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Insight  
INVESTMENT

# US CORE PLUS FIXED INCOME STRATEGY

## OPPORTUNITY

**Dynamic, multi-sector bond strategy:** The Insight US core plus fixed income strategy's dynamic, multi-sector approach is designed to provide an efficient allocation to fixed income that seeks to generate consistently strong risk-adjusted performance. In our view, allocating to a passive strategy benchmarked against the Bloomberg US Aggregate index exposes investors to many unintended consequences of a market capitalization-weighted bond benchmark. These indices reflect issuance patterns; the more bonds issued, the higher the index allocation, as opposed to an efficient fixed income allocation. We believe this strategy has the flexibility to select securities across all sectors of the index as well as out-of-index securities. This strategy provides investors with broader diversification and has the potential to achieve greater risk adjusted returns.

**Diversified investment style:** The investment team endeavours to manage credit, sector and duration risk through a diversified portfolio of primarily investment-grade fixed income securities while typically managing duration closely to its benchmark. The strategy focuses on active portfolio management with an emphasis on sector allocation and security selection. The team employs bottom-up security selection, drawing on the expertise of Insight's extensive team of research analysts. The principle of diversification is expected to add value through the use of broad and deep capabilities across the full universe of the fixed income market. The strategy seeks to outperform in all phases of the cycle, and is designed to do so with predictability and controlled volatility. Strong risk controls are integral to the management of the strategy.

**Experienced Team:** Our US portfolio management team averages over 25 years of experience. The team has managed multi-sector core style strategies for over 20 years and have produced attractive risk-adjusted performance through multiple economic cycles.

## SNAPSHOT

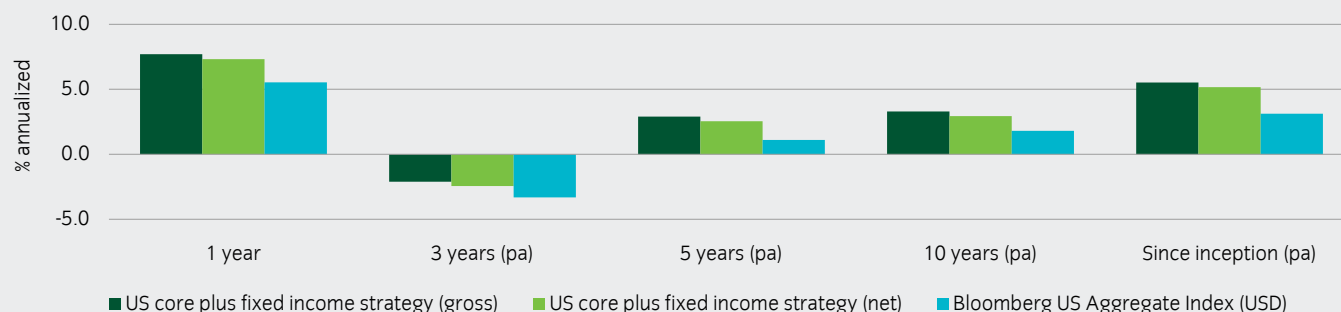
Strategy inception	November 2008
Strategy assets	\$7,197.0m <sup>1</sup>
Benchmark	Bloomberg US Aggregate index
Target <sup>2</sup>	Aims to outperform the benchmark and target a high information ratio over a full economic cycle
Investment approach	Emphasis on sector allocation and security selection
Duration profile	Targets +/-20% versus the benchmark
Quality profile	Typical average credit quality A, with up to 25% in below investment grade
Investment universe	Index sectors plus high yield, emerging market debt, collateralized loan obligations, esoteric non-index securitized, TIPs and non-dollar
Portfolio manager	Scott Zaleski, CFA®, and team <sup>3</sup>
Portfolio manager experience	Average of 26 years industry experience with an average 24 years at Insight and its affiliates
Availability	Separate account with \$100 million minimum, pooled vehicles
Strategy offered by	Insight North America LLC

<sup>1</sup> As of December 31, 2023. Assets under management (AUM) are represented by the value of the client's assets or liabilities Insight is asked to manage. These will primarily be the mark-to-market value of securities managed on behalf of clients, including collateral if applicable. Where a client mandate requires Insight to manage some or all of a client's liabilities (e.g. LDI strategies), AUM will be equal to the value of the client specific liability benchmark and/or the notional value of other risk exposure through the use of derivatives. Insight North America (INA) is part of 'Insight' or 'Insight Investment', the corporate brand for certain asset management companies operated by Insight Investment Management Limited including, among others, Insight Investment Management (Global) Limited, Insight Investment International Limited and Insight Investment Management (Europe) Limited. Advisory services referenced herein are available in the US only through INA. Figures shown in USD. FX rates as per WM Reuters 4pm spot rates.

<sup>2</sup> Please see important disclosures at the back of this document.

<sup>3</sup> CFA® and Chartered Financial Analyst® are registered trademarks owned by CFA Institute.

