

UK Index-Linked Bond Fund

Institutional OEIC



FACTSHEET -- 31 MARCH 2010
FOR INVESTMENT PROFESSIONALS ONLY

FUND AIM

The objective of the fund is to outperform the benchmark by 0.75% per annum over rolling three year periods, gross of management charges.

Fund benchmark: FTSE-A British Government Over 5 Years Index-Linked Gilt

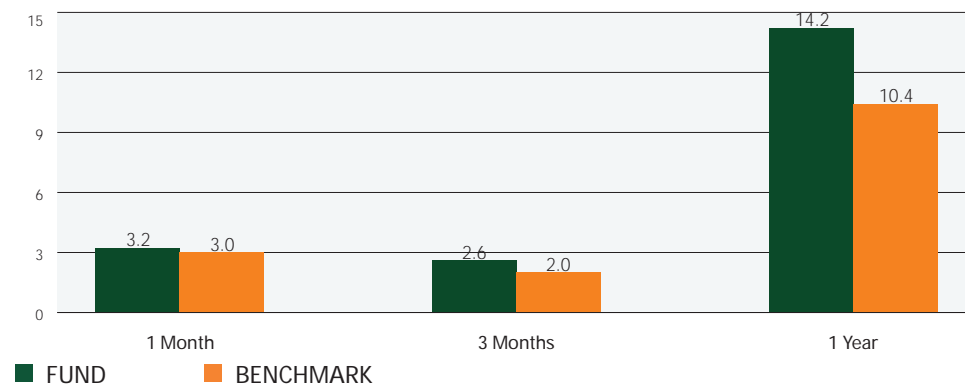
INVESTMENT PROCESS

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.

INVESTMENT APPROACH

This is achieved through an investment decision-making process which combines long-term strategic decisions with a shorter-term overlay which allows for market reactions to shorter-term influences as well as the tendency for markets to develop strong momentum at certain times. Through the adoption of these principles, the fund manager has the right tools to generate consistent and strong performance for our clients.

FUND PERFORMANCE %



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

Sovereign debt concerns were the dominant theme during the first quarter of 2010. Governments had issued unprecedented amounts of debt in 2008 and 2009 to support their economies and rescue national banks. The UK economy officially exited recession with a positive Q4 GDP figure, the first positive quarter in more than a year. However, with growth at only +0.4% during Q4, the overall drop in GDP for 2009 was still the worst on record. The Fund outperformed its benchmark over the quarter. Tactical management of duration was a small positive for performance. At the beginning of the quarter the Fund had a small underweight duration position in place. This was moved to a small long duration position in February to take advantage of a decline in the market. The market subsequently gained, and ahead of the Budget in late March we took profits brought the duration down to neutral. In terms of yield curve positioning, the portfolio was overweight 7 to 15-year maturities, where yields were the most attractive, and underweight the 30-year part of the curve. However, the yield curve position detracted from performance as the intermediate part of the yield curve underperformed.

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	David Hooker	Dealing cut-off time	Daily - midday
Launch date	November 2004	Pricing	Single price
Benchmark	FTSE-A British Government Over 5 Years Index-Linked Gilt	Share class	Gross P Class
Annual Charge	0.30%		

[†] as at 31 March 2010

Fund Size: £260.2M¹

FUND BREAKDOWN BY MATURITY

0 - 5 Years	0.6%
5 - 15 Years	45.6%
15 Years +	53.8%

FUND DURATION: 16.54 Years

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

AAA	0.6%
AA	1.3%
A	0.4%
Total credit exposure	2.3%

*only includes positions to which a credit rating is applicable

TOP 5 HOLDINGS

UK Treasury Index-linked 1.875% 22/11/2022	16.7%
UK Treasury Index-linked 1.25% 22/11/2027	14.6%
UK Treasury Index-linked 1.125% 22/11/2037	13.4%
UK Treasury Index-linked 1.25% 22/11/2017	11.5%
UK Treasury Index-linked 2.5% 17/07/2024	9.1%
% of total fund	65.3%

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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