

Insight Investment
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Interim Short Reports
Insight Investment
Discretionary Funds ICVC

Insight Investment Discretionary Funds ICVC Monthly Income Bond Fund

Insight
INVESTMENT

INTERIM SHORT REPORT FOR THE PERIOD ENDED 29 FEBRUARY 2012

INVESTMENT OBJECTIVE AND POLICY

The Fund aims to achieve a high level of income, with the possibility of capital growth, through investment in "high yield" and "investment grade" fixed and variable rate securities mainly denominated in sterling.

The Fund may also invest in non-sterling denominated securities which will normally be hedged to minimise currency risk, but the Authorised Corporate Director ("ACD") reserves the right not to hedge where, in its view, it is not in the interest of the Fund to do so.

RISK PROFILE

Fixed interest securities are particularly affected by changes in interest rates and the rate of inflation. In addition, companies may not be able to honour payment on bonds they have issued.

The portfolio of the Insight Investment Monthly Income Bond Fund will include "sub-investment grade" corporate bonds which may carry a greater risk of default.

The ACD's fee is taken from capital. This will increase distributable income at the expense of capital growth which may be eroded or constrained.

FUND MANAGERS' COMMENTS

Economic and market review

Both investment grade and high yield corporate bonds were subject to much volatility during the six months to the end of February 2012. Credit spreads experienced a sharp widening during the second half of 2011 as hopes of an economic recovery waned and the market started to price in a recession. December was a little more stable, with the European Central Bank's action to support the region's banks a strong signal that a banking crisis would be averted. Corporate bonds then went on to enjoy a strong rally, and during the first two months of the new year, spreads in investment grade and high yield narrowed significantly, making up much of the ground they had lost.

Performance and activity

The objective of the Fund is to generate a high level of income through investing in a combination of investment grade and high yield bonds. In terms of the Fund's performance vs. the notional benchmark, the Fund has returned 4.81% compared to a return of 7.55% for the benchmark 50% BoA Merrill Lynch Non-Gilt All Stocks and 50% BoA Merrill Lynch High Yield Euro Issuers GBP index. The latter part of 2011 was difficult for the Fund, with exposure to insurers and banks negative for the Fund's performance. However, losses as a result of extreme levels of market volatility were mitigated to an extent by the Fund's conservative positioning in other areas. At the start of the new year, with our analysis indicating that credit was undervalued, we started to increase risk to capture an expected tightening in credit spreads. This was positive for performance as spreads narrowed significantly over both January and February.

The Fund continued to hold an allocation to the Insight Emerging Markets Debt Fund for diversification purposes.

Outlook

As has been the case for some time, we believe that corporate bonds are fundamentally good value, taking into account a fairly benign corporate default environment and stabilising risk premiums. However, we still believe some caution is needed given the ongoing European sovereign debt crisis. We have started to see some new bond issuance, which has been well received and is trading well in the secondary-market. We are gradually increasing credit risk in our funds through the new issue market. We prefer to remain underweight bonds issued by companies in Greece, Italy, Ireland, Portugal and Spain as they are likely to struggle to perform. The cheapest sector by far is financials but we will approach this sector with caution, choosing only the strongest and systemically important issuers. High yield bonds look good value at the current spread levels and we are looking to selectively increase exposure to short-dated bonds.

TOP HOLDINGS AS AT 29/02/2012

1	Insight Emerging Markets Debt Fund Class S	8.55%
2	FCE Bank 9.375% Guaranteed Senior European Medium Term Notes 17/1/2014	2.55%
3	Welltec 8% Guaranteed Senior Notes 1/2/2019	2.47%
4	UPC Germany 8.125% Bonds 1/12/2017	2.46%
5	Royal Bank of Scotland 9.625% Guaranteed Subordinated Bonds 22/6/2015	2.18%

TOP HOLDINGS AS AT 31/08/2011

1	Insight Emerging Markets Debt Fund Class S	8.49%
2	FCE Bank 9.375% Guaranteed Senior European Medium Term Notes 17/1/2014	2.53%
3	Wind Acquisition Finance 11.75% Guaranteed Notes 15/7/2017	2.43%
4	UPC Germany 8.125% Bonds 1/12/2017	2.41%
5	Royal Bank of Scotland 9.625% Guaranteed Subordinated Bonds 22/6/2015	2.14%

CREDIT RATINGS BREAKDOWN

AS AT 29/02/2012

AAA	2.48%
AA	2.86%
A	18.97%
BBB	28.30%
Below BBB	35.43%
No Rating [#]	9.56%
Cash & other*	2.40%

CREDIT RATINGS BREAKDOWN

AS AT 31/08/2011

AAA	4.18%
AA	3.19%
A	23.55%
BBB	24.16%
Below BBB	29.99%
No Rating [#]	8.38%
Cash & other*	6.55%

[#]Includes Insight Emerging Markets Debt Fund Class S.

*Includes cash balances, forward fx, unsettled trades and margin.

ONGOING CHARGES FIGURE

As at	A (accumulation) %	A (income) %	N (accumulation) %	N (income) %
29 February 2012	1.67	1.67	2.07	2.07

The ongoing charges figure (OCF) represents the annual operating expenses of the fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The OCF includes the annual management charge and also the following charges which are deducted directly from the Fund: General Administration Charges, Depositary Fee, Custody Fee, Audit Fee, FSA Fee, Professional Service charge and Transaction expenses. The OCF is expressed as an annual percentage rate.

SUMMARY OF FUND PERFORMANCE

Net Asset Value (pence per share) as at	A (accumulation)	A (income)	N (accumulation)	N (income)
29 February 2012	72.30	45.97	138.50	87.63
31 August 2011	68.57	44.59	131.62	85.16
Change (%)	5.44%	3.09%	5.23%	2.90%

REVENUE HISTORY

The Fund has an annual accounting period ending 31 August (payment date 15 October) and 11 interim income allocation periods ending on the last business day of each following month (payment dates 15th of every month).

Calendar year	A (accumulation) pence per share	A (income) pence per share	N (accumulation) pence per share	N (income) pence per share
2012 ⁽¹⁾	1.0019	0.6428	1.9204	1.2261
2011	3.2883	2.1765	6.3205	4.1630

(1) to 15 April

PERFORMANCE RECORD

Past performance is not a guide to future returns. The value of investments and any income will fluctuate (this may be partly due to exchange rate fluctuations) and investors may not get back the full amount invested.

From To	31/08/2011 29/02/2012 6 months	31/08/2010 31/08/2011 1 year	31/08/2009 31/08/2010 1 year	31/08/2008 31/08/2009 1 year	31/08/2007 31/08/2008 1 year	31/08/2006 31/08/2007 1 year
Monthly Income Bond Fund A (accumulation)	4.81%	2.65%	17.76%	(4.14)%	(1.84)%	1.46%
50% ML Non-Gilt All Stocks +50% ML GI High Yield Euro Issuers (Hedged GBP)	7.55%	1.42%	20.38%	9.70%	1.10%	2.17%

Source: Lipper, a REUTERS company.

Basis: Fund return (net of fees), mid day to mid day with revenue reinvested in sterling.

Index return, close of business with revenue reinvested in sterling.

Need more information?

