



GLOBAL ABS FUND PROFILE

OPPORTUNITY

The global asset-backed security (ABS) market can provide investors with a valuable source of high quality secured cashflows.

- **Compelling prospective risk-adjusted returns:** Investors have the potential to benefit from credit spreads that reflect the assets' complexity versus comparably-rated corporate bonds, rather than additional credit risks
- **Structural protection:** Investment grade ABS tranches typically feature structural protections such as credit enhancement and security against hard assets, both of which can protect investors even in the event of significant losses on the underlying loan pools
- **Liquidity:** High quality ABS tranches tend to be very liquid fixed income securities
- **Diversification of credit exposure:** ABS can offer diversification against an investor's more traditional corporate bond holdings, by providing exposure to areas such as residential and commercial real estate, consumer financing and secured corporate lending
- **Global portfolio:** A global strategy can take advantage of the full universe of ABS opportunities. This allows for optimal diversification and maximum flexibility in exploiting relative value opportunities within and across regions
- **Floating rate returns:** The Fund can generate floating rate income in a rising rate environment, and can also lend itself to generating LIBOR for the floating-rate part of a swap or UK government bond based hedging strategy within a liability driven investment (LDI) solution

SNAPSHOT

Investment strategy: Invests in a globally diversified portfolio of high quality asset-backed securities

Performance target: 3-month GBP LIBOR plus 2% pa, gross of fees and expenses over rolling 3-year periods

Benchmark: 3-month GBP LIBOR

Investment universe: Global ABS opportunities which are more senior in the capital structure and backed by portfolios of real assets. Examples include residential mortgage-backed securities, commercial mortgage-backed securities, collateralised loan obligations (CLOs – including small and medium-sized entity structures) and student loan ABS across both floating and fixed rate bonds

Credit quality: Weighted average 'A' rated portfolio and all holdings of investment grade quality

EU risk retention compliance: Fully complies with EU risk retention requirements and regulations

Cashflows: Primarily floating rate cashflows

Liquidity: Daily

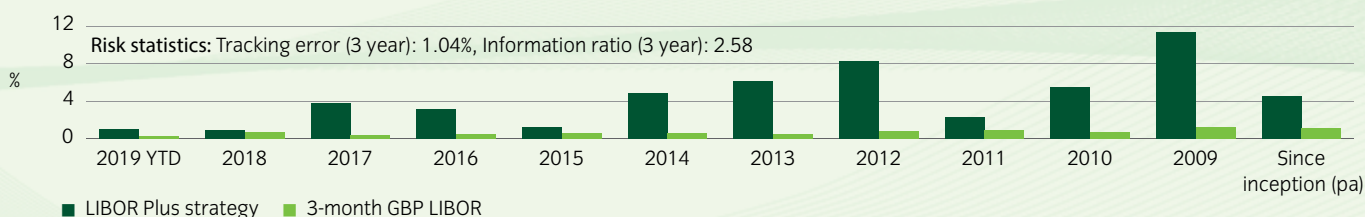
Fund Managers: Shaheer Guirguis, Head of Secured Finance, and Pritesh Solanki, Portfolio Manager, Secured Finance

Minimum investment: £1m/€1m (Class A shares) £10m/€10m (Class B) shares

Base currency: GBP

LIBOR PLUS STRATEGY TRACK RECORD

The Insight Global ABS Fund is run by the same investment team and with the same process as our LIBOR Plus strategy, which also invests in global ABS with more of a focus on Europe. The returns of the Insight Global ABS Fund may differ materially from the LIBOR Plus strategy. The LIBOR Plus strategy has a ten-year track record and has delivered positive absolute returns in every calendar year with no defaults or performance-related downgrades over the period.



