

Fixed Income Euro Aggregate



FACTSHEET – 31 MARCH 2010
FOR INVESTMENT PROFESSIONALS ONLY

THE PRODUCT

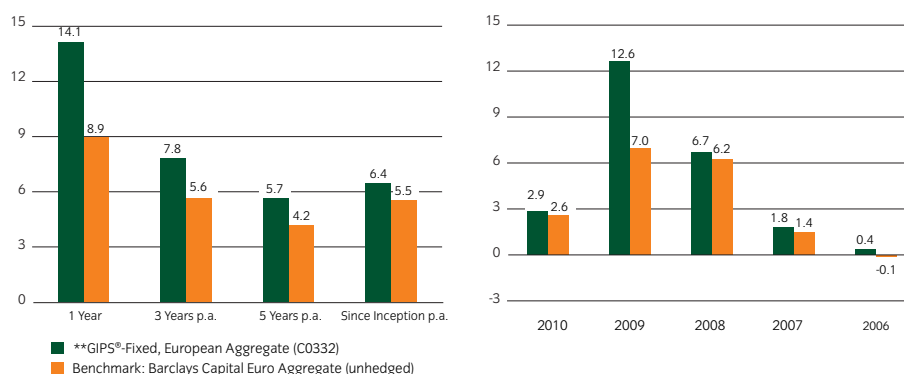
Insight, as one of the largest UK-based fund managers, aims to exceed its clients' expectations through the delivery of superior and repeatable performance, service excellence and the creation of innovative products. Our Euro Aggregate portfolios aim to harness these goals for European bond investors looking for strong risk adjusted returns.

APPROACH

Our Euro aggregate core portfolios invest actively across the government and credit markets in Europe, making use of strategies in both the bond and derivative markets. The investment universe also encompasses countries such as the UK, Sweden, Poland and Hungary, with any resulting currency exposures being separately managed. Allocations may also be made to index linked bonds. While duration and yield curve decisions will typically account for more than 50% of the tracking error, additional returns will typically come stock and sector decisions within the European credit market, including the top down allocation between government bonds and the credit components of the benchmark.

PERFORMANCE TRACK RECORD

The performance below is representative of our abilities in this area.



Source: Insight Investment. Returns shown are GIPS compliant. A full disclosure report is available on request. Performance is in EUR, gross of fees, and annualised for periods over 1 year. Figures shown to 31 March 2010, since inception 31 July 2000.

Past performance is not a guide to future performance.

INVESTMENT PHILOSOPHY AND PROCESS

Our investment process aims to produce attractive risk-adjusted returns from the full range of fixed income opportunities over a variety of time horizons and in all market conditions. Our unique approach is to combine and apply the principles of precision and diversification with the intention of providing clients with low volatility, and above-benchmark returns.



Precision

We believe in building portfolios that precisely meet our clients' objectives. This means that when we assess investment opportunities, we seek to include only those elements of market risk that we consider attractive, and aim to eliminate unintended risks.

Diversification

We believe that steady and superior long-term portfolio returns are generated by covering a wide range of fixed income investment opportunities as opposed to a narrow focus on any particular source of added value. Consequently, our portfolio managers seek to add value through active management of risk and return across a broad range of investment opportunities using proprietary management techniques. These diversified sources of added value include market allocation, duration and yield curve, credit strategy and security and currency selection. In combination, they are used to build portfolios that we believe will meet our clients' objectives.

Our process is designed to ensure diversification and, through our unique approach to risk management, aims to avoid dominance of risk by any one source.

➤ A BNY MELLON COMPANYSM

KEY FACTS

Product / Strategy	Euro Aggregate
Objective	To outperform the index by 0.75% per annum (gross)
Tracking error	1-2% per annum
Benchmark	Barclays Capital Euro Aggregate (unhedged) index
Portfolio managers	Lucy Speake, Gareth Colesmith, Bonnie Abdul-Aziz
Investment universe	European government, credit, high-yield, emerging market debt and currencies

RISK STATISTICS

	3 year
Tracking error %	1.1
Information ratio	2.0

As at 31 March 2010.