## PERFORMANCE<sup>4</sup>

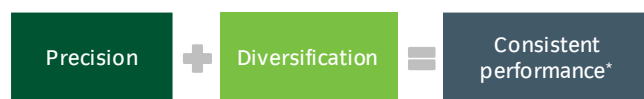


## INSIGHT'S EXPERTISE

Insight's global fixed income team is deeply resourced and highly experienced. Our investment professionals are specialists, not generalists, in their area of expertise. Each has their own focused area of market knowledge, which gives us the skills and resources to analyze a very broad range of the investment opportunities available to us. We leverage our investment specialists to exploit the full universe of the fixed income market.

## INVESTMENT PHILOSOPHY

Our philosophy focuses on two key investment principles: precision and diversification. While neither concept, when viewed in isolation, is unique, it is the way our portfolio managers combine and apply them that we believe provides a highly differentiated approach to investment management.



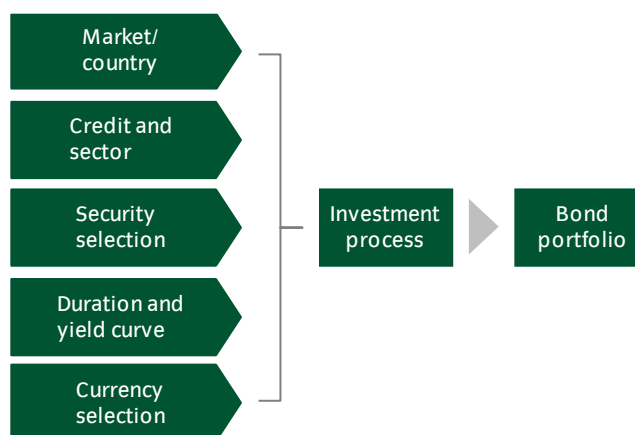
**Precision:** In assessing investment opportunities, we seek to include only those elements of market risk that we consider attractive and we aim to eliminate unintended risks.

**Diversification:** We seek to add value through active management of risk and return across a broad range of investment opportunities using proprietary management techniques.

## INVESTMENT APPROACH

There are five broad investment areas which we identify as the main sources of risk and potential added value within global fixed income portfolios. We believe that all these areas, which can vary over time, are equally important and can have an equally significant impact on portfolio performance. While we have the ability to use any of the sources of added value, for our US-centric portfolios the main drivers of alpha have been primarily focused on sector allocation, security selection, and duration and yield curve. Within the context of a global process, the main sources of added value vary by strategy and are depicted in the following chart:

Figure 1: Sources of return



<sup>4</sup> Data as of December 31, 2023. Performance presented is that of the US core fixed income strategy (USC5005) in USD. The quoted benchmark does not reflect deductions for fees, expenses or taxes. The benchmark is unmanaged and does not reflect actual trading. There could be material factors relevant to any such comparison such as differences in the volatility, and regulatory and legal restrictions between the index shown and the strategy. Past performance is not a guide to future performance. Investment in this strategy involves substantial risk of loss. The value of investments and the income from them can fall as well as rise and are not guaranteed, investors may not get back the original amount invested. The performance results are shown both net and gross of investment management fees and reflect the reinvestment of dividends and other earnings. Gross performance results do not reflect the deduction of investment advisory fees; as such, clients' returns will be reduced by the investment advisory fees and other expenses. Please refer to the disclosures and index definition at the back of this document.

\* Manager makes no assurance that performance targets will be achieved.

## THE TEAM<sup>5</sup>

- Insight's global Fixed Income Group numbers 169 investment professionals with an average industry experience of 19 years.
- The US team is comprised of 79 fixed income investment professionals made up of analysts, portfolio managers and dedicated traders.
- Experienced and stable US investment team has an average of 22 years industry experience.
- The global Credit Team covers both corporate and structured sectors, includes 45 research analysts who are responsible for providing security and sector recommendations to our portfolio managers. The team is arranged with each analyst taking responsibility for either individual industry groups (e.g., consumer non-cyclicals) or specific sub-sectors (e.g., ABS). Where an analyst is covering an industry, they will cover issuers within that industry across the entire rating spectrum from investment grade to high yield.

## CREDIT AND SECTOR

Our sector allocation is based on a top-down approach that combines long-term strategic forecasts, shorter-term tactical views and observations of market trends. In addition, there is extensive bottom-up analysis to help identify what we believe to be the most compelling investment opportunities for our clients.

## SECURITY SELECTION

In constructing the portfolios, portfolio managers bring together the inputs from our top-down global macro-economic analysis, US credit and sector strategy with the bottom-up individual security selection inputs from our credit analysts. Only what we consider to be attractive opportunities, at the right valuation, are included in our client portfolios. Typically, credit and securitized security selection and sector allocation will be the primary drivers of alpha within the portfolios.

## DURATION AND YIELD CURVE

When managing portfolio duration, we are taking a view on the direction of bond yields and interest rates. To achieve consistency across markets in this area, we have developed an approach based upon strategic, tactical and momentum decisions. Our strategic forecast for bond yields over the next 12 months is based primarily on fundamental economic analysis. Our tactical view of markets takes into account a much shorter period and also considers momentum.

