FOR INVESTMENT PROFESSIONALS ONLY,
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How can you *add value* in UK corporate bond markets?

Insight Investment

Sterling Corporate Bond Fund

A BNY MELLON COMPANY℠

Insight INVESTMENT

Investing in corporate bonds

The Insight Investment Sterling Corporate Bond Fund provides investors with access to the best opportunities available in the corporate bond market. In the UK alone, the corporate bond market is worth over £450 billion[1].

An investment in corporate bonds can offer the following three main benefits:

- A regular and attractive level of income.
- The potential for long-term capital growth.
- Diversification advantages when combined in a portfolio with other assets such as gilts, equities and cash. This is because returns from corporate bonds are generally less volatile than, for example, equities, while being typically more volatile than gilts.

[1] Source: Merrill Lynch, 31/12/09.

About the Fund

The Sterling Corporate Bond Fund aims to generate a total return comprising income and growth by investing primarily in investment grade corporate bonds denominated in UK sterling.

The Fund leverages Insight's extensive fixed income resources, including a 20-strong team of credit experts, consisting of both fund managers and analysts. The team is well positioned to identify those bonds with the best potential. Through detailed research, the credit team identifies bonds in companies with strong balance sheets and good growth potential that will help generate total returns.

Key features

- Focused on delivering both income and growth.
- Invests primarily in high-quality investment grade corporate bonds.
- Leverages the expertise of a dedicated team of highly experienced global credit experts.
- Superior risk management – applied through a multi-dimensional and integrated risk management framework.
- UCITS III compliant – providing a high degree of investor protection in regard to risk and liquidity management, regulation and transparency.

Fixed income philosophy

Insight's fixed income philosophy focuses on delivering consistent performance by virtue of three key investment principles: broad opportunity set, diversification and precision.

We believe that the way our investment managers combine and apply them is a unique approach to investment management:

- The broad opportunity set gives portfolio managers the flexibility to adjust investment strategy to changing market conditions.
- Diversification within a portfolio minimises the risk particular to owning a single security, lowers volatility and increases risk-adjusted returns.
- We use precision when targeting investments, seeking to add value through active management of risk and return and using proprietary portfolio construction techniques.

Broad opportunity set + **Diversification** + **Precision** = **Consistent return**

Investment process

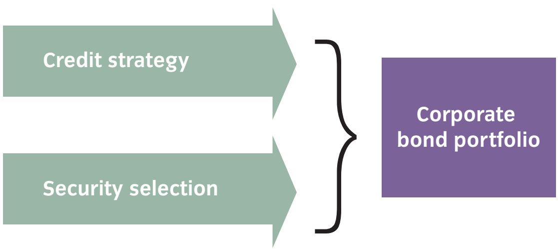
The Fund's investment process combines a top-down credit strategy with bottom-up security selection and is driven by our 20-strong credit team. Each specialist person has their own area of market expertise, which gives us the skills and resources to analyse a very broad range of the investment opportunities.

Credit strategy

We employ a top-down approach which combines both long-term strategic forecasts and shorter-term tactical views with sector strategy decisions. From these forecasts, we formulate sector allocation recommendations. These are based on the collective views of the analyst team taking into account the fundamentals, technicals and valuations for each sector. These sectors are then each assigned a rating of 'underweight', 'neutral' or 'over-weight' depending on how the team believes a sector is likely to perform.

Security selection

The selection of individual securities is a key source of added value within the Fund. Using in-house research and analysis, we filter the corporate bond market to identify securities which have greatest potential to add returns. These securities are researched through both detailed company research and through analysis of market value. Only attractive opportunities at the right level of valuation are selected for inclusion in the Fund.



