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How can  
you *add value* in UK  
corporate bond markets?

Insight Investment

Sterling Corporate  
Bond Fund

➤ A BNY MELLON COMPANY<sup>SM</sup>



# Investing in corporate bonds

The Sterling Corporate Bond Fund aims to provide investors with access to the best opportunities available in the corporate bond market. In the UK alone, the corporate bond market is worth around £470 billion<sup>1</sup>.

An investment in corporate bonds can offer the following three main benefits:

- A regular and attractive level of income.
- The potential for long-term capital growth.
- Diversification advantages when combined in a portfolio with other assets such as gilts, equities and cash. This is because returns from corporate bonds are generally less volatile than, for example, equities, while being typically more volatile than gilts.

<sup>1</sup> Source: Merrill Lynch, as at 31 October 2011.

# About the Fund

The Fund aims to generate a total return comprising income and growth by investing primarily in investment grade corporate bonds. The Fund is denominated in sterling and invests in pan European and global corporate bonds.

The Fund leverages Insight's extensive fixed income resources, including a 20-strong team of credit experts, consisting of both fund managers and analysts. Through detailed research, the credit team aims to identify bonds in companies with strong balance sheets and good growth potential that will help generate total returns.

## Key features

- Focused on delivering both income and growth.
- Invests primarily in high-quality investment grade corporate bonds.
- Leverages the expertise of a dedicated team of highly experienced credit experts.
- Superior risk management – applied through a multi-dimensional and integrated risk management framework.
- UCITS III vehicle compliant – providing a high degree of investor protection in regard to risk and liquidity management, regulation and transparency.

Please note the value of investments and any income will fluctuate and is not guaranteed (this may be partly due to exchange rate fluctuations). Investors may not get back the full amount invested.

# Fixed income philosophy

We aim to provide our clients with consistent outperformance. We believe that the most effective way to do this is through a combination of precision and diversification.



- **Precision** means that our portfolios target precise opportunities. All bonds have a number of risk components and we assess these risks separately to identify and take advantage of mispricings.
- **Diversification** means a willingness and ability to find a broad range of uncorrelated opportunities rather than focussing on a particular source of return. Our fund managers seek to add value through the active management of risk and return across a range of factors such as market allocation, duration and yield curve management, credit strategy, foreign currency and security selection.

# Investment process

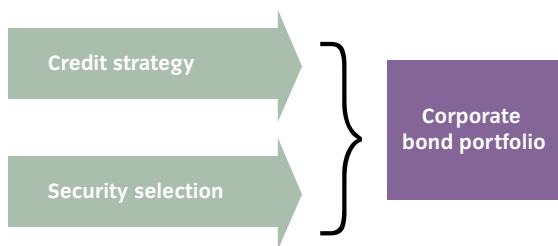
The Fund's investment process combines a top-down credit strategy with bottom-up security selection and is driven by our 20-strong credit team. Each specialist person has their own area of market expertise, which gives us the skills and resources to analyse a very broad range of the investment opportunities.

## Credit strategy

We employ a top-down approach which combines both long-term strategic forecasts and shorter-term tactical views with sector strategy decisions. From these forecasts, we formulate sector allocation recommendations. These are based on the collective views of the analyst team taking into account the fundamentals, technicals and valuations for each sector. These sectors are then each assigned a rating of 'underweight', 'neutral' or 'overweight' depending on how the team believes a sector is likely to perform.

## Security selection

The selection of individual securities is a key source of added value within the Fund. Using in-house research and analysis, we filter the corporate bond market to identify securities which have greatest potential to add returns. These securities are researched through both detailed company research and through analysis of market value. Only attractive opportunities at the right level of valuation are selected for inclusion in the Fund.



# Monitoring risk

Risk management is an integral part of the investment process at Insight and we use both qualitative assessments and quantitative tools to assist us. Our analysis takes place on a number of levels, including:

**Portfolio risk:** Risk management is a critical component of our investment process and the control technology we employ is at the leading-edge of the industry. We incorporate strict diversification limits on holdings of individual corporate securities and monitor the volatility of the overall portfolio relative to its benchmark (known as a tracking error).

**Credit risk analysis:** to evaluate the likelihood of future changes in a company's credit rating and the potential for a sudden change in credit quality, our credit analysts conduct a credit risk analysis. Particular attention is paid to the scoring of key risks in a 'landmine checklist' which examines important sources of risk which can lead to a sudden deterioration in credit quality. This research filters into our forecasts for areas such as defaults.

# About Insight Investment

Insight Investment is a specialist asset manager at the forefront of designing investment solutions to meet our clients' needs. Launched in 2002, Insight has £151.3 billion in assets under management<sup>1</sup> across fixed income, liability driven investment, cash management, multi-asset, absolute return and specialist equity strategies.

We manage money for private investors, pension funds, sovereign wealth funds, insurance groups, local government, charities and other financial institutions.

The Fund is managed by Peter Bentley, supported by the Insight Credit Team, part of the wider Fixed Income Team. The Fixed Income Team is fully integrated into the investment infrastructure of Insight, benefitting from scale of resources.



**Peter Bentley**

Head of UK Credit

Peter joined Insight in January 2008 as Head of UK Credit. Prior to joining Insight, Peter spent four years at Pimco Europe where he was a Senior Vice President portfolio manager responsible for the management and strategy of both long only and long-short credit funds. He began his investment career with four years at the Bank of England as a graduate analyst in the financial market division before progressing to the role of supervisory manager, regulating gilt and money market institutions. This was followed by three years at Schroder Investment Management Limited as a portfolio manager and then four years at Morley Investment Management as a portfolio manager responsible for the management and strategy of institutional credit funds. Peter holds a BA honours in Economics and Econometrics from Nottingham University and is an Associate of the CFA Society of the UK.

<sup>1</sup>As at 30 September 2011, represented by the value of physical securities and liability benchmarks.

# Fund specifics

Objective	The Fund aims to generate a total return by investing primarily in corporate bonds denominated in sterling, or hedged back to sterling
Investment universe	The Fund invests primarily in corporate bonds denominated in sterling, or hedged back to sterling. The Fund may also invest in other fixed and variable rate debt securities as well as collective investment schemes, deposits, cash and near cash, other transferable securities, money market instruments and derivatives. Derivatives may be used for meeting the investment objective of the Fund as well as for efficient portfolio management purposes
Scheme type	Open Ended Investment Company, UCITS III
Umbrella scheme	Insight Investment Professional Funds ICVC
Domicile	UK
IMA classification	Sterling Corporate Bond Sector
Benchmark	iBoxx Sterling Non-Gilts index
Inception date	16 January 1995
Share classes	A Accumulation Shares / A Income Shares
Annual Management Charge (AMC)	1.10%
Base currency	Sterling
Pricing/dealing	Daily NAV calculation and dealing
Platforms	Alliance Trust Savings, Ascentric (FundsDirect), Aviva, AxaCofunds, Fundsnetwork, Hargreaves Lansdown (Vantage), Legal & General, Novia, Nucleus, SEI, Standard Life, Transact, Winterthur Life

## Find out more

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**[www.insightinvestment.com](http://www.insightinvestment.com)**

Telephone calls may be recorded.  
Call charges may vary by provider.

For full product details please refer to the Funds Prospectus, available on our website.

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