

FOR PROFESSIONAL CLIENTS ONLY.  
NOT TO BE DISTRIBUTED TO RETAIL CLIENTS



What if you  
want a *diverse* range of  
asset classes in a *single fund*?

Diversified Fund Range

Diversified Target  
Return Fund

➤ A BNY MELLON COMPANY<sup>SM</sup>



# Why multi-asset?

The key to success in any portfolio of investments is the performance of the underlying assets and consistently selecting the right assets takes a combination of research and skill. It is also important to have a balanced and diversified portfolio investing across asset classes such as equities, fixed income, property and alternatives.

A level of diversification can be achieved through traditional asset classes and stand alone funds. However, multi-asset investing and the flexibility introduced through the UCITS III directive takes diversification a step further.

Funds adopting the full power of UCITS III are able to use derivatives to add an additional layer of diversification, generate returns and manage volatility.

At Insight, we use derivative instruments to improve the precision of our investment strategies by isolating profit opportunities, while reducing other risks.

# About the Fund

The Fund's objective is to deliver positive returns on an annual basis with the prospect of long-term capital growth commensurate with investment in equities. The managers aim to profit from long-term investment themes as well as non-directional and asset class specific opportunities. Risk management is embedded into the process with an emphasis on downside protection.

## Key features

- A diversified multi-asset, multi-manager portfolio with embedded downside protection and the flexibility to move tactically between asset classes.
- Investments are linked to asset class specific opportunities, non-directional growth strategies and longer-term global themes.
- Managers select investments from a global universe of externally managed funds and strategies, allowing the most effective implementation of our investment ideas.
- Managers will often isolate the returns they expect from specific strategies while hedging out underlying market direction risk. Market exposure is often structured to participate in upside while limiting downside.
- UCITS III compliant – a high level of investor protection regarding risk and liquidity management, regulation and transparency.
- An experienced team which draws on a broad range of specialist external managers and also has access to the views of Insight's own investment groups.

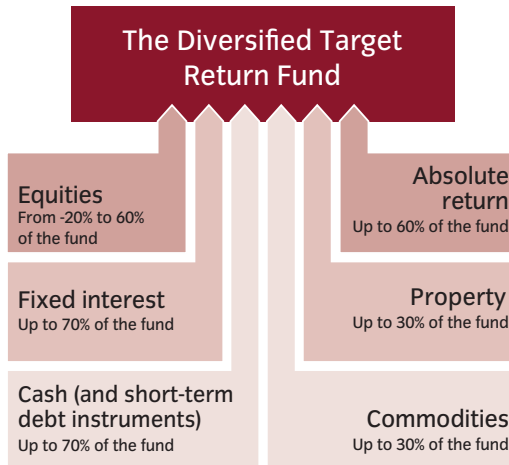
Please note the value of investments and any income will fluctuate and is not guaranteed (this may be partly due to exchange rate fluctuations). Investors may not get back the full amount invested.



# The Fund in more detail

Managers often separate the outperformance expected from an actively managed strategy by hedging out market direction risk using derivatives. We also take a structured approach to market exposure, using derivative overlay strategies to participate in upside while limiting downside.

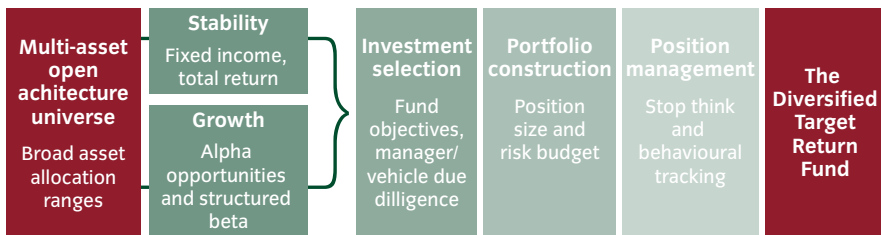
The Fund can invest in a broad range of asset classes, regions and strategies – depending on which the fund managers view as the most attractive at any particular time – subject to differing maximum limits for each asset class as illustrated:



Investment ideas fall into two broad categories – ‘stability’ and ‘growth’. ‘Stability’ ideas will tend to be opportunities expected to demonstrate low volatility – normally fixed income or total return strategies. ‘Growth’ ideas tend to offer higher potential returns, with higher levels of expected volatility, such as thematic exposure to commodities, property and equities.

Our active multi-asset approach allows for the creation of portfolios of investments with low or negative correlations, which helps to capture returns and mitigate downside risk.

Our investment process consists of a number of key stages:



The multi-asset strategy group has a wide range of expertise at their disposal, with access to the best buy-side analysts and fund managers, as well as independent research, sell-side analysts and strategists. Within Insight Investment, the multi-asset strategy group has access to the views of our in-house strategy, fixed income, currency and equity specialists, as well as our market-leading derivative experts.

