

# Diversified High Income Fund

A Sub fund of the Insight Investment Multi-Manager Funds ICVC

Insight  
INVESTMENT

FACTSHEET -- 31 DECEMBER 2011

## INVESTMENT OBJECTIVE

The objective of the Fund is to produce a high level of income together with potential capital growth. The Fund also aims to deliver positive total returns on an annual basis.

## INVESTMENT POLICY

The policy of the Fund is to gain exposure to one or more of the following asset classes: fixed income, cash, near cash and deposits, equities, property, collective investment schemes which have as their objective an absolute or target return and structured products. Exposure of these asset classes will be achieved through investment in collective investment schemes, transferable securities, money market instruments and derivatives. Investment in property will be indirect. Investment of the Fund may be in any geographic or economic sectors of the world. Derivatives may be used for efficient portfolio management as well as for meeting the investment objective of the Fund. For the avoidance of doubt, the types of derivatives that may be used include those the returns on which are referenced to the performance of financial indices based on commodity prices.

## PERFORMANCE %

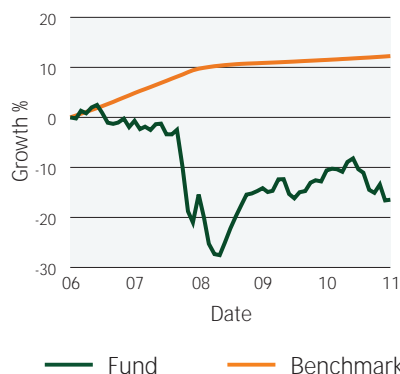
To 31 Dec	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
Fund	-0.6	-15.4	2.3	4.5	-4.6

To 31 December 11	Fund	B'mark	Sector	Quartile
3 months (%)	0.9	0.2	3.0	4
YTD (%)	-4.6	0.7	-2.0	4
1 year (%)	-4.6	0.7	-2.0	4
5 years (% p.a.)	-3.0	2.3	1.3	4

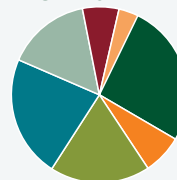
Past performance is not a guide to future performance.

Basis: Class (A-Retail, full charge basis) shares, mid to mid excluding initial charge, income reinvested net of UK tax. Source: Lipper, a REUTERS company. Fund Benchmark: 3 Month GBP LIBID (net of UK Tax). Inception date: 3 Mar 1997. Quartile is the ranking of a particular portfolio or manager in a league table of returns (in one of four quarters).

## FIVE YEAR PERFORMANCE



## FUND SIZE: £21.3M



## PORTFOLIO ASSET ALLOCATION

Fixed Income	33.4%
Total Return	7.3%
Equity	18.4%
Equity (Hedged)	22.4%
Real Estate	15.4%
Opportunistic	6.7%
Cash	-3.6%

## ASSET ALLOCATION RANGES

Absolute Return funds	0-60%
Equities	-20-60%
Fixed Income	0-70%
Property funds	0-40%
Commodities indices	0-30%
Cash (incl FRN)	0-70%

## TEN LARGEST HOLDINGS

UK Long Gilt Future 28/03/2012 Mar12	10.2%
Jupiter UK Special Situations Acc	5.4%
Db X-trackers Ftse 100 Etf	5.2%
Ishares Ftse 100	5.1%
Pimco Global High Yield Bond F GBP	5.1%
Axa US Short Duration High Yield Si Net Inc	5.0%
Ishares Ftse UK Dividend Plus	5.0%
Hicl Infrastructure Company Limited	4.7%
Schroder Inc Maximiser-inc	4.4%
S&p500 Emini Index Future 16/03/2012 Mar12	4.1%
<b>Total % of Fund</b>	<b>54.1%</b>

## FUND MANAGER'S COMMENTS

Risk assets were modestly positive over the month, but trading volumes in markets were relatively low as investors remained cautious heading into the end of the year. Economic data in the UK and Europe remained weak and continued to point to recessionary conditions. Given the current uncertain backdrop the portfolio managers continue to believe their cautious approach to managing the Fund is appropriate.

The Fund continued to deliver an attractive level of income over the month and outperformed its cash benchmark with most areas of the portfolio generating a positive return. Isolated equity positions in the UK (investments in actively-managed funds where underlying market exposure is hedged) were particularly beneficial, as were government bond holdings which rose as economic uncertainty continued. Infrastructure exposure continued to offer stable, positive returns and a relative volatility position favouring the US over Europe was also positive for performance as volatility in European markets remained high.

In terms of activity, the managers topped up an isolated equity position in Liontrust Special Situations which has demonstrated a consistent ability to outperform the market since launch. There was no other major trading activity over the month as the managers remain happy with the overall shape of the portfolio.

Past performance is not a guide to future performance. The value of investments and any income will fluctuate (this may partly be due to exchange rate changes) and investors may not get back the amount invested. Derivatives may be used for investment purposes.

