



# UK BROAD MARKET BOND FUND

31 March 2021

## FUND OBJECTIVE

The Fund aims to generate a return by investing principally in sterling denominated fixed interest securities issued by governments, public authorities and corporate entities

## FUND SUMMARY

- Actively managed to aim to deliver attractive total returns in excess of a broad market benchmark
- Aims to add value principally through duration, yield curve, credit strategy, security selection and currency management and off-benchmark exposures across global fixed income
- Invests primarily in fixed income securities and currencies, either directly or via derivatives
- Rigorous, disciplined investment process drawing on a large team of fixed income and currency specialists

## FUND FACTS

**Fund size:** £62.0m

**Inception date:** 17 November 2004

**Benchmark:** 50% FTSE Actuaries UK Conventional Gilts All Stocks Index; 50% Markit iBoxx GBP Non-Gilts Index

**Fund manager:** David Hooker

**Target return:** Outperform benchmark by 1% pa (before tax, fees and expenses) over rolling five year periods. However, a positive return is not guaranteed and a capital loss may occur.

## FUND CHARACTERISTICS

|                  | Fund | Benchmark |
|------------------|------|-----------|
| Yield (%)        | 1.49 | 1.21      |
| Duration (years) | 9.8  | 9.8       |

## SHARE CLASS PERFORMANCE

|           | 3 months | 1 year | 3 years (pa) | 5 years (pa) | 10 years (pa) | Since inception (pa) |
|-----------|----------|--------|--------------|--------------|---------------|----------------------|
| Fund      | -5.67    | 2.66   | 3.80         | 4.61         | 6.24          | 5.74                 |
| Benchmark | -5.69    | 0.55   | 3.30         | 3.72         | 5.28          | 4.98                 |

  

|           | Calendar year returns |      |       |      |       | 12-month rolling returns |           |           |           |           |
|-----------|-----------------------|------|-------|------|-------|--------------------------|-----------|-----------|-----------|-----------|
|           | 2020                  | 2019 | 2018  | 2017 | 2016  | 2020-2021                | 2019-2020 | 2018-2019 | 2017-2018 | 2016-2017 |
| Fund      | 9.85                  | 8.72 | -1.20 | 4.91 | 11.66 | 2.66                     | 5.66      | 3.11      | 1.94      | 9.90      |
| Benchmark | 8.13                  | 8.10 | -0.46 | 3.07 | 10.41 | 0.55                     | 5.71      | 3.70      | 0.86      | 7.95      |

Source: Insight Investment and Rimes. Fund performance is shown for share class P £ Acc and is calculated as total return, including reinvested income, gross of fees and expenses. Gross of fees performance results do not reflect the deduction of charges, which will reduce investors' returns. Performance for periods over one year is annualised. Past performance is not a guide to future performance. The value of investments and any income from them will fluctuate and is not guaranteed (this may be partly due to exchange rate fluctuations). Investors may not get back the full amount invested.

## FUND MANAGER COMMENTS

Gilt yields rose sharply over the quarter in response to the faster than expected vaccination roll out coupled with an improving global economic outlook. Credit markets were very stable with credit spreads trading in a narrow range. Duration and yield curve positions were a negative contributor to performance. The fund had a long position in US treasuries which moved against us. We also had on yield curve steepening positions expecting longer maturities to underperform. There were no inflation positions in the fund during the quarter. Credit strategy was positive for the period. Sector selection with overweights in whole business securitisations, asset backed securities, banks and subordinated insurance which all outperformed the broader GBP credit index. It was also beneficial to be underweight supranational issuers. Off-benchmark allocations in EUR & USD bonds were a positive. Security selection outperformance came from positions in utilities, non-cyclical consumer, and telecommunications, whole business securitisations, and property.

## CREDIT RATING

| (%)                  | Fund | Benchmark |
|----------------------|------|-----------|
| AAA                  | 6.6  | 9.8       |
| AA                   | 43.5 | 56.9      |
| A                    | 19.9 | 20.1      |
| BBB                  | 16.4 | 13.2      |
| Sub-investment grade | 1.8  | 0.0       |
| Cash and other       | 11.8 | 0.0       |

## DURATION EXPOSURE BY CURRENCY

| (years)   | Fund | Benchmark |
|-----------|------|-----------|
| Sterling  | 9.1  | 9.8       |
| US dollar | 0.7  | 0.0       |
| Euro      | 0.0  | 0.0       |
| Other     | 0.0  | 0.0       |
| Total     | 9.8  | 9.8       |

## DURATION EXPOSURE BY MATURITY

| (years) | Fund | Benchmark |
|---------|------|-----------|
| 0-5     | 0.5  | 0.9       |
| 5-10    | 1.8  | 1.5       |
| 10-15   | 1.3  | 1.2       |
| 15-25   | 3.0  | 2.4       |
| 25+     | 3.1  | 3.8       |
| Total   | 9.8  | 9.8       |

## FUND ALLOCATION

| (%)            | Fund | Benchmark | Fund                    | Benchmark |     |
|----------------|------|-----------|-------------------------|-----------|-----|
| Government     | 39.3 | 50.0      | Asset-backed securities | 0.1       | 0.0 |
| Supranationals | 4.4  | 11.6      | Cash and other          | 11.3      | 0.0 |
| Corporate      | 45.0 | 38.4      |                         |           |     |

## TECHNICAL DETAILS

**Legal structure:** Open Ended Investment Company (UCITS)

**Domicile:** United Kingdom

**Share class currencies:** Sterling

**Dealing frequency:** Daily, Midday

**Settlement period:** T+3

**Pricing method:** Swinging single price

**Scheme:** Insight Investment Discretionary Funds ICVC

**Depository:** NatWest Trustee and Depository Services Limited

**Administrator:** The Bank of New York Mellon (International) Limited

**Ongoing charges:** 0.50% (represented by share class Gross P Acc, other share classes are available)



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