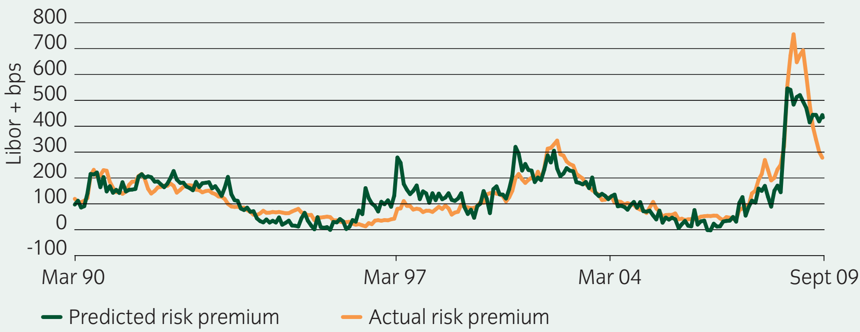
Monitoring risk

Risk management is an integral part of the investment process at Insight and we use both qualitative assessments and quantitative tools to assist us. Our analysis takes place on a number of levels, including:

Portfolio risk: Risk management is a critical component of our investment process and the control technology we employ is at the leading-edge of the industry. We incorporate strict diversification limits on holdings of individual corporate securities and we monitor the volatility of the overall portfolio relative to its benchmark (known as a tracking error).

Credit risk analysis: to evaluate the likelihood of future changes in a company's credit rating and also the potential for a sudden change in credit quality, our credit analysts conduct a credit risk analysis. Particular attention is paid to the scoring of key risks in a 'landmine checklist' which examines important sources of risk which can lead to a sudden deterioration in credit quality. This research filters into our forecasts for areas such as defaults.

Insight risk premium model



Source: Insight Investment.

About Insight Investment

Insight Investment is a specialist asset manager at the forefront of designing investment solutions to meet our clients' needs. Launched in 2002, Insight is a leading asset manager, with £88.1 billion[2] in assets under management across fixed income, liability driven investment, cash management, multi-asset, absolute return and specialist equity strategies. We manage money for private investors, pension funds, sovereign wealth funds, insurance groups, local governments, charities and other financial institutions.

The Fund is managed by Peter Bentley, supported by the Insight Credit Team, part of the wider Fixed Income Team. The Fixed Income Team is fully integrated into the investment infrastructure of Insight, benefitting from scale of resources.

Peter Bentley

Head of UK Credit

Peter joined Insight in January 2008 as Head of UK Credit. Prior to joining Insight, Peter spent four years at Pimco Europe where he was a Senior Vice President portfolio manager responsible for the management and strategy of both long only and long-short credit funds. He began his investment career with four years at the Bank of England as a graduate analyst in the financial market division before progressing to the role of supervisory manager, regulating gilt and money market institutions. This was followed by three years at Schroder Investment Management Limited as a portfolio manager and then four years at Morley Investment Management as a portfolio manager responsible for the management and strategy of institutional credit funds. Peter holds a BA honours in Economics and Econometrics from Nottingham University and is an Associate of the CFA Society of the UK.

[2] Source: Insight as at 31 December 2009.

Fund specifics

Objective	The Fund aims to generate a total return by investing primarily in corporate bonds denominated in sterling, or hedged back to sterling
Investment universe	The Fund invests primarily in corporate bonds denominated in sterling, or hedged back to sterling. The Fund may also invest in other fixed and variable rate debt securities as well as collective investment schemes, deposits, cash and near cash, other transferable securities, money market instruments and derivatives. Derivatives may be used for meeting the investment objective of the Fund as well as for efficient portfolio management purposes
Scheme type	Open Ended Investment Company, UCITS III
Umbrella scheme	Insight Investment Professional Funds ICVC
Domicile	UK
IMA classification	Sterling Corporate Bond Sector
Benchmark	iBoxx Sterling Non-Gilts index
Inception date	16 January 1995
Share classes	A shares (minimum investment £3,000), B shares (minimum investment £500,000)
Fee schedule	A shares: initial charge 4%, annual charge 1.1%; B shares: initial charge 0%, annual charge 0.5%
Base currency	Sterling
Pricing/dealing	Daily NAV calculation and dealing
Platforms	Alliance Trust Savings, Ascentric (FundsDirect), Cofunds, Fundsnetwork, Hargreaves Lansdown (Vantage), Novia, Nucleus, Transact

Find out more

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Telephone calls may be recorded.

For full product details please refer to the Funds Prospectus, available on our website.

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