

Annual Report and Financial Statements  
**Insight Investment**  
**Professional Funds ICVC**



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## Authorised Corporate Director's Report

This report provides information on the aggregate financial statements of the Company and reviews and reports the financial results of each of the Company's three Funds over the year ended 31 October 2011.

### Recent developments

The final accounting period for Insight Investment Foundation Growth Fund, Insight Investment Japan Equity Fund, Insight Investment UK Discretionary Fund, Insight Investment UK Small Cap Fund and Insight Investment US Equity Fund ended on 25 February 2011. The final accounting period for Insight Investment Asia Pacific Equity Fund, Insight Investment European Equity Fund, Insight Investment Evergreen Fund, Insight Investment Global Alpha Fund and Insight Investment Global Ethical Fund ended on 15 April 2011.

Separate termination accounts in respect of each of these Funds have been sent to each person who was a shareholder of the relevant Fund immediately before that Fund's termination commenced.

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 Professional Funds 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.

In the case of the Insight Investment Equity High Income Fund and the Insight Investment Monthly Income Fund, in accordance with the Fund's prospectus the ACD's annual charge is currently taken from the capital property of the Fund and all other charges and expenses allowed for in the Fund's prospectus are taken from the income property of the Fund. In order to concentrate further on the generation of income, with effect from 1 May 2012, these other charges and expenses will also be taken from the capital property of the Fund which may accordingly constrain capital growth. The Fund's prospectus has been changed to reflect this change.

## Statement of Authorised Corporate Director's Responsibilities

Financial Services Authority ("FSA") contained in the FSA's Collective Investment Schemes Sourcebook ('the Sourcebook'), require the ACD to prepare financial statements for each accounting year which give a true and fair view of the financial position of the Company and of its net revenue and the net gains or losses on the property of the Company for the year. In preparing the financial statements, the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised funds issued by the Investment Management Association in November 2008;
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- take such steps as are reasonably open to it to prevent and detect fraud and other irregularities;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

## Authorised Status

Insight Investment Professional Funds ICVC ("the Company") is an investment company with variable capital ("ICVC") under regulation 12 of the OEIC regulations for the purposes of the Financial Services Authority's Collective Investment Schemes Sourcebook ('the Sourcebook'). The Company was incorporated in England and Wales on 18 September 2002 and is Authorised and Regulated by the Financial Services Authority.

## Authorised Corporate Director's Report (continued)

### Statement of Depositary's Responsibilities

The Depositary is responsible for the safekeeping of all of the property of the Company (other than tangible moveable property) which is entrusted to it and for the collection of revenue that arises from that property.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed in accordance with the Financial Services Authority's Collective Investment Schemes Sourcebook (COLL), as amended, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended ('the OEIC Regulations'), the company's instrument of incorporation and prospectus, in relation to the pricing of, and dealings in, shares in the Company; the application of revenue of the Company; and the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the Authorised Corporate Director:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's revenue in accordance with COLL and, where applicable, the OEIC Regulations, the instrument of incorporation and prospectus of the Company, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

**National Westminster Bank plc**

Depositary

16 January 2012

### Certification of Accounts by the Authorised Corporate Director

We hereby certify the Annual Report and Financial Statements in accordance with the requirements of the Financial Services Authority's Collective Investment Schemes Sourcebook ('the Sourcebook') and is approved for publication on behalf of Insight Investment Funds Management Limited and the Authorised Corporate Director ("ACD").

Atul Manek  
Director  
16 January 2012

Charles Farquharson  
Director  
16 January 2012

## **Independent Auditor’s Report to the Shareholders of Insight Investment Professional Funds ICVC (‘the Company’)**

We have audited the financial statements of the Company for the year ended 31 October 2011 which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders, the Balance Sheet together with the related notes and the distribution table. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company’s shareholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook (‘the COLL Rules’) issued by the Financial Services Authority under the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Company’s shareholders those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company’s shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Authorised Corporate Director (‘the ACD’) Insight Investment Funds Management Limited and the Auditor**

As explained more fully in the Statement of ACD’s Responsibilities set out on page 1, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s (APB’s) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB’s website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the financial position of the Company as at 31 October 2011 and of its net revenue and net capital losses on the property of the Company for the year then ended; and
- have been prepared in accordance with the requirements of the Instrument of Incorporation, Statement of Recommended Practice relating to Authorised Funds and the COLL Rules.

### **Opinion on other matters prescribed by the COLL Rules**

In our opinion the information given in the Authorised Corporate Directors’ Report is consistent with the financial statements.

We have received all of the information and explanations which we consider necessary for the purposes of the audit.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- proper accounting records for the Company have not been kept; or
- the financial statements are not in agreement with the accounting records.

**Richard Scott-Hopkins (Senior Statutory Auditor)**  
**for and on behalf of KPMG Audit Plc, Statutory Auditor**

Chartered Accountants  
15 Canada Square  
London E14 5GL  
16 January 2012

## Aggregated Statement of Total Return

for the year from 1 November 2010 to 31 October 2011

	Notes	1.11.2010 to 31.10.2011 £'000	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000	1.11.2009 to 31.10.2010 £'000
Income					
Net capital (losses)/gains	2		(7,273)		260,095
Revenue	3	11,147		39,888	
Expenses	4	(4,776)		(6,920)	
Finance costs: Interest	6	(3)		(1)	
Net revenue before taxation		6,368		32,967	
Taxation	5	(36)		(1,179)	
Net revenue after taxation			6,332		31,788
<b>Total return before distributions</b>			<b>(941)</b>		<b>291,883</b>
Finance costs: Distributions			(9,790)		(30,787)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(10,731)</b>		<b>261,096<sup>(1)</sup></b>

## Aggregated Statement of Change in Net Assets attributable to Shareholders

for the year from 1 November 2010 to 31 October 2011

	1.11.2010 to 31.10.2011 £'000	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000	1.11.2009 to 31.10.2010 £'000
<b>Opening net assets attributable to shareholders</b>		<b>279,572</b>		<b>2,641,606</b>
Amounts receivable on issue of shares	6,930		74,075	
Amounts payable on cancellation of shares	(26,229)		(2,701,339)	
Stamp duty reserve tax		(40)		(162)
Change in net assets attributable to shareholders from investment activities		(10,731)		261,096
Retained distribution on accumulation shares		6,456		9,194
Unclaimed distributions		19		6
Amounts transferred to shareholders at closure		-		(3,856)
Amounts transferable at termination		-		(1,048)
<b>Closing net assets attributable to shareholders</b>		<b>255,977</b>		<b>279,572</b>

(1) Includes £203,992,000 pertaining to closed funds.

The notes on pages 6 to 14 form an integral part of the financial statements.

## Aggregated Balance Sheet

as at 31 October 2011

	Notes	31.10.2011 £'000	31.10.2010 £'000
<b>Assets</b>			
Investment assets		256,700	281,759
Debtors	8	1,963	1,667
Cash and bank balances	9	3,254	2,029
<b>Total other assets</b>		<b>5,217</b>	<b>3,696</b>
<b>Total assets</b>		<b>261,917</b>	<b>285,455</b>
<b>Liabilities</b>			
Investment liabilities		143	60
Creditors	10	5,121	5,122
Bank overdraft		75	126
Distribution payable on income shares		601	575
<b>Total other liabilities</b>		<b>5,797</b>	<b>5,823</b>
<b>Total liabilities</b>		<b>5,940</b>	<b>5,883</b>
<b>Net assets attributable to shareholders</b>		<b>255,977</b>	<b>279,572</b>

The notes on pages 6 to 14 form an integral part of the financial statements.

# Aggregated Notes to the Financial Statements

for the year from 1 November 2010 to 31 October 2011

## 1 Accounting policies

### a Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice ("SORP") for Authorised Funds issued by the IMA in October 2010.

### b Aggregated financial statements

The aggregated financial statements represent the sum of the individual Funds within the umbrella company. Further analysis of the distributions per share and the net asset positions can be found within the financial statements of the individual Funds.

### c Valuation of investments

The valuation of the Funds' listed investments is based on the bid-market prices, excluding any accrued interest in the case of debt securities, at the closing valuation point on the last day of the accounting year in accordance with the provisions of the Prospectus. Unquoted securities are valued by the Authorised Corporate Director ("ACD") on a net realisable value basis taking into account, where appropriate, latest dealing prices, valuations from reliable sources, financial performance and other relevant factors. Non-eligible securities are investments held or traded on a non-eligible stock market. Information about eligible stock markets is available in the Prospectus.

Investments in another collective investment scheme (CIS), managed by the ACD or associate of the ACD are valued at the cancellation price for dual priced Funds and at the single price for single priced Funds. For CIS managed by other management groups, investments are valued at the bid price for dual priced Funds and at the single price for single priced Funds. Valuations should take into account any agreed rate of redemption charge.

### d Revenue

Dividends on quoted ordinary shares and preference shares are recognised when the securities are first quoted ex-dividend. Revenue from unquoted equity investments is recognised when the entitlement to the dividend is established. In compliance with FRS 16 Current Tax, dividend revenue is shown net of any tax credits. Any entitlement to a repayment of tax credits is shown as a deduction from the tax charge rather than as dividend revenue.

Interest on bank deposits are recognised on an effective interest rate basis. Interest included in the value of purchases and sales of debt securities is treated as revenue and forms part of the distribution. Interest on debt securities is recognised on an accruals basis, taking into account the effective yield on the investment. The effective yield basis amortises any discount or premium on the purchase of an investment over its remaining life. In the event of an impaired or distressed debt security, any accrued coupon revenue previously recognised may be provided against and no further accruals will be recognised. Amortisation revenue previously recognised from the last coupon payment date may be provided against and no further amortisation will be recognised.

Dividends and withholding tax recoverable from overseas authorities are treated as receivable on the date on which the security is quoted ex-dividend where the amounts can be reasonably determined. Foreign dividends are grossed up at the appropriate rate of tax.

Distributions on accumulation shares from CIS are treated as revenue and an appropriate transfer from capital to revenue is made including any withholding taxes but excluding tax credits.

Equalisation received by the Funds on distributions made by their investments is offset against the cost of the relevant investment.

Special dividends are treated as repayments of capital except where there is sufficient evidence to indicate that they should be treated, in whole or in part, as revenue. Any amounts recognised as revenue will form part of the distribution. The tax treatment will follow the accounting treatment of the receipt.

Revenue from stock lending activities is accounted for net of management fees and is recognised on an accruals basis.

The ordinary element of a stock dividend is recognised as revenue to the extent that its market value is equivalent to the market value of the underlying shares on the date the shares are quoted ex-dividend. Where an enhancement is offered, the amount by which the market value of the shares (on the date they are quoted ex-dividend) exceeds the cash value of the dividend will be taken to the capital of the Fund. The ordinary element of the stock dividend is treated as revenue and forms part of the distribution.

Underwriting commission is generally treated as revenue. However, where a Fund is required to take up all or a proportion of the shares underwritten, the commission received is treated as a reduction in the cost of the shares received. Furthermore, where a Fund is required to take a proportion of the shares underwritten, the same proportion of the commission received is treated as a reduction in the cost of shares received and the balance is taken to revenue.

## Aggregated Notes to the Financial Statements (continued)

for the year from 1 November 2010 to 31 October 2011

### 1 Accounting policies (continued)

#### e Rebates of ACD fees and trailing commission

Rebates of ACD fees received by the Funds in respect of their investments have been treated as a reduction in expenses. In accordance with recognised best practice, any rebates of ACD fees accrued from 1 December 2004 will be taken to the revenue or capital of the Fund in accordance with the policy of the Fund.

#### f Expenses

Expenses are recognised on an accruals basis and are charged against the income account except for Stamp duty reserve tax (SDRT) and costs associated with the purchase and sale of investments, which are allocated to the capital of the Fund.

For the purposes of determining the distribution, all expenses of the Fund or the ACD's periodic charge may be borne by the capital account of the Fund. In the case of Insight Investment Monthly Income Fund and Insight Investment Equity High Income Fund, the ACD's periodic charge will be deducted from the capital property of the Fund.

#### g Allocation of income and expenses to multiple share classes

The allocation of income and expenses to each share class is based on the proportion of the Fund's assets attributable to each share class on the day the income is earned or the expense is incurred. The ACD's periodic charge and general administration charge are allocated on a share class specific basis.

#### h Taxation

Corporation tax is charged at 20% of the income liable to corporation tax less expense. Deferred tax is provided for at the rate at which taxation is likely to become payable in respect of all timing differences between the accounting and taxation treatment of items.

#### i Distributions

The net revenue available for distribution at the end of each distribution period will be paid as a dividend or interest distribution. Should the expenses of the Fund (including taxation) exceed the revenue of the Fund, there will be no distribution and the shortfall will be set against the capital of the Fund. Any revenue attributable to accumulation shareholders is retained within the Fund at the end of the distribution period and represents a reinvestment of income on behalf of the accumulation shareholders.

All Funds distribute revenue on debt securities on an effective yield basis except for Insight Investment Sterling Corporate Bond Fund which distributes on a coupon basis. Coupon distributions differ from effective yield distributions in that expected cash flows do not include any differences (discounts or premiums) between the purchase cost of a bond and its final redemption amount. This may result in potential gains or losses when the bond redeems. The effective yield basis factors this discount or premium into the income calculation effectively protecting the redemption value of the bond and an investor's capital interest in the Fund.

Coupon distributions are only permitted if they are at least equal to the amount of the income calculated on an effective yield basis.

The Funds that hold predominantly debt securities have, at all times during the distribution period, satisfied the qualifying investments test as specified in Section 468L of the Income and Corporation Taxes Act 1988. All distributions made for those Funds are therefore made as interest distributions.

#### j Exchange rates

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling on the date of the transaction. Investments and other assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates applicable at the end of the accounting year.

#### k Financial instruments

Where appropriate, certain permitted financial instruments such as derivative contracts or forward currency contracts are used for the purpose of efficient portfolio management. Where such financial instruments are used to protect or enhance revenue, the returns and expenses derived therefrom are included in "Revenue" or "Expenses" within the Statement of Total Return. Where such financial instruments are used to protect or enhance capital, the returns derived therefrom are included in "Net capital gains/(losses) on investments" within the Statement of Total Return. Any positions in respect of such instruments open at the year end are reflected in the portfolio statement at their market value. The amounts held at futures clearing houses in respect of these financial instruments are included in the cash and bank balances and detailed in the Notes to the Financial Statements.

Transaction costs associated with derivatives are charged to revenue when incurred.

The returns derived from swaps are included in "Net capital (losses)/gains on investments" in the Statement of Total Return.

## Aggregated Notes to the Financial Statements (continued)

for the year from 1 November 2010 to 31 October 2011

### 2 Net capital (losses)/gains

	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000
Non-derivative securities	(7,847)	256,417
Derivative contracts	547	4,248
Forward exchange contracts	(257)	172
Currency gains/(losses)	286	(519)
Transaction charges	(2)	(223)
<b>Net capital (losses)/gains</b>	<b>(7,273)</b>	<b>260,095</b>

### 3 Revenue

	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000
UK dividends	8,151	25,413
UK REIT dividends	8	106
Overseas taxable dividends	42	21
Overseas non-taxable dividends	320	10,089
Stock dividends	-	298
Franked revenue on CIS dividends	163	270
Unfranked revenue on CIS dividends	190	524
Interest from UK debt securities	918	2,384
Interest from overseas debt securities	1,321	475
Bank interest	-	9
Currency gains on reclaims	-	100
Stock lending revenue	34	194
Underwriting commission	-	5
<b>Total revenue</b>	<b>11,147</b>	<b>39,888</b>

## Aggregated Notes to the Financial Statements (continued)

for the year from 1 November 2010 to 31 October 2011

### 4 Expenses

	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Authorised Corporate Director's periodic charge	3,922	6,159
General administration charges	799	844
	<u>4,721</u>	<u>7,003</u>
<b>Payable to the Depositary, associates of the Custodian and agents of either of them:</b>		
Depositary's fee	23	73
Safe custody fees	61	301
	<u>84</u>	<u>374</u>
<b>Other expenses</b>		
Agent fee	-	65
Audit fees*	26	22
Legal fee	-	19
Reclaim of VAT	-	(10)
	<u>26</u>	<u>96</u>
Rebate of fees	<u>(55)</u>	<u>(553)</u>
<b>Total expenses</b>	<b><u>4,776</u></b>	<b><u>6,920</u></b>

\*The Audit fee for the year, excluding VAT, was £20,800 (2010: £18,150).

## Aggregated Notes to the Financial Statements (continued)

for the year from 1 November 2010 to 31 October 2011

### 5 Taxation

	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000
Corporation tax	-	38
Direct charge	-	5
Irrecoverable income tax	6	54
Overseas tax	30	1,012
Prior year adjustments	-	78
<b>Total current tax charge for the year</b>	<u>36</u>	<u>1,187</u>
Deferred tax charge for the year	-	(8)
<b>Total tax charge for the year</b>	<u><b>36</b></u>	<u><b>1,179</b></u>

Corporation tax has been provided at a rate of 20% (31 October 2010: 20%).

The tax reconciliations required pursuant to FRS19 are included in the Notes to the Financial Statements of the individual Funds, where applicable.

### 6 Finance costs

The distributions and interest numerical disclosures are included in the Notes to the Financial Statements of the individual Funds where applicable.

### 7 Dilution adjustment

A Fund may suffer dilution (reduction) in the value of its property as a result of the costs incurred in dealing in its underlying investments and of any spread between the buying and selling prices of these investments. These costs could have an adverse effect on the value of the Funds, known as "dilution". In order to mitigate the effect of dilution the Regulations allow the ACD to adjust the sale and purchase price of Shares in the Funds to take into account the possible effects of dilution. This practise is known as making a "dilution adjustment" or operating single swinging pricing, i.e. the price deviates up or down from the mid-market price when the dilution adjustment is applied.

The power to make a dilution adjustment may only be exercised for the purpose of reducing dilution in the Funds. The dilution adjustment is calculated using the estimated dealing costs of the Fund's underlying investment and taking into consideration any dealing spreads, commission and transfer taxes. The amount of the dilution adjustment will depend on the difference between the value of Shares being acquired and the value of Shares being redeemed.

The ACD's current policy is that it will normally make a dilution adjustment whenever there are net purchases or net sales of Shares. Where a fund is experiencing net acquisitions of its shares the dilution adjustment would swing the price of shares above their mid-market value. Where a fund is experiencing net redemptions, the dilution adjustment would swing the price of shares below their mid-market value. The ACD reserves the right however not to impose a dilution adjustment in exceptional circumstances where it would, in its opinion, not be in the interests of Shareholders to do so.

