

FOR PROFESSIONAL CLIENTS ONLY. NOT TO BE DISTRIBUTED TO RETAIL CLIENTS

Expertise

Over the past few years, our reputation as one of the UK's leading fixed income fund managers has enabled us to increase our presence beyond our home territory. Our business objective is to be regarded as the manager of choice for European credit.

Our large team of credit experts has an average industry experience of 12 years¹ and a broad range of experience across the credit market covering investment grade, high yield, loans and asset-backed securities (ABS).

¹ As at 30 September 2011.

Investment philosophy

Fixed income philosophy

Insight's fixed income investment philosophy focuses on the delivery of consistent performance by virtue of two key investment principles: **precision** and **diversification**.



Precision: in assessing investment opportunities, we seek to include only those elements of market risk that we consider attractive and we aim to eliminate unintended risks.

Diversification: we seek to add value through active management of risk and return across a broad range of investment opportunities using proprietary management techniques.

Credit investment process

Our credit strategy is a top-down approach which combines long-term strategic forecasts, shorter-term tactical views and observations of market trends.

Market allocation

We form a view on bond market allocation to identify the most compelling investment strategies for our clients:

Firstly, we consider what is the most attractive part of the bond market with regard to expected total returns; i.e. government bonds versus corporate bonds. We then look at the differing country markets, using factors such as competitiveness, financing needs and market conditions to identify which have the best risk / reward policies.

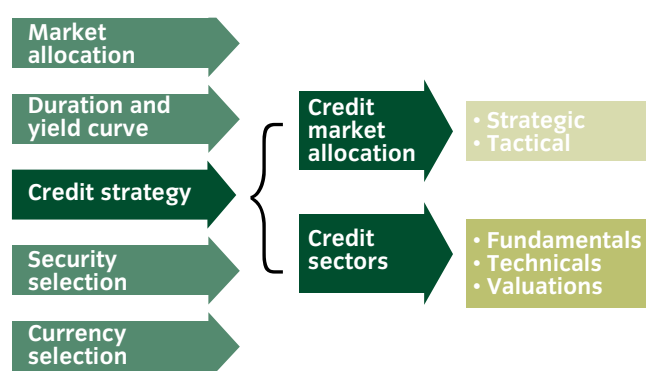
Secondly, we form a view on which type of corporate bond has the best risk/reward characteristics; i.e. investment grade versus high yield bonds.

Following these decisions, we form our credit strategy view which is based on two key factors: strategic and tactical value.

Strategic forecast: the strategic forecast for the market over the next twelve months is based primarily on fundamental economic analysis of our credit market segments.

This proprietary analysis is broken down into two parts:

Credit strategy view – market allocation



Firstly, our in-house credit strategist quantifies expected loss arising from defaults (adjusted for recovery value) using a number of fundamental variables, such as economic growth, corporate surplus and credit conditions. This analysis seeks to identify whether investors are adequately compensated for the risks of default in all types of credit.

Secondly, the credit team assesses the additional risk premium required given current market conditions such as the market's appetite for risk, volatility and global liquidity. Together, these steps provide us with the market spread forecast from which we can calculate an expected excess return.

Tactical view: the next step in the decision-making process is our tactical view of the market place, typically up to three months. This takes investor positions and sentiment into account when considering how to time the allocation of the risk budget to credit.

Sector strategy

Our sector allocation recommendations are based on the collective views of the analysis team on fundamentals, technicals and valuations for each of our predefined sectors. These views are then each assigned a rating of under/over/neutral-weight.

Stock selection – credit universe

The universe for credits within our fixed income portfolios covers four main areas; investment grade credit, high yield, loans and asset-backed securities. Within these areas we also consider the merits of cash bonds versus the derivative alternative.

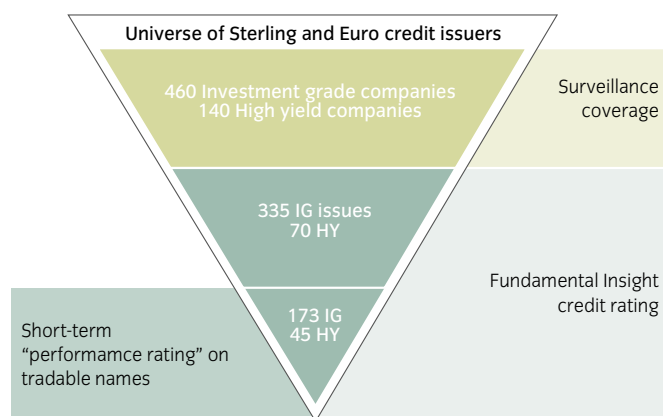
The credit universe consists of approximately 460 investment grade issuers, 140 high yield issuers and 1,300 asset-backed issuers. We apply various filters to the universe to arrive at a smaller group of investable credits (currently around 335 for investment grade issuers) which then undergo fundamental analysis by the credit analysts. This leaves a smaller group of around 170 investment grade issuers which are subject to relative value analysis.

To identify value we screen from two perspectives:

- Where an edge can be gained from fundamental analysis
- Identify tradable issues for relative value opportunities

Our credit universe is screened on a weekly basis by the credit analysis team when research priorities are reassessed in consultation with portfolio managers.

Coverage model



Although some elements of our credit research are qualitative in nature based on our team's extensive experience in interpreting data analysis, we also employ a range of quantitative tools to assist us in filtering information and to help us identify opportunities.

Risk management and analysis

Risk management: managing and understanding portfolio risk is a strategic objective at Insight and a key factor in achieving consistent performance. We approach this using a proprietary system called Units of Risk. This system allows us to appropriately size the risk we take in the portfolio via different investment decisions according to each client's risk profile.

