

UK CORPORATE LONG MATURITIES BOND FUND

A sub-fund of Insight Investment Discretionary Funds ICVC



30 JUNE 2014

FOR PROFESSIONAL CLIENTS ONLY, NOT FOR DISTRIBUTION TO RETAIL CLIENTS

FUND OBJECTIVE

The Fund aims to generate a return by investing principally in sterling denominated fixed interest securities with long maturities issued by entities other than the UK Government.

INVESTMENT APPROACH

The Fund aims to outperform its benchmark by one percentage point per annum over rolling three-year periods. The Fund is actively managed and seeks to outperform the market through a diversified approach incorporating a wide fixed income opportunity set. The investment universe may include corporate bonds, index linked and conventional gilts, emerging market debt and currencies. The Fund is managed following a rigorous, disciplined and proven investment process that includes in-depth analysis within a strong risk-controlled framework. The management team selects opportunities that offer attractive risk-adjusted returns across a diversified portfolio within clearly defined parameters, with an aim to add value in all market conditions.

PERFORMANCE (%)



Source: Insight Investment. Performance of the Fund is on an offer basis with income reinvested and gross of management charge. Performance for periods over one year is annualised.

FUND MANAGER'S COMMENTS

The Fund outperformed its benchmark during the second quarter of 2014, with the biggest contribution coming from stock selection. Our holdings in Southern Europe proved particularly positive, primarily bonds from Assicurazioni Generali (insurance), Enel (utilities) and Wind (telecoms). Yield curve positioning also contributed to performance as a result of an underweight to shorter-dated maturities and an overweight to medium-dated maturities. The Fund held a long credit risk position, with overweights in securitised assets, subordinated insurance and banks. Off-benchmark holdings in high yield and emerging market debt also contributed positively to performance. Due to valuation concerns, we reduced our exposure in high yield both through asset sales and through the purchase of credit default swap protection via the Markit iTraxx Crossover index. We increased our exposure to selected subordinated financials given the improving credit fundamentals. As such, we bought new issues and secondary market issues from Credit Agricole, Commonwealth Bank of Australia, Credit Suisse and Generali. Elsewhere, we carried out relative value trades between US dollar, euro and sterling-denominated bonds to pick up yield. In the media sector, we bought Comcast as it appeared to be offering good value after its acquisition of Time Warner. In energy, we sold BG (oil and gas), as we believed its outlook was deteriorating. We also bought an attractive new issue from Compass Group in sterling.

FUND FACTS

Fund size	£667.7m
Inception date	November 2004
Benchmark	iBoxx Sterling Non-Gilts Over 10 Years index
Fund manager	Peter Bentley

KEY BENEFITS

- Actively managed and designed to outperform the corporate bond market
- Aims for consistent risk-adjusted returns through a diversified portfolio
- Rigorous, disciplined and proven investment process
- A large and experienced team of fixed income specialists

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. This document is aimed at professional investors only. It is not designed for, and should not be used or relied upon by retail investors. Unless otherwise stated, all data is as at the date of this factsheet.

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INTEREST RATE EXPOSURE BY MATURITY

(in weighted average duration, years)

0 - 5 Years	-0.1
5 - 15 Years	3.3
15 Years +	8.5
Total duration	11.7

Breakdown shows how the Fund's total interest rate sensitivity is allocated to each maturity band.

CREDIT RATING BREAKDOWN OF NON-GOVERNMENT POSITIONS (% of Fund)

AAA	16.4
AA	17.3
A	28.7
BBB	26.4
below BBB	2.2

TOP TEN HOLDINGS (% of Fund)

Insight Global li Emerging Market Debt Cls 's' Inc GBP	2.8
European Investment Bank 5.625% 07/06/2032	2.7
Insight Liquidity Fund (zero Management Fee)	2.7
Tesco Prop Fin 6 Plc 5.4111% 13/07/2044	1.8
Lcr Finance Plc 5.1% 07/03/2051	1.8
Electricite De France Sa 6.125% 02/06/2034	1.7
Ge Capital UK Funding 6.25% 05/05/2038	1.6
Insight Gbl Fds li Short-dated High Yield Bond S GBP	1.6
Hsbc Holdings Plc 6% 29/03/2040	1.5
Reseau Ferre De France 5% 11/03/2052	1.3
Total	19.5

TECHNICAL DETAILS

Legal structure	Open Ended Investment Company (UCITS)
Domicile	UK
Share class currency	Sterling
Dealing frequency	Daily, midday
Pricing method	Swinging single price
Depository	National Westminster Bank plc
Administrator	The Bank of New York Mellon (International) Limited

NET P

ISIN (Inc)	GB00B65GPG52
Annual management charge	0.3%
Minimum initial investment	£1m

GROSS P

ISIN (Acc)	GB00B06FXC18
ISIN (Inc)	GB00B66R3G37
Annual management charge	0.3%
Minimum initial investment	£1m

GROSS S

ISIN (Acc)	GB00B06FXK91
ISIN (Inc)	GB00B3S7V336
Annual management charge	0.0%*
Minimum initial investment	£3m

*Fees will be negotiated and charged outside the Fund via a fee agreement.

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