Inception date 31 July 2000.

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IMPLEMENTATION

The relative merits of the asset classes within our core portfolios derive from our monthly allocation meeting.

Within our European government investment process there are two main features which, in combination, differentiate our approach.

Risk management is a crucial component of our investment process, and risk is considered on an aggregate level as well as for each individual source of risk:

- Our proprietary **units of risk** approach allows us to understand where and how much risk is taken in portfolios. Each unit – a fraction of the total risk budget – is calibrated for the specific performance objective. Risk allocation on this consistent basis allows us to scale decisions to target performance across all portfolios.

Combining this with our own leading-edge risk monitoring systems allows us to ensure efficient and ‘within limits’ use of risk.

- Implementation of our investment process relies upon a combination of **strategic, tactical and momentum-driven decisions** with allocation of units of risk driven by these factors.

Within the corporate universe, our team of highly experienced credit analysts undertake fundamentally driven, forward looking research on a rigorously defined coverage list. Strong focus is given to liquidity and cashflow analysis. In addition to this, relative value analysis is undertaken on a subset of more liquid, tradeable “core” names, where all issuers are scored on both a fundamental and relative performance basis. This analysis is communicated to the portfolio managers in the form of a performance rating, which determines whether the credit risks are adequately factored into the price of a company’s corporate bonds.

Analysts and portfolio managers come together to create optimal portfolio sector and stock allocations at a weekly meeting. There is also a monthly meeting that considers the relative merits of the asset classes within the total credit universe.

Our highly experienced fixed income management team is built on strong specialist knowledge, experience and proven ability to generate performance. We operate all our investment activities as a single investment team in one location in London. This aids decision-making and ensures effective communication between portfolio managers, analysts and traders.

EXPERIENCED FIXED INCOME PROFESSIONALS

We have one of the best-resourced and most highly-experienced fixed income teams in the UK. Led by Adrian Grey, Head of Fixed Income, our team of 47 fixed income investment professionals has an average of 14 years’ industry experience. Furthermore, the European fixed income team is very stable: Lucy and Gareth have worked together for over 10 years.

The team is built on specialist knowledge, experience and proven ability to generate strong performance, and is organised into dedicated units.

KEY BENEFITS

- **Rigorous investment process – aiming to deliver above benchmark returns at low volatility**
- **Unique risk-controlled framework**
- **Industry-leading fixed income group; stability reflected in longevity of team**

Past performance is not a guide to future performance. Market movements may cause the value of investments to go down as well as up and you may not get back the amount originally invested. This document is aimed at professional investors only. It is not designed for, and should not be used or relied upon by retail investors.

This document is only directed at investors resident in jurisdictions where our funds are registered. It is not an offer or invitation to persons outside of those jurisdictions. Insight Investment reserves the right to reject any applications from outside of such jurisdictions. Issued by Insight Investment Management (Global) Limited. Registered office 33 Old Broad Street, London EC2N 1HZ. Registered number 00827982. Authorised and regulated by the Financial Services Authority. 07518-05-10

THE TEAM



Lucy Speake

Head of European
Fixed Income

Lucy joined Insight as head of credit management in April 2003 following the acquisition of Rothschild Asset Management (RAM). Lucy now heads up the European fixed income team and manages several of our high profile retail and institutional bond funds. She is ultimately responsible for corporate bond investment in UK and European portfolios.



Gareth Colesmith

European Fixed Income
Portfolio Manager

Gareth joined the fixed income team at Insight in April 2003, following the acquisition of RAM, as a portfolio manager. Gareth is responsible for the management of European government bond portfolios.



Bonnie Abdul-Aziz

European Fixed Income
Portfolio Manager

Bonnie joined Insight in April 2003 following the acquisition of RAM. She is a portfolio manager within the fixed income team. In 2006, Bonnie shifted her investment focus from global portfolios to specialise in European bond markets.

Find out more

For further information, please contact:

Institutional Business Development
business.development@
insightinvestment.com
020 7321 1547

International Business Development
internationalsales@
bnymellon.com
+44 (0)20 7163 2367

www.insightinvestment.com

Telephone calls may be recorded.