## Aggregated Notes to the Financial Statements (continued)

for the year from 1 November 2010 to 31 October 2011

### 8 Debtors

	31.10.2011 £'000	31.10.2010 £'000
Amounts receivable for creation of shares	26	58
Sales awaiting settlement	137	-
Accrued rebates	4	5
Accrued revenue	1,453	1,368
Currency receivable	270	13
Tax recoverable on UK REIT dividends	-	17
Income tax recoverable	73	105
Overseas tax recoverable	-	101
<b>Total debtors</b>	<b>1,963</b>	<b>1,667</b>

### 9 Cash and bank balances

	31.10.2011 £'000	31.10.2010 £'000
Amount held at futures clearing houses and brokers	207	322
Cash and bank balances	3,047	1,707
<b>Total cash and bank balances</b>	<b>3,254</b>	<b>2,029</b>

### 10 Creditors

	31.10.2011 £'000	31.10.2010 £'000
Amounts payable for cancellation of shares	434	1,354
Purchases awaiting settlement	3,710	2,942
Accrued expenses	639	491
Corporation tax payable	-	151
Currency payable	269	13
Income tax payable	69	171
<b>Total creditors</b>	<b>5,121</b>	<b>5,122</b>

### 11 Contingent liabilities

The contingent liabilities numerical disclosures are included in Notes to the Financial Statements of the individual Funds where applicable.

## Aggregated Notes to the Financial Statements (continued)

for the year from 1 November 2010 to 31 October 2011

### 12 Related party transactions

The ACD is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operation of the Fund.

The ACD acts as principal in respect of all transactions of the shares in the Funds. The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Any amounts due to or from the ACD at the year end are disclosed within debtors and creditors.

Amounts payable to the ACD in respect of periodic charge is disclosed within expenses and amounts due at the year end is disclosed within creditors.

Related party holdings are included within the Portfolio Statement of the individual Funds where applicable.

### 13 Derivatives and other financial instruments

In pursuing their respective investment objectives and investment policies, each Fund holds a number of financial instruments.

These may comprise:

- Shares or units in United Kingdom or offshore Collective Investment Scheme. These are held in accordance with each of the funds investment policies;
- Cash, liquid resources and short term debtors and creditors that arise directly from its operation;
- Derivative transactions which each of the Funds may enter into, the purpose of which is to manage certain aspects of the risks arising from the Fund's investment activities; and
- Short term borrowings used to finance operational cash flows;

The main risks arising from the financial instruments are market price (including "emerging markets price risk"), foreign currency, interest rate, liquidity and counterparty credit risk. The ACD reviews the policies for managing each of these risks and they are summarised below.

These policies have remained unchanged since the beginning of the year to which these financial statements relate.

#### Market price risk

Market price risk is the risk that the Fund might suffer potential loss through holding market positions in the face of price movements. It arises mainly due to uncertainty about future prices of financial instruments held. The Funds' investment portfolios are monitored by the ACD in pursuance of their investment objectives and policies as set out in the prospectus. Futures contracts may be used to hedge against market price risk where deemed appropriate for efficient portfolio management purposes. Futures contracts have been used during the year and are included in the Notes to the Financial Statements of the individual Funds where applicable.

Some of the Funds may be invested in securities of countries experiencing rapid economic growth. Investors should appreciate that these securities may be more volatile than securities in more developed markets with the result that there may be greater risk of price fluctuation and of the suspension of securities compared with securities in more mature markets. This volatility may stem from political and economic factors and be exacerbated by legal, trading liquidity, settlement, transfer of securities and currency factors. Some emerging markets countries may have relatively prosperous economies but may be sensitive to world commodity prices. Others are especially vulnerable to economic conditions in other countries.

#### Currency risk

Currency risk is the risk that the revenue and net asset value of the Fund may be adversely affected by movements in foreign exchange rates. The revenue and capital value of the Funds' investments can be significantly affected by currency risk movements as some of the assets and income are denominated in currencies other than sterling, which is the Company's functional currency.

The ACD has identified three principal areas where foreign currency risk could impact the Funds:

- movements in exchange rates affecting the value of investments;
- movements in exchange rates affecting short term timing differences; and
- movements in exchange rates affecting the income received.

## Aggregated Notes to the Financial Statements (continued)

for the year from 1 November 2010 to 31 October 2011

### 13 Derivatives and other financial instruments (continued)

#### Currency risk (continued)

Currency exposure is monitored closely and is considered to be part of the overall investment process. Currency hedges via forward currency contracts will only be used in the event of a specific currency risk being identified. During the year, forward currency contracts were used and are included in the notes to the accounts of the Funds where applicable.

The Funds may be subject to short term exposure to exchange rate movements, for instance, where there is a difference between the date an investment purchase or sale is entered into and the date when settlement of the proceeds occurs. The ACD believes that the impact of such moves is not significant enough to warrant the cost incurred of eliminating them via hedging.

The Funds may receive income in currencies other than sterling, and the sterling values of this income can be affected by movements in exchange rates.

#### Interest rate risk

Interest rate risk is the risk that the revenue cashflow or the fair value of investments may be adversely affected by movements in market interest rates. Some Funds invest in debt securities and any change in interest rates may result in the ACD being unable to secure similar returns in the future.

For all funds with significant debt securities or other interest bearing investments, the ACD regularly monitors the interest rate sensitivity and the maturity profile to ensure the portfolio is consistent with the Fund objectives set out in the Prospectus, and rebalances as required. The interest rate profile for the relevant Funds is shown in the Notes to the Financial Statements where applicable.

#### Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its obligations as they fall due. The Fund's assets comprise mainly of readily realisable securities which can be sold to meet liquidity requirements. The main liquidity risk of the Fund is the redemption of any shares that investors wish to sell, which are redeemable on demand under the Prospectus.

#### Counterparty credit risk

Counterparty credit risk is the risk of suffering loss due to another party not meeting its financial obligation. Investments may be adversely affected if any of the institutions with which money is deposited or invested suffers insolvency or other financial difficulties or the credit rating of the bearers of the bonds held by the Funds are downgraded.

The Funds enter into transactions in financial instruments (including derivatives) which expose them to the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Funds only buy and sell financial instruments through parties that have been approved by the ACD as acceptable.

The Funds enter into stock lending activities which expose them to the risk that the counterparty will not deliver the stock or cash after the Funds have fulfilled their obligations. The Funds only enter into stock lending activities with parties that have been approved by the ACD as acceptable and obtain collateral from counterparties with a fair values in excess of the related stock on loan.

#### Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value.

The numerical disclosures in respect of the financial instruments and the management of interest rate and currency risks are included in the Notes to the Financial Statements of the individual Funds where applicable.

### 14 Share classes

The details of the share classes in issue, and the attributable charges and minimum initial investments per share class are included in the Notes to the Financial Statements of the individual Funds where applicable. The full details of all share classes are contained in the Prospectus which is available from the ACD upon request.

All shares rank for income allocation based upon the income available for distribution in the relevant share class in each distribution period. Where a Fund has more than one share class, each class may suffer different expenses. Consequently the level of net income attributable to each share class may differ.

In the event of the Company being wound up, shareholders will receive an amount equal to their proportionate interest in of the assets of the Company.

## **Aggregated Notes to the Financial Statements (continued)**

for the year from 1 November 2010 to 31 October 2011

### **15 Stock lending**

The Funds carried out stock lending activities but no longer participate in this activity. The revenue earned, the value of stock on loan and the value of the collateral held are included in the Notes to the Financial Statements of the individual Funds where applicable.

### **16 Portfolio transaction costs**

The portfolio transaction costs numerical disclosures are included in the Notes to the Financial Statements of the individual Funds where applicable.

## Insight Investment Equity High Income Fund

### Investment objective and policy

The Fund aims to provide an above average and increasing income, together with long-term capital growth by investing primarily in shares of UK companies.

### Economic and market review

UK equity markets started the period extremely positively as robust company earnings continued to support the market despite a number of global events increasing volatility levels. These events included social unrest in North Africa and the Middle East and an earthquake and tsunami in Japan which prompted fears of disruption to worldwide supply chains. However, UK equities benefited from flows out of emerging markets which investors perceived to be more exposed to rising inflationary pressures, particularly in food prices which make up a larger percentage of the emerging market consumption basket. Towards the end of the period markets were weaker as concerns about global growth and the crisis in the eurozone increased. However, UK equity returns remained in positive territory for the period as a whole.

### Performance and activity

The Fund produced positive returns over the period. An overweight holding in life insurance companies was positive with Legal & General in particular delivering significant returns as it continued to recover from the financial crisis. Holdings in oil majors BP (which was built up following the Gulf of Mexico disaster) and Royal Dutch Shell were also beneficial for performance, with a sharp rise in oil prices providing a tailwind for the sector. In addition, overweight positions in telecommunication companies BT and Vodafone helped performance and the sector's defensive nature was attractive to investors given the current economic uncertainty.

Portfolio turnover was relatively low throughout the period as the manager continues to take a long-term approach. Activity in the Fund was focused on trimming positions following strong relative performance over the past year. These included Vodafone and British American Tobacco.

Although we look for stocks with attractive dividends, this is not the sole criterion for inclusion as we also look for growth potential. We therefore prefer to gain dividends through exposure to higher quality, larger companies such as Vodafone, GlaxoSmithKline, Rio Tinto and Royal Dutch Shell which should be well-placed to deliver value in the current challenging economic environment.

### Outlook

The UK is expected to continue its recovery in 2012, although the pace of expansion is set to moderate from 2011. Continued spending cuts and higher taxation levels pose a significant risk to growth in the UK economy, especially in the event that interest rates start to rise to counter increasing inflation levels, although the Bank of England has signalled that interest rates in the UK are likely to remain low for some time. Prospects for the UK equity market are more positive, however, with global growth the most important factor for the FTSE 100 given that 60% of company earnings come from overseas, where many countries have stronger rates of economic growth than the UK. This means that there are plenty of companies to invest in that have attractive growth prospects. A slowdown in our own economy, therefore, need not necessarily lead to a fall in the shares of those companies if global growth remains strong.

## Insight Investment Equity High Income Fund

### Net Asset Value per Share and Comparative Table

#### Price history

Calendar Year	Income Shares		Accumulation Shares	
	Highest price (p)	Lowest price (p)	Highest price (p)	Lowest price (p)
<b>2007</b>				
A	160.73	140.90	356.97	315.14
B	131.41	115.32	374.82	331.24
G <sup>(1)</sup>	105.89	93.01	375.83	332.47
<b>2008</b>				
A	153.94	88.49	348.19	207.19
B	126.24	73.15	366.64	220.10
G	102.02	59.46	368.68	222.67
<b>2009</b>				
A	121.93	79.30	302.78	190.34
B	101.80	65.74	326.66	206.02
G	83.38	53.57	331.83	205.81
<b>2010</b>				
A	135.83	110.54	350.11	279.96
B	114.38	92.68	381.59	303.60
G <sup>(2)</sup>	90.88	77.92	364.71	312.64
<b>2011<sup>(3)</sup></b>				
A	139.52	110.43	362.50	291.91
B	117.68	93.66	397.47	320.91

(1) G Income shares issued 26 January

(2) Share classes closed 8 May

(3) to 31 October

#### Revenue history

Calendar Year	Net revenue per share (p)	Net accumulation per share (p)
<b>2008</b>		
A	6.4286	14.6198
B	5.3330	15.6433
G	4.3252	15.8400
<b>2009</b>		
A	5.0128	11.9632
B	4.2792	13.9278
G	3.6214	13.3707
<b>2010</b>		
A	4.5973	11.4781
B	3.9960	12.9172
G <sup>(1)</sup>	2.4296	9.7604
<b>2011</b>		
A	4.4793	11.5957
B	4.0174	13.4473
<b>2012<sup>(2)</sup></b>		
A	1.2010	3.1747
B	1.0870	3.6731

(1) Share classes closed 8 May

(2) to 15 January

## Insight Investment Equity High Income Fund

### Net Asset Value per Share and Comparative Table (continued)

#### Net asset value

		Value of fund (£)	No. of shares	Value per share (p)
31 October 2009	A (accumulation)	144,989,165	51,049,245	284.02
	A (income)	40,298,848	35,237,463	114.36
	B (accumulation)	123,414	40,340	305.93
	B (income)	10,176	10,675	95.33
	G (accumulation)	85,113,440	27,414,662	310.47
	G (income)	399,339,404	511,908,843	78.01
31 October 2010	A (accumulation)	153,096,236	45,627,051	335.54
	A (income)	42,608,223	32,727,705	130.19
	B (accumulation)	659,296	180,565	365.13
	B (income)	12,181	11,129	109.45
	G (accumulation)*	-	-	-
	G (income)*	-	-	-
31 October 2011	A (accumulation)	139,815,790	42,324,035	330.35
	A (income)	37,844,212	30,577,249	123.77
	B (accumulation)	644,537	177,332	363.46
	B (income)	1,050	1,000	105.00

\*Share classes closed 8 May 2010

#### Total expense ratio

	31.10.2011 %	31.10.2010 %
A (accumulation)	1.79	1.70
A (income)	1.79	1.70
B (accumulation)	0.69	0.66
B (income)	0.69	0.66

#### Performance record

In the five years to 31 October 2011, the price of A (accumulation) shares in the Fund rose by 2.73%. This compares with a rise of 8.87% in the FTSE All-Share TR benchmark over the same period.

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.

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.

## Insight Investment Equity High Income Fund

### Portfolio statement

as at 31 October 2011

Holding/ Nominal Value	Investment	Market Value £'000	Percentage of Total Net Assets
<b>United Kingdom Equities 98.26% (31 October 2010 98.15%)</b>			
<b>Aerospace &amp; Defence 1.43% (31 October 2010 2.20%)</b>			
360,000	Rolls Royce	2,527	1.42
24,840,000	Rolls Royce 'C' Shares	25	0.01
		<b>2,552</b>	<b>1.43</b>
<b>Banks 9.24% (31 October 2010 11.19%)</b>			
1,580,000	Barclays	3,086	1.73
1,248,948	HSBC	6,804	3.82
5,489,880	Lloyds Banking	1,783	1.00
1,564,616	Royal Bank of Scotland	379	0.21
303,750	Standard Chartered	4,430	2.48
		<b>16,482</b>	<b>9.24</b>
<b>Chemicals 0.52% (31 October 2010 0.51%)</b>			
650,000	Elementis	930	0.52
<b>Construction Materials 0.24% (31 October 2010 0.27%)</b>			
490,000	Marshalls	421	0.24
<b>Electricity 0.87% (31 October 2010 0.68%)</b>			
115,288	Scottish & Southern Energy	1,548	0.87
<b>Equity Investment Instruments 2.52% (31 October 2010 2.70%)</b>			
391,070	City Merchants High Yield Trust	591	0.33
100,000	City Natural Resources High Yield Trust	268	0.15
2,739,897	Insight Investment UK Equity Income Booster Fund*	3,460	1.94
313,878	Invesco Leveraged High Yield Fund	168	0.10
		<b>4,487</b>	<b>2.52</b>
<b>Financial Services 4.08% (31 October 2010 5.37%)</b>			
603,887	3i	1,241	0.69
114,031	Arbuthnot Banking	353	0.20
360,000	ICAP	1,455	0.82
484,657	Intermediate Capital	1,184	0.66
245,000	Invesco	3,045	1.71
		<b>7,278</b>	<b>4.08</b>
<b>Fixed Line Telecommunications 3.00% (31 October 2010 2.37%)</b>			
2,850,000	BT	5,358	3.00
<b>Food &amp; Drug Retailers 2.44% (31 October 2010 2.42%)</b>			
905,830	Morrison (Wm)	2,737	1.53
540,000	Sainsbury (J)	1,615	0.91
		<b>4,352</b>	<b>2.44</b>

## Insight Investment Equity High Income Fund

### Portfolio statement (continued)

as at 31 October 2011

<b>Holding/ Nominal Value</b>	<b>Investment</b>	<b>Market Value £'000</b>	<b>Percentage of Total Net Assets</b>
	<b>Food Producers 0.00% (31 October 2010 0.15%)</b>		
	<b>Gas, Water &amp; Multiutilities 5.87% (31 October 2010 5.58%)</b>		
1,650,000	Centrica	4,892	2.74
576,436	National Grid	3,557	2.00
65,000	Severn Trent	985	0.55
170,000	United Utilities	1,031	0.58
		<b>10,465</b>	<b>5.87</b>
	<b>General Industrials 0.47% (31 October 2010 0.39%)</b>		
242,053	Rexam	<b>838</b>	<b>0.47</b>
	<b>General Retailers 0.67% (31 October 2010 1.34%)</b>		
164,697	Carpetright	758	0.43
3,686,019	Dixons	435	0.24
		<b>1,193</b>	<b>0.67</b>
	<b>Household Goods 0.04% (31 October 2010 0.03%)</b>		
594,279	Airea	<b>65</b>	<b>0.04</b>
	<b>Life Insurance 7.24% (31 October 2010 6.81%)</b>		
1,150,000	Aviva	3,919	2.20
4,700,000	Legal & General	5,194	2.91
650,000	Old Mutual	714	0.40
350,000	Prudential	2,266	1.27
300,000	Resolution	825	0.46
		<b>12,918</b>	<b>7.24</b>
	<b>Media 4.14% (31 October 2010 3.72%)</b>		
2,991,985	ITV	1,916	1.08
200,000	Pearson	2,290	1.28
592,907	Reed Elsevier	3,169	1.78
		<b>7,375</b>	<b>4.14</b>
	<b>Mining 6.64% (31 October 2010 7.40%)</b>		
350,000	Rio Tinto	<b>11,848</b>	<b>6.64</b>
	<b>Mobile Telecommunications 7.07% (31 October 2010 6.96%)</b>		
7,300,000	Vodafone	<b>12,614</b>	<b>7.07</b>
	<b>Non-Life Insurance 0.16% (31 October 2010 0.16%)</b>		
301,943	RSA Insurance	<b>293</b>	<b>0.16</b>
	<b>Oil &amp; Gas Producers 17.20% (31 October 2010 14.69%)</b>		
131,757	BG	1,786	1.00
2,750,000	BP	12,676	7.11
725,000	Royal Dutch Shell 'B' Shares	16,204	9.09
		<b>30,666</b>	<b>17.20</b>

## Insight Investment Equity High Income Fund

### Portfolio statement (continued)

as at 31 October 2011

Holding/ Nominal Value	Investment	Market Value £'000	Percentage of Total Net Assets
	<b>Pharmaceuticals &amp; Biotechnology 10.95% (31 October 2010 9.86%)</b>		
260,000	AstraZeneca	7,764	4.36
840,000	GlaxoSmithKline	11,756	6.59
		<b>19,520</b>	<b>10.95</b>
	<b>Real Estate 1.40% (31 October 2010 1.53%)</b>		
272,260	Great Portland Estates	1,011	0.57
1,590,000	Logica	1,492	0.83
		<b>2,503</b>	<b>1.40</b>
	<b>Support Services 1.46% (31 October 2010 1.26%)</b>		
274,494	Smiths News	263	0.15
130,000	Wolseley	2,337	1.31
		<b>2,600</b>	<b>1.46</b>
	<b>Tobacco 5.01% (31 October 2010 4.60%)</b>		
170,000	British American Tobacco	4,869	2.73
178,421	Imperial Tobacco	4,056	2.28
		<b>8,925</b>	<b>5.01</b>
	<b>Travel &amp; Leisure 5.60% (31 October 2010 5.97%)</b>		
915,000	Compass	5,174	2.90
1,427,369	IAG	2,378	1.33
150,972	Intercontinental Hotels	1,735	0.98
500,000	Ladbrokes	690	0.39
460,000	Wembley†	-	-
		<b>9,977</b>	<b>5.60</b>
	<b>Canadian Equities 1.34% (31 October 2010 1.84%)</b>		
130,000	Thomson - Reuters	2,385	1.34
	<b>US Dollar Denominated Debt Securities 0.00% (31 October 2010 0.00%)</b>		
\$450,000	National Grid 6% Converted Bonds 3/5/2003†	-	-
	<b>Portfolio of investments</b>	<b>177,593</b>	<b>99.60</b>
	<b>Net current assets</b>	<b>713</b>	<b>0.40</b>
	<b>Total net assets</b>	<b>178,306</b>	<b>100.00</b>

\*Considered a related party of the ACD

†Unlisted security

All securities are approved securities which are listed on an official stock exchange and traded on regulated markets, unless otherwise stated.