Copies of the Annual and Interim Report and Financial Statements of this fund are available on our website at www.insightinvestment.com or in writing from Insight Investment Funds Management Ltd, PO Box 23630, Edinburgh, EH7 5GR.

For further details on any of our fund ranges, please contact us on **0845 777 2233** or visit our website at www.insightinvestment.com or email service@insightinvestment.com

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Insight Investment Discretionary Funds ICVC UK Broad Market Bond Fund

Insight
INVESTMENT

INTERIM SHORT REPORT FOR THE PERIOD ENDED 29 FEBRUARY 2012

INVESTMENT OBJECTIVE AND POLICY

The Fund aims to generate a return by investing principally in sterling denominated fixed interest securities issued by governments, public authorities and corporate entities.

The Fund may also invest in collective investment schemes, deposits and cash and near cash, other transferable securities, money market instruments and derivatives.

Derivatives may be used for efficient portfolio management as well as for meeting the investment objective of the Fund.

RISK PROFILE

Fixed interest securities are particularly affected by changes in interest rates and the rate of inflation. In addition, companies may not be able to honour payment on bonds they have issued.

It is not intended that the use of derivatives will cause the net asset value of the Fund to have a high volatility or otherwise cause its existing profile to change materially. However, where derivatives are used for investment purposes there remains a possibility that the share price of the Fund may be more volatile than would otherwise have been the case. The effect of the derivative strategies employed could be to amplify or dampen market movements, or to cause the net asset value of the Fund to move in an opposite direction to that of the market. In such cases, its behaviour could be counter-intuitive to that expected by investors who are accustomed to investment in traditional long only funds.

FUND MANAGERS' COMMENTS

Economic and market review

The 50% iBoxx Sterling Non-Gilts, 50% FTSE A All Stocks index returned 6.46% in sterling, total return terms over the period. During the final months of 2011, government bonds outperformed corporate bonds, but in early 2012 risk appetite returned to the market, and the situation reversed. Corporate bonds had experienced a significant decline towards the end of 2011 as hopes of an economic recovery waned and the market started to price in a recession. This benefited government bonds as investors sought a safer haven. December was a little more stable, given the European Central Bank's intervention to lend to European banks which the market took as a strong signal that the region would avert a banking crisis. The market then went on to enjoy a strong rally, and during the first two months of the new year the market performed very well, more than making up for the ground they had only recently lost.

Performance and activity

The Fund outperformed its benchmark over the review period, returning 6.83% compared to a return of 6.46% for the benchmark. The Fund was generally overweight duration (interest rate risk) during the final months of 2011 to take advantage of the fall in yields experienced over the period. The Fund also had a bias to curve flattening, as we expected long-dated bonds to outperform short-dated securities. In credit, the Fund was generally defensively positioned, being overweight in

transport, energy and property, and underweight in utilities and consumer-related sectors. Overall, we were underweight in financials, but overweight in insurers and banks. We looked to reduce risk during 2011, selling corporate bonds issued by companies in the eurozone's peripheral countries and lower-rated issues. However, as 2011 came to a close and areas of the market began to show value, we began to add back risk, reducing underweights in selected areas including securitised bonds, telecoms and utilities. We did this mainly by purchasing bonds through the primary market, which were being issued at a discount to equivalent securities in the secondary market.

Outlook

We still expect the UK economy to grow in 2012, but only slightly. Visibility remains poor and the volatile nature of the European situation makes predicting growth levels a difficult task; the UK economy could easily tip back into recession if Europe does. For both the gilt and corporate bond markets, we remain cautious, and we will manage the Fund's positions on a tactical basis. We are likely to continue to add small amounts of risk in selected areas of the corporate bond market as long as market indicators remain favourable, while for government bond markets we will tread carefully, given that the effects of quantitative easing on gilt markets will ebb over the coming months.

TOP HOLDINGS AS AT 29/02/2012

1	Treasury 4.25% Stock 2032	8.14%
2	Insight Sterling Liquidity Fund	6.05%
3	Treasury 2% Stock 2016	5.86%
4	Kreditanstalt fur Wiederaufbau 5.55% Guaranteed European Medium Term Notes 7/6/2021	3.87%
5	Treasury 3.75% Stock 2021	3.62%

TOP HOLDINGS AS AT 31/08/2011

1	Insight Sterling Liquidity Fund	6.09%
2	Treasury 4.25% Stock 2055	5.57%
3	Treasury 4.75% Stock 2015	5.48%
4	Kreditanstalt fur Wiederaufbau 5.55% Guaranteed European Medium Term Notes 7/6/2021	5.14%
5	Treasury 4% Stock 2016	5.03%

CREDIT RATINGS BREAKDOWN

AS AT 29/02/2012

AAA	45.89%
AA	5.30%
A	19.17%
BBB	13.38%
Below BBB	1.97%
No Rating [#]	3.13%
Cash & other*	11.16%

CREDIT RATINGS BREAKDOWN

AS AT 31/08/2011

AAA	47.40%
AA	3.92%
A	15.19%
BBB	14.41%
Below BBB	1.32%
No Rating [#]	3.32%
Cash & other*	14.44%

#Includes Insight Emerging Markets Debt Fund Class S.

*Includes cash balances, forward fx, unsettled trades and margin.

ONGOING CHARGES FIGURE

As at	P gross (accumulation) %	P gross (income) %	S gross (accumulation) %
29 February 2012	0.37	0.37	0.07

The ongoing charges figure (OCF) represents the annual operating expenses of the fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The OCF includes the annual management charge and also the following charges which are deducted directly from the Fund: General Administration Charges, Depositary Fee, Custody Fee, Audit Fee, FSA Fee, Professional Service charge and Transaction expenses. The OCF is expressed as an annual percentage rate.

SUMMARY OF FUND PERFORMANCE

Net Asset Value (pence per share) as at	P gross (accumulation)	P gross (income)	S gross (accumulation)
29 February 2012	148.84	104.54	152.17
31 August 2011	139.52	99.75	142.43
Change (%)	6.68%	4.80%	6.84%

REVENUE HISTORY

The Fund has an annual accounting period ending 31 August (payment date 15 October) and an interim income allocation period ending 29 February (payment date 15 April).

Calendar year	P gross (accumulation) pence per share	P gross (income) pence per share	S gross (accumulation) pence per share
2012 ⁽¹⁾	2.6271	1.8787	2.9052
2011	5.3596	3.6210	5.8746

(1) to 15 April

PERFORMANCE RECORD

Past performance is not a guide to future returns. The value of investments and any income will fluctuate (this may be partly due to exchange rate fluctuations) and investors may not get back the full amount invested.

From To	31/08/2011 29/02/2012 6 months	31/08/2010 31/08/2011 1 year	31/08/2009 31/08/2010 1 year	31/08/2008 31/08/2009 1 year	31/08/2007 31/08/2008 1 year	31/08/2006 31/08/2007 1 year
UK Broad Market Bond Fund						
S gross (accumulation)	6.83%	3.91%	12.07%	6.46%	4.23%	0.07%
Benchmark*	6.46%	2.67%	10.23%	7.57%	4.11%	0.02%

*From 31 December 2009, the Fund's benchmark changed from iBoxx Sterling Total Return to 50% iBoxx Sterling Non-Gilts, 50% FTSE All-Stocks.

Source: Lipper, a REUTERS company.

