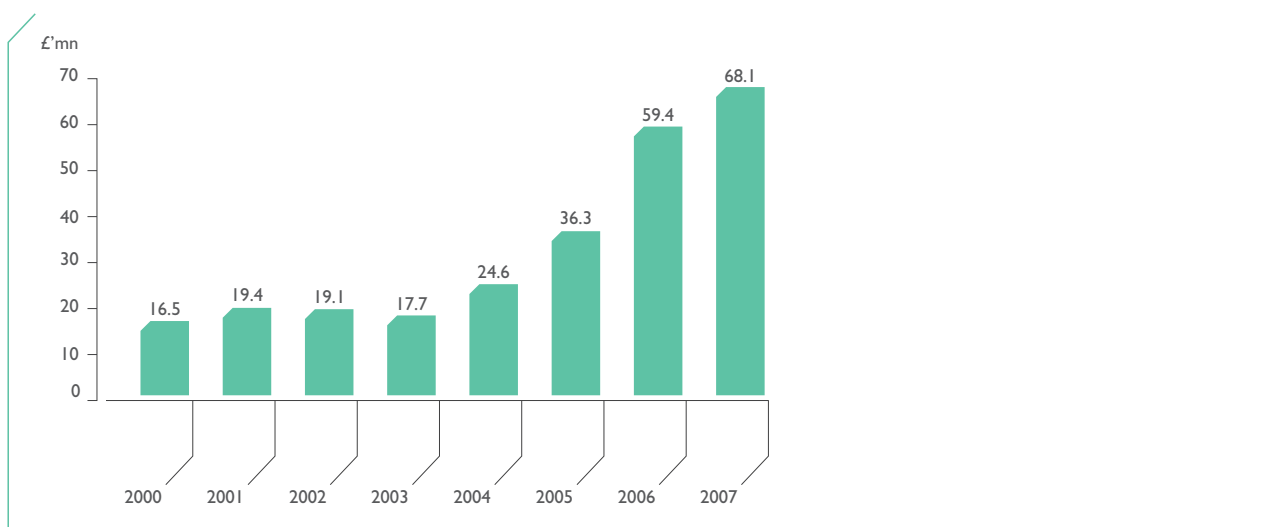
Contribution analysis



* Before goodwill, non-operating items and taxation and excluding Group Services and Other Activities.

** As calculated on page 27.

Operating profit[^] - track record



[^] Trend reflects numbers as at the year ended 31 March. The numbers prior to 31 March 2005 were reported in terms of UK GAAP. Amounts are shown before goodwill, non-operating items and taxation.

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Overview and financial analysis

- Operating profit increased by 14.7% to £68.1 million, contributing 14.6% to group profit.
- Assets under management decreased by 5.6% to £29.9 billion.

£'000	31 March 2007	31 March 2006	Variance	% Change
Net interest income	5 242	4 050	1 192	29.4%
Net fees and commissions receivable	180 539	165 890	14 649	8.8%
Other income	2 775	1 514	1 261	83.3%
Impairment losses on loans and advances	-	(16)	16	100.0%
Admin expenses and depreciation	(120 444)	(112 062)	(8 382)	7.5%
Operating profit before goodwill, non-operating items and taxation	68 112	59 376	8 736	14.7%
UK and international	17 555	10 609	6 946	65.5%
Southern Africa	50 557	48 767	1 790	3.7%
Operating profit before goodwill, non-operating items and taxation	68 112	59 376	8 736	14.7%
Adjusted shareholders' equity*	123 211	140 042	(16 831)	(12.0%)
ROE (pre-tax)*	44.9%	36.3%		
Cost to income ratio	63.9%	65.4%		
Operating profit per employee (£'000)*^	79.5	78.4		1.4%

* As calculated on page 27 and 33.

^ Includes Silica (third party administration business).

The variance in operating profit over the year can be explained as follows:

UK and international

- Operating profit grew by 65.5% to £17.6 million.
- Growth was underpinned by the general momentum of the business and strong mutual fund sales.
- Assets under management increased to £13.1 billion on the back of net flows in excess of £1 billion for the reporting period.

Southern Africa

- Operating profit grew by 3.7% to £50.6 million (2007: R676.8 million; 2006: R522.2 million, an increase of 22.6%).
- Investment performance generally remained good, resulting in a rise in performance fee revenue from R210 million to R263 million.
- Assets under management benefited from strong mutual fund sales however on the institutional side, client restructures and rebalances and structural outflows from the ex-Fedsure book resulted in net outflows for the period.
- The final transfer of the ex-Fedsure book (R11.9 billion) to Liberty took place in the second half of the year.

