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What if you  
don't want to put all  
your *eggs in one basket?*

Diversified Fund Range

# Diversified Dynamic Return Fund

➤ A BNY MELLON COMPANY<sup>SM</sup>



# Why multi-asset?

The key to success in any portfolio of investments is the performance of the underlying assets and consistently selecting the right assets takes a combination of research and skill. It is also important to have a balanced and diversified portfolio investing across asset classes such as equities, fixed income, property and alternatives.

Level of diversification can be achieved through traditional asset classes and stand alone funds. However, multi-asset investing and the flexibility introduced through the UCITS III directive takes diversification a step further.

Funds adopting the full power of UCITS III are able to use derivatives to add an additional layer of diversification, generate returns and manage volatility. At Insight, we select funds and investment strategies on a 'best execution' basis, aiming to find the right way to implement a specific investment view to help ensure that we are taking the appropriate level of risk for the required return.

# About the Fund

The Fund's objective is to deliver capital growth. The managers aim to profit from long-term investment themes as well as non-directional and asset class specific opportunities. Risk management is embedded into the process with an emphasis on downside protection.

## Key features

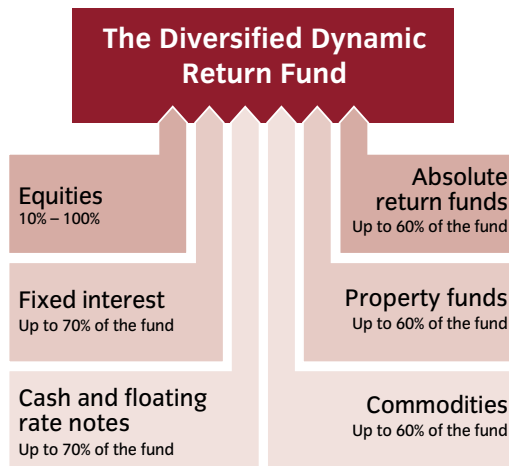
- A diversified multi-asset, multi-manager portfolio with embedded downside protection and the flexibility to move tactically between asset classes.
- Investments are linked to asset class specific opportunities, non-directional growth strategies and longer-term global themes.
- Managers select investments from a broad universe of funds, strategies and geographies, allowing the most effective implementation of our investment ideas.
- Managers aim to capture investment outperformance, often hedging out underlying market risk. Market exposure can be structured to offer upside potential to generate returns.
- UCITS III compliant – a high level of investor protection regarding risk and liquidity management, regulation and transparency.
- An experienced multi-asset team works closely with our in-house strategy, fixed income, currency and equity specialists, as well as our market-leading derivative experts.



# The Fund in more detail

Managers often separate the outperformance expected from an actively managed strategy by hedging out market direction risk using derivatives. We also take a structured approach to market exposure, using derivative overlay strategies to offer upside potential to generate returns.

The Fund can invest in a broad range of asset classes, regions and strategies – depending on which the fund managers view as the most attractive at any particular time – subject to differing maximum limits for each asset class as illustrated:

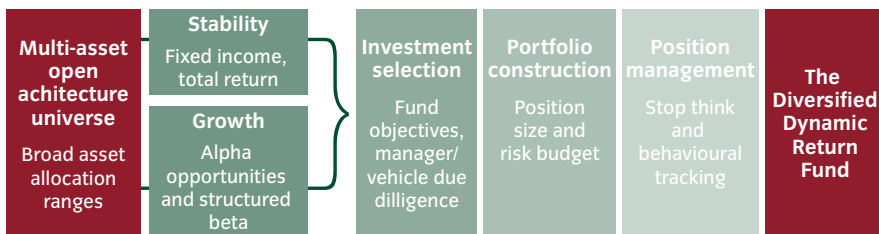


Investment ideas fall into two broad categories – ‘stability’ and ‘growth’. ‘Stability’ ideas will tend to be opportunities expected to demonstrate low volatility – normally fixed income or total return strategies. ‘Growth’ ideas tend to have higher potential returns, with higher levels of expected volatility, such as thematic exposure to commodities, property and equities.

# Reducing exposure to market conditions

Our active multi-asset approach allows for the creation of portfolios of investments with low or negative correlations, which helps to capture returns and mitigate downside risk.

Our investment process consists of a number of key stages:



The multi-asset group has a wide range of expertise at their disposal, with access to the best buy-side analysts and fund managers, as well as independent research, sell-side analysts and strategists. Within Insight Investment, the multi-asset group works closely with our in-house strategy, fixed income, currency and equity specialists, as well as our market-leading derivative experts.