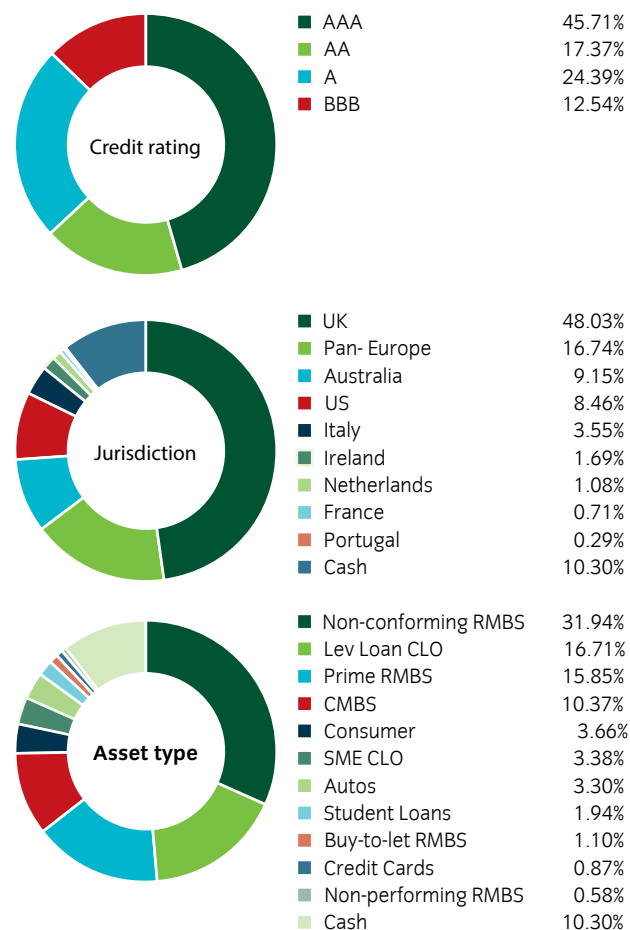
Source: Insight as at 31 March 2019. The LIBOR Plus strategy (C0652) is gross of fees and in GBP. All returns over one year are annualised. Benchmark: 3-month GBP LIBOR. Inception: 31 December 2007.

INSIGHT GLOBAL ABS FUND MODEL PORTFOLIO¹

The Global ABS Fund invests around 70% in high grade ABS with a credit rating of A or above. We expect around 30% to be allocated in BBB rated assets, providing a full investment grade opportunity set.

Reflecting the composition of the global ABS market, we expect almost half of the Fund to be invested in the US dollar market (the largest and deepest ABS market) and the rest of the portfolio to be invested fairly evenly across the UK, European and Australian ABS markets.

Figure 2: Model portfolio ratings, jurisdiction and asset type²



¹ Model figures have certain inherent limitations. Clients' actual results may be materially different than the model results presented.

² Source: Insight, March 2019.

INVESTMENT PROCESS

There are four stages to our investment process for our ABS portfolios.

Asset screening: The scope of the global opportunity set means we can screen out a large proportion of the investible universe to focus our coverage on preferred sectors and risk,

Qualitative analysis: We analyse top-down economic factors affecting the performance of ABS collateral, such as but not restricted to, unemployment rates, property prices and interest rates. We also consider the credit quality of the originating bank or financial institution as part of our bottom-up analysis, including how they service cashflows of performing and non-performing borrowers.

This is complemented by a rigorous bottom-up approach assessing the characteristics of a bond's collateral, such as loan-to-value (LTV) ratios on mortgage pools, borrowers' debt-to-income ratios, geographic spread of borrowers and historical collateral performance.

Our access to proprietary macroeconomic forecasting tools and our deep understanding of mortgage-originating practices allows us to select what we believe to be the highest-quality investments.

Quantitative analysis: We price investments using quantitative models to predict the impact of our qualitative assessments on collateral pools, stress testing each deal to understand the level of economic stress they will likely be able to withstand.

Proactive monitoring: Our surveillance systems enable us to pinpoint potential problems quickly, allowing us to exit positions in a timely fashion.

THE TEAM

- Insight's Secured Finance Team is a specialist team of global investment professionals overseeing approximately £15.5bn of secured lending across global residential mortgages, supply chain finance, commercial real estate loans, corporate loans, ABS and CLOs. Led by Shaheer Guirguis, the team has complementary experience of secured finance transactions across market segments, transaction stage (e.g. origination, underwriting, valuation, structuring and modelling) and portfolio management
- The Secured Finance Team is supported by the skills and capabilities of Insight's Fixed Income Group, of which the Team is a part. The Fixed Income Group numbers 115 investment professionals, together managing over £129.2bn of fixed income and money market assets. Within the Group, investment professionals' average industry experience is 17 years
- Insight's Fixed Income Group is built on specialist knowledge, experience and organised into specialist units, which enables us to maintain the diversity and precision which lies at the heart of our investment philosophy and long-term track record

A summary of the key risks and considerations our process seeks to identify are included in Figure 3.

