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# UK BROAD MARKET BOND FUND

31 December 2020

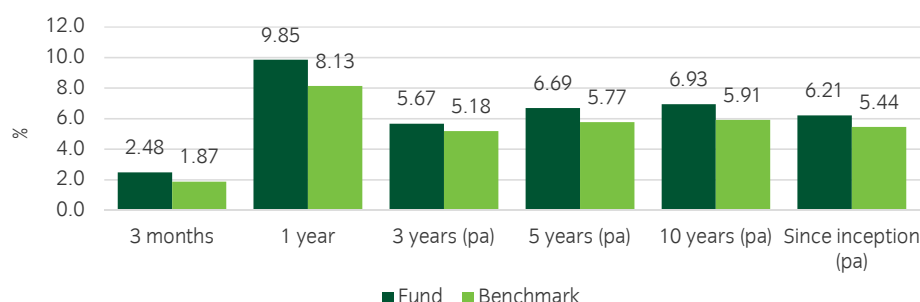
## FUND OBJECTIVE

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

## SHARE CLASS PERFORMANCE



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

The fund returned 2.48% vs the benchmark of 1.87%. The largest contributor to returns over the quarter was the fund's credit beta position. We remained long credit risk during the quarter and this was helpful for performance and spreads tightened by 25-40bps across major markets. Our allocations to individual holdings in USD and EUR credit were also helpful for returns. Sectors which were positive contributors were overweight in Autos, Financials, and food & beverage. Our overweight in whole business securitisations and the underweight in transport. The allocation to high yield was also a modest positive. Security selection was a small positive with strong contributions from RAC, KPN, Heathrow, Logisor (European property logistics), and Scentre Group. Negatives were Greene King (pubs) and EDF. Duration positions were a drag on returns, largely due to our long 30-year US position, as yields rose during the period. We closed this position in December. We also held a tactical long in 30-year UK gilts in November which was a modest positive. Yield curve positions were positive for relative returns. We held various curve positions in the UK ('flatteners' and 'steepeners') which contributed to performance overall. Inflation positions also contributed to performance. Our US 30-year breakeven inflation position performed well as inflation pricing picked up meaningfully during the quarter. We closed this position in December following its strong performance.

## FUND FACTS

**Fund size:** £68.3m

**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 (%)	1.05	0.71
Duration (years)	10.3	10.4

## CREDIT RATING

(%)	Fund	Benchmark
AAA	6.1	10.1
AA	45.0	57.0
A	18.4	20.4
BBB	17.6	12.4
Sub-investment grade	2.3	0.0
Cash and other	10.5	0.0

## DURATION EXPOSURE BY CURRENCY

(years)	Fund	Benchmark
Sterling	10.3	10.3
US dollar	0.0	0.0
Euro	0.0	0.0
Other	0.0	0.0
Total	10.3	10.3

## DURATION EXPOSURE BY MATURITY

(years)	Fund	Benchmark
0-5	0.4	0.8
5-10	2.0	1.6
10-15	0.8	1.0
15-25	3.4	2.7
25+	3.7	4.2
Total	10.3	10.3

## FUND ALLOCATION

(%)	Fund	Benchmark	Fund	Benchmark	
Government	40.5	50.0	Asset-backed securities	0.1	0.0
Supranationals	3.8	11.5	Cash and other	10.5	0.0
Corporate	45.0	38.5			

## 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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