

FUND PROFILE

INSIGHT HIGH GRADE ABS

OPPORTUNITY

- The Insight High Grade ABS Fund is an actively managed fixed income fund investing in high-quality, asset-backed securities (ABS).
- The Fund is highly diversified with the majority of securities having a credit rating of AAA and a minimum AA-rating at purchase. The Fund invests in global ABS markets, but with a core exposure to European-based collateral.
- The Fund is managed with a focus on liquidity management and therefore has a high allocation to short-maturity, floating rate note instruments.
- While the Fund could be used standalone for those seeking potential attractive positive returns, it can also lend itself to being used to generate a returns above short-term cash rates as well as above the funding cost of a swap or gilt-based hedging strategy within a liability-driven investment (LDI) solution.

MORE DETAIL

The investment team applies a defensive approach to asset selection with the intention of minimising credit risk. As a result, the majority of the Fund's investments are high quality, conservatively structured asset-backed securities.

The Fund currently does not invest in derivatives to obtain market exposure. Typically, the only derivatives used are forward foreign exchange contracts or futures that are used to hedge unwanted currency and interest rate exposures back to the base currency of sterling. There is currently no leverage within the Fund.

INVESTMENT PROCESS

There are four stages to the Fund's investment process:

1. **Asset screening:** Our approach to sector strategy is to identify preferred sectors given where we are in the economic cycle whilst maintaining sufficient diversification. With regard to our issuer universe, we cover approximately 150 issuers with the bulk of our active trading occurring in some 60-70 issuers. Our defensive philosophy and the scope of the opportunity set means we can decline a significant amount of the available investments and still aim to meet the Fund's objective.

2. **Qualitative analysis:** The starting point for our qualitative analysis is top-down in nature and focused on the current economic environment and our outlook. The different stages of the economic cycle will directly impact key variables such as unemployment, property prices and interest rates. These key variables input into our models, giving us a good understanding of how different environments may impact our holdings. Another critical aspect of our top-down analysis is considering the quality of the originating institution as defined by their financial strength and loan underwriting standards. We also consider how they service and deal with both performing and non-performing borrowers.

Our qualitative analysis is also bottom-up in approach. We undertake similar steps as the original underwriter in looking at the characteristics of a bond's collateral. For example, for a residential mortgage-backed security we would look at variables such as the loan-to-value (LTV) ratios of the mortgages in the pool, the borrowers' debt to income ratio and the geographic spread of borrowers. We will then consider the historical performance of the collateral within the bond since issue, examining arrears, defaults, losses etc.

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

We will also assess the ESG profile of a new issue, issuing originators with a proprietary questionnaire to determine their ESG risks.

3. **Quantitative analysis:** A combination of our proprietary analytics and third-party systems allow us to price investments accurately and conservatively. We use our models to predict how high the losses can be on a collateral pool, based on individual loan level analysis, and stress test each deal to see what it can withstand before losses occur.

The stress placed upon the collateral pool may be informed by the output from our credit and ESG analysis. An originator with weaker governance structures within its underwriting process may therefore be subject to more strenuous tests than a higher quality originator.

4. **Proactive monitoring:** Our surveillance systems can allow us to spot potential problems quickly, allowing us to exit positions in a timely fashion.

FUND SNAPSHOT

Objective	The investment objective of the Fund is to produce an interest rate-based return, primarily through investment in a portfolio of asset backed securities (ABS) and corporate floating rate notes (FRNs).
Benchmark	GBP SONIA
Investment universe	High-quality debt securities consisting primarily of asset backed securities and floating rate notes. The investment universe can also include fixed rate bonds, credit default swaps (CDS), currency forwards, currency swaps, interest rate swaps, other cash and liquid assets and private placement funding trades. The investments of the Fund will be issued by world-wide issuers and may be denominated in any currency, although they will be predominantly in sterling, euro and US dollars. They may or may not be listed on recognised exchanges and markets.
Fund managers	Oliver Waite, Shaheer Guirguis, Tristan Teoh
Launch date	7 December 2007 ¹
Legal structure	UCITS
Base currency	Sterling
Minimum investment	£1 million
Domicile	Ireland
Listing	Irish Stock Exchange
Pricing	Single swinging price
Liquidity/dealing	Daily, dealing deadline midday (Ireland time) on the business day before the relevant dealing day
Reporting	Semi-annual, annual reports and accounts and monthly factsheets
Custodian	Northern Trust Fiduciary Services (Ireland) Limited
Administrator	Northern Trust International Fund Administration Services (Ireland) Limited

ABOUT INSIGHT INVESTMENT

Insight Investment is a leading asset manager focused on designing investment solutions to meet our clients' needs. Launched in 2002, Insight is responsible for assets under management of £626bn² across absolute return, fixed income, liability-driven investment, cash management, multi-asset, specialist equity strategies and currency risk management. We manage money for pension funds, sovereign wealth funds, insurance groups, local government, charities, private investors and other financial institutions.

