

Diversified Target Return Fund

A Sub fund of the Insight Investment Diversified Target Return Fund ICVC

Insight
INVESTMENT

FACTSHEET -- 30 JUNE 2010



INVESTMENT OBJECTIVE

The objective of the Fund is to deliver positive returns on an annual basis with the prospect of long-term capital growth commensurate with investment in equities.

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.

Derivatives may be used for the purposes of efficient portfolio management and/or for meeting the investment objective of the Fund. It is not intended that the use of derivatives in this way will cause the Net Asset Value of the Fund to have high volatility or otherwise cause its existing risk profile to change. 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 %

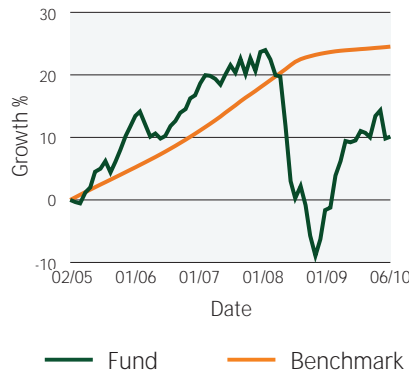
To 30 June	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
Fund	8.0	8.8	2.2	-19.3	11.5

To 30 June 10	Fund	B'mark	Sector	Quartile
3 months (%)	-2.9	0.1	-4.1	2
YTD (%)	-0.8	0.3	0.1	3
1 year (%)	11.5	0.6	14.6	4
Since inception (% p.a.)	1.8	3.3	2.8	3

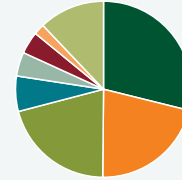
Past performance is not a guide to future performance.

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 (gross of UK tax). Inception date: 18 Feb 2005. Quartile is the ranking of a particular portfolio or manager in a league table of returns (in one of four quarters).

PERFORMANCE SINCE LAUNCH



FUND SIZE: £221.3M



PORTFOLIO ASSET ALLOCATION

Equity (Hedged)	28.9%
Total Return	21.3%
Fixed Income	20.8%
Equity	6.5%
Real Estate	4.4%
Opportunistic Strategies	4.1%
Commodities	2.0%
Cash	12.1%

ASSET ALLOCATION RANGES

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

TEN LARGEST HOLDINGS

Bluebay Investment Grade Bond Fund D GBP	4.1%
Templeton Global Bond GBP I Mdis H1	4.1%
Bh Macro Fx GBP Acc E	3.5%
Legal and General Dynamic Bond Trust I Acc	3.3%
Bluecrest Allblue GBP 'c'	3.2%
Baring European Select Trust Inc EUR	2.8%
Impax Environmental Mkts GBP A	2.7%
Aberdeen Global Asia Pacific Fund	2.6%
Schroder Asian Total Return GBP C Dis	2.6%
Ishares S&P Global Water 50	2.4%
Total % of Fund	31.2%

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 outperformed its cash benchmark over the month, preserving capital well amid sharply falling equity markets. Holdings in more cautious absolute return funds helped performance amid the market volatility. 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 and added a new holding in the Deutsche Bank Macro Trading Index 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

➤ A BNY MELLON COMPANYSM

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 Target Return Fund

KEY FEATURES

- Designed to deliver equity like returns in varying market conditions over a full market cycle
- 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

- **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	18 Feb 2005
Fund benchmark	3 month GBP LIBID (short term) and FTSE All Share (long-term)
IMA sector	IMA Cautious Managed
Ex dividend dates	31 March/ 30Nov
Distribution dates	Accumulation only
Availability	OEIC • ISA

RISK STATISTICS (3 years)

Standard deviation (%)	8.55
Sharpe ratio	-0.64
Downside deviation (%)	6.95
Sortino ratio	-0.77

Basis: Risk statistics based on weekly data.

A CLASS

ISIN (acc)	GB00B064GB85
SEDOL (acc)	B064GB8
Min. investment	£3,000
Initial charge	4.00%
Annual charge	1.50%

B CLASS

ISIN (acc)	GB00B0C7JB26
SEDOL (acc)	B0C7JB2
Min. investment	£500,000
Initial charge	0.00% - 3.00%
Annual charge	0.75%

FUND RATINGS

Fund ratings by Standard and Poor's Fund Services demonstrates the ability to provide above average returns over a long-term period (relative to funds in the same sector) along with a strong ability to adhere to a consistent investment process.