

# Diversified High Income Fund

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

Insight  
INVESTMENT

FACTSHEET -- 30 JUNE 2010

## 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 %

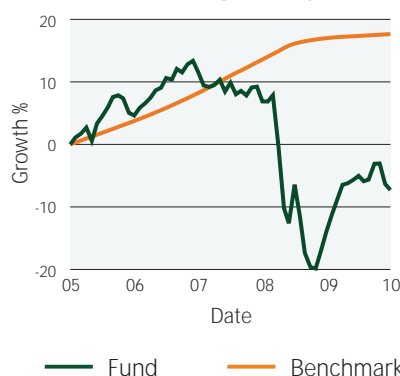
To 30 June	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
Fund	4.6	6.7	-4.6	-19.5	7.7

To 30 June 10	Fund	B'mark	Sector	Quartile
3 months (%)	-4.3	0.1	-4.1	3
YTD (%)	-2.4	0.3	0.1	4
1 year (%)	7.7	0.6	14.6	4
5 years (% p.a.)	-1.6	3.3	2.5	4

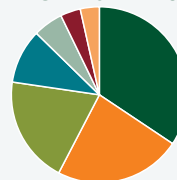
Past performance is not a guide to future performance.

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: £30.5M



## PORTFOLIO ASSET ALLOCATION

Equity	34.4%
Fixed Income	23.3%
Total Return	19.7%
Equity (Hedged)	10.0%
Real Estate	5.5%
Opportunistic Strategies	3.7%
Cash	3.5%

## ASSET ALLOCATION RANGES

Absolute Return funds	0-60%
Equities	0-60%
Fixed Income	0-70%
Property funds	0-40%
Commodities indices	0-30%
Cash & Floating Rate Notes	0-70%

## TEN LARGEST HOLDINGS

Monument Rmbs Bond Fund Inc	4.2%
Bluebay Investment Grade Bond Fund D GBP	4.2%
Templeton Global Bond GBP I Mdis H1	4.2%
Db X-trackers Ftse 100 Etf	4.1%
Legal and General Dynamic Bond Trust I Inc	4.1%
Ishares Ftse 100	4.0%
Schroder Inc Maximiser-inc	3.7%
Bh Macro Fx GBP Dist Ed	3.7%
Blackrock UK Special Situations Fund	3.5%
Celsius Asian Real Estate Inc	3.5%
<b>Total % of Fund</b>	<b>39.1%</b>

## FUND MANAGER'S COMMENTS

UK equity markets fell sharply for a second month as fears emerged of a double-dip recession. A wave of weaker-than-expected economic data and concerns over a slowdown in China added to investor fears. Returns in corporate bonds were positive however, as investors looked for a lower-risk way to position themselves for the forthcoming earnings season.

The Fund continued to produce a good level of income and preserved capital well amid sharply falling equity markets but underperformed its cash benchmark over the month. The underperformance versus cash was due to a broad sell-off in higher risk assets, but losses were limited given the Fund's cautious approach and relatively low direct exposure to equities. Strong performances from the Blackrock UK Special Situations and Templeton European funds were positive for performance, and our Asian funds also strongly outperformed global markets, with investors buying into the strong growth potential in the region.

In terms of activity we bought a new holding in the Neuberger Berman Distressed Debt fund. This invests in companies with strong asset bases but that are struggling with their debt obligations, with a view to restructuring and exiting these positions at a significant profit. We also increased our holding in the AXA US Short Duration High Yield Bond fund.

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:

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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 allows for the creation of portfolios of largely non-correlated assets, which serves to mitigate downside risk. Active management of this broad range of asset classes can then further improve risk-adjusted returns. This tactical asset allocation is undertaken to benefit from the best global investment opportunities at any given time, while equal emphasis is placed on risk analysis.

The Multi-Asset Group identifies long-term strategic themes 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 investment opportunities or new themes.

The team undertakes a rigorous selection process to identify the optimum investment opportunities, beginning with initial screening through to fund manager interviews and further in-depth analysis.

Beyond this extensive universe of pooled funds, Insight's Multi-Asset Group seeks to make use of other investment opportunities by investing in tailor-made structured notes and other derivative instruments. These notes may be purchased in order to benefit from market inefficiencies or arbitrage opportunities, and can be a good low-risk method of supplementing a fund's returns. They are generally sourced from investment banks or other counterparties, with extensive research undertaken to find the best terms for each instrument.

## 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	IMA Cautious Managed
Ex dividend dates	Last day of each month
Distribution dates	Each month end
Yield	6.0%
Availability	OEIC • ISA

## RISK STATISTICS (3 years)

Standard deviation (%)	10.36
Sharpe ratio	-0.84
Downside deviation (%)	8.69
Sortino ratio	-0.99

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%