

Insight Investment Diversified Target Return Fund ICVC



SHORT REPORT FOR THE YEAR ENDED 30 NOVEMBER 2011

INVESTMENT OBJECTIVE AND POLICY

The objective of the Fund is to deliver positive returns on an annual basis with the prospect of long-term capital growth commensurate with investment in equities.

The policy of the Fund is to gain exposure to one or more of the following asset classes: fixed income, cash, near cash and deposits, equities, property, collective investment schemes which have as their objective an absolute or target return and structured products. Exposure to these asset classes will be achieved through investment in collective investment schemes, transferable securities, money market instruments and derivatives. Investment in property will be indirect.

Derivatives may be used for the purposes of efficient portfolio management and/or for meeting the investment objective of the Fund. It is not intended that the use of derivatives in this way will cause the Net Asset Value of the Fund to have high volatility or otherwise cause its existing risk profile to change. For the avoidance of doubt, the types of derivatives that may be used include those the returns on which are referenced to the performance of financial indices based on commodities prices.

RISK PROFILE

Equities, commodities and property are all generally considered more risky than fixed interest securities, however, fixed interest securities in particular will be affected by changes in interest rates and the rate of inflation. The Fund may use derivatives techniques, including those embedded in structured notes, for investment purposes, as well as to hedge downside volatility. 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 addition, companies may not be able to honour payment on the bonds or derivatives they have issued.

Full details of the risk profile can be found in the Prospectus and Simplified Prospectus, available free of charge on request.

FUND MANAGERS' COMMENTS

Economic and market review

Markets began the year positively as bullish momentum from late 2010 continued. Towards the end of the first half of the period market volatility increased considerably, however, with headlines being dominated by the earthquake in Japan and continued political instability in North Africa and the Middle East. Global equities were weak over the second half of the period as continued concerns about the European banking system's exposure to peripheral Europe, as well as worries about a renewed economic slowdown in the US, resulted in a widespread sell-off in risk assets.

Performance and activity

The Fund underperformed its cash benchmark given weakness in some credit and structured beta positions (where market exposure is provided through options). Positive contributions from government bonds and isolated equity positions (where underlying market exposure is hedged) helped to mitigate overall losses. The Fund's large weighting in infrastructure investments proved resilient despite weak equity markets. Given the current uncertain backdrop, the portfolio managers continue to manage the Fund defensively, with low exposure to underlying market direction.

In terms of activity, the portfolio managers made a material reduction in equity exposure as volatility increased. Holdings in some of the higher-risk areas of the Funds' fixed income

exposure were also reduced, including the Threadneedle Credit Opportunities and PIMCO Global High Yield Funds. Capital was rotated into government bonds, spread equally between German bunds and UK gilts, with a bias towards longer-dated securities. Infrastructure exposure was also increased.

Outlook

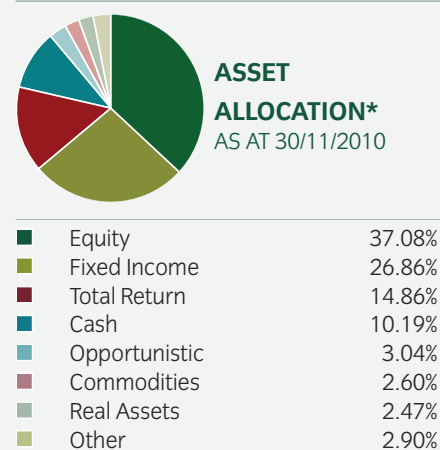
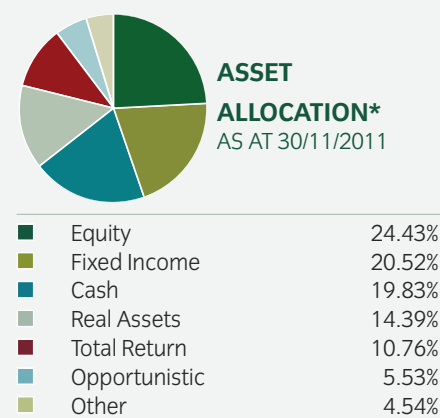
Economic recovery remains reliant on continued support from central banks to low interest rates and a commitment to back up the funding requirements of highly indebted nations. This weak structural backdrop leads to considerable uncertainty in the investment outlook, with material tail risks of both deflation and inflation. Within equities we have a preference for Asia where domestic growth drivers remain strong and in fixed income we favour higher-yielding, short duration investments. We also like low-economically sensitive infrastructure assets, which deliver an attractive yield in a low income environment, as well as having the potential for some inflation protection. While the investment environment remains challenging, we continue to believe that good opportunities exist within asset classes in a relative sense, and in general we have a preference for investment in a range of actively managed strategies which have a greater certainty of return and are not wholly reliant on continued upward market direction to generate performance.