Costs

- The increase in expenses is largely due to a rise in variable remuneration in line with the strong growth in profitability and an increase in headcount to drive future growth opportunities.

Assets under management*



Movement in assets under management*

	Total £'million	UK and international £'million	Southern Africa £'million	Rands
31 March 2006	31 653	11 820	19 833	212 658
New clients/funds	1 539	1 071	468	6 482
Existing client/fund net flows	(1 644)	80	(1 724)	(23 360)
Net flows	(105)	1 151	(1 256)	(16 878)
Market movement	(1 655)	124	(1 779)	42 990
31 March 2007	29 893	13 095	16 798	238 770
Institutional		6 070	10 855	
Retail		7 025	5 943	

£'million	Total	Institutional	Retail
31 March 2006	31 653	19 782	11 871
New clients/funds	1 539	1 380	159
Existing client/fund net flows	(1 644)	(3 373)	1 729
Net flows	(105)	(1 993)	1 888
Market movement	(1 655)	(864)	(791)
31 March 2007	29 893	16 925	12 968
UK and international		6 070	7 025
South Africa		10 855	5 943

Sales (gross inflows)

£'million	31 March 2007	31 March 2006	£'million	31 March 2007	31 March 2006
Institutional	3 789	2 540	Fixed interest and cash	4 104	3 628
Retail	6 276	6 811	Equity	5 114	4 625
	10 065	9 351	Balanced	847	1 098
				10 065	9 351

* Managed basis

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Developments

UK and international

- Good investment performance from the equity and multi-asset propositions.
 - 86% of mutual funds by value and 64% of mutual funds by number are in the first or second quartile over three years.
 - 67% over three years and 92% over five years of institutional propositions outperformed their benchmarks.
- The institutional business reported increased traction and started to benefit from the strong performance across our investment proposition.
- The UK onshore mutual funds business grew from £3.2 billion to £4.2 billion, an increase of 30.9% with net sales of £870.3 million. Notably, the Cautious Managed Fund passed through the £1 billion market - the first fund in the mutual fund range to do so.
- Key awards won over the period included Global Money Management's Pension Fund Award 2007 for Fixed Income Manager of the Year in the UK, Lipper's Best Large Equity Group of the Year for Switzerland and Morningstar's Small Company of the Year for equity funds in Germany.
- The offshore funds continued to achieve strong sales, particularly from Asia (Hong Kong and Taiwan).

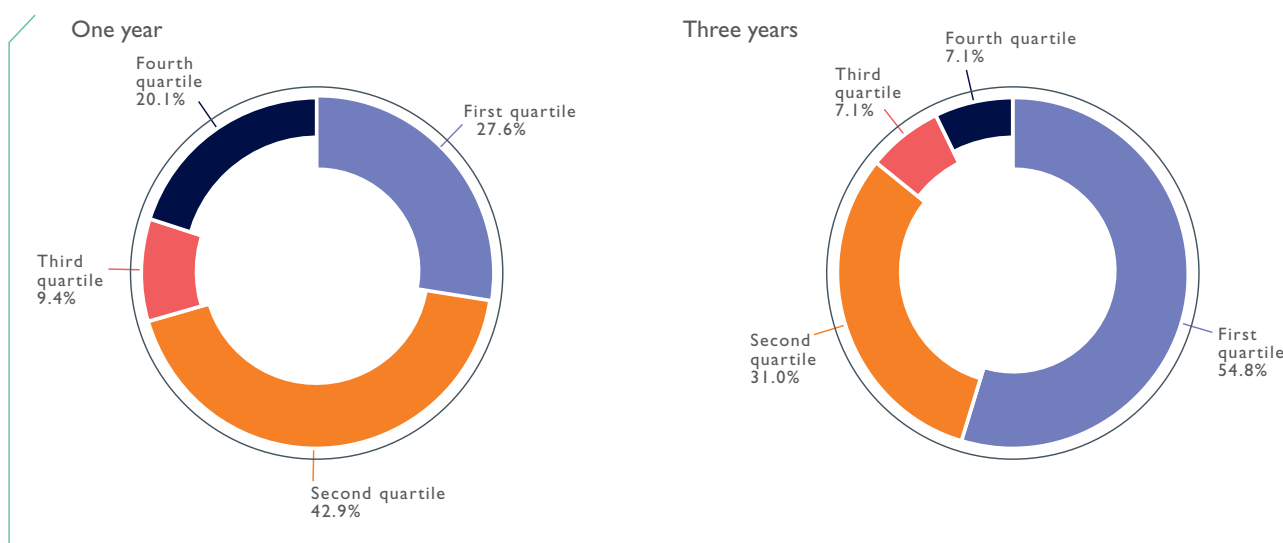
Investec Asset Management (IAM) in the UK mutual fund industry