Basis: Fund return (net of fees), close of business with revenue reinvested in sterling.
Index return, close of business with revenue reinvested in sterling.

Need more information?

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Insight Investment Discretionary Funds ICVC UK Corporate All Maturities Bond Fund

Insight
INVESTMENT

INTERIM SHORT REPORT FOR THE PERIOD ENDED 29 FEBRUARY 2012

INVESTMENT OBJECTIVE AND POLICY

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

The Fund may also invest in collective investment schemes, deposits and cash and near cash, other transferable securities, money market instruments and derivatives.

Derivatives may be used for efficient portfolio management as well as for meeting the investment objective of the Fund.

RISK PROFILE

Fixed interest securities are particularly affected by changes in interest rates and the rate of inflation. In addition, companies may not be able to honour payment on bonds they have issued.

It is not intended that the use of derivatives will cause the net asset value of the Fund to have a high volatility or otherwise cause its existing risk profile to change materially. However, where derivatives are used for investment purposes there remains a possibility that the share price of the Fund may be more volatile than would otherwise have been the case. The effect of the derivative strategies employed could be to amplify or dampen market movements, or to cause the net asset value of the Fund to move in an opposite direction to that of the market. In such cases, its behaviour could be counter-intuitive to that expected by investors who are accustomed to investment in traditional long only funds.

FUND MANAGERS' COMMENTS

Economic and market review

The iBoxx Sterling Non Gilt index returned 5.34% over the period under review, underperforming gilts, as reflected by the FTSE A British Government All Stocks index, which returned 7.51% over the same time period. The corporate bond market was subject to much volatility during the six months to the end of February. Credit spreads experienced a sharp widening towards the end of 2011, moving up more than 60bps in little more than a month to yield 4.05% more than government bonds, as hopes of an economic recovery waned and the market started to price in a recession. But December was more stable, given the European Central Bank's intervention to lend to European banks which the market took as a strong, positive signal that a banking crisis would be averted. The market then enjoyed a strong rally, and during the first two months of the new year spreads narrowed back significantly, more than making up for ground they had only recently lost.

Performance and activity

The Fund outperformed its benchmark over the review period, returning 6.47% compared to a return of 5.34% for the benchmark. The outperformance was driven by positive credit strategy and sector positioning. The portfolio was generally defensively positioned during the last few months of 2011 and had an overweight position in transport, residential mortgage-backed securities, energy and property. This, together with our underweight in consumer-related sectors, helped

performance. To reduce risk, we sold lower-rated issues and corporate bonds issued by companies in the eurozone's periphery. However, as 2011 neared its end and areas of the market began to show value, we reduced the underweight in defensive sectors, adding attractively-priced new issues as they came to market. The portfolio also benefited as banks began to call their bonds at a premium, either by tendering cash or by swapping old bonds for new securities. We continued to add risk in selected areas in early 2012.

Outlook

As has been the case for some time, we believe that corporate bonds are fundamentally good value, taking into account the fairly benign corporate default environment and stabilising risk premiums. However, we still believe some caution is needed given the ongoing European sovereign debt crisis. We have seen some new bond issuance, which has been well received and is trading well in the secondary-market. We are starting to gradually increase credit risk in funds through cheap new issues using cash, or selling existing holdings to fund new opportunities. We prefer to remain underweight bonds issued by companies in Greece, Italy, Ireland, Portugal and Spain as they are likely to struggle to perform, given the uncertainty. The cheapest sector by far is financials but we will approach this sector with caution, choosing only the strongest and systemically important issuers.

TOP HOLDINGS AS AT 29/02/2012

1	Insight Sterling Liquidity Fund	4.35%
2	Insight Emerging Markets Debt Fund Class S	2.64%
3	Treasury 3.75% Stock 2021	1.80%
4	European Investment Bank 4.5% Guaranteed Senior European Medium Term Notes 7/6/2029	1.37%
5	Citigroup 7.625% Guaranteed Senior European Medium Term Notes 3/4/2018	1.30%

TOP HOLDINGS AS AT 31/08/2011

1	Insight Sterling Liquidity Fund	6.59%
2	Insight Emerging Markets Debt Fund Class S	2.82%
3	European Investment Bank 4.5% Guaranteed Senior European Medium Term Notes 7/6/2029	1.88%
4	Kreditanstalt fur Wiederaufbau 5% Guaranteed European Medium Term Notes 9/6/2036	1.68%
5	Kreditanstalt fur Wiederaufbau 6% Guaranteed European Medium Term Notes 7/12/2028	1.53%

CREDIT RATINGS BREAKDOWN

AS AT 29/02/2012

AAA	22.08%
AA	13.98%
A	33.28%
BBB	21.80%
Below BBB	3.34%
No Rating [#]	2.62%
Cash & other*	2.90%

CREDIT RATINGS BREAKDOWN

AS AT 31/08/2011

AAA	19.81%
AA	14.26%
A	33.35%
BBB	18.74%
Below BBB	3.91%
No Rating [#]	2.78%
Cash & other*	7.15%

[#]Includes Insight Emerging Markets Debt Fund Class S.

*Includes cash balances, forward fx, unsettled trades and margin.

ONGOING CHARGES FIGURE

As at	P gross (accumulation) %	S gross (accumulation) %	S gross (income) %
29 February 2012	0.35	0.05	0.05

The ongoing charges figure (OCF) represents the annual operating expenses of the fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The OCF includes the annual management charge and also the following charges which are deducted directly from the Fund: General Administration Charges, Depositary Fee, Custody Fee, Audit Fee, FSA Fee, Professional Service charge and Transaction expenses. The OCF is expressed as an annual percentage rate.

SUMMARY OF FUND PERFORMANCE

Net Asset Value (pence per share) as at	P gross (accumulation)	S gross (accumulation)	S gross (income)
29 February 2012	144.41	146.96	155.93
31 August 2011	135.57	137.80	149.60
Change (%)	6.52%	6.65%	4.23%

REVENUE HISTORY

The Fund has an annual accounting period ending 31 August (payment date 15 October) and an interim income allocation period ending 29 February (payment date 15 April).

Calendar year	P gross (accumulation) pence per share	S gross (accumulation) pence per share	S gross (income) pence per share
2012 ⁽¹⁾	3.1133	3.3746	3.6647
2011	6.4848	6.9822	7.8824

(1) to 15 April

PERFORMANCE RECORD

Past performance is not a guide to future returns. The value of investments and any income will fluctuate (this may be partly due to exchange rate fluctuations) and investors may not get back the full amount invested.

From To	31/08/2011 29/02/2012 6 months	31/08/2010 31/08/2011 1 year	31/08/2009 31/08/2010 1 year	31/08/2008 31/08/2009 1 year	31/08/2007 31/08/2008 1 year	31/08/2006 31/08/2007 1 year
UK Corporate All Maturities Bond Fund S gross (accumulation)	6.47%	2.46%	15.70%	5.46%	1.44%	(0.66)%
iBOXX £ Non-Gilt	5.34%	1.58%	13.35%	5.17%	1.91%	(0.50)%

Source: Lipper, a REUTERS company.

Basis: Fund return (net of fees), close of business with revenue reinvested in sterling.
Index return, close of business with revenue reinvested in sterling.

Need more information?