Figure 3: risks and considerations³

Underlying assets	Type and quality of collateral
Underwriting	Quality of the originating bank's underwriting
Capital structure	Seniority of the tranche
Credit enhancement	Type and structure of any credit enhancement
Servicing	Quality of the servicer
Jurisdiction	How creditor friendly is the jurisdiction e.g. strong incentives to keep paying the mortgage
Pre-payment risk	Factors that may result in principal being repaid earlier or later than expected
Market risk	Liquidity and mark to market risk

INSIGHT'S SECURED FINANCE OFFERING³

A comparison of Insight's funds, all of which are EU Risk Retention compliant, is provided in the table below:

	Liquid ABS	LIBOR Plus	Global ABS	Secured Finance II	Secured Finance
Benchmark	3 month LIBOR	3 month LIBOR	3 month LIBOR	3 month LIBOR	3 month LIBOR
Outperformance target (bp)	50	200	200	300	400
Structured Credit	100%	95%	95%	60%	60%
Secured Loans	0%	5%	5%	30%	30%
Dealing	Daily	Daily (from 1 August 2018)	Daily	Monthly (subscriptions) / Quarterly (redemptions)	Monthly (subscriptions) / Quarterly (redemptions)
Geographic focus	Global	Europe	Global	Global	Global
Weighted average maturity	1.4 years	3.2 years	3.9 years	4-7 years	3.1 years
Spread over LIBOR	+78bp	+162bp	+180bp	+314bp	+359bp
Rating					
Average Rating	AAA	AAA	AA	BBB	BBB
Below IG max	0%	0%	0%	15%	15%
Notice period	Four days	Same day (subscriptions), previous dealing day (redemptions).	Four days	Fifth business day prior to relevant dealing day (subscriptions). First business day of the third month preceding the relevant dealing day (redemptions).	Fifth business day prior to relevant dealing day (subscriptions). First business day of the third month preceding the relevant dealing day (redemptions).

³ Source: Insight as at 31 March 2019.

ABOUT INSIGHT INVESTMENT

- Insight Investment has over the past 15 years built a unique investment platform that delivers to clients outcome-oriented investment solutions. We currently manage £648bn.
- Our clients are among the most sophisticated institutional investors in the world and include leading pension funds, sovereign wealth funds, corporations and insurers.
- We build portfolios aimed at an outcome, in partnership with clients. Our investment strategies are designed to evolve to meet changing needs and stay ahead of market developments.
- We were among the first asset managers to bring institutional-quality processes and transparency to absolute return investing.
- Insight is at the forefront of developing new ways of investing, providing institutional investors with access to innovative investment strategies, coupled with robust risk management techniques. We were a pioneer in recognising the unrewarded nature of currency risk and the importance of liabilities. Liability-driven investment (LDI) has been a significant contributor to protecting funding levels for pension funds over the past decade.

As at 31 March 2019. Assets under management (AUM) are represented by the value of cash securities and other economic exposure managed for clients. Reflects the AUM of Insight, the corporate brand for certain companies operated by Insight Investment Management Limited (IIML). Insight includes, among others, Insight Investment Management (Global) Limited (IIMG), Insight Investment International Limited (IIL) and Insight North America LLC (INA), each of which provides asset management services.