## Insight Investment Equity High Income Fund

### Statement of Total Return

for the year from 1 November 2010 to 31 October 2011

	Notes	1.11.2010 to 31.10.2011 £'000	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000	1.11.2009 to 31.10.2010 £'000
Income					
Net capital (losses)/gains	2		(6,129)		51,771
Revenue	3	7,399		19,568	
Expenses	4	(3,401)		(3,238)	
Finance costs: Interest	6	-		-	
Net revenue before taxation		3,998		16,330	
Taxation	5	(22)		(123)	
Net revenue after taxation			3,976		16,207
<b>Total return before distributions</b>			<b>(2,153)</b>		<b>67,978</b>
Finance costs: Distributions	6		(6,775)		(18,931)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(8,928)</b>		<b>49,047</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year from 1 November 2010 to 31 October 2011

	1.11.2010 to 31.10.2011 £'000	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000	1.11.2009 to 31.10.2010 £'000
<b>Opening net assets attributable to shareholders</b>		<b>196,376</b>		<b>669,874</b>
Amounts receivable on issue of shares	3,810		14,014	
Amounts payable on cancellation of shares	(18,164)		(543,843)	
		(14,354)		(529,829)
Stamp duty reserve tax		(16)		(68)
Change in net assets attributable to shareholders from investment activities		(8,928)		49,047
Unclaimed distributions		9		4
Retained distribution on accumulation shares		5,219		7,348
<b>Closing net assets attributable to shareholders</b>		<b>178,306</b>		<b>196,376</b>

The notes on pages 23 to 31 form an integral part of the financial statements.

## Insight Investment Equity High Income Fund

### Balance Sheet

as at 31 October 2011

	Notes	31.10.2011 £'000	31.10.2010 £'000
<b>Assets</b>			
Investment assets		177,593	196,370
Debtors	8	429	520
Cash and bank balances	9	1,228	324
<b>Total other assets</b>		<b>1,657</b>	<b>844</b>
<b>Total assets</b>		<b>179,250</b>	<b>197,214</b>
<b>Liabilities</b>			
Creditors	10	577	501
Distribution payable on income shares		367	337
<b>Total other liabilities</b>		<b>944</b>	<b>838</b>
<b>Total liabilities</b>		<b>944</b>	<b>838</b>
<b>Net assets attributable to shareholders</b>		<b>178,306</b>	<b>196,376</b>

The notes on pages 23 to 31 form an integral part of the financial statements.

# Insight Investment Equity High Income Fund

## Notes to the Financial Statements

for the year from 1 November 2010 to 31 October 2011

### 1 Accounting policies

The accounting policies are given on pages 6 to 7 of this Final Report.

### 2 Net capital (losses)/gains

	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000
Non-derivative securities	(6,114)	51,803
Currency losses	(15)	(30)
Transaction charges	-	(2)
<b>Net capital (losses)/gains</b>	<b>(6,129)</b>	<b>51,771</b>

### 3 Revenue

	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000
UK dividends	6,804	17,872
UK REIT dividends	8	38
Overseas non-taxable dividends	203	772
Franked revenue on CIS dividends	163	270
Unfranked revenue on CIS dividends	190	524
Stock lending revenue	31	92
<b>Total revenue</b>	<b>7,399</b>	<b>19,568</b>

## Insight Investment Equity High Income Fund

### Notes to the Financial Statements (continued)

for the year from 1 November 2010 to 31 October 2011

#### 4 Expenses

	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Authorised Corporate Director's periodic charge	2,854	2,863
General administration charges	561	466
	<u>3,415</u>	<u>3,329</u>
<b>Payable to the Depositary, associates of the Custodian and agents of either of them:</b>		
Depositary's fee	13	22
Safe custody fees	20	29
	<u>33</u>	<u>51</u>
<b>Other expenses</b>		
Audit fees*	8	7
	<u>8</u>	<u>7</u>
Rebate of fees	(55)	(149)
	<u>(55)</u>	<u>(149)</u>
<b>Total expenses</b>	<b><u>3,401</u></b>	<b><u>3,238</u></b>

\*The Audit fee for the year, excluding VAT, was £6,400 (2010: £5,775).

## Insight Investment Equity High Income Fund

### Notes to the Financial Statements (continued)

for the year from 1 November 2010 to 31 October 2011

#### 5 Taxation

##### a Analysis of charge in year

	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000
Irrecoverable income tax	6	54
Overseas tax	16	69
<b>Total current tax charge for the year (see note 5(b))</b>	<b>22</b>	<b>123</b>
Deferred tax charge for the year (see note 5(c))	-	-
<b>Total tax charge for the year</b>	<b>22</b>	<b>123</b>

Corporation tax has been provided at a rate of 20% (31 October 2010: 20%).

##### b Factors affecting current tax charge for the year

	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000
Net revenue before taxation	3,998	16,322
Corporation tax at 20%	800	3,264
Effects of:		
Excess expenses for which no relief taken	634	468
Franked investment revenue at 20%	(1,393)	(3,627)
Irrecoverable income tax	6	54
Overseas tax	16	69
Overseas non-taxable dividends	(41)	(105)
<b>Current tax charge for the year (see note 5(a))</b>	<b>22</b>	<b>123</b>

##### c Deferred tax

	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000
Deferred tax provision at the start of the year	-	-
Deferred tax charge for the year (see note 5(a))	-	-
<b>Deferred tax provision at the end of the year</b>	<b>-</b>	<b>-</b>

## Insight Investment Equity High Income Fund

### Notes to the Financial Statements (continued)

for the year from 1 November 2010 to 31 October 2011

#### 6 Finance costs

##### Distributions and interest

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000
First interim distribution	1,070	5,431
Second interim distribution	2,257	8,623
Third interim distribution	1,659	1,795
Final distribution	1,717	1,543
<b>Distributions for the year</b>	<b>6,703</b>	<b>17,392</b>
Amounts deducted on cancellation of shares	102	1,634
Amounts added on issue of shares	(30)	(95)
<b>Net distribution for the year</b>	<b>6,775</b>	<b>18,931</b>
Finance costs: Interest	-	-
<b>Total finance costs</b>	<b>6,775</b>	<b>18,931</b>
<b>Net revenue after taxation for the year</b>	<b>3,976</b>	<b>16,207</b>
Add: ACD fees paid from capital	2,854	2,863
Less: Tax relief on managers fees	-	(11)
Less: Rebate of Income Booster Fund fees paid from capital	(55)	(128)
<b>Distributions for the year</b>	<b>6,775</b>	<b>18,931</b>

Details of the distribution per share are set out in the tables on pages 32 to 35.

#### 7 Dilution adjustment

A Fund may suffer dilution (reduction) in the value of its property as a result of the costs incurred in dealing in its underlying investments and of any spread between the buying and selling prices of these investments. These costs could have an adverse effect on the value of the Funds, known as "dilution". In order to mitigate the effect of dilution the Regulations allow the ACD to adjust the sale and purchase price of Shares in the Funds to take into account the possible effects of dilution. This practise is known as making a "dilution adjustment" or operating single swinging pricing i.e. the price deviates up or down from the mid-market price when the dilution adjustment is applied.

The power to make a dilution adjustment may only be exercised for the purpose of reducing dilution in the Funds. The dilution adjustment is calculated using the estimated dealing costs of the Fund's underlying investment and taking into consideration any dealing spreads, commission and transfer taxes. The amount of the dilution adjustment will depend on the difference between the value of Shares being acquired and the value of Shares being redeemed.

The ACD's current policy is that it will normally make a dilution adjustment whenever there are net purchases or net sales of Shares. Where a fund is experiencing net acquisitions of its shares the dilution adjustment would swing the price of shares above their mid-market value. Where a fund is experiencing net redemptions, the dilution adjustment would swing the price of shares below their mid-market value. The ACD reserves the right however not to impose a dilution adjustment in exceptional circumstances where it would, in its opinion, not be in the interests of Shareholders to do so.

## Insight Investment Equity High Income Fund

### Notes to the Financial Statements (continued)

for the year from 1 November 2010 to 31 October 2011

#### 8 Debtors

	31.10.2011 £'000	31.10.2010 £'000
Amounts receivable for creation of shares	1	-
Accrued revenue	351	410
Income tax recoverable	73	105
Accrued rebates	4	5
<b>Total debtors</b>	<b>429</b>	<b>520</b>

#### 9 Cash and bank balances

	31.10.2011 £'000	31.10.2010 £'000
Cash and bank balances	1,228	324
<b>Total cash and bank balances</b>	<b>1,228</b>	<b>324</b>

#### 10 Creditors

	31.10.2011 £'000	31.10.2010 £'000
Amounts payable for cancellation of shares	302	201
Accrued expenses	275	300
<b>Total creditors</b>	<b>577</b>	<b>501</b>

#### 11 Contingent liabilities

There were no contingent liabilities at the Balance Sheet date (31 October 2010: £Nil).

#### 12 Related party transactions

The ACD is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operation of the Fund.

The ACD acts as principal in respect of all transactions of the shares in the Funds. The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Any amounts due to or from the ACD at the year end are disclosed within debtors and creditors.

Amounts payable to the ACD in respect of periodic charge is disclosed within expenses and amounts due at the year end is disclosed within creditors.

Related party holdings are included within the Portfolio Statement.

## Insight Investment Equity High Income Fund

### Notes to the Financial Statements (continued)

for the year from 1 November 2010 to 31 October 2011

#### 13 Derivatives and other financial instruments

The analysis and tables provided below refer to the narrative disclosure on pages 12 to 14 of the Aggregated Notes to the Financial Statements.

The main risks arising from the financial statements are market price, currency exposure, interest rate, liquidity and credit risk. These risks are monitored by the ACD in pursuance of the investment objectives and policy of the Fund and are summarised below:

##### Market price risk

Market price risk is the risk that the Fund might suffer potential loss through holding market positions in the face of price movements. It arises mainly from uncertainty about future prices of financial instruments held. The Fund's exposure to market price risk is set out within the Portfolio Statement.

##### Currency risk

Currency risk is the risk that the revenue and net asset value of the Fund may be adversely affected by movements in foreign exchange rates. The revenue and capital value of the Funds' investments can be significantly affected by currency risk movements as some of the assets and income are denominated in currencies other than sterling, which is the Company's functional currency.

The foreign currency exposure of the Fund as at 31 October 2011 and 31 October 2010 was as follows:

Currency	Monetary	Non-monetary	Total	Monetary	Non-monetary	Total
	exposures	exposures		exposures	exposures	
	31.10.2011	31.10.2011		31.10.2011	31.10.2010	
	£'000	£'000	£'000	£'000	£'000	£'000
Canadian Dollar	-	2,385	2,385	-	3,613	3,613
Sterling	1,228	171,648	172,876	324	187,435	187,759
US Dollar	-	3,045	3,045	-	5,004	5,004
<b>Total</b>	<b>1,228</b>	<b>177,078</b>	<b>178,306</b>	<b>324</b>	<b>196,052</b>	<b>196,376</b>

## Insight Investment Equity High Income Fund

### Notes to the Financial Statements (continued)

for the year from 1 November 2010 to 31 October 2011

### 13 Derivatives and other financial instruments (continued)

#### Interest rate

Interest rate risk is the risk that the revenue cashflow or the fair value of investments may be adversely affected by movements in market interest rates.

#### Interest rate risk

The interest rate risk profile of the Fund's financial assets and liabilities at 31 October 2011 and 31 October 2010 was as follows:

Currency	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
<b>Canadian Dollar</b>				
31.10.2011	-	-	2,385	2,385
31.10.2010	-	-	3,613	3,613
<b>Sterling</b>				
31.10.2011	1,228	-	172,592	173,820
31.10.2010	324	-	188,273	188,597
<b>US Dollar</b>				
31.10.2011	-	-	3,045	3,045
31.10.2010	-	-	5,004	5,004
Currency		Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
<b>Sterling</b>				
31.10.2011		-	944	944
31.10.2010		-	838	838

#### Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its obligations as they fall due. The Fund's assets comprise mainly of readily realisable securities which can be sold to meet liquidity requirements. The main liquidity risk of the Fund is the redemption of any shares that investors wish to sell, which are redeemable on demand under the Prospectus.

#### Counterparty credit risk

Counterparty credit risk is the risk of suffering loss due to another party not meeting its financial obligation.

Investments may be adversely affected by counterparty credit risk if any of the institutions with which money is deposited suffers insolvency or other financial difficulties. All security transactions are through brokers who have been approved by the ACD as an acceptable counterparty.

The Fund's maximum exposure to credit risk is reflected by the carrying value of the related assets in the balance sheet and portfolio statement.

#### Fair value of financial assets and liabilities

There are no material differences between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value.

## Insight Investment Equity High Income Fund

### Notes to the Financial Statements (continued)

for the year from 1 November 2010 to 31 October 2011

#### 14 Share classes

The Fund has the following share classes in issue, with the following charges and minimum initial investment levels:

Share class	Initial Charge	ACD's Periodic Charge	Minimum initial Investment
A (accumulation)	4.00%	1.50%	£3,000
A (income)	4.00%	1.50%	£3,000
B (accumulation)	0.00%	0.65%	£500,000
B (income)	0.00%	0.65%	£500,000

Because of these varying expenses, the level of net income attributable to each share class may differ.

The Net Asset Value of each share class, the Net Asset Value per share, and the number of shares in each class are given in the comparative table on pages 16 to 17. All share classes have the same rights on winding up.

#### 15 Stock lending

The Fund ceased its participation in stock lending during the year. The value of stock on loan was therefore £Nil. (31 October 2010: £6,747,671).

The value of assets held as collateral at the balance sheet date was £Nil (31 October 2010: £6,875,920).

Analysis of stock lending revenue	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000
Gross stock lending revenue	44	131
Stock lending fees paid to the Custodian	(13)	(39)
<b>Net stock lending revenue (note 3)</b>	<b>31</b>	<b>92</b>

The value of assets held as collateral are further analysed as follows:

	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000
UK Equities	-	461
Overseas Equities	-	1
UK Government Bonds	-	6,226
Overseas Government Bonds	-	188
<b>Value of assets held as collateral</b>	<b>-</b>	<b>6,876</b>

## Insight Investment Equity High Income Fund

### Notes to the Financial Statements (continued)

for the year from 1 November 2010 to 31 October 2011

#### 16 Portfolio transaction costs

	1.11.2010 to 31.10.2011 £'000	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000	1.11.2009 to 31.10.2010 £'000
<b>Analysis of total purchase costs</b>				
Purchases in year before transaction costs		1,521		16,281
Commissions	2		20	
Other costs	<u>5</u>		<u>51</u>	
Total purchase costs		<u>7</u>		<u>71</u>
<b>Gross purchase total</b>		<b><u>1,528</u></b>		<b><u>16,352</u></b>
<b>Analysis of total sale costs</b>				
Gross sales before transaction costs		14,288		543,715
Commissions	<u>(26)</u>		<u>(96)</u>	
Total sales costs		<u>(26)</u>		<u>(96)</u>
<b>Total sales net of transaction costs</b>		<b><u>14,262</u></b>		<b><u>543,619</u></b>

## Insight Investment Equity High Income Fund

### Distribution Tables

Distributions are disclosed in pence per share, unless otherwise stated.

#### First interim distribution

for the period from 1 November 2010 to 31 January 2011

Group 1 - Shares purchased prior to 1 November 2010

Group 2 - Shares purchased 1 November 2010 to 31 January 2011

	Net distribution	Equalisation	Distribution paid 15.4.2011	Distribution paid 15.4.2010
<b>Income Shares</b>				
A - Group 1	0.7232	-	0.7232	0.9313
A - Group 2	0.4387	0.2845	0.7232	0.9313
B - Group 1	0.6706	-	0.6706	0.8030
B - Group 2	0.5372	0.1334	0.6706	0.8030
G - Group 1	-	-	-	0.6518
G - Group 2	-	-	-	0.6518
<b>Accumulation Shares</b>				
A - Group 1	1.8640	-	1.8640	2.3121
A - Group 2	0.5617	1.3023	1.8640	2.3121
B - Group 1	2.2607	-	2.2607	2.5760
B - Group 2	0.2752	1.9855	2.2607	2.5760
G - Group 1	-	-	-	2.6340
G - Group 2	-	-	-	2.6340

### Corporate Shareholders

Corporate shareholders receive the dividend distribution payment as detailed below:

100.00% of the total distribution together with the tax credit is received as franked investment revenue.

0.00% of the distribution is deemed to be an annual payment received after deduction of income tax at the lower rate and is liable to corporation tax. It is not franked investment revenue.

## Insight Investment Equity High Income Fund

### Distribution Tables (continued)

Distributions are disclosed in pence per share, unless otherwise stated.

### Second Interim Distribution

for the period from 1 February 2011 to 30 April 2011

Group 1 - Shares purchased prior to 1 February 2011

Group 2 - Shares purchased 1 February 2011 to 30 April 2011

	Net distribution	Equalisation	Distribution paid 15.7.2011	Distribution paid 15.7.2010
<b>Income Shares</b>				
A - Group 1	1.5652	-	1.5652	1.4799
A - Group 2	0.6268	0.9384	1.5652	1.4799
B - Group 1	1.3865	-	1.3865	1.2878
B - Group 2	1.3865	-	1.3865	1.2878
G - Group 1	-	-	-	1.0615
G - Group 2	-	-	-	1.0615
<b>Accumulation Shares</b>				
A - Group 1	4.0553	-	4.0553	3.7025
A - Group 2	1.3745	2.6808	4.0553	3.7025
B - Group 1	4.6692	-	4.6692	4.1847
B - Group 2	1.0759	3.5933	4.6692	4.1847
G - Group 1	-	-	-	4.2828
G - Group 2	-	-	-	4.2828

### Corporate Shareholders

Corporate shareholders receive the dividend distribution payment as detailed below:

100.00% of the total distribution together with the tax credit is received as franked investment revenue.

0.00% of the distribution is deemed to be an annual payment received after deduction of income tax at the lower rate and is liable to corporation tax. It is not franked investment revenue.

## Insight Investment Equity High Income Fund

### Distribution Tables (continued)

Distributions are disclosed in pence per share, unless otherwise stated.