TOP HOLDINGS AS AT 30/11/2011

1	Insight Sterling Liquidity Fund	19.69%
2	MAN GLG Europe Plus Source ETF	5.12%
3	AXA US Short Duration High Yield Fund SI Net Acc	5.12%
4	Pimco Global High Yield Bond Fund GBP HG Inc	5.11%
5	Schroders International Selection Asian Total Return Fund EUR C Acc	4.98%

TOP HOLDINGS AS AT 30/11/2010

1	Insight Sterling Liquidity Fund	10.10%
2	Aberdeen Global Funds Asia Pacific Acc	5.42%
3	Schroders International Selection Asian Total Return Fund GBP Inc	5.29%
4	AXA US Short Duration High Yield Fund SI Net Acc	5.26%
5	JP Morgan Investment Income Opportunity Fund Hedged C Inc	5.26%



*Asset Allocation shown above represents underlying holdings. As the fund makes use of derivatives, actual exposure to each asset class as a whole may vary.

TOTAL EXPENSE RATIO

As at	A (accumulation) %	B (accumulation) %	Ptrs1 (accumulation) %
30 November 2011	2.19	1.19	1.24
30 November 2010	2.26	1.29	1.34

SUMMARY OF FUND PERFORMANCE

Net Asset Value (pence per share) as at	A (accumulation)	B (accumulation)	Ptrs1 (accumulation)
30 November 2011	109.92	113.91	98.85
30 November 2010	114.04	117.17	101.73
Change (%)	(3.61)%	(2.78)%	(2.83)%

REVENUE HISTORY

The Fund has an annual accounting period ending 30 November (payment date 31 January).

Calendar year	A (income) pence per share	B (accumulation) pence per share	Ptrs1 (accumulation) pence per share
2012 ⁽¹⁾	0.2364	1.2362	1.0182
2011	0.0582	0.9358	0.7732

(1) to 31 January

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.

	30/11/2010 30/11/2011 1 year	30/11/2009 30/11/2010 1 year	30/11/2008 28/11/2009 1 year	30/11/2007 28/11/2008 1 year	30/11/2006 30/11/2007 1 year
Diversified Target Return					
Fund A (accumulation)	(3.51)%	4.49%	9.22%	(16.68)%	6.86%
3-month Sterling LIBID	0.73%	0.56%	1.31%	5.79%	5.91%
FTSE All-Share TR	2.57%	11.52%	29.28%	(32.24)%	8.54%

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.

RECENT DEVELOPMENTS

As part of an internal re-structuring in 2011 The Royal Bank of Scotland Group plc transferred its Trustee and Depositary Services business from The Royal Bank of Scotland plc to National Westminster Bank plc and consequently National Westminster Bank plc was appointed as depositary of the Insight Investment Diversified Target Return Fund ICVC ("The Company") on 14 October 2011.

As depositary, National Westminster Bank plc will have the same duties and responsibilities as The Royal Bank of Scotland plc and the change of depositary will have no impact on the way the Company is operated.

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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