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Insight Investment Discretionary Funds ICVC UK Corporate Long Maturities Bond Fund

Insight
INVESTMENT

INTERIM SHORT REPORT FOR THE PERIOD ENDED 29 FEBRUARY 2012

INVESTMENT OBJECTIVE AND POLICY

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.

The Fund may also invest in collective investment schemes, deposits and cash and near cash, other transferable securities, money market instruments and derivatives.

Derivatives may also be used for efficient portfolio management as well as for meeting the investment objective of the Fund.

RISK PROFILE

Fixed interest securities are particularly affected by changes in interest rates and the rate of inflation. In addition, companies may not be able to honour payment on bonds they have issued.

It is not intended that the use of derivatives will cause the net asset value of the Fund to have a high volatility or otherwise cause its existing risk profile to change materially. However, where derivatives are used for investment purposes there remains a possibility that the share price of the Fund may be more volatile than would otherwise have been the case. The effect of the derivative strategies employed could be to amplify or dampen market movements, or to cause the net asset value of the Fund to move in an opposite direction to that of the market. In such cases, its behaviour could be counter-intuitive to that expected by investors who are accustomed to investment in traditional long only funds.

FUND MANAGERS' COMMENTS

Economic and market review

Long-dated corporate bonds underperformed long-dated government bonds over the review period, with the iBoxx Sterling Non-Gilts Over 10 Years index rising 7.91%, while the FTSE A British Government Over 15 Years index ended the period up 13.88%. The long-dated corporate bond market was subject to much volatility during the reporting period. Long-dated credit spreads experienced a sharp widening towards the end of 2011 as hopes of an economic recovery waned and the market started to price in a recession. But December was the start of a more stable period. The European Central Bank stepped in to lend to European banks which the market took as a signal that the region would avert a banking crisis. This heralded a strong rally in corporate bonds, and during the first two months of the new year long-dated spreads narrowed back significantly, more than making up for ground they had only recently lost.

Performance and activity

The Fund outperformed its benchmark over the review period, returning 8.49% compared to a return of 7.91% for the benchmark. The portfolio was defensively positioned and this helped performance as spreads widened in the latter part of 2011. The Fund had an overweight position in transport, residential mortgage-backed securities, energy and property. This, together with an underweight in consumer-related sectors, helped returns. In the early part of the period, we reduced risk by selling lower-rated issues and corporate bonds issued by companies in the

eurozone's periphery. However, as the period progressed and areas of the market began to cheapen up, we reduced the underweight in defensive sectors, such as securitised bonds, telecoms and utilities, via the new issue market. The portfolio also benefited as banks called their bonds at premium, either by tendering cash or by swapping old bonds for new securities. We continued to add risk in selected areas in early 2012, primarily adding attractively-priced new issues, mainly from blue chip non-financial corporates.

Outlook

As has been the case for some time, we believe that corporate bonds are fundamentally good value, taking into account the fairly benign corporate default environment and stabilising risk premiums. However, we still believe some caution is needed given the ongoing European sovereign debt crisis. We have seen some new bond issuance, which has been well received and is trading well in the secondary market. We are starting to gradually increase credit risk in funds through cheap new issues using cash, or selling existing holdings to fund new opportunities. We prefer to remain underweight bonds issued by companies in peripheral Europe as they are likely to struggle to perform, given the uncertainty. The cheapest sector by far is financials but we will approach this sector with caution, choosing only the strongest and systemically important issuers.

TOP HOLDINGS AS AT 29/02/2012

1	European Investment Bank 5.625% Guaranteed Senior Bonds 7/6/2032	4.40%
2	Insight Emerging Markets Debt Fund Class S	3.06%
3	Kreditanstalt fur Wiederaufbau 5.75% Guaranteed European Medium Term Notes 7/6/2032	2.87%
4	LCR Finance 5.1% Guaranteed Bonds 7/3/2051	2.17%
5	GE Capital UK Funding 6.25% Guaranteed European Medium Term Notes 5/5/2038	1.76%

TOP HOLDINGS AS AT 31/08/2011

1	European Investment Bank 5.625% Guaranteed Senior Bonds 7/6/2032	4.91%
2	Insight Sterling Liquidity Fund	3.95%
3	LCR Finance 5.1% Guaranteed Bonds 7/3/2051	2.99%
4	Insight Emerging Markets Debt Fund Class S	2.94%
5	Kreditanstalt fur Wiederaufbau 5.75% Guaranteed European Medium Term Notes 7/6/2032	2.34%

CREDIT RATINGS BREAKDOWN

AS AT 29/02/2012

AAA	22.00%
AA	18.52%
A	35.80%
BBB	16.58%
Below BBB	3.11%
No Rating [#]	3.02%
Cash & other*	0.97%

CREDIT RATINGS BREAKDOWN

AS AT 31/08/2011

AAA	21.09%
AA	17.47%
A	37.07%
BBB	17.49%
Below BBB	3.57%
No Rating [#]	2.90%
Cash & other*	0.41%

[#]Includes Insight Emerging Markets Debt Fund Class S.

*Includes cash balances, forward fx, unsettled trades and margin.

ONGOING CHARGES FIGURE

As at	P gross (accumulation) %	P gross (income) %	P net (income) %	S gross (accumulation) %	S gross (income) %
29 February 2012	0.37	0.37	0.37	0.07	0.07

The ongoing charges figure (OCF) represents the annual operating expenses of the fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The OCF includes the annual management charge and also the following charges which are deducted directly from the Fund: General Administration Charges, Depositary Fee, Custody Fee, Audit Fee, FSA Fee, Professional Service charge and Transaction expenses. The OCF is expressed as an annual percentage rate.

SUMMARY OF FUND PERFORMANCE

Net Asset Value (pence per share) as at	P gross (accumulation)	P gross (income)	P net (income)	S gross (accumulation)	S gross (income)
29 February 2012	149.03	105.92	105.90	153.52	101.52
31 August 2011	137.54	100.15	100.15	141.46	95.98
Change (%)	8.35%	5.76%	5.74%	8.53%	5.77%

REVENUE HISTORY

The Fund has an annual accounting period ending 31 August (payment date 15 October) and an interim income allocation period ending 29 February (payment date 15 April).

Calendar year	P gross (accumulation) pence per share	P gross (income) ⁽²⁾ pence per share	P net (income) ⁽²⁾ pence per share	S gross (accumulation) pence per share	S gross (income) pence per share
2012 ⁽¹⁾	3.6378	2.6502	2.1145	3.9669	2.6923
2011	7.1838	2.4604	1.9638	7.8005	5.0471

(1) to 15 April

(2) launched 18 March 2011

PERFORMANCE RECORD

Past performance is not a guide to future returns. The value of investments and any income will fluctuate (this may be partly due to exchange rate fluctuations) and investors may not get back the full amount invested.

From To	31/08/2011 29/02/2012 6 months	31/08/2010 31/08/2011 1 year	31/08/2009 31/08/2010 1 year	31/08/2008 31/08/2009 1 year	31/08/2007 31/08/2008 1 year	31/08/2006 31/08/2007 1 year
UK Corporate Long Maturities Bond Fund S gross (accumulation)	8.49%	1.13%	17.22%	9.48%	0.51%	(2.68)%
iBOXX £ Non-Gilt 10+ TR	7.91%	0.24%	15.78%	6.92%	(0.04)%	(2.73)%

Source: Lipper, a REUTERS company.