FUND DETAILS

Investment strategy	Invests in a globally diversified portfolio of high quality asset-backed securities	
Performance target:	3-month GBP LIBOR plus 2% pa, gross of fees and expenses over rolling 3-year periods	
Benchmark	3-month GBP LIBOR	
Launch date	10 May 2018	
Investment universe	Global ABS opportunities which are more senior in the capital structure and backed by portfolios of real assets. Examples include residential mortgage-backed securities, commercial mortgage-backed securities, collateralised loan obligations (CLOs – including small and medium-sized entity structures) and student loan ABS across both floating and fixed rate bonds.	
Credit quality	Weighted average 'A' rated portfolio and all holdings of investment grade quality	
EU risk retention compliance	Fully complies with EU risk retention requirements and regulations	
Cashflows	Primarily floating rate cashflows	
Liquidity	Daily	
Fund structure	QIAIF	
Fund Managers	Shaheer Guirguis, Head of Secured Finance and Pritesh Solanki, Portfolio Manager, Secured Finance	
Minimum investment:	£1m/€1m (Class A shares) £10m/€10m (Class B) shares	
Base currency	GBP	
Annual management fee	35bp	
Dealing frequency	Daily	
EU risk retention compliance	Fully complies with EU risk retention requirements and regulations	
Allocation restrictions	<ul style="list-style-type: none"> • Minimum average rating • Minimum individual security rating • Maximum portfolio WAL • Maximum interest rate duration 	<ul style="list-style-type: none"> A- BBB- 7-years 2-years
Sector restrictions	<ul style="list-style-type: none"> • Maximum investment in CLOs • Maximum CMBS • Maximum US • Maximum Australia • Maximum Loans 	<ul style="list-style-type: none"> 50% 50% 50% 50% 5%
Prohibited assets	<ul style="list-style-type: none"> • Collateralised debt obligations of US sub-prime residential mortgages • Structured investment vehicle capital notes • Manufactured housing-backed debt 	

IMPORTANT INFORMATION

RISK DISCLOSURES

Past performance is not indicative of future results. Investment in any strategy involves a risk of loss which may partly be due to exchange rate fluctuations.

The performance results shown, whether net or gross of investment management fees, reflect the reinvestment of dividends and/or income and other earnings. Any gross of fees performance does not include fees and charges and these can have a material detrimental effect on the performance of an investment.

Any target performance aims are not a guarantee, may not be achieved and a capital loss may occur. Strategies which have a higher performance aim generally take more risk to achieve this and so have a greater potential for the returns to be significantly different than expected.

Portfolio holdings are subject to change, for information only and are not investment recommendations.

ASSOCIATED INVESTMENT RISKS

The issuer of a debt security may not pay income or repay capital to the bondholder when due.

Investments in emerging markets can be less liquid and riskier than more developed markets and difficulties in accounting, dealing, settlement and custody may arise.

Investments in bonds are affected by interest rates and inflation trends which may affect the value of the portfolio.

Where high yield instruments are held, their low credit rating indicates a greater risk of default, which would affect the value of the portfolio.

The investment manager may invest in instruments which can be difficult to sell when markets are stressed.

The specific collateral used to secure a loan may decline in value or become illiquid, which would adversely affect the loan's value. Also, many loans are not actively traded, which may impair the ability of the portfolio to realise full value in the event of the need to liquidate such assets.

VOLCKER DISCLOSURES

The fund described in this document meets the definition of a covered fund under Volcker regulations, that is, a domestic or foreign hedge fund, private equity fund, venture capital fund, commodity pool or alternative investment fund (AIF) that is sold in a private, restricted or unregistered offering to investors who must meet certain net worth, income or sophistication standards or is sold to a restricted number of investors. Generally, any such fund is not registered with a securities/commodity regulator and therefore cannot be offered to the general or retail public unless the investor meets some type of qualification to demonstrate the investor doesn't need the protection of the securities or commodities regulations.

- **Any losses in the fund will be borne solely by investors in the fund and not by BNY Mellon (including its affiliates); therefore BNY Mellon's losses in the fund will be limited to losses attributable to the ownership interests in the fund held by BNY Mellon and any affiliate in its capacity as an investor in the fund or as beneficiary of a restricted profit interest held by BNY Mellon or any affiliate.**
- **Ownership interests in the fund are not insured by the FDIC, are not deposits, obligations of, or endorsed or guaranteed in any way, by BNY Mellon. Neither BNY Mellon nor any of its controlled affiliates (which includes the fund's general manager/ managing partner/ investment adviser), may directly or indirectly, guarantee, assume, or otherwise insure the obligations or performance of the fund or of any other covered fund in which the fund invests.**
- **Investors should read the fund's offering documents before investing in the fund. Information about the role of BNY Mellon, its controlled affiliates, and their employees in sponsoring or providing services to the fund are described in the Volcker Rule section of the offering documents.**

FIND OUT MORE

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