### How do we select an investment?

The manager aims to determine the most suitable investment vehicle to provide exposure to the intended theme or strategy. When targeting active returns, we follow a rigorous fund selection process using quantitative and qualitative analysis. With directional returns, managers look for a cost effective instrument – often an exchange traded future or index derivative.

### Embedded risk protection

Risk controls are embedded into the portfolio construction process. When scaling individual positions the managers consider volatility, liquidity and transparency. They size positions within value-at-risk limits and by reference to absolute portfolio weight, which aims to protect the portfolio from stressed market conditions when volatility spikes and asset-class correlations increase.

## Managing downside risk

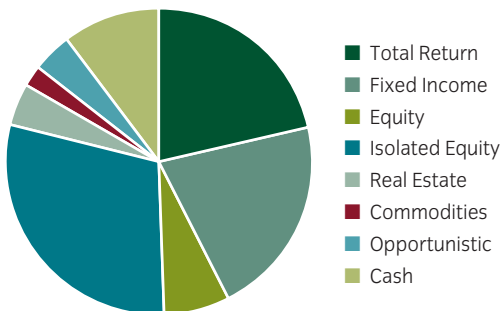
The portfolio managers also use a ‘stop-think’ process which sets a range of trigger points for position review and eventual position reduction should it fall below a certain point. To ensure the triggers remain relevant as markets develop, the levels are revised daily, and only upwards.

## When would we sell an investment?

We would remove a fund or investment from our buy list for a range of reasons. These include a breakdown in communications, staff change in the fund, unexpected performance or corporate issues which could hamper the investment process. Investments may also be sold in line with our tactical asset allocation policy, when a better alternative is found, or if we feel the fundamentals have changed.

## Indicative asset allocation

The overall investment process leads to the creation of a diversified portfolio of different asset classes. The chart below<sup>1</sup> illustrates how the asset allocation of the Fund may look.



<sup>1</sup> For illustrative purposes only. The opportunistic category comprises investments aiming to exploit market opportunities which tend to be short term in nature, not reliant on market direction and can be selected from any of the other asset classes.

# 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 is responsible for assets under management of £137.3 billion<sup>2</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 Steve Waddington with further investment selection support provided by Shantanu Tandon.



## **Steve Waddington**

Fund Manager,  
Multi-asset  
strategy group

Steve joined Insight's multi-asset strategy group in January 2008 and is responsible for fund management and investment selection for our diversified fund range. Before joining Insight he spent five years at BT Financial Group, Australia (formerly Rothschild Australia Asset Management), where from 2004 he was Head of External Investments, responsible for investment and manager research, due diligence, selection and portfolio construction.



## **Shantanu Tandon**

Fund Manager,  
Multi-asset  
strategy group

Shantanu joined Insight in October 2010, focusing on investment research and selection across Insight's Diversified fund range and the Insight Broad Opportunities Fund. Before joining Insight Shantanu spent over four years at Architas Multi-Manager where he held fund management and research responsibilities across Axa Life entities, including Winterthur Life. He has also held positions at Mercer Investment Consulting, PricewaterhouseCoopers and Investec Australia Ltd. Shantanu started his career in Australia at Retireinvest (formerly part of ING Group) in November 1998. Shantanu holds a BA honours degree in Economics from the University of Delhi and a MBA from the University of Newcastle, Australia. He is also a CFA Charterholder.

<sup>2</sup> As of 30 June 2011 represented by the value of physical securities and liability benchmarks.

# Fund specifics

Objective	Aims to deliver positive returns on an annual basis with the prospect of long-term capital growth commensurate with investment in equities
Investment universe	Exposure is through investment in CISs, transferable securities, money market instruments and derivatives. Underlying asset class exposure is to fixed income, cash, near cash and deposits, equities, property (indirect), absolute or target return CISs, structured products and commodities (through derivatives only). Derivatives may also be used for portfolio management and meeting investment objectives
Scheme type	Open Ended Investment Company, UCITS III
Domicile	United Kingdom
IMA classification	Absolute Return
Benchmark	Sterling 3-month LIBID; FTSE All-Share
Inception date	18 February 2005
Share class	A Accumulation Shares
Annual Management Charge (AMC)	1.5%
Base currency	Sterling
Pricing/dealing	Daily NAV calculation and dealing
Platforms	Aegon Scottish Equitable, Alliance Trust Savings, Ascentric (FundsDirect), Aviva, Axa, Canada Life, Cofunds, Friends Provident, Fundsnetwork, Hargreeves Lansdown, Legal & General, Novia, Nucleus, Prudential, SEI, Skandia, Standard Life, Transact, Winterthur Life

## Find out more

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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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