Basis: Fund return (net of fees), close of business with revenue reinvested in sterling.

Index return, close of business with revenue reinvested in sterling.

Need more information?

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Issued by Insight Investment Funds Management Limited. Registered office 160 Queen Victoria Street, London EC4V 4LA. Registered number 01835691. Authorised and regulated by the Financial Services Authority.

Insight Investment Discretionary Funds ICVC UK Equity Income Booster Fund

Insight
INVESTMENT

INTERIM SHORT REPORT FOR THE PERIOD ENDED 29 FEBRUARY 2012

INVESTMENT OBJECTIVE AND POLICY

The investment objective of the Fund is to provide an enhanced level of income with potential for capital growth primarily through investment in equity and equity related securities.

The Fund will invest primarily in a portfolio of UK listed equity and equity related securities, although there may be some investment, from time to time, in securities listed outside of the UK.

In addition the Fund will employ a derivatives strategy designed to generate additional income. The Fund may also use derivative instruments for other efficient portfolio management purposes.

The Fund may also invest in other transferable securities, collective investment schemes, cash and near cash, deposits and money market instruments.

RISK PROFILE

The Fund invests in equities which are generally more risky than fixed interest securities and movements in the equity markets may mean that you get less than you originally invested.

The Authorised Corporate Director (ACD) fee and other fees are taken from capital. This will increase distributable income at the expense of capital growth which may be eroded or constrained.

The Fund uses a derivatives strategy to generate additional income which may restrict growth potential when the stockmarket is rising rapidly.

Changes in exchange rates may adversely affect the value of the Fund's investments and the income therefrom.

FUND MANAGERS' COMMENTS

Economic and market review

UK equities performed very strongly in the six-month period to the end of February 2012, with the FTSE All-Share index returning 10.30%. US economic data in particular started to show some signs of improvement despite the ongoing sovereign debt crisis in the eurozone. The major news from a UK perspective was the announcement of a second round of quantitative easing by the Bank of England. While inflation remained above target over the period, central bank officials decided to inject another £75bn into the economy as they maintain that weak growth and deflation represents a greater risk to the UK economy over the medium term.

Performance and activity

The Fund continued to meet its 8% yield target and delivered strongly positive returns of 12.86% over the period, outperforming the FTSE All-Share index. Performance was driven by strong stock selection, with several cyclical holdings performing as hoped in a more pro-risk environment. While all areas of the portfolio performed well, returns for holdings in Barclays, BT Group, Legal & General and BP were particularly notable.

Activity over the period has been relatively low. This is in keeping with our investment process, where we prefer to focus on high quality companies with attractive dividends.

However, we did add to some of the more cyclical areas of the portfolio early on in the period with capital being deployed into Rio Tinto, IMI and ICAP. Later on in the period, a new holding was added in Weir Group, a market leader in services for the mining and gas industries.

Outlook

While we expect to see only modest economic growth in the UK in 2012, we remain cautiously optimistic on the outlook for equity markets, which are more likely to be influenced by the strengthening economic recovery in the United States. Although the UK has benefited to some extent from currency devaluation and quantitative easing, there are as yet relatively few signs that the domestic economy has been able to rebalance itself away from services and towards manufacturing, something which is likely to be necessary for a sustained economic recovery to take hold. Given this environment, we retain our preference for high-quality companies, as these should be well-placed to deliver shareholder value.

TOP HOLDINGS AS AT 29/02/2012

1	Royal Dutch Shell 'B' Shares	7.64%
2	BP	6.64%
3	Rio Tinto	6.39%
4	GlaxoSmithKline	5.76%
5	Vodafone	5.55%
6	Insight Sterling Liquidity Fund	5.05%

TOP HOLDINGS AS AT 31/08/2011

1	Royal Dutch Shell 'B' Shares	8.02%
2	Rio Tinto	7.15%
3	GlaxoSmithKline	6.40%
4	Vodafone	5.89%
5	BP	5.50%

SECTOR BREAKDOWN

AS AT 29/02/2012

Oil & Gas Producers	14.28%
Pharmaceuticals & Biotechnology	8.67%
Banks	8.38%
Mining	6.39%
Life Insurance	6.36%
Mobile Telecommunications	5.55%
Food & Drug Retailers	5.52%
Gas, Water & Multiutilities	5.42%
Travel & Leisure	5.27%
Cash	5.05%
Tobacco	4.90%
Media	4.28%
Aerospace & Defence	3.94%
General Financial	3.88%
Support Services	2.67%
Real Estate	2.54%
Fixed Line Telecommunications	2.28%
Other*	4.62%

SECTOR BREAKDOWN

AS AT 31/08/2011

Oil & Gas Producers	13.52%
Pharmaceuticals & Biotechnology	9.96%
Banks	8.41%
Mining	7.15%
Food & Drug Retailers	6.23%
Life Insurance	5.94%
Gas, Water & Multiutilities	5.89%
Mobile Telecommunications	5.89%
Travel & Leisure	4.98%
Cash	4.64%
Tobacco	4.63%
Media	4.05%
General Financial	3.86%
Aerospace & Defence	3.15%
Fixed Line Telecommunications	2.26%
Real Estate	2.00%
Other*	7.44%

*Includes sectors less than 2%.

ONGOING CHARGES FIGURE

As at	A (accumulation) %	A (income) %	B (accumulation) %	B (income) %	F (accumulation) %	F (Income) %	S (accumulation) %
29 February 2012	1.97	1.96	0.97	0.98	1.47	1.47	0.23

The ongoing charges figure (OCF) represents the annual operating expenses of the fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The OCF includes the annual management charge and also the following charges which are deducted directly from the Fund: General Administration Charges, Depositary Fee, Custody Fee, Audit Fee, FSA Fee, Professional Service charge and Transaction expenses. The OCF is expressed as an annual percentage rate.

SUMMARY OF FUND PERFORMANCE

Net Asset Value (pence per share) as at	A (accumulation)	A (income)	B (accumulation)	B (income)	F (accumulation)	F (income)	S (accumulation)
29 February 2012	161.22	127.94	164.87	129.88	113.00	99.29	123.84
31 August 2011	146.97	121.04	149.70	122.39	102.40	93.75	112.11
Change (%)	9.70%	5.70%	10.13%	6.12%	10.35%	5.91%	10.46%

REVENUE HISTORY

The Fund has an annual accounting period ending 31 August (payment date 15 October) and 11 interim income allocation periods ending on the last business day of each following month (payment dates 15th of every month).

As at	A (accumulation) pence per share	A (income) pence per share	B (accumulation) pence per share	B (income) pence per share	F (accumulation) pence per share	F (income) pence per share	S (accumulation) pence per share
2012 ⁽¹⁾	3.8169	3.0752	3.8973	3.1170	2.6635	2.3848	2.9237
2011	13.2760	11.3560	13.4857	11.4517	9.2154	8.7842	10.0814

(1) to 15 April

PERFORMANCE RECORD

Past performance is not a guide to future returns. The value of investments and any income will fluctuate (this may be partly due to exchange rate fluctuations) and investors may not get back the full amount invested.