£'million	31 March 2007	31 March 2006	31 March 2005
IAM assets under management	4 230	3 231	2 020
Total industry size	447 888	382 670	282 283
Market share	0.9%	0.8%	0.7%
Size ranking in industry	33rd of 113	37th of 118	43rd of 118
Industry net retail sales	13 805	11 818	3 729
IAM % of industry net retail sales	5.1%	6.8%	7.3%
Industry gross retail sales	59 973	45 693	30 823
IAM % of industry gross retail sales	2.2%	2.9%	1.8%

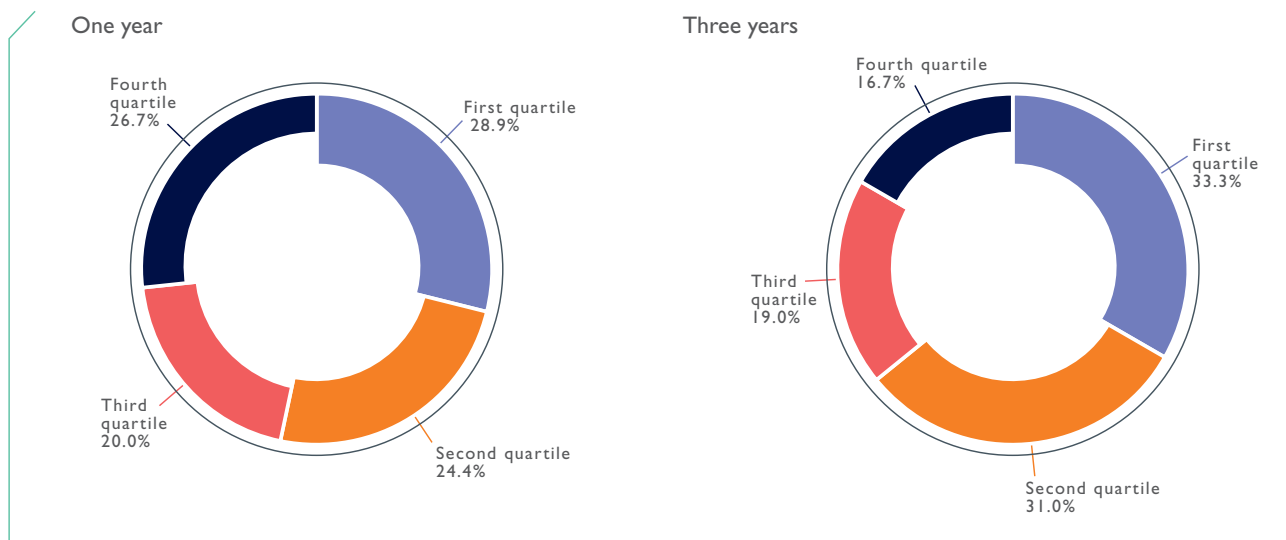
Sourced from data from the Investment Management Association.
Sales for the 12-month period.

UK and global retail investment performance

By value of funds

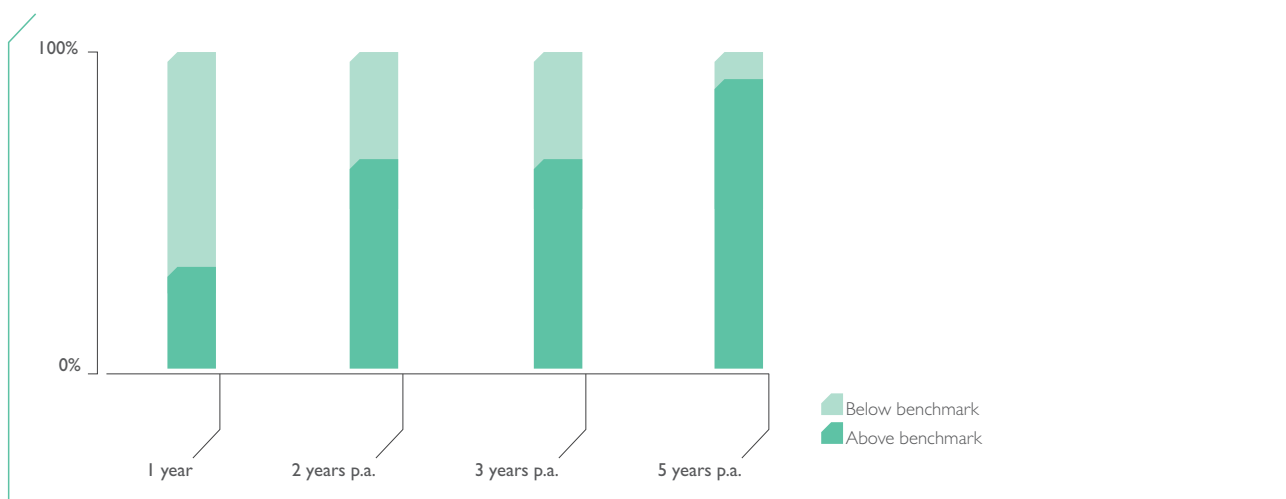


By number of funds



Calculated from Lipper data.
Excludes cash, cash plus and liquidity funds.

