

UK Government All Maturities Bond Fund

Institutional OEIC



FACTSHEET -- 31 DECEMBER 2009
FOR INVESTMENT PROFESSIONALS ONLY

FUND AIM

The objective of the fund is to out perform the FTSE-A UK Government Securities All Stocks Index by 0.75% per annum over three year periods, gross of management charges.

Fund benchmark: FTSE-A British Government All Stocks Gilt

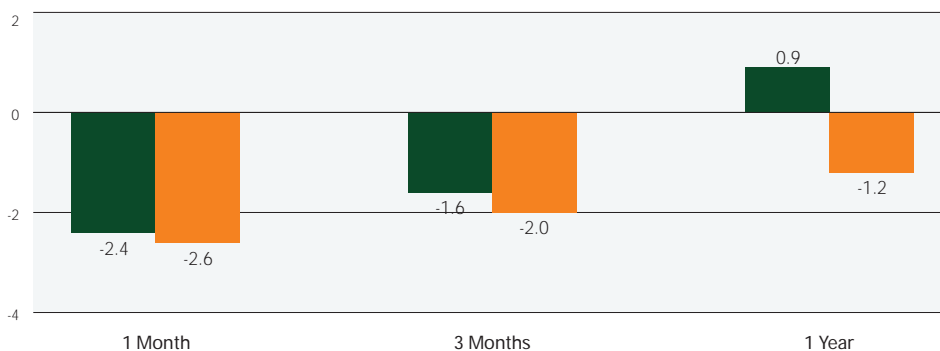
INVESTMENT PROCESS

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 UK gilts 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 risk-adjusted returns will be included in the portfolio within clearly defined limits. Furthermore, our approach aims to add value in all market conditions.

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. The BOE maintained rates at 0.5% throughout the quarter and announced in November that it would increase its quantitative easing programme to £200 billion, the third increase since the plan was announced in March. The recession in the UK continued to ease, albeit at a slower pace than other leading economies. Third quarter GDP contracted by 0.2%, compared to growth of 2.2% in the US and 0.4% in the eurozone. For the majority of the quarter the portfolio's duration position was broadly neutral though tactically we moved over and underweight around gilt auctions and buybacks in order to take advantage of any opportunities. From a yield curve perspective, we believed that the UK 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 as a result of demand created by the Bank of England's quantitative easing programme. As bond markets increasingly focused on the deterioration in sovereign debt levels, we sought to diversify out of gilts and into AAA sterling-denominated supranational 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 | FTSE-A British Government All Stocks Gilt |
| Annual Charge | 0.30% |

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

¹ as at 31 December 2009

Fund Size: £213.7M¹

FUND BREAKDOWN BY MATURITY

| | |
|--------------|-------|
| 0 - 5 Years | 38.2% |
| 5 - 15 Years | 45.6% |
| 15 Years + | 16.2% |

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

| | |
|-----------------------|-------|
| AAA | 22.7% |
| AA | 0.6% |
| A | 3.9% |
| Total credit exposure | 27.1% |

*only includes positions to which a credit rating is applicable

TOP 5 HOLDINGS

| | |
|------------------------------|-------|
| UK Treasury 4.5% 07/03/2013 | 18.4% |
| UK Treasury 4% 07/03/2022 | 14.3% |
| US Treasury 4.5% 15/08/2039 | 8.8% |
| UK Treasury 4.25% 07/06/2032 | 7.8% |
| UK Treasury 5.25% 07/06/2012 | 6.3% |
| % of total fund | 55.6% |

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 or your Insight Client Director.

Unless otherwise stated, the source information is Insight Investment Management Limited. All features described in this leaflet are those current at the time of publication and may be changed in the future.

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