

GOVERNMENT LIQUIDITY FUND

SECURITY, LIQUIDITY, YIELD

THE GOVERNMENT LIQUIDITY FUND

Insight's Government Liquidity Fund provides an innovative solution that aims to help corporates and other money market investors to generate higher yields without compromising on security or liquidity. The Fund invests predominantly in reverse repos¹ secured exclusively against UK government debt securities and aims to provide a yield enhancement above standard reverse repo investments.

Between 70-95%² of the Fund's reverse repo transactions will be with non-bank counterparties, specifically UK defined benefit pension funds which often transact UK government debt repos as part of a risk-management strategy. The Fund will also invest in reverse repo transactions with banks and in short-term instruments such as treasury bills to ensure liquidity.

¹ A reverse repurchase agreement is the purchase of a debt securities with the agreement to sell them back for a set price at a specific future date. ² Please note that this is an internal target and is subject to change without notice. ³ As at 30 June 2021.

THE OPPORTUNITY

Prudent financial management by corporates since the credit crisis has led many to accumulate substantial cash reserves. Historically, these reserves have been placed with banks or in money market funds. However, bank credit ratings have deteriorated and potential regulatory developments are putting pressure on traditional money market funds, and many cash investors are seeking alternative solutions.

This has brought attention to the repo market, which can potentially offer greater security for cash investors. The repo market itself faces

SNAPSHOT

Investment objective: to seek to maintain the principal of the Fund and to provide daily liquidity with an income which is comparable to sterling denominated short-dated money market interest rates

Rating: AAAf/S1 by Fitch Ratings

Primary investments: primarily fixed term reverse repo with up to 397 days maturity (expected to be within one year maturity). Acceptable collateral restricted to UK government debt securities

Other investments: UK government debt securities with up to 397 day maturities, high quality non-UK government sovereign and supranational bonds (denominated in GBP) with up to 397 days to maturity, Insight Sterling Liquidity Fund and cash

Fund manager: Chris Brown, Head of Money Markets, supported by James Freshwater, Patrick Goodall, Nick Sheffield and James McKerrow, a team with an average of 21 years each of experience in money markets³

Vehicle: Irish Qualifying Investor Alternative Investment Fund (QIAIF)

Dealing frequency: daily with T-1 notice period (4pm cut off) and T+0 settlement period

Fund type: Short-term money market fund; public debt constant NAV (CNAV) fund

Pricing: Accumulating NAV

Weighted average maturity (WAM): max 60 days

Weighted average life (WAL): max 120 days

challenges, but we have developed a new approach to offer what we believe are attractive cash-investment alternatives that aim to be secure and liquid, and offer the potential for yield.

The Government Liquidity Fund aims to offer cash investors security by collateralising cash investments with UK government debt, and by diversifying counterparty exposure beyond banks to UK defined benefit pension schemes. It aims to do so while offering daily liquidity and a yield comparable to prime money market funds.

INVESTMENT APPROACH

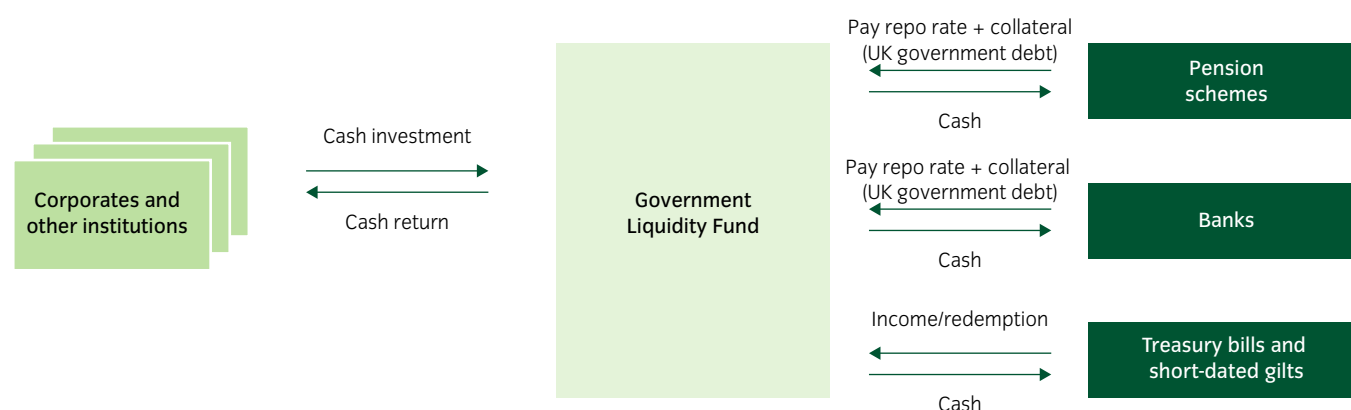
Government Liquidity Fund approach: The Fund invests on behalf of corporate and other institutional investors and aims to preserve capital in a liquid vehicle that generates an investment return in line with money markets. Insight's money market team invests directly in a pool of reverse repos transacted with a diversified list of counterparties. The Fund is enhanced by the use of UK government debt securities as security against the reverse repo agreements. Our operational teams manage the collection of income and appropriate collateralisation as market prices change. This approach allows investors to avoid much of the complexity of engaging in undiversified bilateral reverse repo trades.