#### Third Interim Distribution

for the period from 1 May 2011 to 31 July 2011

Group 1 - Shares purchased prior to 1 May 2011

Group 2 - Shares purchased 1 May 2011 to 31 July 2011

	Net distribution	Equalisation	Distribution paid 15.10.2011	Distribution paid 15.10.2010
<b>Income Shares</b>				
A - Group 1	1.1616	-	1.1616	1.1721
A - Group 2	0.2277	0.9339	1.1616	1.1721
B - Group 1	1.0590	-	1.0590	1.0252
B - Group 2	1.0590	-	1.0590	1.0252
<b>Accumulation Shares</b>				
A - Group 1	3.0440	-	3.0440	2.9687
A - Group 2	0.5125	2.5315	3.0440	2.9687
B - Group 1	3.5615	-	3.5615	3.3664
B - Group 2	1.5393	2.0222	3.5615	3.3664

### Corporate Shareholders

Corporate shareholders receive the dividend distribution payment as detailed below:

- 100.00% of the total distribution together with the tax credit is received as franked investment revenue.
- 0.00% of the distribution is deemed to be an annual payment received after deduction of income tax at the lower rate and is liable to corporation tax. It is not franked investment revenue.

## Insight Investment Equity High Income Fund

### Distribution Tables (continued)

Distributions are disclosed in pence per share, unless otherwise stated.

#### Final Distribution

for the period from 1 August 2011 to 31 October 2011

Group 1 - Shares purchased prior to 1 August 2011

Group 2 - Shares purchased 1 August 2011 to 31 October 2011

	Net distribution	Equalisation	Distribution payable 15.1.2012	Distribution paid 15.1.2011
<b>Income Shares</b>				
A - Group 1	1.2010	-	1.2010	1.0293
A - Group 2	0.1916	1.0094	1.2010	1.0293
B - Group 1	1.0870	-	1.0870	0.9013
B - Group 2	1.0870	-	1.0870	0.9013
<b>Accumulation Shares</b>				
A - Group 1	3.1747	-	3.1747	2.6324
A - Group 2	0.2590	2.9157	3.1747	2.6324
B - Group 1	3.6731	-	3.6731	2.9559
B - Group 2	0.2121	3.4610	3.6731	2.9559

Equalisation only applies to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for Capital Gains Tax purposes.

### Corporate Shareholders

Corporate shareholders receive the dividend distribution payment as detailed below:

100.00% of the total distribution together with the tax credit is received as franked investment revenue.

0.00% of the distribution is deemed to be an annual payment received after deduction of income tax at the lower rate and is liable to corporation tax. It is not franked investment revenue.

## Insight Investment Monthly Income Fund

### Investment objective and policy

The Fund aims to provide a high and increasing monthly income together with long-term capital growth by investing primarily in shares of UK companies and sterling denominated fixed interest securities.

### Economic and market review

UK equity markets started the period extremely positively as robust company earnings continued to support the market despite a number of global events increasing volatility levels. These events included social unrest in North Africa and the Middle East and an earthquake and tsunami in Japan which prompted fears of disruption to worldwide supply chains. However, UK equities benefited from flows out of emerging markets which investors perceived to be more exposed to rising inflationary pressures. Despite rising inflation, economic uncertainty drove government yields lower over the period which was strongly positive for gilt returns. Towards the end of the period markets were weaker as concerns about global growth and the crisis in the eurozone increased. However, UK equity returns remained in positive territory for the period as a whole.

### Performance and activity

The Fund produced positive returns over the period. The yield on the Fund has been below expectations of late, as exceptionally low gilt yields resulted in these bonds not providing the usual yield premium to equities. The manager remains confident in his current approach, however, as to change the equity portfolio to capture additional yield could compromise the low volatility style of the Fund.

Holdings in oil majors BP (which was built up following the Gulf of Mexico disaster) and Royal Dutch Shell were beneficial for performance, with a sharp rise in oil prices providing a tailwind for the sector. In addition, overweight positions in telecommunication companies BT and Vodafone helped performance and the sector's defensive nature was attractive to investors given the current economic uncertainty.

Portfolio turnover was relatively low throughout the period as the manager continues to take a long-term approach. Although we look for stocks with attractive dividends, this is not the sole criterion for inclusion as we also look for growth potential. We therefore prefer to gain dividends through exposure to higher quality, larger companies such as Vodafone, GlaxoSmithKline, Rio Tinto and Royal Dutch Shell.

### Outlook

The UK is expected to continue its recovery in 2012, although the pace of expansion is set to moderate from 2011. Continued spending cuts and higher taxation levels pose a significant risk to growth in the UK economy, especially in the event that interest rates start to rise to counter increasing inflation levels, although the Bank of England has signalled that interest rates in the UK are likely to remain low for some time. Prospects for the UK equity market are more positive, however, with global growth the most important factor for the FTSE 100 given that 60% of company earnings come from overseas, where many countries have stronger rates of economic growth than the UK. This means that there are plenty of companies to invest in that have attractive growth prospects. A slowdown in our own economy, therefore, need not necessarily lead to a fall in the shares of those companies if global growth remains strong.

## Insight Investment Monthly Income Fund

### Net Asset Value per Share and Comparative Table

#### Price history

Calendar Year	Income Shares		Accumulation Shares	
	Highest price (p)	Lowest price (p)	Highest price (p)	Lowest price (p)
<b>2007</b>				
A	50.83	45.85	132.23	119.78
B	53.94	48.72	138.48	125.31
<b>2008</b>				
A	48.78	32.38	130.04	88.81
B	52.15	34.85	136.34	93.86
<b>2009</b>				
A	42.05	31.05	121.59	87.09
B	45.74	33.53	120.66	92.37
<b>2010</b>				
A	46.27	39.07	138.55	115.04
B	50.71	42.67	139.00	114.26
<b>2011<sup>(1)</sup></b>				
A	47.02	40.08	143.19	123.52
B	51.56	44.28	144.53	124.99

(1) to 31 October

#### Revenue history

Calendar Year	Net revenue per share (p)	Net accumulation per share (p)
<b>2007</b>		
A	1.9109	4.9477
B	3.9508	5.1603
<b>2008</b>		
A	1.7325	4.6629
B	1.9079	5.0401
<b>2009</b>		
A	1.5607	4.4003
B	1.7268	2.0960
<b>2010</b>		
A	1.5274	4.4826
B	1.7277	4.7466
<b>2011<sup>(1)</sup></b>		
A	1.5368	4.6728
B	1.7889	5.0566

(1) to 15 December

## Insight Investment Monthly Income Fund

### Net Asset Value per Share and Comparative Table (continued)

#### Net asset value

		Value of fund (£)	No. of shares	Value per share (p)
31 October 2009	A (accumulation)	18,341,710	16,052,563	114.26
	A (income)	24,785,741	62,537,834	39.63
	B (accumulation)	1,131	1,000	113.10
	B (income)	207,565	482,151	43.05
31 October 2010	A (accumulation)	19,436,120	14,540,431	133.67
	A (income)	27,023,450	60,452,427	44.70
	B (accumulation)	1,338	1,000	133.80
	B (income)	181,225	370,059	48.97
31 October 2011	A (accumulation)	18,514,553	13,669,142	135.45
	A (income)	26,829,092	61,291,607	43.77
	B (accumulation)	1,372	1,000	137.20
	B (income)	150,644	311,331	48.39

#### Total expense ratio

	31.10.2011 %	31.10.2010 %
A (accumulation)	1.87	1.78
A (income)	1.87	1.78
B (accumulation)	0.72	0.71
B (income)	0.76	0.76

#### Performance record

In the five years to 31 October 2011, the price of A (accumulation) shares in the Fund rose by 12.40%. This compares with a rise of 21.61% in the 70% FTSE All Share, 30% FTSE A British Government 5-15 years benchmark over the same period.

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.

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.

## Insight Investment Monthly Income Fund

### Portfolio statement

as at 31 October 2011

Holding/ Nominal Value	Investment	Market Value £'000	Percentage of Total Net Assets
<b>United Kingdom 99.87% (31 October 2010 99.70%)</b>			
<b>United Kingdom Government Bonds 21.80% (31 October 2010 19.60%)</b>			
848,000	Treasury 3.75% Stock 2019	951	2.09
2,591,000	Treasury 4.25% Stock 2027	3,009	6.61
466,000	Treasury 4.25% Stock 2032	537	1.18
2,865,000	Treasury 4.5% Stock 2019	3,368	7.40
650,000	Treasury 4.75% Stock 2038	812	1.79
549,000	Treasury 5% Stock 2018	659	1.45
416,000	Treasury 6% Stock 2028	584	1.28
		<b>9,920</b>	<b>21.80</b>
<b>Aerospace &amp; Defence 1.96% (31 October 2010 3.46%)</b>			
220,000	BAE Systems	608	1.33
40,000	Rolls-Royce	281	0.62
2,760,000	Rolls-Royce 'C' Shares	3	0.01
		<b>892</b>	<b>1.96</b>
<b>Banks 6.95% (31 October 2010 8.87%)</b>			
250,000	Barclays	488	1.07
230,000	HSBC	1,253	2.76
900,000	Lloyds Banking	292	0.64
256,500	Lloyds Banking 9.25% Non-cumulative Irredeemable Preference Shares	192	0.42
146,441	Royal Bank of Scotland	36	0.08
61,875	Standard Chartered	902	1.98
		<b>3,163</b>	<b>6.95</b>
<b>Construction &amp; Materials 1.19% (31 October 2010 0.00%)</b>			
30,000	Wolseley	539	1.19
<b>Equity Investment Instruments 0.19% (31 October 2010 0.21%)</b>			
55,461	City Merchants High Yield Trust	84	0.19
<b>Financial Services 4.09% (31 October 2010 3.76%)</b>			
140,000	3i	288	0.63
45,000	Invesco	559	1.23
80,000	Prudential	518	1.14
34,662	Schroders	495	1.09
		<b>1,860</b>	<b>4.09</b>
<b>Fixed Line Telecommunications 3.10% (31 October 2010 2.47%)</b>			
750,000	BT	1,410	3.10
<b>Food &amp; Drug Retailers 1.38% (31 October 2010 1.45%)</b>			
138,649	Morrison (Wm)	419	0.92
69,324	Sainsbury (J)	207	0.46
		<b>626</b>	<b>1.38</b>

## Insight Investment Monthly Income Fund

### Portfolio statement (continued)

as at 31 October 2011

Holding/ Nominal Value	Investment	Market Value £'000	Percentage of Total Net Assets
	<b>Gas, Water &amp; Multiutilities 4.14% (31 October 2010 4.04%)</b>		
238,302	Centrica	707	1.55
24,319	National Grid	150	0.33
69,324	Pennon	482	1.06
23,108	Severn Trent	350	0.77
32,141	United Utilities	195	0.43
		<b>1,884</b>	<b>4.14</b>
	<b>General Industrials 2.10% (31 October 2010 1.78%)</b>		
183,016	DS Smith	390	0.86
163,636	Rexam	566	1.24
		<b>956</b>	<b>2.10</b>
	<b>General Retailers 0.36% (31 October 2010 0.80%)</b>		
1,388,570	Dixons Retail	<b>164</b>	<b>0.36</b>
	<b>Life Insurance 4.45% (31 October 2010 5.54%)</b>		
220,000	Aviva	750	1.65
263,432	Aviva 8.75% Cumulative Irredeemable Preference Shares	281	0.62
900,000	Legal & General	995	2.18
		<b>2,026</b>	<b>4.45</b>
	<b>Media 4.52% (31 October 2010 4.87%)</b>		
700,000	ITV	448	0.98
48,527	Pearson	556	1.22
115,000	Reed Elsevier	615	1.35
74,870	Smiths News	72	0.16
20,000	Thomson Reuters	367	0.81
		<b>2,058</b>	<b>4.52</b>
	<b>Mining 4.84% (31 October 2010 5.62%)</b>		
65,000	Rio Tinto	<b>2,200</b>	<b>4.84</b>
	<b>Mobile Telecommunications 6.68% (31 October 2010 6.55%)</b>		
1,760,000	Vodafone	<b>3,041</b>	<b>6.68</b>
	<b>Non-Life Insurance 0.68% (31 October 2010 0.78%)</b>		
277,297	RSA Insurance	<b>310</b>	<b>0.68</b>
	<b>Oil &amp; Gas Producers 12.41% (31 October 2010 10.69%)</b>		
50,000	BG	678	1.49
350,000	BP	1,613	3.55
152,000	Royal Dutch Shell 'A' Shares	3,353	7.37
		<b>5,644</b>	<b>12.41</b>
	<b>Personal Goods 0.03% (31 October 2010 0.02%)</b>		
103,986	Airea	<b>11</b>	<b>0.03</b>

## Insight Investment Monthly Income Fund

### Portfolio statement (continued)

as at 31 October 2011

Holding/ Nominal Value	Investment	Market Value £'000	Percentage of Total Net Assets
	<b>Pharmaceuticals &amp; Biotechnology 9.48% (31 October 2010 8.69%)</b>		
55,459	AstraZeneca	1,656	3.64
190,000	GlaxoSmithKline	2,659	5.84
		<b>4,315</b>	<b>9.48</b>
	<b>Software &amp; Computer Services 0.62% (31 October 2010 0.83%)</b>		
300,000	Logica	<b>282</b>	<b>0.62</b>
	<b>Support Services 0.20% (31 October 2010 1.47%)</b>		
41,595	Electrocomponents	<b>91</b>	<b>0.20</b>
	<b>Tobacco 4.26% (31 October 2010 3.55%)</b>		
33,000	British American Tobacco	945	2.08
43,674	Imperial Tobacco	993	2.18
		<b>1,938</b>	<b>4.26</b>
	<b>Travel &amp; Leisure 4.44% (31 October 2010 4.65%)</b>		
180,000	Compass	1,018	2.24
225,000	IAG	375	0.82
36,666	Intercontinental Hotels	421	0.93
150,000	Ladbrokes	207	0.45
		<b>2,021</b>	<b>4.44</b>
	<b>Portfolio of Investments</b>	<b>45,435</b>	<b>99.87</b>
	<b>Net current assets</b>	<b>61</b>	<b>0.13</b>
	<b>Total net assets</b>	<b>45,496</b>	<b>100.00</b>

All securities are approved securities which are listed on an official stock exchange and traded on regulated markets, unless otherwise stated.

## Insight Investment Monthly Income Fund

### Statement of Total Return

for the year from 1 November 2010 to 31 October 2011

	Notes	1.11.2010 to 31.10.2011 £'000	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000	1.11.2009 to 31.10.2010 £'000
Income					
Net capital (losses)/gains	2		(294)		6,022
Revenue	3	1,822		1,804	
Expenses	4	(868)		(795)	
Finance costs: Interest	6	-		-	
Net revenue before taxation		954		1,009	
Taxation	5	(14)		(5)	
Net revenue after taxation			940		1,004
<b>Total return before distributions</b>			<b>646</b>		<b>7,026</b>
Finance costs: Distributions	6		(1,599)		(1,629)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(953)</b>		<b>5,397</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year from 1 November 2010 to 31 October 2011

	1.11.2010 to 31.10.2011 £'000	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000	1.11.2009 to 31.10.2010 £'000
<b>Opening net assets attributable to shareholders</b>		<b>46,642</b>		<b>43,336</b>
Amounts receivable on issue of shares	2,698		1,883	
Amounts payable on cancellation of shares	(3,523)		(4,650)	
		(825)		(2,767)
Stamp duty reserve tax		(24)		(10)
Change in net assets attributable to shareholders from investment activities		(953)		5,397
Retained distribution on accumulation shares		656		686
<b>Closing net assets attributable to shareholders</b>		<b>45,496</b>		<b>46,642</b>

The notes on pages 44 to 52 form an integral part of the financial statements.

## Insight Investment Monthly Income Fund

### Balance Sheet

as at 31 October 2011

	Notes	31.10.2011 £'000	31.10.2010 £'000
<b>Assets</b>			
Investment assets		45,435	46,504
Debtors	8	244	290
Cash and bank balances	9	236	92
<b>Total other assets</b>		<b>480</b>	<b>382</b>
<b>Total assets</b>		<b>45,915</b>	<b>46,886</b>
<b>Liabilities</b>			
Creditors	10	316	148
Distribution payable on income shares		103	96
<b>Total other liabilities</b>		<b>419</b>	<b>244</b>
<b>Total liabilities</b>		<b>419</b>	<b>244</b>
<b>Net assets attributable to shareholders</b>		<b>45,496</b>	<b>46,642</b>

The notes on pages 44 to 52 form an integral part of the financial statements.

## Insight Investment Monthly Income Fund

### Notes to the Financial Statements

for the year from 1 November 2010 to 31 October 2011

#### 1 Accounting policies

The accounting policies are given on pages 6 to 7 of this Final Report.

#### 2 Net capital (losses)/gains

	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000
Non-derivative securities	(289)	6,023
Currency contracts	(5)	-
Transaction charges	-	(1)
<b>Net capital (losses)/gains</b>	<b>(294)</b>	<b>6,022</b>

#### 3 Revenue

	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000
UK dividends	1,347	1,411
Overseas non-taxable dividends	117	40
Interest from UK debt securities	355	343
Stock lending revenue	3	10
<b>Total revenue</b>	<b>1,822</b>	<b>1,804</b>

## Insight Investment Monthly Income Fund

### Notes to the Financial Statements (continued)

for the year from 1 November 2010 to 31 October 2011

#### 4 Expenses

	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Authorised Corporate Director's periodic charge	696	671
General administration charges	137	86
	<u>833</u>	<u>757</u>
<b>Payable to the Depositary, associates of the Custodian and agents of either of them:</b>		
Depositary's fee	6	6
Safe custody fees	19	23
	<u>25</u>	<u>29</u>
<b>Other expenses</b>		
Audit fees*	10	9
	<u>10</u>	<u>9</u>
<b>Total expenses</b>	<u><b>868</b></u>	<u><b>795</b></u>

\*The Audit fee for the year, excluding VAT, was £8,000 (2010: £7,425)

## Insight Investment Monthly Income Fund

### Notes to the Financial Statements (continued)

for the year from 1 November 2010 to 31 October 2011

#### 5 Taxation

##### a Analysis of charge in year

	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000
Overseas tax	14	5
<b>Total current tax charge for the year (see note 5(b))</b>	<b>14</b>	<b>5</b>
Deferred tax charge for the year (see note 5(c))	-	-
<b>Total tax charge for the year</b>	<b>14</b>	<b>5</b>

Corporation tax has been provided at a rate of 20% (31 October 2010: 20%).

##### b Factors affecting current tax charge for the year

	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000
Net revenue before taxation	954	1,009
Corporation tax at 20%	191	202
Effects of:		
Excess expenses for which no tax relief taken	102	88
Franked investment revenue at 20%	(271)	(282)
Overseas non-taxable dividends	(22)	(8)
Overseas tax	14	5
<b>Current tax charge for the year (see note 5(a))</b>	<b>14</b>	<b>5</b>

##### c Deferred tax

	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000
Deferred tax provision at the start of the year	-	-
Deferred tax charge for the year (see note 5(a))	-	-
<b>Deferred tax provision at the end of the year</b>	<b>-</b>	<b>-</b>

At 31 October 2011 the Fund had surplus management expenses of £1,587,516 (31 October 2010: £1,077,063). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise all the expenses and therefore no deferred tax asset has been recognised.