INSIGHT'S SECURED FINANCE OFFERING³

We provide a comparison of Insight's strategies, all of which are EU Risk Retention compliant, in the table below:

	Liquid ABS	High Grade ABS	Global ABS	Secured Finance (soft closed) ⁴	Secured Finance II
Benchmark	SONIA	SONIA	SONIA	SONIA	SONIA
Structured credit	100%	95%	95%	60%	60%
Secured loans	0%	5%	5%	40%	40%
Geographic focus	Global	Global	Global	Global	Global
Weighted average maturity	1.5 years	2.2 years	2.7 years	3.0 years	3.0 years
Spread over benchmark	+67bp	+120bp	+175bp	+338bp	+307bp
Current average rating	AAA	AA+	A+	BBB+	BBB+

¹ LIBOR Plus Fund (QIF) launched on 7 December 2007. All assets from this Fund transferred to the Insight High Grade ABS Fund (UCITS) on 30 June 2011.

² As at 31 December 2024. Assets under management (AUM) are represented by the value of cash securities and other economic exposure managed for clients. Where the methodology defines it, some asset reporting focuses on cash securities only. 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.

³ As at 31 December 2024.

⁴ Please note: with effect from 1 October 2023 we are accepting subscriptions into this strategy from existing investors, but remains closed to subscriptions from new investors. Investors with existing holdings are not affected and you can still sell your shares. We remain open to new segregated Secured Finance mandates with customised investment guidelines and investment in the Secured Finance II strategy. Please contact your Insight relationship manager for further information.

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, taxes and charges and these can have a material detrimental effect on the performance of an investment. Taxes and costs incurred when purchasing, holding, converting or selling any investment, will impact returns. Costs may increase or decrease as a result of certain currency conversions, such as currency hedging, investment exposure to international markets, and exchange rate fluctuations.

Any target performance aims are not a guarantee, may not be achieved and a capital loss may occur. The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies over time, and/or prevailing market conditions and are not an exact indicator. They are speculative in nature and are only an estimate. What you will get will vary depending on how the market performs and how long you keep the investment/product. 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.

Any projections or forecasts contained herein are based upon certain assumptions considered reasonable. Projections are speculative in nature and some or all of the assumptions underlying the projections may not materialise or vary significantly from the actual results. Accordingly, the projections are only an estimate.

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

ASSOCIATED INVESTMENT RISKS

Fixed income

- Investments in bonds are affected by interest rates and inflation trends which may affect the value of the portfolio.
- 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.
- The issuer of a debt security may not pay income or repay capital to the bondholder when due. The return risk to a portfolio is higher where a portfolio is highly concentrated in such an issuer.
- 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 emerging markets can be less liquid and riskier than more developed markets and difficulties in accounting, dealing, settlement and custody may arise.
- 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.
- Leveraged funds: as a result of market conditions, the value of the assets held by a Fund may fall and result in a higher degree of leverage than is deemed appropriate by the Investment Manager. In order to reduce the degree of leverage, the Investment Manager may seek to reduce a Funds' total asset exposure. Investors would need to subscribe for additional Shares in order to maintain the level of sensitivity to market movements. Where such an event is unanticipated, this may result in the investors having less sensitivity to market movements than they might consider appropriate to their individual requirements until they have subscribed for additional Shares
- While efforts will be made to eliminate potential inequalities between shareholders in a pooled fund through the performance fee calculation methodology, there may be occasions where a shareholder may pay a performance fee for which they have not received a commensurate benefit.

FIND OUT MORE

Institutional Business Development

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For a full list of applicable risks, investor rights, KIID/KID risk profile, financial and non-financial investment terms and before investing, where applicable, investors should refer to the Prospectus, other offering documents, and the KIID/KID which is available in English and an official language of the jurisdictions in which the fund(s) are registered for public sale. Do not base any final investment decision on this communication alone. Please go to www.insightinvestment.com

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