UK and global institutional investment performance



Calculated from Standard & Poor's Micropal, WM Spectrum, Lipper Hindsight data.

Southern Africa

- Long-term investment performance remains good.
 - 69% of mutual funds by value and 53% of mutual funds by number are in the first or second quartile over three years.
 - Over three years 100% and over five years 89% of institutional propositions outperformed their benchmarks.
- The Africa initiative has been established as a viable investment option in the eyes of investors, resulting in good flows from several large investors.
- The Liberty/Stanlib transfer of ex-Fedsure assets was completed in the second half of the year.
- Key awards won over the period are:
 - Best Larger Group over three and five years - Standard & Poor's fund awards.
 - ACI/Personal Finance Raging Bull award for the Best Offshore Global Equity Fund and Offshore Management Company of the year.
 - Second place overall - PlexCrown Offshore Survey March 2007.

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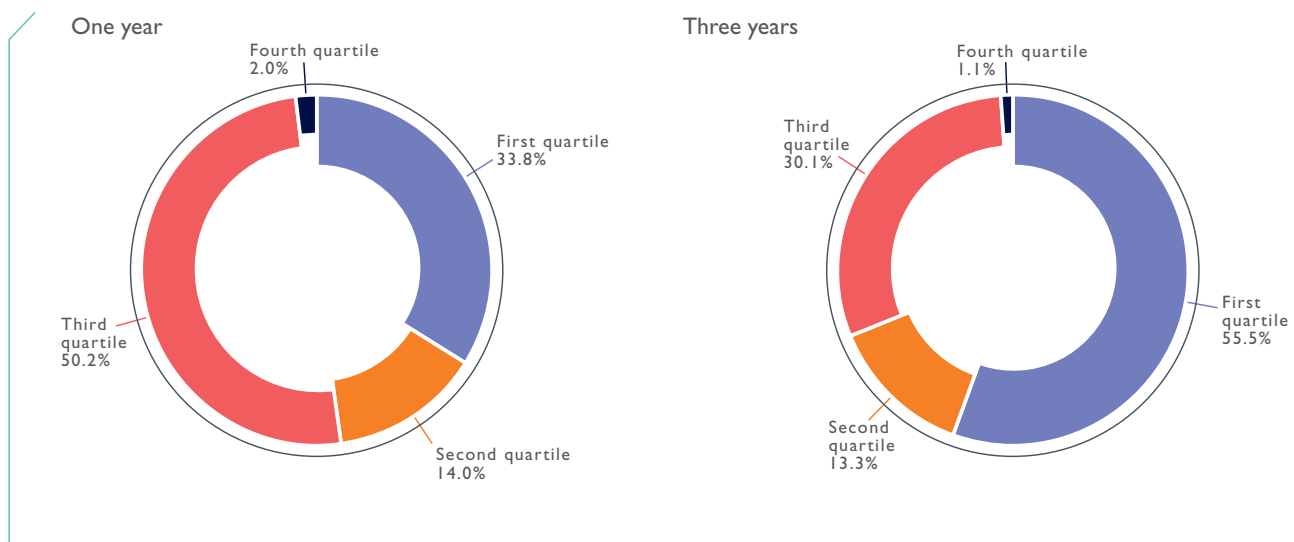
Investec Asset Management (IAM) in the South African unit trust industry

R'million	31 March 2007	31 March 2006	31 March 2005
IAM assets under management	55 910	40 867	27 166
Total industry size	596 072	485 410	339 812
Market share	9.4%	8.4%	8.0%
Size ranking in industry	4th of 34	3rd of 28	3rd of 26
Industry gross sales	480 032	393 186	295 891
IAM % of gross industry sales	8.7%	9.0%	8.7%