## Insight Investment Monthly Income Fund

### Notes to the Financial Statements (continued)

for the year from 1 November 2010 to 31 October 2011

#### 6 Finance costs

##### Distributions and interest

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000
First interim distribution	143	149
Second interim distribution	143	149
Third interim distribution	143	149
Fourth interim distribution	142	147
Fifth interim distribution	142	146
Sixth interim distribution	142	145
Seventh interim distribution	142	145
Eighth interim distribution	143	145
Ninth interim distribution	134	144
Tenth interim distribution	150	144
Eleventh interim distribution	143	144
Final distribution	31	21
<b>Distributions for the year</b>	<b>1,598</b>	<b>1,628</b>
Amounts deducted on cancellation of shares	-	3
Amounts added on issue of shares	1	(2)
<b>Net distribution for the year</b>	<b>1,599</b>	<b>1,629</b>
Finance costs: Interest	-	-
<b>Total finance costs</b>	<b>1,599</b>	<b>1,629</b>
<b>Net revenue after taxation for the year</b>	<b>940</b>	<b>1,004</b>
Add: ACD fees paid from capital	696	671
Less: Tax relief on capitalised fees	(37)	(46)
<b>Distributions for the year</b>	<b>1,599</b>	<b>1,629</b>

Details of the distribution per share are set out in the tables on pages 53 to 64.

## Insight Investment Monthly Income Fund

### Notes to the Financial Statements (continued)

for the year from 1 November 2010 to 31 October 2011

#### 7 Dilution adjustment

A Fund may suffer dilution (reduction) in the value of its property as a result of the costs incurred in dealing in its underlying investments and of any spread between the buying and selling prices of these investments. These costs could have an adverse effect on the value of the Funds, known as “dilution”. In order to mitigate the effect of dilution the Regulations allow the ACD to adjust the sale and purchase price of Shares in the Funds to take into account the possible effects of dilution. This practise is known as making a “dilution adjustment” or operating single swinging pricing i.e. the price deviates up or down from the mid-market price when the dilution adjustment is applied.

The power to make a dilution adjustment may only be exercised for the purpose of reducing dilution in the Funds. The dilution adjustment is calculated using the estimated dealing costs of the Fund’s underlying investment and taking into consideration any dealing spreads, commission and transfer taxes. The amount of the dilution adjustment will depend on the difference between the value of Shares being acquired and the value of Shares being redeemed.

The ACD’s current policy is that it will normally make a dilution adjustment whenever there are net purchases or net sales of Shares. Where a fund is experiencing net acquisitions of its shares the dilution adjustment would swing the price of shares above their mid-market value. Where a fund is experiencing net redemptions, the dilution adjustment would swing the price of shares below their mid-market value. The ACD reserves the right however not to impose a dilution adjustment in exceptional circumstances where it would, in its opinion, not be in the interests of Shareholders to do so.

#### 8 Debtors

	31.10.2011 £'000	31.10.2010 £'000
Amounts receivable for creation of shares	22	58
Accrued revenue	222	232
<b>Total debtors</b>	<b>244</b>	<b>290</b>

#### 9 Cash and bank balances

	31.10.2011 £'000	31.10.2010 £'000
Cash and bank balances	236	92
<b>Total cash and bank balances</b>	<b>236</b>	<b>92</b>

#### 10 Creditors

	31.10.2011 £'000	31.10.2010 £'000
Amounts payable for cancellation of shares	69	67
Purchases awaiting settlement	164	-
Accrued expenses	83	81
<b>Total creditors</b>	<b>316</b>	<b>148</b>

#### 11 Contingent liabilities

There were no contingent liabilities at the Balance Sheet date (31 October 2010: £Nil).

## Insight Investment Monthly Income Fund

### Notes to the Financial Statements (continued)

for the year from 1 November 2010 to 31 October 2011

#### 12 Related party transactions

The ACD is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operation of the Fund.

The ACD acts as principal in respect of all transactions of the shares in the Funds. The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Any amounts due to or from the ACD at the year end are disclosed within debtors and creditors.

Amounts payable to the ACD in respect of periodic charge is disclosed within expenses and amounts due at the year end is disclosed within creditors.

Related party holdings are included within the Portfolio Statement.

#### 13 Derivatives and other financial instruments

The analysis and tables provided below refer to the narrative disclosure on pages 12 to 14 of the Aggregated Notes to the Financial Statements.

The main risks arising from the financial statements are market price, currency exposure, interest rate, liquidity and credit risk. These risks are monitored by the ACD in pursuance of the investment objectives and policy of the Fund and are summarised below:

##### Market price risk

Market price risk is the risk that the Fund might suffer potential loss through holding market positions in the face of price movements. It arises mainly from uncertainty about future prices of financial instruments held. The Fund's exposure to market price risk is set out within the Portfolio Statement.

##### Currency risk

Currency risk is the risk that the revenue and net asset value of the Fund may be adversely affected by movements in foreign exchange rates. The revenue and capital value of the Fund's investments can be significantly affected by currency risk movements as some of the assets and income are denominated in currencies other than sterling, which is the Company's functional currency.

The foreign currency exposure of the Fund as at 31 October 2011 and 31 October 2010 was as follows:

Currency	Monetary	Non-monetary	Total	Monetary	Non-monetary	Total
	exposures	exposures		exposures	exposures	
	31.10.2011	31.10.2011		31.10.2011	31.10.2010	
	£'000	£'000	£'000	£'000	£'000	£'000
Canadian Dollar	-	367	367	-	718	718
Sterling	236	44,334	44,570	92	44,936	45,028
US Dollar	-	559	559	-	896	896
<b>Total</b>	<b>236</b>	<b>45,260</b>	<b>45,496</b>	<b>92</b>	<b>46,550</b>	<b>46,642</b>

## Insight Investment Monthly Income Fund

### Notes to the Financial Statements (continued)

for the year from 1 November 2010 to 31 October 2011

### 13 Derivatives and other financial instruments (continued)

#### Interest rate

Interest rate risk is the risk that the revenue cashflow or the fair value of investments may be adversely affected by movements in market interest rates.

#### Interest rate risk

The interest rate risk profile of the Fund's financial assets and liabilities at 31 October 2011 and 31 October 2010 was as follows:

Currency	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
<b>Canadian Dollar</b>				
31.10.2011	-	-	367	367
31.10.2010	-	-	718	718
<b>Sterling</b>				
31.10.2011	236	9,920	34,833	44,989
31.10.2010	92	9,142	36,038	45,272
<b>US Dollar</b>				
31.10.2011	-	-	559	559
31.10.2010	-	-	896	896

Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
<b>Canadian Dollar</b>			
31.10.2011	-	-	-
31.10.2010	-	-	-
<b>Sterling</b>			
31.10.2011	-	419	419
31.10.2010	-	244	244
<b>US Dollar</b>			
31.10.2011	-	-	-
31.10.2010	-	-	-

Currency	Weighted average interest rate %	Weighted average period for which rate is fixed Years
<b>Canadian Dollar</b>		
31.10.2011	-	-
31.10.2010	-	-
<b>Sterling</b>		
31.10.2011	3.77	12.90
31.10.2010	4.12	10.05
<b>US Dollar</b>		
31.10.2011	-	-
31.10.2010	-	-

## Insight Investment Monthly Income Fund

### Notes to the Financial Statements (continued)

for the year from 1 November 2010 to 31 October 2011

#### 13 Derivatives and other financial instruments (continued)

##### Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its obligations as they fall due. The Fund's assets comprise mainly of readily realisable securities which can be sold to meet liquidity requirements. The main liquidity risk of the Fund is the redemption of any shares that investors wish to sell, which are redeemable on demand under the Prospectus.

##### Counterparty credit risk

Counterparty credit risk is the risk of suffering loss due to another party not meeting its financial obligation.

Investments may be adversely affected by counterparty credit risk if any of the institutions with which money is deposited suffers insolvency or other financial difficulties. All security transactions are through brokers who have been approved by the ACD as an acceptable counterparty.

The Fund's maximum exposure to credit risk is reflected by the carrying value of the related assets in the balance sheet and portfolio statement.

##### Fair value of financial assets and liabilities

There are no material differences between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value.

#### 14 Share classes

The Fund has the following share classes in issue, with the following charges and minimum initial investment levels:

Share class	Initial Charge	ACD's Periodic Charge	Minimum initial Investment
A (accumulation)	4.00%	1.50%	£3,000
A (income)	4.00%	1.50%	£3,000
B (accumulation)	0.00%	0.65%	£500,000
B (income)	0.00%	0.65%	£500,000

Because of these varying expenses, the level of net income attributable to each share class may differ.

The Net Asset Value of each share class, the Net Asset Value per share, and the number of shares in each class are given in the comparative table on pages 37 to 38. All share classes have the same rights on winding up.

## Insight Investment Monthly Income Fund

### Notes to the Financial Statements (continued)

for the year from 1 November 2010 to 31 October 2011

#### 15 Stock lending

The Fund ceased its participation in stock lending activities during the year. The value of stock on loan at the balance sheet date was £Nil (31 October 2010: £697,329).

The value of assets held as collateral at the balance sheet date was £Nil (31 October 2010: £717,654).

<b>Analysis of stock lending revenue</b>	<b>1.11.2010 to 31.10.2011 £'000</b>	<b>1.11.2009 to 31.10.2010 £'000</b>
Gross stock lending revenue	4	13
Stock lending fees paid to the Custodian	(1)	(3)
<b>Net stock lending revenue (note 3)</b>	<b>3</b>	<b>10</b>

The value of assets held as collateral are further analysed as follows:

	<b>1.11.2010 to 31.10.2011 £'000</b>	<b>1.11.2009 to 31.10.2010 £'000</b>
UK Equities	-	48
Overseas Equities	-	-
UK Government Bonds	-	650
Overseas Government Bonds	-	20
<b>Value of assets held as collateral</b>	<b>-</b>	<b>718</b>

#### 16 Portfolio transaction costs

	<b>1.11.2010 to 31.10.2011 £'000</b>	<b>1.11.2010 to 31.10.2011 £'000</b>	<b>1.11.2009 to 31.10.2010 £'000</b>	<b>1.11.2009 to 31.10.2010 £'000</b>
<b>Analysis of total purchase costs</b>				
Purchases in year before transaction costs		9,838		8,173
Commissions	14		10	
Other costs	36		26	
Total purchase costs		50		36
<b>Gross purchase total</b>		<b>9,888</b>		<b>8,209</b>
<b>Analysis of total sale costs</b>				
Gross sales before transaction costs		10,674		10,288
Commissions	(16)		(15)	
Total sales costs		(16)		(15)
<b>Total sales net of transaction costs</b>		<b>10,658</b>		<b>10,273</b>

## Insight Investment Monthly Income Fund

### Distribution Tables

Distributions are disclosed in pence per share, unless otherwise stated.

#### First interim distribution

for the period 1 November 2010 to 30 November 2010

Group 1 - Shares purchased prior to 1 November 2010

Group 2 - Shares purchased 1 November 2010 to 30 November 2010

	Net distribution	Equalisation	Distribution paid 15.1.2011	Distribution paid 15.1.2010
<b>Income Shares</b>				
A - Group 1	0.1370	-	0.1370	0.1370
A - Group 2	0.0740	0.0630	0.1370	0.1370
B - Group 1	0.1590	-	0.1590	0.1520
B - Group 2	0.0143	0.1447	0.1590	0.1520
<b>Accumulation Shares</b>				
A - Group 1	0.4090	-	0.4090	0.3940
A - Group 2	0.1715	0.2375	0.4090	0.3940
B - Group 1	0.4440	-	0.4440	0.4080
B - Group 2	0.4440	-	0.4440	0.4080

### Corporate Shareholders

Corporate shareholders receive the dividend distribution payment as detailed below:

- 100.00% of the total distribution together with the tax credit is received as franked investment revenue.
- 0.00% of the distribution is deemed to be an annual payment received after deduction of income tax at the lower rate and is liable to corporation tax. It is not franked investment revenue.

## Insight Investment Monthly Income Fund

### Distribution Tables (continued)

Distributions are disclosed in pence per share, unless otherwise stated.

#### Second interim distribution

for the period 1 December 2010 to 31 December 2010

Group 1 - Shares purchased prior to 1 December 2010

Group 2 - Shares purchased 1 December 2010 to 31 December 2010

	Net distribution	Equalisation	Distribution paid 15.2.2011	Distribution paid 15.2.2010
<b>Income Shares</b>				
A - Group 1	0.1370	-	0.1370	0.1370
A - Group 2	0.1225	0.0145	0.1370	0.1370
B - Group 1	0.1840	-	0.1840	0.1580
B - Group 2	0.1840	-	0.1840	0.1580
<b>Accumulation Shares</b>				
A - Group 1	0.4130	-	0.4130	0.3960
A - Group 2	0.3650	0.0480	0.4130	0.3960
B - Group 1	0.5370	-	0.5370	0.4330
B - Group 2	0.5370	-	0.5370	0.4330

### Corporate Shareholders

Corporate shareholders receive the dividend distribution payment as detailed below:

- 100.00% of the total distribution together with the tax credit is received as franked investment revenue.
- 0.00% of the distribution is deemed to be an annual payment received after deduction of income tax at the lower rate and is liable to corporation tax. It is not franked investment revenue.

## Insight Investment Monthly Income Fund

### Distribution Tables (continued)

Distributions are disclosed in pence per share, unless otherwise stated.

#### Third interim distribution

for the period 1 January 2011 to 31 January 2011

Group 1 - Shares purchased prior to 1 January 2011

Group 2 - Shares purchased 1 January 2011 to 31 January 2011

	Net distribution	Equalisation	Distribution paid 15.3.2011	Distribution paid 15.3.2010
<b>Income Shares</b>				
A - Group 1	0.1370	-	0.1370	0.1370
A - Group 2	0.1370	-	0.1370	0.1370
B - Group 1	0.2210	-	0.2210	0.1620
B - Group 2	0.2210	-	0.2210	0.1620
<b>Accumulation Shares</b>				
A - Group 1	0.4140	-	0.4140	0.4010
A - Group 2	0.4140	-	0.4140	0.4010
B - Group 1	0.7510	-	0.7510	0.4500
B - Group 2	0.7510	-	0.7510	0.4500

### Corporate Shareholders

Corporate shareholders receive the dividend distribution payment as detailed below:

- 100.00% of the total distribution together with the tax credit is received as franked investment revenue.
- 0.00% of the distribution is deemed to be an annual payment received after deduction of income tax at the lower rate and is liable to corporation tax. It is not franked investment revenue.

## Insight Investment Monthly Income Fund

### Distribution Tables (continued)

Distributions are disclosed in pence per share, unless otherwise stated.

#### Fourth interim distribution

for the period 1 February 2011 to 28 February 2011

Group 1 - Shares purchased prior to 1 February 2011

Group 2 - Shares purchased 1 February 2011 to 28 February 2011

	Net distribution	Equalisation	Distribution paid 15.4.2011	Distribution paid 15.4.2010
<b>Income Shares</b>				
A - Group 1	0.1370	-	0.1370	0.1370
A - Group 2	0.1370	-	0.1370	0.1370
B - Group 1	0.1503	-	0.1503	0.1380
B - Group 2	0.1503	-	0.1503	0.1380
<b>Accumulation Shares</b>				
A - Group 1	0.4134	-	0.4134	0.3960
A - Group 2	0.4134	-	0.4134	0.3960
B - Group 1	0.4155	-	0.4155	0.3530
B - Group 2	0.4155	-	0.4155	0.3530

### Corporate Shareholders

Corporate shareholders receive the dividend distribution payment as detailed below:

100.00% of the total distribution together with the tax credit is received as franked investment revenue.

0.00% of the distribution is deemed to be an annual payment received after deduction of income tax at the lower rate and is liable to corporation tax. It is not franked investment revenue.

## Insight Investment Monthly Income Fund

### Distribution Tables (continued)

Distributions are disclosed in pence per share, unless otherwise stated.

#### Fifth interim distribution

for the period 1 March 2011 to 31 March 2011

Group 1 - Shares purchased prior to 1 March 2011

Group 2 - Shares purchased 1 March 2011 to 31 March 2011

	Net distribution	Equalisation	Distribution paid 15.5.2011	Distribution paid 15.5.2010
<b>Income Shares</b>				
A - Group 1	0.1370	-	0.1370	0.1370
A - Group 2	0.1370	-	0.1370	0.1370
B - Group 1	0.1504	-	0.1504	0.1720
B - Group 2	0.1100	0.0404	0.1504	0.1720
<b>Accumulation Shares</b>				
A - Group 1	0.4146	-	0.4146	0.4040
A - Group 2	0.4049	0.0097	0.4146	0.4040
B - Group 1	0.4172	-	0.4172	0.4910
B - Group 2	0.4172	-	0.4172	0.4910

### Corporate Shareholders

Corporate shareholders receive the dividend distribution payment as detailed below:

100.00% of the total distribution together with the tax credit is received as franked investment revenue.

0.00% of the distribution is deemed to be an annual payment received after deduction of income tax at the lower rate and is liable to corporation tax. It is not franked investment revenue.

## Insight Investment Monthly Income Fund

### Distribution Tables (continued)

Distributions are disclosed in pence per share, unless otherwise stated.

#### Sixth interim distribution

for the period 1 April 2011 to 30 April 2011

Group 1 - Shares purchased prior to 1 April 2011

Group 2 - Shares purchased 1 April 2011 to 30 April 2011

	Net distribution	Equalisation	Distribution paid 15.6.2011	Distribution paid 15.6.2010
<b>Income Shares</b>				
A - Group 1	0.1370	-	0.1370	0.1370
A - Group 2	0.1350	0.0020	0.1370	0.1370
B - Group 1	0.1506	-	0.1506	0.1360
B - Group 2	0.1506	-	0.1506	0.1360
<b>Accumulation Shares</b>				
A - Group 1	0.4159	-	0.4159	0.3990
A - Group 2	0.4159	-	0.4159	0.3990
B - Group 1	0.4189	-	0.4189	0.3530
B - Group 2	0.4189	-	0.4189	0.3530

### Corporate Shareholders

Corporate shareholders receive the dividend distribution payment as detailed below:

100.00% of the total distribution together with the tax credit is received as franked investment revenue.

0.00% of the distribution is deemed to be an annual payment received after deduction of income tax at the lower rate and is liable to corporation tax. It is not franked investment revenue.

## Insight Investment Monthly Income Fund

### Distribution Tables (continued)

Distributions are disclosed in pence per share, unless otherwise stated.

#### Seventh interim distribution

for the period 1 May 2011 to 31 May 2011

Group 1 - Shares purchased prior to 1 May 2011

Group 2 - Shares purchased 1 May 2011 to 31 May 2011

	Net distribution	Equalisation	Distribution paid 15.7.2011	Distribution paid 15.7.2010
<b>Income Shares</b>				
A - Group 1	0.1370	-	0.1370	0.1370
A - Group 2	0.0845	0.0525	0.1370	0.1370
B - Group 1	0.0750	-	0.0750	0.1600
B - Group 2	0.0448	0.0302	0.0750	0.1600
<b>Accumulation Shares</b>				
A - Group 1	0.4190	-	0.4190	0.4040
A - Group 2	0.2939	0.1251	0.4190	0.4040
B - Group 1	0.0020	-	0.0020	0.4440
B - Group 2	0.0020	-	0.0020	0.4440

### Corporate Shareholders

Corporate shareholders receive the dividend distribution payment as detailed below:

100.00% of the total distribution together with the tax credit is received as franked investment revenue.

0.00% of the distribution is deemed to be an annual payment received after deduction of income tax at the lower rate and is liable to corporation tax. It is not franked investment revenue.

## Insight Investment Monthly Income Fund

### Distribution Tables (continued)

Distributions are disclosed in pence per share, unless otherwise stated.