From To	31/08/2011 29/02/2012 6 months	31/08/2010 31/08/2011 1 year	31/08/2009 31/08/2010 1 year	Since inception* 31/08/2009
UK Equity Income Booster Fund A (accumulation)	12.86%	5.52%	11.45%	28.84%*
FTSE All-Share	10.30%	7.26%	10.57%	34.83%*

*30 March 2009

Source: Lipper, a REUTERS company.

Basis: Fund return (net of fees), mid day to mid day with revenue reinvested in sterling.

Index return, close of business with revenue reinvested in sterling.

Need more information?

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Insight Investment Discretionary Funds ICVC UK Government All Maturities Bond Fund

Insight
INVESTMENT

INTERIM SHORT REPORT FOR THE PERIOD ENDED 29 FEBRUARY 2012

INVESTMENT OBJECTIVE AND POLICY

The Fund aims to generate a return by investing principally in sterling denominated fixed interest securities issued by the UK Government.

The Fund may also invest in collective investment schemes, deposits and cash and near cash, other transferable securities, money market instruments and derivatives.

Derivatives may be used for efficient portfolio management as well as for meeting the investment objective of the Fund.

RISK PROFILE

Fixed interest securities are particularly affected by changes in interest rates and the rate of inflation. In addition, companies may not be able to honour payment on bonds they have issued.

It is not intended that the use of derivatives will cause the net asset value of the Fund to have a high volatility or otherwise cause its existing risk profile to change materially. However, where derivatives are used for investment purposes there remains a possibility that the share price of the Fund may be more volatile than would otherwise have been the case. The effect of the derivative strategies employed could be to amplify or dampen market movements, or to cause the net asset value of the Fund to move in an opposite direction to that of the market. In such cases, its behaviour could be counter-intuitive to that expected by investors who are accustomed to investment in traditional long only funds.

FUND MANAGERS' COMMENTS

Economic and market review

The FTSE A British Government All Stocks index rose 7.51% over the period under review. Gilts enjoyed a positive end to 2011, rounding out the best year since 1998. The benign economic environment and the resumption of quantitative easing, together with investors seeking refuge from the eurozone crisis, helped push gilt yields to record lows. Between the beginning of September and the end of December, the yield curve flattened as longer-dated bonds outperformed. However, the beginning of 2012 was less positive for gilts. Risk appetite increased amid signs that the US economy was starting to recover and that the eurozone was addressing its problems with Greece. This time the yield curve steepened as long-dated bonds gave back some of their gains. The Bank of England left interest rates at 0.5% throughout the period but chose to increase its quantitative easing programme on two separate occasions, bringing it to a total of £325 billion.

Performance and activity

The Fund outperformed its benchmark over the review period, returning 7.94% compared to a return of 7.51% for the benchmark. Returns were mostly driven by duration (interest rate risk) and yield curve positions. The small likelihood of any changes to interest rates, combined with gilt purchases by the Bank of England, led us to manage duration on a tactical basis, moving overweight when opportunities presented themselves, while favouring very long-dated bonds, including

those with 50-year maturities. The Fund's exposure and positioning within index-linked gilts also helped returns. The Fund did take an off-benchmark position in US treasuries, but this was a small negative for performance given that US treasuries traded in a range over most of the period rather than flattening as we had expected. The portfolio maintained a small exposure to bonds issued by supranationals for diversification purposes.

Outlook

We still expect the UK economy to grow in 2012, but only slightly. Visibility remains poor and the volatile nature of the European situation makes predicting growth levels a difficult task; the UK economy could easily tip back into recession if Europe does. Inflation, which has remained stubbornly high, has begun to ease as expected as the VAT distortions drop out of the annual calculation. Overall, domestic economic activity is running at or slightly below the long-term trend, although international trade has been weaker than expected, given lower European growth. For the gilt market, we remain cautious. With gilt yields having fallen to record lows at the end of 2011, the return of risk appetite at the expense of safer government bonds in early 2012 was not unexpected. We will continue to manage the Fund on a tactical basis, minded that the effects of quantitative easing will ebb over the coming months.

TOP HOLDINGS AS AT 29/02/2012

1	Treasury 4.25% Stock 2032	14.69%
2	Treasury 4% Stock 2022	12.63%
3	Treasury 3.75% Stock 2021	12.60%
4	Treasury 2% Stock 2016	7.44%
5	Insight Sterling Liquidity Fund	6.53%
6	Treasury 4% Stock 2016	6.00%
7	Treasury 4.25% Stock 2055	5.73%
8	Treasury 4% Stock 2060	5.16%

TOP HOLDINGS AS AT 31/08/2011

1	Treasury 4.5% Stock 2034	8.80%
2	Treasury 4.75% Stock 2015	8.06%
3	Treasury 4% Stock 2022	8.02%
4	Treasury 4.25% Stock 2027	7.84%
5	Treasury 4.25% Stock 2040	7.67%
6	Treasury 3.75% Stock 2019	6.48%
7	European Investment Bank 4.75% Guaranteed Senior European Medium Term Notes 15/10/2018	6.21%

ASSET BREAKDOWN

AS AT 29/02/2012

UK Government Holdings	73.55%
UK Corporate Holdings	9.64%
Cash	6.53%
European Corporate Holdings	4.61%
Other*	5.67%

ASSET BREAKDOWN

AS AT 31/08/2011

UK Government Holdings	74.33%
UK Corporate Holdings	16.61%
European Corporate Holdings	6.17%
Other*	2.89%

*includes assets less than 2%.

ONGOING CHARGES FIGURE

As at	G gross (income) %	P gross (accumulation) %	Ptrs2 gross (accumulation) %	S gross (accumulation) %	S gross (income) %
29 February 2012	0.06	0.36	1.06	0.06	0.06

The ongoing charges figure (OCF) represents the annual operating expenses of the fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The OCF includes the annual management charge and also the following charges which are deducted directly from the Fund: General Administration Charges, Depositary Fee, Custody Fee, Audit Fee, FSA Fee, Professional Service charge and Transaction expenses. The OCF is expressed as an annual percentage rate.

SUMMARY OF FUND PERFORMANCE

Net Asset Value (pence per share) as at	G gross (income)	P gross (accumulation)	Ptrs2 gross (accumulation)	S gross (accumulation)	S gross (income)
29 February 2012	120.00	157.60	120.51	166.00	129.00
31 August 2011	112.40	146.22	112.19	153.80	120.50
Change (%)	6.76%	7.78%	7.42%	7.93%	7.05%

REVENUE HISTORY

The Fund has an annual accounting period ending 31 August (payment date 15 October) and an interim income allocation period ending 29 February (payment date 15 April).

Calendar year	G gross (income) pence per share	P gross (accumulation) pence per share	Ptrs2 gross (accumulation) pence per share	S gross (accumulation) pence per share	S gross (income) pence per share
2012 ⁽¹⁾	1.5601	1.6879	0.8906	2.0203	1.6301
2011	3.6023	4.0564	2.3743	4.6952	3.8424

(1) to 15 April

PERFORMANCE RECORD

Past performance is not a guide to future returns. The value of investments and any income will fluctuate (this may be partly due to exchange rate fluctuations) and investors may not get back the full amount invested.

