

# UK INDEX-LINKED BOND FUND



31 December 2018

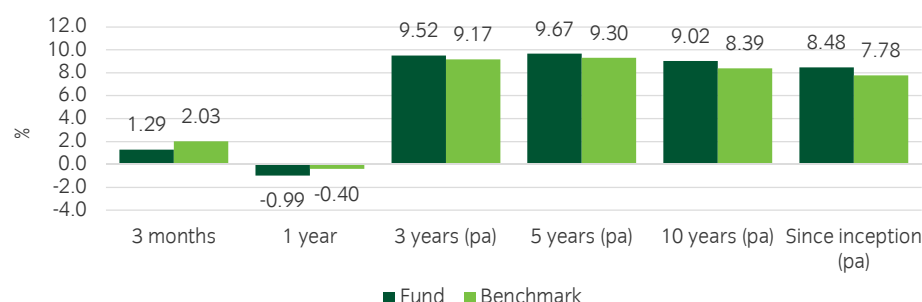
## FUND OBJECTIVE

The Fund aims to generate a return by investing principally in sterling denominated index-linked securities

## FUND SUMMARY

- Actively managed to aim to deliver attractive total returns in excess of a UK index-linked government bond benchmark
- Aims to add value principally through duration, yield curve, country allocation and currency management
- 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 S £ 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 delivered a positive return but underperformed its benchmark during the quarter. Our long 30-year US real yield position relative to the UK was a drag on returns after worries about a 'no-deal' Brexit drove the spread wider as investors priced in higher inflation in the UK curve. Our 30-year US breakeven position also performed poorly. The rally in US Treasuries saw longer-dated inflation expectations fall. Our 10s30s real yield curve 'flattener' also underperformed. The yield curve steepened aggressively in November prompted by the domestic political turmoil that followed the approval of the withdrawal deal between the EU and UK government. Security selection was also negative due to several supranational holdings we owned, which we sold during the quarter.

## FUND FACTS

**Fund size:** £145.5m

**Inception date:** 17 November 2004

**Benchmark:** FTSE Actuaries UK Gilts Index-Linked Over 5 Years Index

**Fund manager:** David Hooker

**Target return:** Outperform benchmark by 0.75% 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 (%)	-1.50	-1.68
Duration (years)	24.0	23.8

## DURATION EXPOSURE BY CURRENCY

(years)	Fund	Benchmark
Sterling	23.1	23.8
US dollar	0.9	0.0
Euro	0.0	0.0
Other	0.0	0.0
Total	24.0	23.8

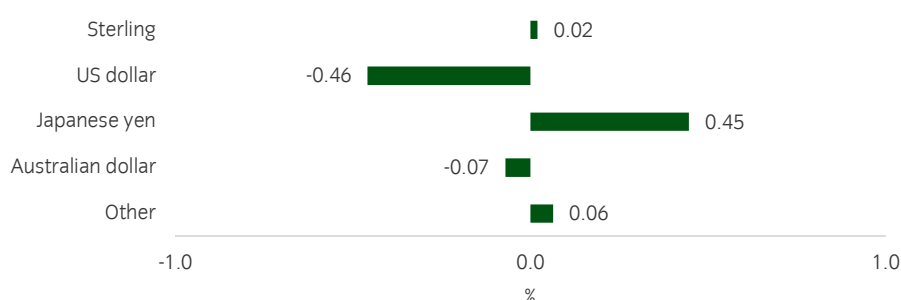
## DURATION EXPOSURE BY MATURITY

(years)	Fund	Benchmark
0-10	0.6	1.0
10-20	1.2	3.7
20-30	14.7	6.3
30-40	7.5	6.8
40-50	0.0	5.9
Total	24.0	23.8

## FUND ALLOCATION

(%)	Fund	Benchmark	Fund	Benchmark
Government	0.0	0.0	Emerging Market Debt Fund	1.7
Government index-linked	98.1	100.0	Cash and other	0.2

## RELATIVE CURRENCY EXPOSURES



## 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:** 0.35% (represented by share class Gross P Acc, other share classes are available)



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