The chart below illustrates the investment proposition.

The Fund requires all repo counterparties to post UK government debt securities as security. All UK pension fund counterparties must be Pension Protection Fund (PPF) eligible and all banks and pension-fund counterparties are analysed and monitored by our large team of credit analysts. We have implemented Global Master Repurchase Agreements (GMRAs) with all of our counterparties. The Fund may hold a small proportion of short-dated high quality government debt securities on a tactical basis.

Insight's money market fund managers are specialists rather than generalists. They work closely with other specialist teams within the Insight's Fixed Income Group, including those covering government and inflation-linked bonds, corporate bonds and currencies. This team approach ensures that our liquidity fund specialists are able to incorporate knowledge and ideas generated by experienced specialists throughout global markets.

Government Liquidity Fund investment process

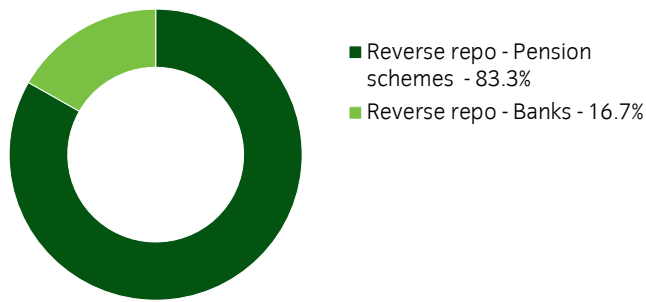


THE TEAM

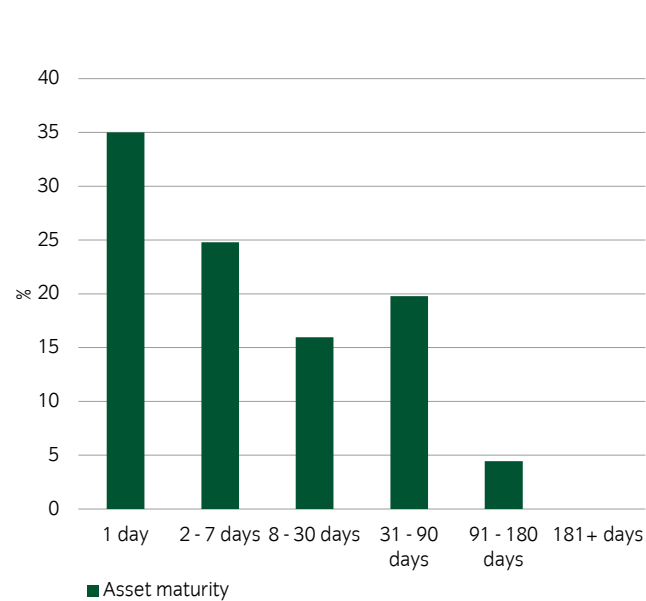
- 5 dedicated money market and liquidity fund managers with an average of 17 years' industry experience and managing £35.6bn in funds and segregated mandates, including the Insight Sterling Liquidity Fund.
- Team headed by Chris Brown who has spent more than 20 years working in the money markets. He joined Insight (then Clerical Medical Investment Management) in 1994.
- The team also draws on our wider Fixed Income Group, which employs over 114 investment professionals managing over £153.8bn of fixed income securities.
- Supported by 40 credit analysts and 8 dedicated investment traders who work directly with the money market team.

PORTFOLIO AS AT JUNE 2021

Asset class profile



Expected maturity profile



RISK MANAGEMENT

Risk management is critical to effective management of a liquidity solution. Our risk control framework establishes rigorous internal controls that promote efficiency and manages risks.