From To	31/08/2011 29/02/2012 6 months	31/08/2010 31/08/2011 1 year	31/08/2009 31/08/2010 1 year	31/08/2008 31/08/2009 1 year	31/08/2007 31/08/2008 1 year	31/08/2006 31/08/2007 1 year
UK Government All Maturities Bond Fund S gross (accumulation)	7.94%	4.27%	9.33%	12.60%	7.28%	0.89%
FTSE A British Govt All-Stocks	7.51%	3.73%	8.02%	11.12%	6.68%	1.08%

Source: Lipper, a REUTERS company.

Basis: Fund return (net of fees), close of business with revenue reinvested in sterling.

Index return, close of business with revenue reinvested in sterling.

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Insight Investment Discretionary Funds ICVC UK Government Long Maturities Bond Fund

Insight
INVESTMENT

INTERIM SHORT REPORT FOR THE PERIOD ENDED 29 FEBRUARY 2012

INVESTMENT OBJECTIVE AND POLICY

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

The Fund may also invest in collective investment schemes, deposits and cash and near cash, other transferable securities, money market instruments and derivatives.

Derivatives may be used for efficient portfolio management as well as for meeting the investment objective of the Fund.

RISK PROFILE

Fixed interest securities are particularly affected by changes in interest rates and the rate of inflation. In addition, companies may not be able to honour payment on bonds they have issued.

It is not intended that the use of derivatives will cause the net asset value of the Fund to have a high volatility or otherwise cause its existing risk profile to change materially. However, where derivatives are used for investment purposes there remains a possibility that the share price of the Fund may be more volatile than would otherwise have been the case. The effect of the derivative strategies employed could be to amplify or dampen market movements, or to cause the net asset value of the Fund to move in an opposite direction to that of the market. In such cases, its behaviour could be counter-intuitive to that expected by investors who are accustomed to investment in traditional long only funds.

FUND MANAGERS' COMMENTS

Economic and market review

The FTSE A British Government Over 15 Years index rose 13.88% over the period. Long-dated gilts enjoyed a very positive end to 2011. The benign economic environment and the resumption of quantitative easing, together with investors seeking refuge from the eurozone crisis, helped push long-dated gilt yields to record lows. Between the beginning of September and the end of December, the yield curve flattened as longer-dated bonds outperformed. However, the beginning of 2012 was less positive for long-dated gilts. Risk appetite increased amid signs that the US economy was starting to recover and that the eurozone was addressing its problems with Greece. This time the yield curve steepened as long-dated bonds gave back some of their gains, and 30-year yields rose 17bps 3.23%. The Bank of England left interest rates at 0.5% throughout the period but chose to increase its quantitative easing programme on two separate occasions, bringing it to a total of £325 billion.

Performance and activity

The Fund outperformed its benchmark over the period, returning 14.01% compared to a return of 13.88% for the index. Returns were mostly driven by duration (interest rate risk) and yield curve positions. The small likelihood of any changes to interest rates, combined with gilt purchases by the Bank of England, led us to manage duration on a tactical basis, moving overweight when opportunities presented themselves, while favouring very long-dated bonds, including those with 50-

year maturities, over bonds maturing in 20 or 30 years. The Fund's exposure and positioning within index-linked gilts also helped returns. Here, the Fund was overweight 30-year and 50-year gilts versus 10-year and 20-year gilts. The Fund did take an off-benchmark position in US treasuries, but this was a small negative for performance given that US treasuries traded in a range over most of the period rather than flattening as we had expected. The portfolio maintained a small exposure to bonds issued by supranationals for diversification purposes.

Outlook

We still expect the UK economy to grow in 2012, but only slightly. Visibility remains poor and the volatile nature of the European situation makes predicting growth levels a difficult task; the UK economy could easily tip back into recession if Europe does. Inflation, which has remained stubbornly high, has begun to ease as expected as the VAT distortions drop out of the annual calculation. Overall, domestic economic activity is running at or slightly below the long-term trend, although international trade has been weaker than expected, given lower European growth. For the gilt market, we remain cautious. With gilt yields having fallen to record lows at the end of 2011, the return of risk appetite at the expense of safer government bonds in early 2012 was not unexpected. We will continue to manage the Fund on a tactical basis, minded that the effects of quantitative easing on long-dated bonds will ebb over the coming months.

TOP HOLDINGS AS AT 29/02/2012

1	Treasury 4.25% Stock 2032	16.40%
2	Treasury 4% Stock 2060	11.99%
3	Treasury 4.25% Stock 2049	11.93%
4	Treasury 4.25% Stock 2055	11.86%
5	Treasury 4.25% Stock 2036	10.70%
6	Treasury 4.25% Stock 2027	10.38%
7	Treasury 4.25% Stock 2046	7.90%
8	Treasury 4.25% Stock 2040	5.50%

TOP HOLDINGS AS AT 31/08/2011

1	Treasury 4.5% Stock 2034	25.01%
2	Treasury 4.25% Stock 2055	18.06%
3	Treasury 4.25% Stock 2027	16.69%
4	Treasury 4% Stock 2060	10.11%
5	Treasury 4.25% Stock 2040	8.15%
6	Treasury 4.25% Stock 2039	5.94%

ASSET BREAKDOWN

AS AT 29/02/2012

UK Government Holdings	89.00%
UK Corporate Holdings	9.20%
Other*	1.80%

ASSET BREAKDOWN

AS AT 31/08/2011

UK Government Holdings	90.71%
UK Corporate Holdings	7.90%
Other*	1.39%

*Includes assets less than 2%.

ONGOING CHARGES FIGURE

As at	P gross (accumulation) %	S gross (accumulation) %
29 February 2012	0.37	0.07

The ongoing charges figure (OCF) represents the annual operating expenses of the fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The OCF includes the annual management charge and also the following charges which are deducted directly from the Fund: General Administration Charges, Depositary Fee, Custody Fee, Audit Fee, FSA Fee, Professional Service charge and Transaction expenses. The OCF is expressed as an annual percentage rate.

SUMMARY OF FUND PERFORMANCE

Net Asset Value (pence per share) as at	P gross (accumulation)	S gross (accumulation)
29 February 2012	169.63	176.40
31 August 2011	149.03	154.74
Change (%)	13.82%	14.00%

REVENUE HISTORY

The Fund has an annual accounting period ending 31 August (payment date 15 October) and an interim income allocation period ending 29 February (payment date 15 April).

Calendar year	P gross (accumulation) pence per share	S gross (accumulation) pence per share
2012 ⁽¹⁾	2.3390	2.6844
2011	5.0338	5.6510

(1) to 15 April

PERFORMANCE RECORD

Past performance is not a guide to future returns. The value of investments and any income will fluctuate (this may be partly due to exchange rate fluctuations) and investors may not get back the full amount invested.

From To	31/08/2011 29/02/2012 6 months	31/08/2010 31/08/2011 1 year	31/08/2009 31/08/2010 1 year	31/08/2008 31/08/2009 1 year	31/08/2007 31/08/2008 1 year	31/08/2006 31/08/2007 1 year
UK Government Long Maturities Bond Fund S gross (accumulation)	14.01%	4.33%	9.93%	12.49%	5.85%	(2.23)%
FTSE A British Govt over 15 yrs	13.88%	3.16%	9.50%	11.28%	5.61%	(1.69)%

Source: Lipper, a REUTERS company.

Basis: Fund return (net of fees), close of business with revenue reinvested in sterling.
Index return, close of business with revenue reinvested in sterling.