#### Eighth interim distribution

for the period 1 June 2011 to 30 June 2011

Group 1 - Shares purchased prior to 1 June 2011

Group 2 - Shares purchased 1 June 2011 to 30 June 2011

	Net distribution	Equalisation	Distribution paid 15.8.2011	Distribution paid 15.8.2010
<b>Income Shares</b>				
A - Group 1	0.1370	-	0.1370	0.1370
A - Group 2	0.0593	0.0777	0.1370	0.1370
B - Group 1	0.1900	-	0.1900	0.1560
B - Group 2	0.0594	0.1306	0.1900	0.1560
<b>Accumulation Shares</b>				
A - Group 1	0.4160	-	0.4160	0.4050
A - Group 2	0.1740	0.2420	0.4160	0.4050
B - Group 1	0.6230	-	0.6230	0.4350
B - Group 2	0.6230	-	0.6230	0.4350

### Corporate Shareholders

Corporate shareholders receive the dividend distribution payment as detailed below:

- 100.00% of the total distribution together with the tax credit is received as franked investment revenue.
- 0.00% of the distribution is deemed to be an annual payment received after deduction of income tax at the lower rate and is liable to corporation tax. It is not franked investment revenue.

## Insight Investment Monthly Income Fund

### Distribution Tables (continued)

Distributions are disclosed in pence per share, unless otherwise stated.

#### Ninth interim distribution

for the period 1 July 2011 to 31 July 2011

Group 1 - Shares purchased prior to 1 July 2011

Group 2 - Shares purchased 1 July 2011 to 31 July 2011

	Net distribution	Equalisation	Distribution paid 15.9.2011	Distribution paid 15.9.2010
<b>Income Shares</b>				
A - Group 1	0.1370	-	0.1370	0.1370
A - Group 2	0.1370	-	0.1370	0.1370
B - Group 1	0.1550	-	0.1550	0.1670
B - Group 2	0.1550	-	0.1550	0.1670
<b>Accumulation Shares</b>				
A - Group 1	0.3610	-	0.3610	0.4050
A - Group 2	0.3610	-	0.3610	0.4050
B - Group 1	0.8610	-	0.8610	0.4810
B - Group 2	0.8610	-	0.8610	0.4810

### Corporate Shareholders

Corporate shareholders receive the dividend distribution payment as detailed below:

- 100.00% of the total distribution together with the tax credit is received as franked investment revenue.
- 0.00% of the distribution is deemed to be an annual payment received after deduction of income tax at the lower rate and is liable to corporation tax. It is not franked investment revenue.

## Insight Investment Monthly Income Fund

### Distribution Tables (continued)

Distributions are disclosed in pence per share, unless otherwise stated.

#### Tenth interim distribution

for the period 1 August 2011 to 31 August 2011

Group 1 - Shares purchased prior to 1 August 2011

Group 2 - Shares purchased 1 August 2011 to 31 August 2011

	Net distribution	Equalisation	Distribution paid 15.10.2011	Distribution paid 15.10.2010
<b>Income Shares</b>				
A - Group 1	0.1370	-	0.1370	0.1370
A - Group 2	0.0580	0.0790	0.1370	0.1370
B - Group 1	0.1540	-	0.1540	0.1410
B - Group 2	0.0439	0.1101	0.1540	0.1410
<b>Accumulation Shares</b>				
A - Group 1	0.4780	-	0.4780	0.4080
A - Group 2	0.0810	0.3970	0.4780	0.4080
B - Group 1	0.0330	-	0.0330	0.3740
B - Group 2	0.0330	-	0.0330	0.3740

### Corporate Shareholders

Corporate shareholders receive the dividend distribution payment as detailed below:

- 95.21% of the total distribution together with the tax credit is received as franked investment revenue.
- 4.79% of the distribution is deemed to be an annual payment received after deduction of income tax at the lower rate and is liable to corporation tax. It is not franked investment revenue.

## Insight Investment Monthly Income Fund

### Distribution Tables (continued)

Distributions are disclosed in pence per share, unless otherwise stated.

#### Eleventh interim distribution

for the period 1 September 2011 to 30 September 2011

Group 1 - Shares purchased prior to 1 September 2011

Group 2 - Shares purchased 1 September 2011 to 30 September 2011

	Net distribution	Equalisation	Distribution payable 15.11.2011	Distribution paid 15.11.2010
<b>Income Shares</b>				
A - Group 1	0.1370	-	0.1370	0.1370
A - Group 2	0.0948	0.0422	0.1370	0.1370
B - Group 1	0.1640	-	0.1640	0.1670
B - Group 2	0.0231	0.1409	0.1640	0.1670
<b>Accumulation Shares</b>				
A - Group 1	0.4280	-	0.4280	0.4090
A - Group 2	0.2392	0.1888	0.4280	0.4090
B - Group 1	0.4360	-	0.4360	0.4790
B - Group 2	0.4360	-	0.4360	0.4790

### Corporate Shareholders

Corporate shareholders receive the dividend distribution payment as detailed below:

- 100.00% of the total distribution together with the tax credit is received as franked investment revenue.
- 0.00% of the distribution is deemed to be an annual payment received after deduction of income tax at the lower rate and is liable to corporation tax. It is not franked investment revenue.

## Insight Investment Monthly Income Fund

### Distribution Tables (continued)

Distributions are disclosed in pence per share, unless otherwise stated.

#### Final distribution

for the period 1 October 2011 to 31 October 2011

Group 1 - Shares purchased prior to 1 October 2011

Group 2 - Shares purchased 1 October 2011 to 31 October 2011

	Net distribution	Equalisation	Distribution payable 15.12.2011	Distribution paid 15.12.2010
<b>Income Shares</b>				
A - Group 1	0.0298	-	0.0298	0.0204
A - Group 2	0.0298	-	0.0298	0.0204
B - Group 1	0.0356	-	0.0356	0.0187
B - Group 2	0.0356	-	0.0356	0.0187
<b>Accumulation Shares</b>				
A - Group 1	0.0909	-	0.0909	0.0616
A - Group 2	0.0909	-	0.0909	0.0616
B - Group 1	0.1180	-	0.1180	0.0456
B - Group 2	0.1180	-	0.1180	0.0456

Equalisation only applies to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for Capital Gains Tax purposes.

### Corporate Shareholders

Corporate shareholders receive the dividend distribution payment as detailed below:

100.00% of the total distribution together with the tax credit is received as franked investment revenue.

0.00% of the distribution is deemed to be an annual payment received after deduction of income tax at the lower rate and is liable to corporation tax. It is not franked investment revenue.

## Insight Investment Sterling Corporate Bond Fund

### Investment objective and policy

The Fund aims to generate a total return by investing 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.

### Economic and market review

After some initial optimism that the global economy was recovering, there were growing concerns that anaemic growth in developed markets and the protracted European sovereign debt crisis could turn into another recession. Investors fled to safe-haven assets after concerns about the solvency of some Southern European countries increased significantly in the summer. Government bonds in the UK, US and other major markets performed strongly as a result. Their rally was also fuelled by the belief that an interest rate hike in the near future is unlikely, given their slow-recovering economies.

The European Central Bank's (ECB) actions were also a mirror of the uncertainty that has marked the period: whilst the central bank raised interest rates in the second quarter of 2011, the monetary authority was forced to inject billions of euros in the market to stop Italian and Spanish borrowing costs spiralling out of control. This market made corporate bonds more vulnerable to macroeconomic swings, rather than to their own fundamentals.

### Performance and activity

The Fund's positive performance was driven by its defensive stance, with increased exposure to high quality, more resilient sectors. For the majority of the period, the Fund's duration – its exposure to interest rate risk - was low, given the ongoing uncertainty about the global economic recovery. During the first half of the year, we focused on intermediate and longer-dated maturities rather than short-dated bonds, which was positive for performance.

The portfolio was overweight basic industrials, property, residential mortgage-backed securities, transport and insurance. This, however, dented performance as concerns about the global economic recovery impacted some of these industries later in the year. Our exposure to the banking sector was also negative, as lenders, particularly in France, were hit hard amid their exposure to high-deficit European countries.

### Outlook

The state of the global economy and ongoing eurozone problems have dominated markets in 2011. There seems little chance that this will change as we head towards 2012. Fixed income markets appear to be pricing in an imminent recession, a stance which we feel is overly pessimistic. However, while market sentiment is fragile, there is potential for technicals to outweigh fundamentals. As such, we expect 'core' government bond markets, such as Germany, UK and the US, to remain firm in the short term, but yields to rise over the medium term. Similarly in risk markets, there are now pockets of genuine value, but we will be cautious in taking positions.

Central banks are expected to leave rates on hold in the US and UK until late 2012 at the earliest. The ECB was quick to raise rates earlier this year on inflation concerns. Economic data since then has suggested that they may reverse these hikes.

## Insight Investment Sterling Corporate Bond Fund

### Net Asset Value per Share and Comparative Table

#### Price history

Calendar Year	Income Shares		Accumulation Shares	
	Highest price (p)	Lowest price (p)	Highest price (p)	Lowest price (p)
<b>2007</b>				
A	28.79	26.91	50.23	48.07
B	29.38	27.49	52.66	50.48
G	100.10	93.72	-	-
<b>2008</b>				
A	27.58	22.12	49.63	41.66
B	28.20	22.58	52.27	44.12
G	96.16	76.97	-	-
<b>2009</b>				
A	25.12	20.01	49.35	38.25
B	26.27	20.43	52.58	40.58
G	87.61	69.66	-	-
<b>2010</b>				
A	26.72	24.46	54.27	48.66
B	27.88	25.51	58.15	51.89
G	95.71	85.14	-	-
<b>2011<sup>(1)</sup></b>				
A	26.28	24.73	54.82	51.11
B	27.45	25.81	59.09	54.88
G	94.22	88.55	-	-

(1) to 31 October

#### Revenue history

Calendar Year	Net revenue per share (p)	Net accumulation per share (p)
<b>2007</b>		
A	1.1149	1.9724
B	1.2617	2.2800
G	4.6106	-
<b>2008</b>		
A	1.1600	2.1247
B	1.3439	2.5380
G	3.8750	-
<b>2009</b>		
A	1.0956	2.1026
B	1.5055	2.5276
G	4.6504	-
<b>2010</b>		
A	0.8745	1.7525
B	1.0928	2.2302
G	4.0453	-
<b>2011<sup>(1)</sup></b>		
A	0.8561	1.7751
B	1.0725	2.2992
G	4.0790	-

(1) to 15 December

## Insight Investment Sterling Corporate Bond Fund

### Net Asset Value per Share and Comparative Table (continued)

#### Net asset value

		Value of fund (£)	No. of shares	Value per share (p)
31 October 2009	A (accumulation)	19,741,483	40,664,357	48.55
	A (income)	18,124,673	73,885,951	24.53
	B (accumulation)	17,151	33,171	51.70
	B (income)	6,157	24,079	25.57
	G (income)	14,813,522	17,364,232	85.31
31 October 2010	A (accumulation)	19,170,184	35,910,503	53.38
	A (income)	17,356,919	66,577,771	26.07
	B (accumulation)	19,179	33,513	57.23
	B (income)	6,543	24,079	27.17
	G (income)	932	1,000	93.20
31 October 2011	A (accumulation)	16,862,961	31,243,776	53.97
	A (income)	15,285,112	59,951,428	25.50
	B (accumulation)	19,731	33,870	58.26
	B (income)	6,399	24,079	26.58
	G (income)	911	1,000	91.10

#### Total expense ratio

	31.10.2011 %	31.10.2010 %
A (accumulation)	1.50	1.43
A (income)	1.50	1.43
B (accumulation)	0.64	0.61
B (income)	0.66	0.60
G (income)	-	-

#### Performance record

In the five years to 31 October 2011, the price of A (accumulation) shares in the Fund rose by 7.52%. On 31 December 2009, the Fund's benchmark changed from ML Sterling Non-Gilts All Stocks - GBP benchmark to iBOXX £ Non Gilt. The combined return of the ML Sterling Non-Gilts All Stocks - GBP benchmark up to 31 December 2009 and the iBOXX £ Non Gilt from 31 December 2009 was 24.79%.

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.

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.

## Insight Investment Sterling Corporate Bond Fund

### Portfolio statement

as at 31 October 2011

Holding/ Nominal Value	Investment	Market Value £'000	Percentage of Total Net Assets
<b>United Kingdom Government Bonds 10.16% (31 October 2010 2.84%)</b>			
£1,230,000	Treasury 3.75% Guaranteed Bonds 7/9/2021	1,369	4.25
£969,000	Treasury 4% Guaranteed Bonds 22/1/2060	1,115	3.47
£657,000	Treasury 4.75% Guaranteed Bonds 7/3/2020	786	2.44
		<b>3,270</b>	<b>10.16</b>
<b>Sterling Denominated Debt Securities 71.46% (31 October 2010 76.31%)</b>			
£100,000	Abbey National Treasury Service 5.75% Guaranteed European Medium Term Bonds 2/3/2026	109	0.34
£100,000	AIG 5% Guaranteed Senior European Medium Term Bonds 26/4/2023	84	0.26
£100,000	America Movil 5% Guaranteed Senior Bonds 27/10/2026	104	0.32
£100,000	American Express Credit 5.375% Guaranteed Senior European Medium Term Notes 1/10/2014	107	0.33
£403,000	Anglian Water Services Financing 7.882% Guaranteed Floating Rate Asset Backed Bonds 30/7/2037	417	1.30
£320,000	Annington Finance No 4 8.07% Guaranteed Bonds 10/1/2023	379	1.18
£89,000	Asif III (Jersey) 5.375% Guaranteed Senior European Medium Term Bonds 14/10/2016	88	0.27
£100,000	Assicurazioni Generali 6.416% Guaranteed Perpetual Subordinated Floating Rate Bonds	63	0.20
£100,000	AT&T 7% Guaranteed Senior European Medium Term Bonds 30/4/2040	130	0.40
£450,000	Aviva 6.125% Guaranteed Perpetual Subordinated Floating Rate Bonds	328	1.02
£150,000	AXA 6.6666% Guaranteed Perpetual Subordinated Floating Rate European Medium Term Bonds	110	0.34
£402,000	AXA 6.772% Guaranteed Perpetual Subordinated Floating Rate European Medium Term Bonds	294	0.91
£168,000	BAA Funding 5.225% Guaranteed Senior European Medium Term Bonds 15/2/2025	172	0.53
£100,000	BAA Funding 6.25% Guaranteed European Medium Term Notes 10/9/2018	106	0.33
£161,000	BAA Funding 12.45% Guaranteed Senior European Medium Term Notes 31/3/2016	218	0.68
£124,000	Barclays Bank 5.3304% Guaranteed Perpetual Subordinated Floating Rate Bonds	79	0.25
£347,000	Barclays Bank 6.3688% Guaranteed Perpetual Subordinated Floating Rate European Medium Term Bonds	251	0.78
£488,000	Barclays Bank 10% Guaranteed Subordinated European Medium Term Bonds 21/5/2021	533	1.66
£100,000	BG Energy Capital 5% Guaranteed European Medium Term Bonds 4/11/2036	102	0.32
£370,000	BL Superstore Finance 5.578% Guaranteed Asset Backed Bonds 4/10/2030	373	1.16
£80,000	British Telecom 5.75% Guaranteed Senior Bonds 7/12/2028	83	0.26
£39,000	British Telecom 8.625% Guaranteed Senior Bonds 26/3/2020	50	0.16
£428,000	Channel Link Enterprises Finance 2.35188% Guaranteed Bonds 30/6/2050	376	1.17
£892,000	Citigroup 7.625% Guaranteed Senior European Medium Term Notes 3/4/2018	1,026	3.19
£210,000	Credit Suisse First Boston 10.25% Guaranteed Perpetual Subordinated Floating Rate Bonds	222	0.69
£300,000	CRH Finance UK 8.25% Guaranteed European Medium Term Notes 24/4/2015	342	1.06
£150,000	Daily Mail & General Trust 5.75% Guaranteed Senior Bonds 7/12/2018	140	0.44
£280,000	Delamare Finance 6.067% Guaranteed Bonds 19/2/2029	294	0.91
£120,000	Deutsche Telekom International Finance 8.875% Guaranteed Bonds 27/11/2028	174	0.54
£500,000	EDF 6.125% Guaranteed Senior European Medium Term Bonds 2/6/2034	564	1.75
£221,000	Enel Finance International 5.75% Guaranteed European Medium Term Bonds 14/9/2040	187	0.58
£160,000	Equity Release Fund No 3 5.05% Guaranteed Mortgage Backed Bonds 26/4/2033	164	0.51
£300,000	European Investment Bank 4.75% Guaranteed Senior European Medium Term Bonds 15/10/2018	340	1.06
£118,000	European Investment Bank 5% Guaranteed Senior Bonds 15/4/2039	141	0.44