## How do we select an investment?

The manager aims to determine the most suitable investment vehicle to provide exposure to the intended theme or strategy. When targeting active returns, we follow a rigorous fund selection process using quantitative and qualitative analysis. With directional returns, managers look for a cost effective instrument – often an exchange traded future or index derivative.

## Embedded risk protection

Risk controls are embedded into the portfolio construction process. When scaling individual positions the managers consider volatility, liquidity and transparency. They size positions within value-at-risk limits and by absolute portfolio weight which aims to protect the portfolio from adverse market conditions when volatility spikes and asset-class correlations increase.

## A 'stop-think' approach

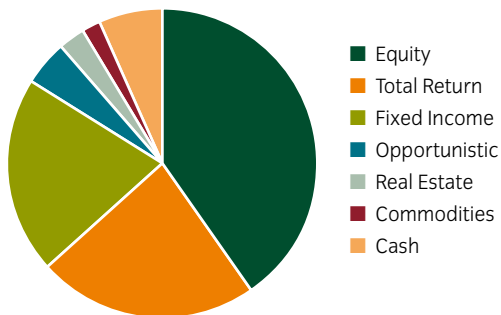
The portfolio managers also use a 'stop-think' process which highlights underperformance of positions and sets a range of trigger points for position review and eventual position reduction should it fall below a certain point. To ensure the triggers remain relevant as markets develop, the levels are revised daily, and only upwards.

## When would we sell an investment?

We would remove a fund or investment from our buy list for a range of reasons. These include a breakdown in communications, staff change in the fund, unexpected performance or corporate issues which could hamper the investment process. Investments may also be sold in line with our tactical asset allocation policy, when a better alternative is found, or if we feel the fundamentals have changed.

## Indicative asset allocation

The overall investment process leads to the creation of a diversified portfolio of different asset classes. The chart below<sup>1</sup> illustrates how the asset allocation of the Fund may look.



<sup>1</sup> The opportunistic category comprises investments aiming to exploit market opportunities which tend to be short term in nature, not reliant on market direction and can be selected from any of the other asset classes.

# 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 in assets under management<sup>2</sup> 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.

The Fund is managed by Mike Pinggerra and Steve Waddington. Our experienced multi-asset team works closely with our in-house strategy, fixed income, currency and equity specialists, as well as our market-leading derivative experts.



Head of  
Multi-Asset Group

Mike joined Insight in January 2009 from Credit Suisse where, as Head of Multi-Asset Class Solutions, he was responsible for developing the company's multi-asset investment strategy across equities, fixed income securities, cash and commodities, hedge funds, derivatives and structured investment products. Previously, as Head of Strategy and Special Mandates at Credit Suisse, he was a senior fund manager and Head of Portfolio Management as well as Chair of the Investment Committee.



**Steve Waddington**

Fund Manager,  
Multi-Asset Group

Steve joined Insight's multi-asset group in January 2008 and is responsible for fund management and investment selection for our diversified fund range. Before joining Insight he spent five years at BT Financial Group, Australia (formerly Rothschild Australia Asset Management), where from 2004 he was Head of External Investments, responsible for investment and manager research, due diligence, selection and portfolio construction.

<sup>2</sup> As at 31 December 2009.

# Fund specifics

Objective	Aims to deliver capital growth
Investment universe	Exposure is through investment in CISs, transferable securities, money market instruments and derivatives. Underlying asset class exposure is to fixed income, cash, near cash and deposits, equities, property (indirect), absolute or target return CISs, structured products and commodities (through derivatives only). Derivatives may also be used for portfolio management and meeting investment objectives
Scheme type	Open Ended Investment Company, UCITS III
Domicile	United Kingdom
IMA classification	IMA Active Managed
Benchmark	Sterling 3-month LIBID (short-term); LCI UK / Int. equities 50:50 (long-term)
Inception date	2 January 1996
Share classes	Various sterling share classes are available, with different minimum investment amounts and annual management costs (AMC)
Fee schedule	Annual Management Charge – 0.75% (A Class); 1.5% (B Class)
Base currency	Sterling
Pricing/dealing	Daily NAV calculation and dealing
Administration	The Bank of New York Mellon (International) Limited
Platforms	Alliance Trust Savings, Ascentric (FundsDirect), Cofunds, James Hay (Wrap), Novia, Nucleus, Transact

## Find out more

For further information please contact us:

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**[www.insightinvestment.com](http://www.insightinvestment.com)**

Telephone calls may be recorded.

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

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