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Insight Investment Discretionary Funds ICVC UK Index-Linked Bond Fund

Insight
INVESTMENT

INTERIM SHORT REPORT FOR THE PERIOD ENDED 29 FEBRUARY 2012

INVESTMENT OBJECTIVE AND POLICY

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

The Fund may also invest in collective investment schemes, deposits and cash and near cash, other transferable securities, money market instruments and derivatives.

Derivatives may be used for efficient portfolio management as well as for meeting the investment objective of the Fund.

RISK PROFILE

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates increase, capital values may fall and vice versa. Inflation will erode the real value of capital. In addition, Companies may not be able to honour repayment on bonds they issue.

Unlike the income from a single fixed interest security, the level of income of a Fund is not fixed and may go up and down.

The value of a fixed interest security will fall in the event of the default or reduced credit rating of the issuer. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer.

FUND MANAGERS' COMMENTS

Economic and market review

The FTSE A British Government Over Five Years Index-Linked Index gained 12.79% in the six months to the end of February 2012. Index-linked bonds rallied strongly over 2011, as demand remained high from investors concerned about inflation risks, as well as pension schemes keen on inflation-linked assets in order to hedge liabilities. However, the beginning of 2012 was less positive for index-linked gilts. Risk appetite increased amid signs that the US economy was starting to recover and that the eurozone was addressing its problems with Greece. The Bank of England left interest rates at 0.5% throughout the period but chose to increase its quantitative easing programme on two separate occasions, bringing it to a total of £325 billion.

Performance and activity

The Fund outperformed its benchmark over the review period, returning 13.43% compared to a return of 12.79% for the benchmark. Yield curve and duration positioning, as well as stock selection, helped performance. At the start of the period, the Fund favoured long maturity index-linked gilts, in particular 30-year bonds. In anticipation of a sale by the government, in October, of a new 50-year index-linked gilt, we increased our exposure to ultra long-dated index-linked gilts. This was positive for performance as the sale was successful and index-linked yields then declined, pushing up prices. After the sale, we started to reduce the Fund's overweight in ultra long-dated gilts and moved the yield curve exposure into 20-year and shorter maturities. This was again positive for performance. Off benchmark exposure to

supranationals also helped returns. The Fund added a position in the European Investment Bank after it had underperformed, creating a substantial yield premium versus gilts. The Fund continued to hold a small allocation to the Insight Emerging Markets Debt Fund Class S for diversification purposes.

Outlook

We expect the UK economy to grow in 2012, but only slightly. Visibility remains poor and the volatile nature of the European situation makes predicting growth levels a difficult task; the UK economy could easily tip back into recession if Europe does. Inflation, which has remained stubbornly high, has begun to ease as the VAT distortions drop out of the annual calculation. For the index-linked gilt market, we remain cautious. With both index-linked and conventional gilt yields having fallen to record lows at the end of 2011, the return of risk appetite at the expense of safer government bonds in early 2012 was not unexpected. While we expect to see slightly higher real yields over the coming months, they are still likely to outperform conventional gilts.

TOP HOLDINGS AS AT 29/02/2012

1	Treasury 0.75% Index-Linked Stock 2034	15.42%
2	Treasury 1.25% Index-Linked Stock 2055	9.58%
3	Treasury 1.125% Index-Linked Stock 2037	9.02%
4	Treasury 0.625% Index-Linked Stock 2040	8.27%
5	Treasury 2% Index-Linked Stock 2035	8.16%
6	Treasury 2.5% Index-Linked Stock 2020	8.16%
7	Treasury 2.5% Index-Linked Stock 2024	8.07%
8	Treasury 1.875% Index-Linked Stock 2022	6.97%
9	Treasury 0.125% Index-Linked Stock 2029	5.50%

TOP HOLDINGS AS AT 31/08/2011

1	Treasury 0.625% Index-Linked Stock 2040	14.46%
2	Treasury 1.125% Index-Linked Stock 2037	14.21%
3	Treasury 0.75% Index-Linked Stock 2034	14.01%
4	Treasury 1.875% Index-Linked Stock 2022	13.78%
5	Treasury 1.25% Index-Linked Stock 2055	10.48%
6	Treasury 2.5% Index-Linked Stock 2024	7.49%
7	Treasury 2% Index-Linked Stock 2035	6.02%
8	Insight Sterling Liquidity Fund	5.84%

ASSET BREAKDOWN

AS AT 29/02/2012

UK Government bonds	93.25%
UK Corporate bonds	3.73%
Cash	2.80%
Other*	0.22%

ASSET BREAKDOWN

AS AT 31/08/2011

UK Government bonds	91.33%
Cash	5.84%
UK Corporate bonds	2.79%
Other*	0.04%

*Includes assets less than 2%.

ONGOING CHARGES FIGURE

As at	P gross (accumulation) %	P net (income) %	S gross (accumulation) %
29 February 2012	0.36	0.36	0.05

The ongoing charges figure (OCF) represents the annual operating expenses of the fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The OCF includes the annual management charge and also the following charges which are deducted directly from the Fund: General Administration Charges, Depositary Fee, Custody Fee, Audit Fee, FSA Fee, Professional Service charge and Transaction expenses. The OCF is expressed as an annual percentage rate.

SUMMARY OF FUND PERFORMANCE

Net Asset Value (pence per share) as at	P gross (accumulation)	P net (income)	S gross (accumulation)
29 February 2012	189.86	148.62	192.45
31 August 2011	167.63	132.53	169.66
Change (%)	13.26%	12.14%	13.43%

REVENUE HISTORY

The Fund has an annual accounting period ending 31 August (payment date 15 October) and an interim income allocation period ending 29 February (payment date 15 April).

Calendar year	P gross (accumulation) pence per share	P net (income) pence per share	S gross (accumulation) pence per share
2012 ⁽¹⁾	1.9106	1.2007	2.2136
2011	3.9883	2.6210	4.5090

(1) to 15 April

PERFORMANCE RECORD

Past performance is not a guide to future returns. The value of investments and any income will fluctuate (this may be partly due to exchange rate fluctuations) and investors may not get back the full amount invested.

From To	31/08/2011 29/02/2012 6 months	31/08/2010 31/08/2011 1 year	31/08/2009 31/08/2010 1 year	31/08/2008 31/08/2009 1 year	31/08/2007 31/08/2008 1 year	31/08/2006 31/08/2007 1 year
Insight Investment UK Index-Linked Bond Fund S gross (accumulation)	13.43%	8.93%	10.70%	5.55%	14.14%	1.13%
FTSE A British Govt > 5 yrs Index-Linked	12.79%	9.16%	9.45%	(2.28)%	16.40%	2.18%

Source: Lipper, a REUTERS company.

Basis: Fund return (net of fees), close of business with revenue reinvested in sterling.
Index return, close of business with revenue reinvested in sterling.

Need more information?

Copies of the Annual and Interim Report and Financial Statements of this fund are available on our website at www.insightinvestment.com or in writing from Insight Investment Funds Management Ltd, PO Box 23630, Edinburgh, EH7 5GR.

For further details on any of our fund ranges, please contact us on **0845 777 2233** or visit our website at www.insightinvestment.com or email service@insightinvestment.com

Unless otherwise stated, the source of fund information is Insight Investment Management (Global) Limited.

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