## Insight Investment Sterling Corporate Bond Fund

### Portfolio statement (continued)

as at 31 October 2011

Holding/ Nominal Value	Investment	Market Value £'000	Percentage of Total Net Assets
<b>Sterling Denominated Debt Securities (continued)</b>			
£210,000	European Investment Bank 5.625% Guaranteed Senior Bonds 7/6/2032	264	0.82
£150,000	Eversholt Funding 6.359% Guaranteed Senior European Medium Term Bonds 2/12/2025	163	0.51
£140,000	Eversholt Funding 6.697% Guaranteed Senior European Medium Term Bonds 22/2/2035	155	0.48
£120,000	Gatwick Funding 6.125% Guaranteed Senior European Medium Term Bonds 2/3/2028	129	0.40
£647,000	GE Capital 4.875% Guaranteed Subordinated European Medium Term Bonds 18/9/2037	510	1.59
£51,000	GE Capital 6.5% Guaranteed Subordinated Floating Rate Bonds 15/9/2067	46	0.14
£200,000	Glenchurch Mortgage Finance 2006-1 D4 1.34188% Guaranteed Collateralised Mortgage Obligation 20/11/2056	200	0.62
£50,000	Glencore Finance Europe 6.5% Guaranteed European Medium Term Bonds 27/2/2019	52	0.16
£230,000	Goldman Sachs 7.25% Guaranteed Senior Bonds 10/4/2028	245	0.76
£100,000	Goodman Australia Finance 9.75% Guaranteed European Medium Term Bonds 16/7/2018	123	0.38
£100,000	Great Rolling Stock 6.5% Guaranteed Senior European Medium Term Bonds 5/4/2031	109	0.34
£80,000	Great Rolling Stock 6.875% Guaranteed Senior European Medium Term Bonds 27/7/2035	89	0.28
£110,000	Hammerson 5.25% Guaranteed Senior Bonds 15/12/2016	116	0.36
£237,000	Hammerson 6.875% Guaranteed Senior Bonds 31/3/2020	267	0.83
£250,000	HSBC 7% Guaranteed Subordinated European Medium Term Bonds 7/4/2038	255	0.79
£100,000	Imperial Tobacco Finance 5.5% Guaranteed European Medium Term Bonds 28/9/2026	104	0.32
£334,000	Imperial Tobacco Finance 7.75% Guaranteed European Medium Term Notes 24/6/2019	408	1.27
£108,000	Insight Emerging Markets Debt Fund Class S**	1,095	3.40
£1,944,000	KfW 5.75% Guaranteed European Medium Term Bonds 7/6/2032	2,580	8.02
£167,000	Land Securities Capital Markets 5.125% Guaranteed Senior Floating Rate European Medium Term Bonds 7/2/2036	174	0.54
£100,000	Lloyds TSB 6.75% Guaranteed Senior European Medium Term Notes 24/10/2018	106	0.33
£540,000	Lloyds TSB 6.9625% Guaranteed Subordinated Floating Rate European Medium Term Bonds 29/5/2020	452	1.40
£146,000	Lloyds TSB 7.625% Guaranteed Subordinated European Medium Term Bonds 22/4/2025	124	0.39
£150,000	London Power Networks 5.125% Guaranteed Senior European Medium Term Bonds 31/3/2023	159	0.49
£50,000	Marstons Issuer 5.1576% Guaranteed Floating Rate Bonds 15/10/2027	49	0.15
£55,283	Mitchells & Butlers Finance 5.574% Guaranteed Asset Backed Bonds 15/12/2030	57	0.18
£104,000	National Capital Trust 5.62% Guaranteed Perpetual Floating Rate Bonds	87	0.27
£94,000	National Express 6.25% Guaranteed European Medium Term Notes 13/1/2017	101	0.31
£174,000	Nationwide Building Society 5.625% Guaranteed Senior European Medium Term Notes 9/9/2019	179	0.56
£230,000	Network Rail Infrastructure Finance 4.75% Guaranteed European Medium Term Bonds 22/1/2024	271	0.84
£300,000	Porterbrook Rail Finance 5.5% Guaranteed Senior European Medium Term Notes 20/4/2019	314	0.98
£50,000	Porterbrook Rail Finance 6.5% Guaranteed European Medium Term Bonds 20/10/2020	55	0.17
£382,000	Prudential 8.5% Guaranteed Perpetual Bonds	389	1.21
£200,000	QBE Capital Funding 7.5% Guaranteed Bonds 24/5/2041	178	0.55
£348,000	Royal Bank of Scotland 7.5% Guaranteed Senior European Medium Term Bonds 29/4/2024	371	1.15
£66,000	RSA Insurance 6.701% Guaranteed Perpetual Floating Rate Bonds	55	0.17
£200,000	Sanctuary Capital 6.697% Guaranteed Bonds 23/3/2039	257	0.80
£300,000	Santander Issuances 7.3% Guaranteed Floating Rate Notes 27/7/2019	273	0.85
£250,000	Scottish & Southern Energy 5.453% Guaranteed Perpetual Subordinated Floating Rate European Medium Term Bonds	242	0.75
£406,000	Severn Trent Water Utilities 6.25% Guaranteed Bonds 7/6/2029	483	1.50
£280,000	Societe Generale 8.875% Guaranteed Perpetual Subordinated Floating Rate Bonds	198	0.62

## Insight Investment Sterling Corporate Bond Fund

### Portfolio statement (continued)

as at 31 October 2011

Holding/ Nominal Value	Investment	Market Value £'000	Percentage of Total Net Assets
<b>Sterling Denominated Debt Securities (continued)</b>			
£100,000	South E Power Networks 5.625% Guaranteed Senior European Medium Term Bonds 30/9/2030	108	0.34
£119,000	Stockland Finance 5.625% Guaranteed European Medium Term Notes 25/10/2013	124	0.39
£100,000	Telecom Italia 6.375% Guaranteed Senior European Medium Term Bonds 24/6/2019	97	0.30
£50,000	Telecom Italia 7.375% Guaranteed Senior European Medium Term Notes 15/12/2017	52	0.16
£150,000	Telefonica Emisiones 5.289% Guaranteed European Medium Term Bonds 9/12/2022	143	0.44
£280,000	Telereal Securitisation 6.1645% Guaranteed Asset Backed Bonds 10/12/2033	284	0.88
£161,000	Tesco 6.125% Guaranteed Senior European Medium Term Bonds 24/2/2022	188	0.58
£150,000	Thames Water Kemble Finance 7.75% Guaranteed Notes 1/4/2019	143	0.44
£200,000	Time Warner Cable 5.75% Guaranteed Bonds 2/6/2031	214	0.67
£626,000	Virgin Media Secured Finance 7% Guaranteed Senior Notes 15/1/2018	675	2.10
£142,000	Wales & West Utilities Finance 6.75% Guaranteed Floating Rate European Medium Term Bonds 17/12/2036	158	0.49
£90,000	Wells Fargo 4.625% Guaranteed Senior Bonds 2/11/2035	83	0.26
£100,000	Western Power Distribution 5.75% Guaranteed Senior European Medium Term Bonds 10/12/2040	115	0.36
£332,000	Western Power Distribution 9.25% Guaranteed Senior Bonds 9/11/2020	460	1.43
£230,000	Yorkshire Water Services (Bradford) 6% Guaranteed Floating Rate Bonds 24/4/2025	248	0.77
£219,000	Yorkshire Water Services Odsal Finance 6.5876% Guaranteed Bonds 21/2/2023	266	0.83
		<b>22,992</b>	<b>71.46</b>
<b>Sterling Denominated Forward Exchange Contracts 0.19% (31 October 2010 0.19%)</b>			
£1,833,084	Buy £1,833,084: Sell €2,100,000	18	0.06
£1,538,337	Buy £1,538,337: Sell €1,760,000	17	0.05
£244,992	Buy £244,992: Sell \$380,000	10	0.03
£687,938	Buy £687,938: Sell \$1,095,000	9	0.03
£342,214	Buy £342,214: Sell \$539,000	8	0.02
£108,692	Buy £108,692: Sell \$170,000	3	0.01
£148,617	Buy £148,617: Sell €170,000	2	0.01
£130,433	Buy £130,433: Sell €150,000	1	-
£2,109,279	Buy £2,109,279: Sell €2,450,000	(8)	(0.02)
		<b>60</b>	<b>0.19</b>
<b>Sterling Denominated Interest Rate Swaps 1.19% (31 October 2010 0.00%)</b>			
£1,000,000	Receive LIBOR GBP 6 Months Pay 4.1% 6/4/2041	173	0.54
£1,800,000	Receive LIBOR GBP 6 Months Pay 3.165% 8/2/2016	113	0.36
£500,000	Receive LIBOR GBP 6 Months Pay 4.2575% 8/2/2041	96	0.30
£600,000	Receive LIBOR GBP 6 Months Pay 4.0475% 4/7/2041	91	0.28
£1,200,000	Receive LIBOR GBP 6 Months Pay 3.52% 4/7/2021	(92)	(0.29)
		<b>381</b>	<b>1.19</b>
<b>Sterling Denominated Open Futures Contracts 0.01% (31 October 2010 (0.09%))</b>			
2	Long Gilt Future December 2011	2	0.01

## Insight Investment Sterling Corporate Bond Fund

### Portfolio statement (continued)

as at 31 October 2011

Holding/ Nominal Value	Investment	Market Value £'000	Percentage of Total Net Assets
<b>Australian Dollar Denominated Debt Securities 0.00% (31 October 2010 0.98%)</b>			
<b>Euro Denominated Debt Securities 17.05% (31 October 2010 17.04%)</b>			
€200,000	Allianz Finance II B.V. 5.75% Guaranteed Floating Rate European Medium Term Bonds 8/7/2041	155	0.48
€250,000	Amadeus Cap Market 4.875% Guaranteed European Medium Term Notes 15/7/2016	219	0.68
€100,000	American International 4.375% Guaranteed Senior European Medium Term Bonds 26/4/2016	79	0.25
€400,000	Arkle 2006-1X 5C1 1.907% Guaranteed Collateralised Mortgage Obligation 17/2/2052	339	1.05
€60,000	Aviva 5.75% Guaranteed Subordinated Floating Rate Bonds 14/11/2021	52	0.16
€121,000	Barclays Bank 6.625% Guaranteed Subordinated European Medium Term Bonds 30/3/2022	96	0.30
€350,000	BNP Paribas 8.667% Guaranteed Perpetual Subordinated Floating Rate Bonds	287	0.89
€100,000	CNP Assurances 6% Guaranteed Subordinated Floating Rate Bonds 14/9/2040	63	0.20
€100,000	CNP Assurances 6.875% Guaranteed Subordinated Floating Rate Bonds 30/9/2041	65	0.20
€200,000	Commerzbank 7.75% Guaranteed Subordinated European Medium Term Bonds 16/3/2021	148	0.46
€190,000	Conti-Gummi Finance B.V. 7.5% Guaranteed Senior European Medium Term Notes 15/9/2017	168	0.52
€100,000	Cyfrowy Polsat Fin Ab 7.125% Guaranteed Senior Notes 20/5/2018	83	0.26
€100,000	Eandis 4.5% Guaranteed European Medium Term Bonds 8/11/2021	88	0.27
€225,000	Edcon Proprietary 4.778% Guaranteed Senior Notes 15/6/2014	161	0.50
€100,000	Europcar Groupe 4.962% Guaranteed Notes 15/5/2013	76	0.24
€200,000	Fonciere Lyonnaise 4.625% Guaranteed Senior Notes 25/5/2016	168	0.52
€300,000	Fortis Bank 4.625% Guaranteed Perpetual Subordinated Floating Rate Bonds	178	0.55
€55,000	GE Capital 5.5% Guaranteed Subordinated Floating Rate Bonds 15/9/2067	40	0.12
€100,000	GE Capital Trust II 5.5% Guaranteed Floating Rate Bonds 15/9/2067	73	0.23
€250,000	Gracechurch Mortgage Finance 2006-1 D3 2.4% Guaranteed Collateralised Mortgage Obligation 20/11/2056	216	0.67
€372,000	HBOS 1.736% Guaranteed Subordinated European Medium Term Bonds 21/3/2017	237	0.74
€174,000	HeidelbergCement Finance 7.5% Guaranteed Notes 31/10/2014	161	0.50
€90,000	ISS Financing 11% Guaranteed Notes 15/6/2014	82	0.25
€200,000	IVG Immobilien 8% Guaranteed Perpetual Subordinated Floating Rate Bonds	111	0.35
€189,000	Kabel Bw Erste Beteiligu 7.5% Guaranteed Senior Notes 15/3/2019	167	0.52
€261,000	Lafarge 5.5% Guaranteed Senior European Medium Term Notes 16/12/2019	208	0.65
€50,000	Lafarge 6.625% Guaranteed Senior European Medium Term Notes 29/11/2018	40	0.12
€200,000	Munich 6% Guaranteed Subordinated Floating Rate European Medium Term Bonds 26/5/2041	166	0.52
€650,000	Natixis 6.307% Guaranteed Perpetual Subordinated Floating Rate Bonds	318	0.99
€200,000	Obrascon Huarte Lain 7.375% Guaranteed Senior European Medium Term Notes 28/4/2015	173	0.54
€50,000	Old Mutual 4.5% Guaranteed Subordinated Floating Rate European Medium Term Bonds 18/1/2017	42	0.13
€100,000	Old Mutual 5% Guaranteed Perpetual Subordinated Floating Rate European Medium Term Bonds	67	0.21
€166,250	Oxea Finance 9.625% Guaranteed Senior Notes 15/7/2017	144	0.45
€170,000	PE Paper Escrow 11.75% Guaranteed Senior Notes 1/8/2014	154	0.48
€195,000	Rabobank Nederland 5.875% Guaranteed Senior Subordinated European Medium Term Notes 20/5/2019	181	0.56
€206,000	Smurfit Kappa 7.25% Guaranteed Senior Notes 15/11/2017	185	0.57

## Insight Investment Sterling Corporate Bond Fund

### Portfolio statement (continued)

as at 31 October 2011

Holding/ Nominal Value	Investment	Market Value £'000	Percentage of Total Net Assets
<b>Euro Denominated Debt Securities (continued)</b>			
€130,000	Tesco 3.375% Guaranteed European Medium Term Notes 2/11/2018	114	0.35
€205,000	Unitymedia Hessen 8.125% Guaranteed Senior Notes 1/12/2017	183	0.57
		<b>5,487</b>	<b>17.05</b>
<b>Euro Denominated Forward Exchange Contracts 0.00% (31 October 2010 0.00%)</b>			
€163,000	Buy €163,000: Sell £141,503	(1)	-
<b>Euro Denominated Open Futures Contracts (0.12%) (31 October 2010 0.07%)</b>			
(18)	Euro-Schatz Future December 2011	(3)	(0.01)
(1)	Euro-Bobl Future December 2011	(1)	-
(20)	Euro-Bund Future December 2011	(34)	(0.11)
		<b>(38)</b>	<b>(0.12)</b>
<b>US Dollar Denominated Debt Securities 4.29% (31 October 2010 8.89%)</b>			
\$139,000	Altria 9.25% Guaranteed Bonds 6/8/2019	115	0.36
\$285,000	Bank of America 7.625% Guaranteed Senior Notes 1/6/2019	192	0.60
\$200,000	BG Energy Capital 4% Guaranteed Bonds 15/10/2021	128	0.40
\$160,000	British Telecom 9.875% Guaranteed Senior Bonds 15/12/2030	145	0.45
\$460,000	HBOS 0.53056% Guaranteed Subordinated European Medium Term Bonds 6/9/2017	207	0.64
\$223,000	Lyondell Chemical 8% Guaranteed Senior Notes 1/11/2017	155	0.48
\$248,000	Nielsen Finance 7.75% Guaranteed Notes 15/10/2018	169	0.52
\$200,000	Virgin Media Finance 9.5% Guaranteed Notes 15/8/2016	138	0.43
\$186,000	WEA Finance 7.125% Guaranteed Notes 15/4/2018	131	0.41
		<b>1,380</b>	<b>4.29</b>
<b>US Dollar Denominated Forward Exchange Contracts (0.01%) (31 October 2010 0.00%)</b>			
\$100,000	Buy \$100,000: Sell £64,167	(2)	(0.01)
<b>US Dollar Denominated Open Futures Contracts (0.01%) (31 October 2010 (0.02%))</b>			
(9)	US 10 Year Note Future December 2011	-	-
(1)	US Long Bond December 2011	(2)	(0.01)
		<b>(2)</b>	<b>(0.01)</b>
	<b>Portfolio of investments*</b>	<b>33,529</b>	<b>104.21</b>
	<b>Net current liabilities</b>	<b>(1,354)</b>	<b>(4.21)</b>
	<b>Total net assets</b>	<b>32,175</b>	<b>100.00</b>

\*Includes investment liabilities

\*\*Considered a related party of the ACD

All securities are approved securities which are listed on an official stock exchange and traded on regulated markets, unless otherwise stated.

Of the portfolio above, 3.35% is invested in securities which are not rated and 8.13% is invested in securities that are below investment grade.

## Insight Investment Sterling Corporate Bond Fund

### Statement of Total Return

for the year from 1 November 2010 to 31 October 2011

	Notes	1.11.2010 to 31.10.2011 £'000	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000	1.11.2009 to 31.10.2010 £'000
Income					
Net capital (losses)/gains	2		(850)		2,660
Revenue	3	1,926		2,532	
Expenses	4	(507)		(539)	
Finance costs: Interest	6	(3)		(1)	
Net revenue before taxation		1,416		1,992	
Taxation	5	-		-	
Net revenue after taxation			1,416		1,992
<b>Total return before distributions</b>			<b>566</b>		<b>4,652</b>
Finance costs: Distributions	6		(1,416)		(1,992)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(850)</b>		<b>2,660</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year from 1 November 2010 to 31 October 2011

	1.11.2010 to 31.10.2011 £'000	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000	1.11.2009 to 31.10.2010 £'000
<b>Opening net assets attributable to shareholders</b>		<b>36,554</b>		<b>52,703</b>
Amounts receivable on issue of shares	422		2,548	
Amounts payable on cancellation of shares	(4,542)		(22,015)	
		(4,120)		(19,467)
Change in net assets attributable to shareholders from investment activities		(850)		2,660
Unclaimed distributions		10		2
Retained distribution on accumulation shares		581		656
<b>Closing net assets attributable to shareholders</b>		<b>32,175</b>		<b>36,554</b>

The notes on pages 75 to 83 form an integral part of the financial statements.

## Insight Investment Sterling Corporate Bond Fund

### Balance Sheet

as at 31 October 2011

	Notes	31.10.2011 £'000	31.10.2010 £'000
<b>Assets</b>			
Investment assets		33,672	38,885
Debtors	8	1,290	697
Cash and bank balances	9	1,790	519
<b>Total other assets</b>		<b>3,080</b>	<b>1,216</b>
<b>Total assets</b>		<b>36,752</b>	<b>40,101</b>
<b>Liabilities</b>			
Investment liabilities		143	60
Creditors	10	4,228	3,219
Bank overdraft		75	126
Distribution payable on income shares		131	142
<b>Total other liabilities</b>		<b>4,434</b>	<b>3,487</b>
<b>Total liabilities</b>		<b>4,577</b>	<b>3,547</b>
<b>Net assets attributable to shareholders</b>		<b>32,175</b>	<b>36,554</b>

The notes on pages 75 to 83 form an integral part of the financial statements.

## Insight Investment Sterling Corporate Bond Fund

### Notes to the Financial Statements

for the year from 1 November 2010 to 31 October 2011

#### 1 Accounting policies

The accounting policies are given on pages 6 to 7 of this Final Report.

#### 2 Net capital (losses)/gains

	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000
Non-derivative securities	(1,444)	3,012
Derivative contracts	547	(384)
Forward exchange contracts	(257)	172
Currency gains/(losses)	306	(133)
Transaction charges	(2)	(7)
<b>Net capital (losses)/gains</b>	<b>(850)</b>	<b>2,660</b>

#### 3 Revenue

	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000
Overseas taxable dividends	42	16
Interest from UK debt securities	563	2,041
Interest from overseas debt securities	1,321	475
<b>Total revenue</b>	<b>1,926</b>	<b>2,532</b>

## Insight Investment Sterling Corporate Bond Fund

### Notes to the Financial Statements (continued)

for the year from 1 November 2010 to 31 October 2011

#### 4 Expenses

	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Authorised Corporate Director's periodic charge	372	409
General administration charges	101	91
	<u>473</u>	<u>500</u>
<b>Payable to the Depositary, associates of the Custodian and agents of either of them:</b>		
Depositary's fee	4	6
Safe custody fees	22	24
	<u>26</u>	<u>30</u>
<b>Other expenses</b>		
Audit fees*	8	6
Legal fee	-	1
	<u>8</u>	<u>7</u>
Rebate of fees	-	2
	<u>-</u>	<u>2</u>
<b>Total expenses</b>	<b><u>507</u></b>	<b><u>539</u></b>

\*The Audit fee for the year, excluding VAT was £6,400 (2010: £4,950).

## Insight Investment Sterling Corporate Bond Fund

### Notes to the Financial Statements (continued)

for the year from 1 November 2010 to 31 October 2011

#### 5 Taxation

##### a Analysis of charge in year

	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000
Corporation tax	-	-
<b>Total current tax charge for the year (see note 5(b))</b>	<b>-</b>	<b>-</b>
Deferred tax charge for the year (see note 5(c))	-	-
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>

Corporation tax has been provided at a rate of 20% (31 October 2010: 20%).

