Insight INVESTMENT

INSIGHT LIBOR PLUS FUND

OPPORTUNITY

- The Insight LIBOR Plus Fund is an actively managed fixed income fund that aims to achieve a return of 3-month sterling LIBOR plus 2% on an annual basis, gross of fees and expenses via investments in high-quality, asset-backed securities (ABS)
- The Fund is highly diversified with the majority of securities having a credit rating of AAA and AA with a core exposure to European prime residential mortgage-backed securities (RMBS)
- 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 LIBOR for the floating-rate part 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. The only derivatives used are forward foreign exchange contracts to hedge unwanted currency exposure 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 around 80% 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, on a residential mortgage-backed security we 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 mortgage originating practices allows us to select what we believe to be the highest-quality investments.

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.

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

Please note that with effect from 11 December 2017 a temporary stop has been placed on subscriptions from new shareholders to the Insight LIBOR Plus strategy. A maximum additional subscription of 1 million per existing shareholder applies at any daily dealing window. Please contact your Insight relationship manager for further information.

Objective	To produce an interest rate-based return by investing in a portfolio of asset-backed securities and corporate floating rate notes.
Benchmark	3-month GBP LIBOR
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.
Launch date	7 December 2007[2]
Legal structure	UCITS
Base currency	Sterling
Minimum investment	£1 million
Domicile	Ireland
Listing	Irish Stock Exchange
Pricing	Single swinging price
Liquidity/dealing	Daily, with four days notice period for redemptions and subscriptions
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 £648 billion[3] 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.

OUR TEAM

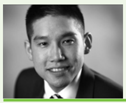
The Fund is managed by Shaheer Guirguis, Head of Secured Finance and Jeremy Deacon and Tristan Teoh, Secured Finance Portfolio Managers. This team is part of Insight's Fixed Income Group, led by Adrian Grey, Head of Fixed Income. The group comprises 115 fixed income investment professionals, with an average of 17 years industry experience, managing £129.2 billion of fixed income assets[3].

Shaheer Guirguis
Head of Secured Finance

Shaheer joined Insight in September 2007 as a structured credit portfolio manager. Shaheer holds a BSc honours degree in Economics from the University of Surrey, an MSc in Finance from the University of Durham as well as being a CFA charterholder.

Jeremy Deacon
Portfolio Manager, Secured Finance

Jeremy joined Insight in October 2010 as a structured credit analyst. Previously, Jeremy worked at CQS where he was responsible for the monitoring of their ABS fund and also analysed European RMBS and CMBS opportunities.



Tristan Teoh
Portfolio Manager, Secured Finance

Tristan joined Insight in May 2012 as an ABS Credit Analyst. Previously, Tristan worked at Morgan Stanley. He holds a Bachelor of Commerce in Accounting and Finance and a Bachelor of Business Systems from Monash University, Australia.

[2] LIBOR Plus Fund (QIF) launched on 7 December 2007. All assets from this Fund transferred to the Insight LIBOR Plus Fund (UCITS) on 31 March 2011. [3] 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 (IIIL)) and Insight North America LLC (INA), each of which provides asset management services.

INSIGHT'S SECURED FINANCE OFFERING[4]

We provide a comparison of Insight's strategies, all of which are EU Risk Retention compliant, 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%
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)

[4] Source: Insight, 31 March 2019.

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

Fixed income

Where the portfolio holds over 35% of its net asset value in securities of one governmental issuer, the value of the portfolio may be profoundly affected if one or more of these issuers fails to meet its obligations or suffers a ratings downgrade.

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. When entering into a CDS, both the buyer and seller of credit protection take on counterparty risk. CDS might involve liquidity risk if one or both parties to a CDS contract are required to post collateral (e.g. there can be margin calls requiring the posting of additional collateral). The market for CDSs is OTC and unregulated. There is the possibility that the risk buyer may not have the financial strength to abide by the contract's provisions, making it difficult to value the contracts. The leverage involved in many CDS transactions, and the possibility that a widespread downturn in the market could cause widespread defaults, may challenge the ability of risk buyers to pay their obligations.

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

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.

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.

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.

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

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IIMG DISCLOSURE

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