

UK Index-Linked Bond Fund

Institutional OEIC



FACTSHEET -- 31 DECEMBER 2011
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

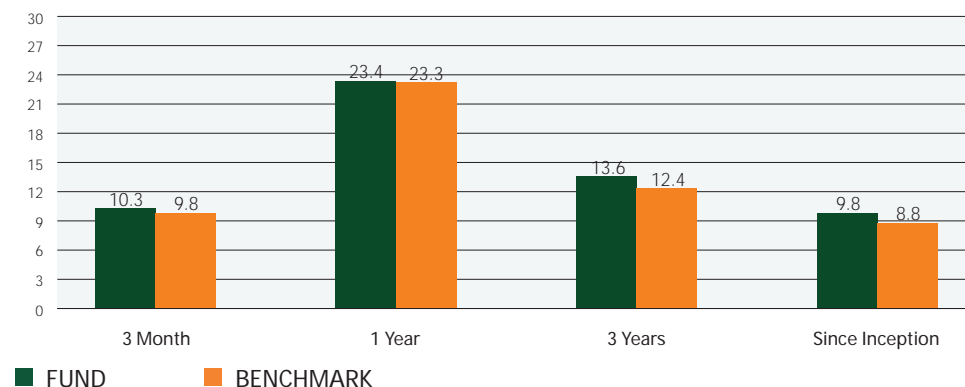
INVESTMENT PROCESS

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 %



■ 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

The Fund outperformed its benchmark over the quarter, helped by our yield curve and duration positions, as well as by stock selection. We built up long duration exposure ahead of the October syndication of a new 50-year index-linked gilt. This was positive as real yields fell following the successful syndication of the new ultra-long dated gilt, pushing up bond prices. At the start of the quarter, we favoured long maturity index-linked gilts, in particular those of 30-year maturity. As we neared the October syndication, we changed towards a bias for 50-year index-linked gilts. This was positive for performance as the ultra long-dated gilts outperformed those of shorter maturities. Toward the end of November, we reduced our exposure to ultra-long gilts and moved to a more neutral yield curve position by purchasing 20-year and shorter maturities. Stock selection was also a positive. We added a position in the supranational European Investment Bank after it had underperformed, creating a substantial yield premium versus gilts. We continued to hold a small allocation to the Insight Emerging Market Debt fund.

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
Launch date	November 2004
Benchmark	FTSE-A British Government Over 5 Years Index-Linked Gilt
Annual Charge	0.30%

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

¹ as at 31 December 2011

➤ A BNY MELLON COMPANYSM

Fund Size: £472.7M¹

INTEREST RATE EXPOSURE BY MATURITY (in weighted average duration, years)

0 - 5 Years	0.0
5 - 15 Years	2.3
15 Years +	17.5
Total duration	19.8

Breakdown shows how the Fund's total interest rate sensitivity is allocated to each maturity band.

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

AAA	1.0%
AA	0.1%
A	0.3%
Total	1.4%

TOP 5 HOLDINGS

UK Treasury Index linked 1.25% 22/11/2055	14.4%
UK Treasury Index linked 0.75% 22/03/2034	13.3%
UK Treasury Index linked 1.875% 22/11/2022	10.1%
UK Treasury Index linked 2.5% 16/04/2020	9.6%
UK Treasury Index linked 0.625% 22/03/2040	9.1%
% of total fund	56.5%

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.

Past performance is not a guide to future performance.
Market movements may cause the value of investments to go down as well as up and you may not get back the amount originally invested. This document is aimed at professional investors only. It not designed for, and should not be used or relied upon by private investors.