##### b Factors affecting current tax charge for the year

	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000
Net revenue before taxation	1,416	1,992
Corporation tax at 20%	283	398
Effects of:		
Franked investment revenue at 20%	(283)	(398)
<b>Current tax charge for the year (see note 5(a))</b>	<b>-</b>	<b>-</b>

##### c Deferred tax

	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000
Deferred tax provision at the start of the year	-	-
Deferred tax charge for the year (see note 5(a))	-	-
<b>Deferred tax provision at the end of the year</b>	<b>-</b>	<b>-</b>

## Insight Investment Sterling Corporate Bond Fund

### Notes to the Financial Statements (continued)

for the year from 1 November 2010 to 31 October 2011

#### 6 Finance costs

##### Distributions and interest

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	1.11.2010 to 31.10.2011 £'000	1.11.2009 to 31.10.2010 £'000
First interim distribution	362	614
Second interim distribution	346	464
Third interim distribution	348	367
Final distribution	<u>343</u>	<u>374</u>
<b>Distributions for the year</b>	<b>1,399</b>	<b>1,819</b>
Amounts deducted on cancellation of shares	18	193
Amounts added on issue of shares	<u>(1)</u>	<u>(20)</u>
<b>Net distribution for the year</b>	<b>1,416</b>	<b>1,992</b>
Finance costs: Interest	<u>3</u>	<u>1</u>
<b>Total finance costs</b>	<b><u>1,419</u></b>	<b><u>1,993</u></b>
<b>Net revenue after taxation for the year</b>	<b><u>1,416</u></b>	<b><u>1,992</u></b>
Add: Effective yield adjustment	<u>-</u>	<u>-</u>
<b>Distributions for the year</b>	<b><u>1,416</u></b>	<b><u>1,992</u></b>

Details of the distribution per share are set out in the tables on pages 84 to 85.

#### 7 Dilution adjustment

A Fund may suffer dilution (reduction) in the value of its property as a result of the costs incurred in dealing in its underlying investments and of any spread between the buying and selling prices of these investments. These costs could have an adverse effect on the value of the Funds, known as "dilution". In order to mitigate the effect of dilution the Regulations allow the ACD to adjust the sale and purchase price of Shares in the Funds to take into account the possible effects of dilution. This practise is known as making a "dilution adjustment" or operating single swinging pricing i.e. the price deviates up or down from the mid-market price when the dilution adjustment is applied.

The power to make a dilution adjustment may only be exercised for the purpose of reducing dilution in the Funds. The dilution adjustment is calculated using the estimated dealing costs of the Fund's underlying investment and taking into consideration any dealing spreads, commission and transfer taxes. The amount of the dilution adjustment will depend on the difference between the value of Shares being acquired and the value of Shares being redeemed.

The ACD's current policy is that it will normally make a dilution adjustment whenever there are net purchases or net sales of Shares. Where a fund is experiencing net acquisitions of its shares the dilution adjustment would swing the price of shares above their mid-market value. Where a fund is experiencing net redemptions, the dilution adjustment would swing the price of shares below their mid-market value. The ACD reserves the right however not to impose a dilution adjustment in exceptional circumstances where it would, in its opinion, not be in the interests of Shareholders to do so.

## Insight Investment Sterling Corporate Bond Fund

### Notes to the Financial Statements (continued)

for the year from 1 November 2010 to 31 October 2011

#### 8 Debtors

	31.10.2011 £'000	31.10.2010 £'000
Amounts receivable for creation of shares	3	-
Sales awaiting settlement	137	-
Accrued revenue	880	684
Currency receivable	270	13
<b>Total debtors</b>	<b>1,290</b>	<b>697</b>

#### 9 Cash and bank balances

	31.10.2011 £'000	31.10.2010 £'000
Amount held at futures clearing houses and brokers	207	322
Cash and bank balances	1,583	197
<b>Total cash and bank balances</b>	<b>1,790</b>	<b>519</b>

#### 10 Creditors

	31.10.2011 £'000	31.10.2010 £'000
Amounts payable for cancellation of shares	63	37
Purchases awaiting settlement	3,546	2,942
Accrued expenses	281	56
Currency payable	269	13
Income tax payable	69	171
<b>Total creditors</b>	<b>4,228</b>	<b>3,219</b>

#### 11 Contingent liabilities

There were no contingent liabilities at the Balance Sheet date (31 October 2010: £Nil).

#### 12 Related party transactions

The ACD is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operation of the Fund.

The ACD acts as principal in respect of all transactions of the shares in the Funds. The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Any amounts due to or from the ACD at the year end are disclosed within debtors and creditors.

Amounts payable to the ACD in respect of periodic charge is disclosed within expenses and amounts due at the year end is disclosed within creditors.

Related party holdings are included within the Portfolio Statement.

## Insight Investment Sterling Corporate Bond Fund

### Notes to the Financial Statements (continued)

for the year from 1 November 2010 to 31 October 2011

#### 13 Derivatives and other financial instruments

The analysis and tables provided below refer to the narrative disclosure on pages 12 to 14 of the Aggregated Notes to the Financial Statements.

The main risks arising from the financial statements are market price, currency exposure, interest rate, liquidity and credit risk. These risks are monitored by the ACD in pursuance of the investment objectives and policy of the Fund and are summarised below:

##### Market price risk

Market price risk is the risk that the Fund might suffer potential loss through holding market positions in the face of price movements. It arises mainly from uncertainty about future prices of financial instruments held. The Fund's exposure to market price risk is set out within the Portfolio Statement.

##### Currency risk

Currency risk is the risk that the revenue and net asset value of the Fund may be adversely affected by movements in foreign exchange rates. The revenue and capital value of the Funds' investments can be significantly affected by currency risk movements as some of the assets and income are denominated in currencies other than sterling, which is the Company's functional currency.

The foreign currency exposure of the Fund as at 31 October 2011 and 31 October 2010 was as follows:

Currency	Monetary	Non-monetary	Total	Monetary	Non-monetary	Total
	exposures	exposures		exposures	exposures	
	31.10.2011	31.10.2011	31.10.2011	31.10.2010	31.10.2010	31.10.2010
	£'000	£'000	£'000	£'000	£'000	£'000
Australian Dollar	-	-	-	358	13	371
Euro	1,178	(1,234)	(56)	4,270	1,751	6,021
Sterling	2,215	29,984	32,199	8,971	17,992	26,963
US Dollar	132	(100)	32	1,276	1,923	3,199
Total	<b>3,525</b>	<b>28,650</b>	<b>32,175</b>	<b>14,875</b>	<b>21,679</b>	<b>36,554</b>

## Insight Investment Sterling Corporate Bond Fund

### Notes to the Financial Statements (continued)

for the year from 1 November 2010 to 31 October 2011

### 13 Derivatives and other financial instruments (continued)

#### Interest rate

Interest rate risk is the risk that the revenue cashflow or the fair value of investments may be adversely affected by movements in market interest rates.

#### Interest rate risk

The interest rate risk profile of the Fund's financial assets and liabilities at 31 October 2011 and 31 October 2010 was as follows:

Currency	Floating rate	Fixed rate	Financial assets not	Total
	financial assets	financial assets	carrying interest	
	£'000	£'000	£'000	£'000
<b>Australian Dollar</b>				
31.10.2011	-	-	-	-
31.10.2010	358	-	13	371
<b>Euro</b>				
31.10.2011	1,178	4,459	428	6,065
31.10.2010	4,316	1,914	103	6,333
<b>Sterling</b>				
31.10.2011	2,215	25,686	8,372	36,273
31.10.2010	8,971	20,479	651	30,101
<b>US Dollar</b>				
31.10.2011	207	1,173	83	1,463
31.10.2010	1,356	1,895	45	3,296

  

Currency	Floating rate	Financial liabilities	Total
	financial liabilities	not carrying interest	
	£'000	£'000	£'000
<b>Australian Dollar</b>			
31.10.2011	-	-	-
31.10.2010	-	-	-
<b>Euro</b>			
31.10.2011	-	6,121	6,121
31.10.2010	46	266	312
<b>Sterling</b>			
31.10.2011	-	4,074	4,074
31.10.2010	-	3,138	3,138
<b>US Dollar</b>			
31.10.2011	75	1,356	1,431
31.10.2010	80	17	97

## Insight Investment Sterling Corporate Bond Fund

### Notes to the Financial Statements (continued)

for the year from 1 November 2010 to 31 October 2011

### 13 Derivatives and other financial instruments (continued)

#### Interest rate risk (continued)

Currency	Weighted average interest rate %	Weighted average period for which rate is fixed Years
<b>Australian Dollar</b>		
31.10.2011	-	-
31.10.2010	7.51	6.03
<b>Euro</b>		
31.10.2011	6.92	6.02
31.10.2010	6.72	6.40
<b>Euro - Perpetuals</b>		
31.10.2011	6.27	Undated
31.10.2010	7.36	Undated
<b>Sterling</b>		
31.10.2011	16.84	15.39
31.10.2010	5.78	16.08
<b>Sterling - Perpetuals</b>		
31.10.2011	5.76	Undated
31.10.2010	8.02	Undated
<b>US Dollar</b>		
31.10.2011	6.75	8.54
31.10.2010	6.49	8.78
<b>US Dollar - Perpetuals</b>		
31.10.2011	0.73	Undated
31.10.2010	-	-

#### Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its obligations as they fall due. The Fund's assets comprise mainly of readily realisable securities which can be sold to meet liquidity requirements. The main liquidity risk of the Fund is the redemption of any shares that investors wish to sell, which are redeemable on demand under the Prospectus.

#### Counterparty credit risk

Counterparty credit risk is the risk of suffering loss due to another party not meeting its financial obligation.

Investments may be adversely affected by counterparty credit risk if any of the institutions with which money is deposited suffers insolvency or other financial difficulties. All security transactions are through brokers who have been approved by the ACD as an acceptable counterparty.

The Fund's maximum exposure to credit risk is reflected by the carrying value of the related assets in the balance sheet and portfolio statement.

#### Fair value of financial assets and liabilities

There are no material differences between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value.

## Insight Investment Sterling Corporate Bond Fund

### Notes to the Financial Statements (continued)

for the year from 1 November 2010 to 31 October 2011

#### 14 Share classes

The Fund has the following share classes in issue, with the following charges and minimum initial investment levels:

Share class	Initial Charge	ACD's Periodic Charge	Minimum initial Investment
A (accumulation)	4.00%	1.10%	£3,000
A (income)	4.00%	1.10%	£3,000
B (accumulation)	0.00%	0.50%	£500,000
B (income)	0.00%	0.50%	£500,000
G (income)	0.00%	0.00%	£Nil

Because of these varying expenses, the level of net income attributable to each share class may differ.

The Net Asset Value of each share class, the Net Asset Value per share, and the number of shares in each class are given in the comparative table on pages 66 to 67. All share classes have the same rights on winding up.

#### 15 Stock lending

The Fund does not carry out stock lending activities.

#### 16 Portfolio transaction costs

As this Fund invests mainly in debt securities, there were no transaction charges or commissions on any trades during the year.

## Insight Investment Sterling Corporate Bond Fund

### Distribution Tables

Distributions are disclosed in pence per share, unless otherwise stated.

#### First interim distribution

For the period 1 November 2010 to 31 January 2011

Group 1 - Shares purchased prior to 1 November 2010

Group 2 - Shares purchased 1 November 2010 to 31 January 2011

	Gross interest distribution	Income tax at 20%	Net interest distribution	Equalisation	Distribution paid 15.3.2011	Distribution paid 15.3.2010
<b>Income Shares</b>						
A - Group 1	0.2656	0.0531	0.2125	-	0.2125	0.2196
A - Group 2	0.1240	0.0248	0.0992	0.1133	0.2125	0.2196
B - Group 1	0.3346	0.0669	0.2677	-	0.2677	0.2763
B - Group 2	0.3346	0.0669	0.2677	-	0.2677	0.2763
G - Group 1	1.2850	0.2570	1.0280	-	1.0280	1.0059
G - Group 2	1.2850	0.2570	1.0280	-	1.0280	1.0059
<b>Accumulation Shares</b>						
A - Group 1	0.5439	0.1088	0.4351	-	0.4351	0.4345
A - Group 2	0.3261	0.0652	0.2609	0.1742	0.4351	0.4345
B - Group 1	0.7061	0.1412	0.5649	-	0.5649	0.5484
B - Group 2	0.0467	0.0093	0.0374	0.5275	0.5649	0.5484

#### Second interim distribution

For the period 1 February 2011 to 30 April 2011

Group 1 - Shares purchased prior to 1 February 2011

Group 2 - Shares purchased 1 February 2011 to 30 April 2011

	Gross interest distribution	Income tax at 20%	Net interest distribution	Equalisation	Distribution paid 15.6.2011	Distribution paid 15.6.2010
<b>Income Shares</b>						
A - Group 1	0.2611	0.0522	0.2089	-	0.2089	0.2351
A - Group 2	0.1943	0.0389	0.1554	0.0535	0.2089	0.2351
B - Group 1	0.3279	0.0656	0.2623	-	0.2623	0.2890
B - Group 2	0.3279	0.0656	0.2623	-	0.2623	0.2890
G - Group 1	1.2500	0.2500	1.0000	-	1.0000	0.9921
G - Group 2	1.2500	0.2500	1.0000	-	1.0000	0.9921
<b>Accumulation Shares</b>						
A - Group 1	0.5391	0.1078	0.4313	-	0.4313	0.4691
A - Group 2	0.3769	0.0754	0.3015	0.1298	0.4313	0.4691
B - Group 1	0.6994	0.1399	0.5595	-	0.5595	0.5885
B - Group 2	0.0432	0.0086	0.0346	0.5249	0.5595	0.5885

## Insight Investment Sterling Corporate Bond Fund

### Distribution Tables (continued)

#### Third interim distribution

For the period 1 May 2011 to 31 July 2011

Group 1 - Shares purchased prior to 1 May 2011

Group 2 - Shares purchased 1 May 2011 to 31 July 2011

	Gross interest distribution	Income tax at 20%	Net interest distribution	Equalisation	Distribution paid 15.9.2011	Distribution paid 15.9.2010
<b>Income Shares</b>						
A - Group 1	0.2709	0.0542	0.2167	-	0.2167	0.2062
A - Group 2	0.1419	0.0284	0.1135	0.1032	0.2167	0.2062
B - Group 1	0.3380	0.0676	0.2704	-	0.2704	0.2581
B - Group 2	0.3380	0.0676	0.2704	-	0.2704	0.2581
G - Group 1	1.2838	0.2568	1.0270	-	1.0270	1.0163
G - Group 2	1.2838	0.2568	1.0270	-	1.0270	1.0163
<b>Accumulation Shares</b>						
A - Group 1	0.5638	0.1127	0.4511	-	0.4511	0.4151
A - Group 2	0.3057	0.0611	0.2446	0.2065	0.4511	0.4151
B - Group 1	0.7280	0.1456	0.5824	-	0.5824	0.5329
B - Group 2	0.0471	0.0094	0.0377	0.5447	0.5824	0.5329

#### Final distribution

For the period 1 August 2011 to 31 October 2011

Group 1 - Shares purchased prior to 1 August 2011

Group 2 - Shares purchased 1 August 2011 to 31 October 2011

	Gross interest distribution	Income tax at 20%	Net interest distribution	Equalisation	Distribution payable 15.12.2011	Distribution paid 15.12.2010
<b>Income Shares</b>						
A - Group 1	0.2725	0.0545	0.2180	-	0.2180	0.2136
A - Group 2	0.1746	0.0349	0.1397	0.0783	0.2180	0.2136
B - Group 1	0.3401	0.0680	0.2721	-	0.2721	0.2694
B - Group 2	0.3401	0.0680	0.2721	-	0.2721	0.2694
G - Group 1	1.2800	0.2560	1.0240	-	1.0240	1.0310
G - Group 2	1.2800	0.2560	1.0240	-	1.0240	1.0310
<b>Accumulation Shares</b>						
A - Group 1	0.5720	0.1144	0.4576	-	0.4576	0.4338
A - Group 2	0.3645	0.0729	0.2916	0.1660	0.4576	0.4338
B - Group 1	0.7405	0.1481	0.5924	-	0.5924	0.5604
B - Group 2	0.0538	0.0108	0.0430	0.5494	0.5924	0.5604

Equalisation applies to shares purchased during each distribution period which are, for that distribution period, classified as Group 2 shares. The average amount of income included in the purchase price of Group 2 shares is refunded to holders of these shares as return of capital. Being a capital repayment, it is not liable to income tax but must be deducted from the cost of shares for Capital Gains Tax purposes.

## Further information

Insight Investment Professional Funds ICVC is an open-ended investment company with variable capital and shareholders are not liable for the debts of the Company.

The Company is structured as an umbrella scheme comprising various Funds each of which is operated as a distinct fund with its own portfolio of investments.

As a Fund is not a legal entity, if the assets attributable to any Fund were insufficient to meet the liabilities attributable to it, the shortfall might have to be met out of the assets attributable to one or more other Funds of Insight Investment Professional Funds ICVC.

Each sub-fund has the investment powers equivalent to those of a UCITS company. In the future, there may be other sub-funds launched.

The Prospectus of the Company and the Instrument of Incorporation may be inspected free of charge between 8.30am and 5.30pm on every business day at the customer service office of the Authorised Corporate Director (“ACD”) at PO Box 23630, 12 Blenheim Place, Edinburgh, EH7 5GR.

Shareholders may obtain copies of the above documents free of charge from the same address.

## Important information

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.

For Insight Investment Monthly Income Fund and Insight Investment Equity High Income Fund, the annual management charge is taken from capital. This can erode capital and reduce the potential for capital growth.

Further details of the sub-funds and their risk factors can be found in the Prospectus and Simplified Prospectus which is available from the ACD – see Further Information above for contact details.

If you have any doubt about the suitability of an investment, you should consult an independent financial adviser.

## Further information (continued)

### The Company

Insight Investment Professional Funds ICVC  
Registered Number IC000055  
Registered Office:  
160 Queen Victoria Street  
London EC4V 4LA

### Director

The Authorised Corporate Director ("ACD") is Insight Investment Funds Management Limited, which is the sole director.

Insight Investment Funds Management Limited  
Head Office and Registered Office:  
160 Queen Victoria Street  
London EC4V 4LA

Customer Service Office:  
PO Box 23630  
12 Blenheim Place  
Edinburgh, EH7 5GR

(Authorised and regulated by the Financial Services Authority)

### Investment Adviser

Insight Investment Management (Global) Limited  
160 Queen Victoria Street  
London EC4V 4LA

(Authorised and regulated by the Financial Services Authority)

### Depositary

The Royal Bank of Scotland plc  
Trustee and Depositary Services

Head Office:  
RBS Gogarburn  
PO Box 1000  
Edinburgh  
EH12 1HQ

With effect from 14 October 2011:

National Westminster Bank plc Trustee & Depositary Services

Head Office:  
135 Bishopsgate  
London EC2M 3UR

(Authorised and regulated by the Financial Services Authority)

### Registrars

Insight Investment Funds Management Limited  
PO Box 23630  
12 Blenheim Place  
Edinburgh EH7 5GR

### Auditor

KPMG Audit Plc  
Chartered Accountants  
15 Canada Square  
London E14 5GL

Insight Investment Funds Management Limited. Registered Office 160 Queen Victoria Street, London EC4V 4LA.