## RISK MANAGEMENT

Figure 2: Process

Units of risk	<ul style="list-style-type: none"><li>• Proprietary risk calibration process</li><li>• Linked to performance targets</li></ul>
Risk systems	<ul style="list-style-type: none"><li>• Advanced risk modeling, volatility forecasting and scenario analysis</li><li>• Tracking error and Value-at-Risk measures</li></ul>
thinkFolio	<ul style="list-style-type: none"><li>• Comprehensive portfolio analytics</li><li>• Pre-trade compliance checking</li><li>• Post-trade compliance monitoring</li></ul>
Insight risk team	<ul style="list-style-type: none"><li>• Specialist internal risk team</li><li>• Monitors investment and operational risk</li><li>• Board level representation within Insight</li></ul>

## SAMPLE GUIDELINES

### Target parameters

- Maximum 5% exposure per issuer
- +/-20% in duration versus the benchmark
- Maximum 25% exposure to below investment grade
- Minimum quality at purchase is CCC

## COLLABORATIVE APPROACH

Insight's approach is centered upon working closely with our clients to understand their requirements and agree upon the parameters of the mandate to help ensure their target objective is met. We construct each portfolio on a tailored, segregated basis to reflect each client's unique requirements.

<sup>5</sup> As of December 31, 2023. Includes employees of Insight North America LLC (INA) and its affiliates, which provide asset management services as part of Insight, the corporate brand for certain companies operated by Insight Investment Management Limited (IIML).

## ABOUT INSIGHT INVESTMENT

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Insight Investment is a global asset manager and a leader in liability-driven investment (LDI) and fixed income solutions. We manage \$826bn<sup>6</sup> across risk management, alpha generation and liquidity management strategies. We aim to meet our clients' objectives with the highest degree of certainty and work closely with them through all stages of their investment journey.

- Insight is the largest LDI manager in the world<sup>7</sup> and was a pioneer of liability-management solutions
- Our fixed income solutions use proprietary systems and processes, such as our Units of Risk framework and our landmine checklist
- We are a pioneer of integrated fixed income and derivative strategies for risk management purposes
- We are a founding signatory to United Nations-supported Principles for Responsible Investment (PRI)<sup>8</sup> in 2006

### FIND OUT MORE

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<sup>6</sup> As of December 31, 2023. Assets under management (AUM) are represented by the value of the client's assets or liabilities Insight is asked to manage. These will primarily be the mark-to-market value of securities managed on behalf of clients, including collateral if applicable. Where a client mandate requires Insight to manage some or all of a client's liabilities (e.g. LDI strategies), AUM will be equal to the value of the client specific liability benchmark and/or the notional value of other risk exposure through the use of derivatives. Insight North America (INA) is part of 'Insight' or 'Insight Investment', the corporate brand for certain asset management companies operated by Insight Investment Management Limited including, among others, Insight Investment Management (Global) Limited (IIMG), Insight Investment International Limited (IIL) and Insight Investment Management (Europe) Limited (IIMEL). Advisory services referenced herein are available in the US only through INA. Legal entity Insight North America LLC's AUM is \$131.0bn as of December 31, 2023. Figures shown in USD. FX rates as per WM Reuters 4pm spot rates. Excludes previous parent introduced assets prior to 2009.

<sup>7</sup> Source: Source: Coalition Greenwich 2023 UK Investment Consultant Research. LDI results are based on interviews with 10 UK consultants evaluating LDI.

<sup>8</sup> PRI is a United Nations-supported international network with a goal of understanding the implications of sustainability for investors and supporting signatories to facilitate incorporating these issues into their investment decision-making and ownership practices.

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**Past performance is not a guide to future performance, which will vary.** The value of investments and any income from them will fluctuate and is not guaranteed (this may partly be due to exchange rate changes). Future returns are not guaranteed and a loss of principal may occur.

Certain performance numbers used in the analysis are gross returns. The performance reflects the reinvestment of all dividends and income. INA charges management fees on all portfolios that they manage and these fees will reduce the returns on the portfolios. For example, assume that \$30 million is invested in an account with INA, and this account achieves a 5.0% annual return compounded monthly, gross of fees, for a period of five years. At the end of five years that account would have grown to \$38,500,760 before the deduction of management fees. Assuming management fees of 0.25% per year are deducted monthly from the account, the value at the end of the five-year period would be \$38,022,447. Actual fees for new accounts are dependent on size and subject to negotiation. INA's investment advisory fees are discussed in Part 2A of its Form ADV. A full description of INA's advisory fees is described in Part 2A of Form ADV available from INA at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Targeted returns intend to demonstrate that the strategy is managed in such a manner as to seek to achieve the target return over a normal market cycle based on what Insight has observed in the market, generally, over the course of an investment cycle. In no circumstances should the targeted returns be regarded as a representation, warranty or prediction that the specific deal will reflect any particular performance or that it will achieve or is likely to achieve any particular result or that investors will be able to avoid losses, including total losses of their investment.

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Bloomberg US Aggregate Bond Index: The index is an unmanaged index composed of securities from the Bloomberg Government/Corporate Bond Index, Mortgage-Backed Securities Index and the Asset-Backed Securities Index. Total return comprises price appreciation/depreciation and income as a percentage of the original investment. Indices are rebalanced monthly by market capitalization.

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