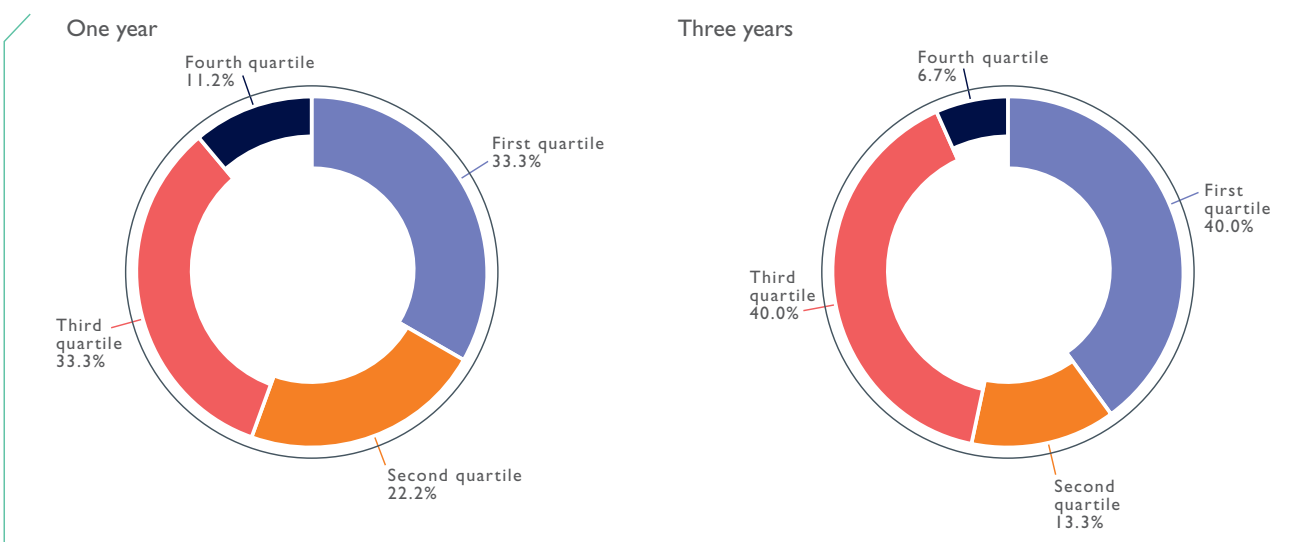
Sourced from data from the Association of Collective Investments.
Sales for the 12-month period.

South African retail investment performance

By value of funds

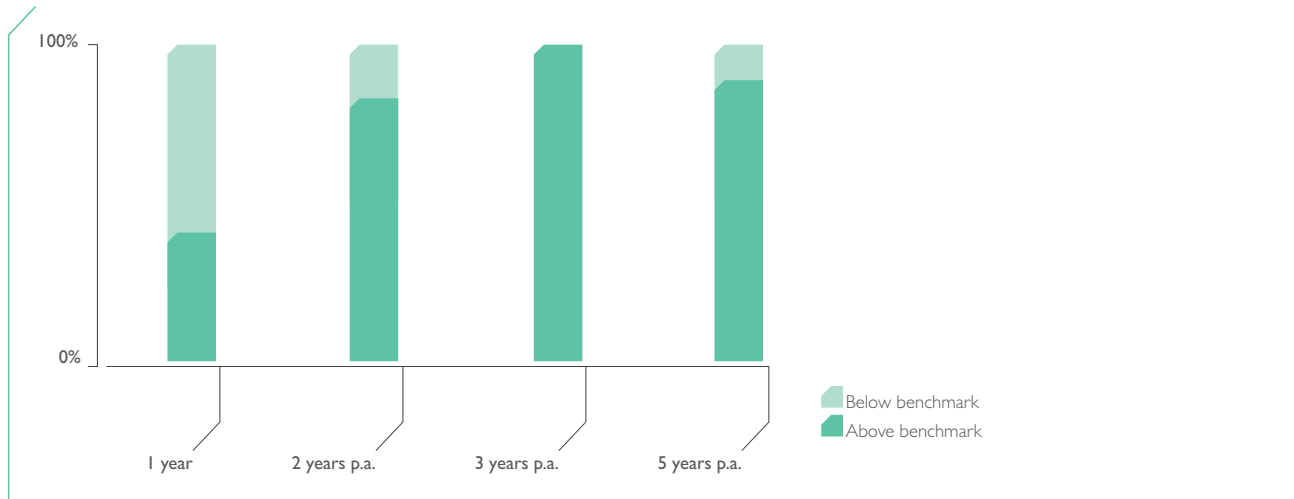


By number of funds



Calculated from Standard & Poors' Datastream data

South African institutional investment performance



Calculated from Alexander Forbes data.

Outlook

- Momentum across the business remains positive.
- A solid long-term track record and growing demand for specialist high performance product support the fundamentals of the business.