Counterparty risk: All reverse repo trades are collateralised with UK government debt securities which provide protection in the event of the repo counterparty's default. Bank and pension-fund counterparties are thoroughly evaluated by our large and experienced team of credit analysts. Only pension funds eligible to receive protection from the PPF will be considered as repo counterparties.

Liquidity risk: The ultimate source of liquidity risk is the maturity profile of the Fund. We deliberately take conservative assessments of the required maturity profile given investor concentration and expected flows. We also stress test the Fund on a rolling one day, one week and one month basis which is more stringent than the Institutional Money Market Funds Association's recommendations.

Interest rate risk: Our team models worst case interest rate scenarios to build in the necessary spread in order to protect against future rate rises.

Market risk: Our pre-agreed portfolio control ranges cover asset allocation, duration and liquidity and are governed by the rating agencies and our in-house guidelines.

In addition to stress testing, the Fund may also hold assets that are negotiable securities with the flexibility to sell on demand. This ensures that the investment strategy can be changed if required.

ABOUT INSIGHT INVESTMENT

- Insight has, over the past 15 years, built a unique investment platform that delivers outcome-oriented investment solutions to our clients. We currently manage £742bn in assets under management (AUM).
- 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 30 June 2021. AUM are represented by the value of cash securities and other economic exposure managed for clients. Figures shown in GBP. 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), Insight Investment Management (Europe) Limited (IIMEL) and Insight North America LLC (INA), each of which provides asset management services.

FUND DETAILS

Fund name	Government Liquidity Fund
Type	Qualifying Investor Alternative Investment Fund (QIAIF), non-UCITS
Domicile	Ireland
Registration	UK
Fund manager	Chris Brown
Investment objective	To seek to maintain the principal of the Fund and to provide daily liquidity with an income which is comparable to sterling denominated short-dated money market interest rates
Fund investments	<ul style="list-style-type: none">• Primarily fixed term reverse repo (up to 397 days, expected to be up to one year) of UK government debt securities• UK government debt securities: up to 397 days maturity• High quality non-UK government sovereign and supranational bonds: denominated in GBP and up to 397 days to maturity• Insight Sterling Liquidity Fund• Cash• Weighted average maturity (WAM) of no more than 60 days• Weighted average life (WAL) of no more than 120 days
Rating	AAAf/S1 by Fitch Ratings
Base currency	GBP
Minimum initial investment	£5 million
Additional investment	£15,000
Minimum holding	£5 million
Fees	TER: 0.10% pa
Fund type	Short-term money market fund; public debt constant NAV (CNAV) fund
Pricing	Accumulating NAV
Dealing frequency	Daily
Notice period (subscriptions & redemptions)	Daily (T-1) with 4pm cut off
Settlement period (subscriptions & redemptions)	T+0
Important note	<ul style="list-style-type: none">• Complies with Short-Term Money Market Fund rules (STMMF)• The Fund will consider its overall liquidity and maturity profiles when making investments however certain reverse repurchase transactions will be for longer terms than would normally be seen in STMMFs.• The Fund has the power to re-hypothecate assets held in its collateral pool and may use the cash received in these transactions to introduce leverage in order to fund redemptions. The Fund would only consider this option if other sources of liquidity were not available• Counterparties to reverse repurchase transactions may be Insight clients

This is not a banking product and whilst preservation of capital is a major component of the objective it is not guaranteed. Neither Insight nor any other BNYM group company will provide capital support in the event of any capital loss.

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

Government Liquidity Fund

Shareholders of the Fund and clients of the Investment Manager and Sub-Investment Manager may act directly as repo and reverse repo counterparties to the Fund. This may give rise to potential conflicts of interest.

A credit default swap (CDS) provides a measure of protection against defaults of debt issuers but there is no assurance their use will be effective or will have the desired result.

Derivatives may be used to generate returns as well as to reduce costs and/or the overall risk of the portfolio. Using derivatives can involve a higher level of risk. A small movement in the price of an underlying investment may result in a disproportionately large movement in the price of the derivative investment.

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

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

Where leverage is used as part of the management of the portfolio through the use of swaps and other derivative instruments, this can increase the overall volatility. While leverage presents opportunities for increasing total returns, it has the effect of potentially increasing losses as well. Any event that adversely affects the value of an investment would be magnified to the extent that leverage is employed by the portfolio. Any losses would therefore be greater than if leverage were not employed.

Portfolios which enter into repurchase and reverse repurchase agreements may be exposed to losses if the counterparty does not fulfil its obligations to the portfolio.

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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