

# UK Broad Market Bond Fund

Institutional OEIC



FACTSHEET -- 31 DECEMBER 2009  
FOR INVESTMENT PROFESSIONALS ONLY

## FUND AIM

The objective of the fund is to outperform the benchmark by 1.00% per annum over rolling three year periods, gross of management charges.

Fund benchmark: iBoxx Sterling Overall Total Return

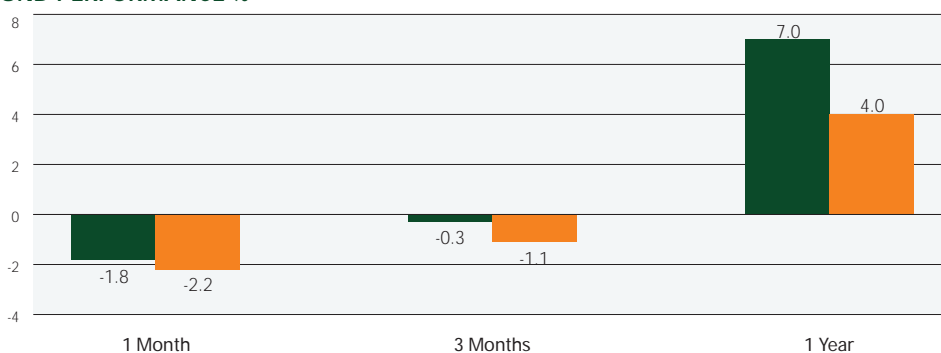
## INVESTMENT PROCESS

Insight Investment's approach to the management of this portfolio is to apply an investment process, which emphasises the importance of diversification to consistent performance. In addition, investments are targeted precisely in order to ensure that portfolio investment risk is of the nature and degree compatible with the outperformance objective. In practice, the principle of diversification involves the construction of a portfolio which not only contains a wide spectrum of gilts and corporate bonds of all maturities but which contains additional investments where opportunities to add value are identified.

## INVESTMENT APPROACH

Our investment approach is built around two core beliefs – that precisely targeted and diversified portfolios provide consistent and strong portfolio returns over the long term. In practice this means that the fund manager will utilise the full research capability within the team to identify investments from a wide universe of opportunities. Those that offer attractive riskadjusted returns will be included in the portfolio within clearly defined limits.

## FUND PERFORMANCE %



■ FUND ■ BENCHMARK

Basis: Performance of the funds is on an offer basis with income reinvested and gross of management charges.

Source: Russell/Mellon CAPS, Rimes.

Periods > 1 year are annualised

## FUND MANAGER'S COMMENTS

Gilts fell over the quarter, underperforming relative to European bonds. Gilt yields moved higher across the maturity spectrum, typically by 20-40 bps. In credit, demand for corporate remained firm over the quarter as risk aversion remained muted. The market did sell off at the end of November amid concerns about a default in the Middle East, but this proved temporary. The Fund outperformed its benchmark over the quarter. Duration and yield curve both added value. The UK yield curve continued to flatten over the quarter. On an absolute basis and relative to the US and Europe, we believed that the curve looked too flat and therefore increased our exposure to 10-year bonds. The portfolio remained underweight the 15-25 year part of the curve, which looked expensive due to the Bank of England's quantitative easing programme. We held tactical positions in short and long dated gilts within the maturities targeted by the Bank of England's quantitative easing programme. The Fund's overweight in credit risk also benefited performance. The investment grade physical bonds held (mostly lower tier 2 financials) and positions in basic industrials performed well. The Fund also benefited from overweights in emerging market debt, loans and high yield bonds.

Past performance is not a guide to future performance. The investment's value and the income deriving from it may fall as well as rise, as a result of the market and currency fluctuation. You may not get back the amount originally invested.

## FUND FACTS

Fund manager	Andrew Wickham
Launch date	November 2004
Benchmark	iBoxx Sterling Overall Total Return
Annual Charge	0.30%

Dealing cut-off time	Daily - midday
Pricing	Single price
Share class	Gross P Class

<sup>†</sup> as at 31 December 2009

Fund Size: £455.3M<sup>1</sup>

## FUND BREAKDOWN BY MATURITY

0 - 5 Years	22.6%
5 - 15 Years	56.0%
15 Years +	21.4%

## CREDIT BREAKDOWN OF NON-GOVT. POSITIONS\* (% OF PORTFOLIO)

AAA	20.0%
AA	6.6%
A	22.6%
BBB	11.2%
below BBB	2.2%
No Rating	2.3%
Total credit exposure	64.9%

\*only includes positions to which a credit rating is applicable

## TEN LARGEST HOLDINGS

European Investment Bank 5.375% 07/06/2021	5.1%
UK Treasury 4% 01/22/60	4.4%
US Treasury 4.5% 15/08/2039	4.1%
UK Treasury 4.25% 07/12/2046	3.9%
Insight Liquidity Fund	3.5%
UK Treasury 4.25% 07/12/2049	3.5%
UK Treasury 4.25% 07/06/2032	2.5%
Insight Emerging Market Debt Fund	2.2%
UK Treasury 4% 07/03/2022	2.1%
European Investment Bank 6% 07/12/2028	1.9%
<b>% of total fund</b>	<b>33.2%</b>

For further details on any of our fund ranges or to obtain copies of the prospectus please contact our Institutional Business Development team on 020 7321 1297 or by email at [business.development@insightinvestment.com](mailto:business.development@insightinvestment.com) or your Insight Client Director.

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