All data is as at the date of this factsheet unless stated otherwise

## Need more Information?

For further details on all our fund ranges or to obtain any literature please contact:

Customer Services:  
0845 777 2233

Wholesale Business Development:  
brokersupport@bnymellon.com,  
0500 66 00 00

Institutional Business Development:  
020 7321 1297,  
Website: [www.insightinvestment.com](http://www.insightinvestment.com)  
Telephone calls may be recorded

# Diversified High Income Fund

## KEY FEATURES

- Provides monthly income
- Diversified portfolio with the flexibility to move between asset classes
- Multi asset, multi managed fund

## INVESTMENT PHILOSOPHY AND PROCESS

The Fund's diverse, multi-asset approach is designed to create a portfolio of lowly correlated assets, which we believe helps to generate returns and mitigates downside risk. Active management of this broad range of assets aims to further improve risk-adjusted returns. This tactical asset allocation is undertaken to target the best global investment opportunities at any given time, while equal emphasis is placed on risk analysis.

The Multi-Asset Group seeks to identify long-term strategic opportunities that are likely to result in outperformance of particular assets, be they regional equity or property markets, currencies or commodities. These ideas are generated from a variety of sources. The team place great emphasis on internal research and idea generation. This is supplemented by information that comes to light from discussions with external fund managers during their rigorous manager selection process. There is also continual contact with sell-side analysts, which often unearths potential new investment opportunities. The team undertakes a rigorous selection process to identify the ideal investment opportunities, beginning with initial screening through to fund manager interviews and further in-depth quantitative and qualitative analysis.

Beyond an extensive universe of pooled funds, Insight's Multi-Asset Group seeks to make use of other investment opportunities by investing in direct holdings and derivative instruments, which can be a good low-risk method of supplementing a fund's returns and further controlling downside risk.

## RISK ASSOCIATED WITH THE FUND

- **Charges to capital:** The fund annual management charge is deducted from capital. Whilst this increases the income paid, it will also reduce the potential for capital growth.
- **Emerging Markets:** The fund invests in emerging markets which can be less liquid and riskier than more developed markets and difficulties in accounting, dealing, settlement and custody may arise.
- **Derivatives for investment purposes:** The fund may use derivatives for investment purposes. Whilst this is not intended to cause larger, more frequent changes in the fund price or increase its risk profile, derivatives are inherently volatile and the fund may be exposed to additional risks and costs as a result.
- **Property:** The fund may invest indirectly in property assets, which are inherently less liquid and more difficult to sell than other assets. The valuation of physical property is a matter of the valuer's judgement rather than fact.

## FINANCIAL TERMS GLOSSARY

- **Sortino Ratio:** The Sortino ratio measures the risk-adjusted return of an investment asset, portfolio or strategy. It is a modification of the Sharpe ratio but penalizes only those returns falling below a user-specified target, or required rate of return, while the Sharpe ratio penalizes both upside and downside volatility equally.
- **Sharpe ratio:** Measure of the total risk-reward trade-off calculated as the excess return divided by the variability of the return.
- **Standard deviation:** A statistical measure of the variability of returns. Though often used to quantify risk, it assumes a normal (Gaussian) distribution of returns which may be unrepresentative of the behaviour of financial markets.
- **Downside deviation:** A measure of historical dispersion/volatility of returns below the mean return. Whereas, standard deviation is the square root of the variance of returns above and below the mean return, downside deviation focuses purely on returns below the mean.

Unless otherwise stated, the source of all information is Insight Investment Management (Global) Limited. All features described in this leaflet are those current at the time of publication and may be changed in the future. If in doubt about the suitability of the product, you should seek professional advice. Copies of the full prospectus, simplified prospectus, deeds of incorporation, annual and semi-annual reports are available free of charge.

## FUND FACTS

Fund managers	Steve Waddington / Mike Pinggera
Launch date	3 Mar 1997
Fund benchmark	LIBID GBP 3 month
IMA sector	Mixed Invnt 20-60% Shares
Ex dividend dates	Last day of each month
Distribution dates	Each month end
Yield	7.6%
Availability	OEIC • ISA

## RISK STATISTICS (3 years)

Standard deviation (%)	8.21
Sharpe ratio	0.07
Downside deviation (%)	6.39
Sortino ratio	0.09

Basis: Risk statistics based on weekly data.

## A CLASS

ISIN (inc)	GB0033999326
ISIN (acc)	GB0033999102
SEDOL (inc)	3399932
SEDOL (acc)	3399910
Min. investment	£3,000
Initial charge	4.00%
Annual charge	1.50%

## B CLASS

ISIN (inc)	GB0033999433
ISIN (acc)	GB0033999219
SEDOL (inc)	3399943
SEDOL (acc)	3399921
Min. investment	£500,000
Initial charge	0.00%
Annual charge	0.75%