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'. The landmine checklist examines important sources of risk which can lead to a sudden deterioration in credit quality.

This checklist covers liquidity risk, contingent liabilities, regulatory risk, litigation risk, governance and accounting and event risk. These factors are scored on a scale of one to five, with higher numbers indicating more risk and scores greater than four highlighting areas of significant concern.

Our credit analysts also use the screening system Governance Metrics International to assist them in monitoring emerging governance, social or environmental risks such as new regulatory requirements or consumer trends. Unless all the components of landmine risk are analysed and evaluated to the satisfaction of the credit analyst and the broader credit team, we will not consider a purchase for our clients. All corporate issuers we analyse are evaluated in this way before a purchase is made.

Strategies and performance

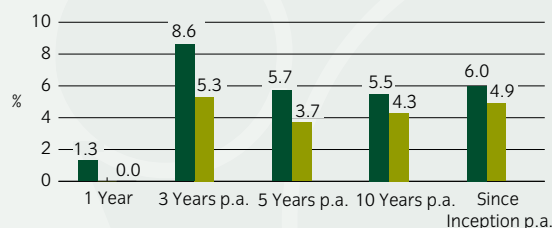
At Insight, we offer access to our broad credit spectrum covering investment grade, high yield, loans, ABS and distressed debt. Depending on the risk tolerance of a client, the type of bonds and the credit quality chosen, our strategies offer compelling opportunities for generating returns. Examples are provided below:

European Aggregate

- **Attractive returns:** this strategy employs a mix of government and corporate bonds. While corporate bonds are typically more risky than government bonds, their central appeal is that they have higher yields than those available on government securities, offering the potential for higher returns over the longer term. The strategy seeks out the best opportunities across a diverse range of sectors and markets.
- **Track record:** this strategy has a strong long-term record, and has built up a reputation with investors seeking outperformance. Our fund managers seek to add value through the active management of risk and return across a range of factors such as market allocation duration and yield curve management, credit strategy and security selection.

European Aggregate Composite

Performance in EUR terms 31/10/11



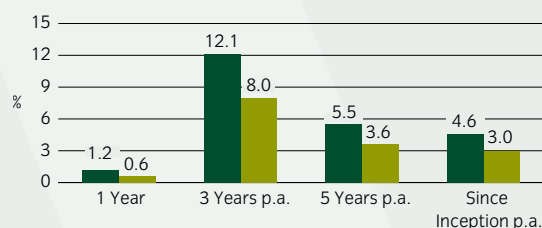
■ GIPS® – Fixed, Euro Aggregate, C0332. Inception: 31/07/00.
■ Barclays Capital Euro Aggregate (Unhedged).

European Credit

- **Making best use of opportunities:** this strategy targets returns in excess of the Barclays Capital Europe Aggregate Credit (unhedged) index. Our Euro credit portfolios invest actively in pan European and global issuers. We are looking to add value through stock and sector selection as well as duration and yield curve.

European Credit Composite

Performance in EUR terms 31/10/11



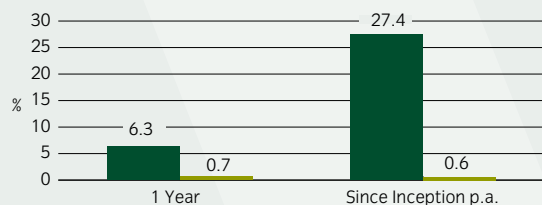
■ GIPS® – Fixed, Euro Credit, C0322. Inception: 31/08/05.
■ Barclays Capital Europe Aggregate Credit (Unhedged).

Absolute Insight Credit Fund²

- **'Best ideas' credit fund:** this Fund follows a multi-strategy investment approach searching for idiosyncratic credit opportunities, with the ability to take long or short directional views, while targeting high risk-adjusted returns from alpha and beta opportunities.
- This strategy invests in investment grade and high yield corporate bonds, asset-backed securities, loans and cash instruments. In addition, a wide range of derivatives are used both for investment and hedging purposes.

Absolute Insight Credit Fund

Performance hedged into EUR 31/10/11



■ Absolute Insight Credit Fund. Inception: 02/06/09.
■ 3 Month EUR LIBID.

Please note the value of investments and any income will fluctuate and is not guaranteed (this may be partly due to exchange rate fluctuations). Investors may not get back the full amount invested.

² Pooled Fund, minimum investments apply.

Source: Insight Investment. Returns shown are GIPS compliant. A full disclosure report is available on request. All performance data is shown in EUR and is gross of fees.

The team

Our investment professionals are specialists, not generalists. Each has their own focused area of market expertise, which gives us the skills and resources to analyse every investment opportunity available to us and to maintain the diversity and precision which lie at the heart of our long-term track record. This means that individuals within specialist teams are encouraged to focus on a particular area of the market and put findings and recommendations to their team.

Our key credit personnel have an average industry experience of 12 years³. They are supported by our highly-focused and specialised team of credit analysts. The team is arranged with each analyst taking responsibility for individual market sectors for which detailed credit analysis and report writing is undertaken.

Our awards

We have been recognised as a leader in our field with successes marked by industry awards and accolades.

FT Business Pension and Investment Provider Awards

Overseas Fixed Income Manager of the Year 2010
Currency Manager of the Year 2010

European Pensions Awards

Fixed Income Manager of the Year 2010

Insight Investment is a specialist asset manager at the forefront of designing investment solutions to meet our clients' needs. Launched in 2002, Insight has €176 billion in assets under management⁴ 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 government, charities and other financial institutions.

³As at 30 September 2011.

⁴As of 30 September 2011 represented by the value of physical securities and liability benchmarks.

Find out more

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