



INSIGHT LIQUIDITY SOLUTIONS

OPPORTUNITY

Security

- Money market-specific credit research process
- Robust risk oversight
- Highly rated by rating agencies (see page 4 for details)
- Independent custodian/trustees

Liquidity

- Stress-tested for a range of liquidity and market-related scenarios
- Economies of scale provide access to more competitive pricing

Diversification

- Diversified across a broad range of counterparties, instruments and jurisdictions

Robust infrastructure

- Established administrative and dealing structure
- Available on a pooled fund or segregated basis

FLEXIBLE LIQUIDITY SOLUTIONS

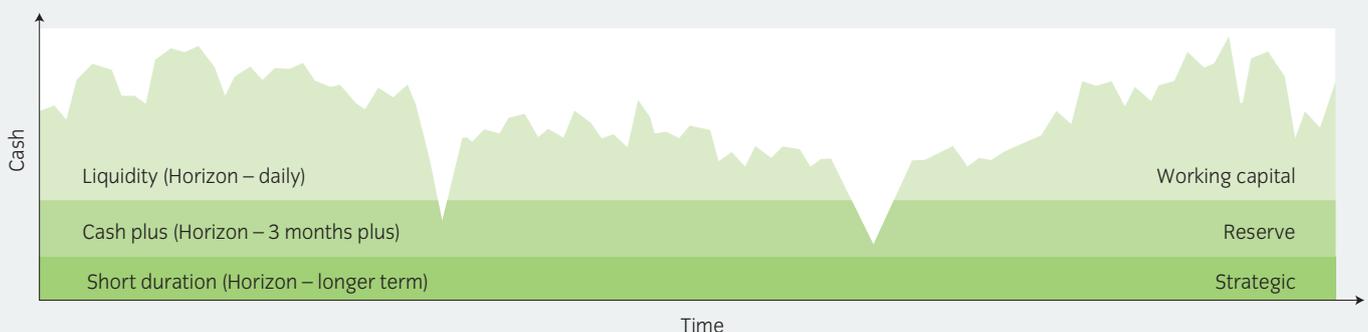
Insight’s range of liquidity management solutions aims to deliver security, liquidity and performance for cash investors.

We understand that capital preservation is a key priority for professional investors. Liquidity solutions can be a useful tool to help maximise returns on short-term assets, which aim to maintain security and liquidity.

We believe that cash and liquidity management is a unique investment discipline. Our highly experienced money market team has significant expertise and managed portfolios through various market conditions and multiple interest rate cycles. We aim to offer an attractive combination of traditional cash-management expertise and a broad and innovative product range to meet the varying liquidity requirements of our clients (see Figure 1).

Our investment process combines an active management approach with a robust risk framework, that enables us to partner with clients and deliver effective liquidity solutions to match specific liquidity profiles.

Figure 1: Structuring your cash allocation with the aim of enhancing your return potential



For illustrative purposes only.

OVERVIEW OF FUNDS

Liquidity funds

Money market funds are typically constructed to provide same-day access and offer redemption without penalty, with same-day settlement. Same-day access in normal market conditions gives investors confidence that their cashflow requirements can be met, even at short notice.

Until recently, there were two primary types of money market funds in Europe: constant net asset value (CNAV) funds and variable net asset value (VNAV) funds. However, new regulation introduced changes to how money market funds are categorised, applying new criteria for CNAV funds and introducing a new low volatility NAV (LVNAV) fund type. It also stipulates that variable NAV (VNAV) funds may be classified as short-term or standard VNAV funds¹.

While our GBP and USD Liquidity Funds are classified as LVNAV funds, our EUR Cash Fund is a VNAV fund, but is managed with the aim of keeping share price fluctuations to a minimum and the internal guidelines mirror those of a Constant NAV (CNAV) fund. These funds invest in certificates of deposit, floating rate notes, commercial paper and short-term government debt with the aim of achieving both security and daily liquidity for investors.

Our Government Liquidity Fund aims to preserve capital in a liquid vehicle that generates an investment return in line with money markets. The Fund invests primarily in reverse repos that are secured against UK government debt securities and are transacted with a diversified list of counterparties. The investment process is focused on capital preservation and liquidity, and aims to provide a yield enhancement above standard reverse repo investments. The Government Liquidity Fund is a public debt CNAV fund that offers daily liquidity, with one day's notice required for subscriptions and redemptions.

Liquidity plus funds

The Insight GBP Liquidity Plus Fund and the Insight EUR Liquidity Plus Fund invest with longer-term investment horizons or medium-term reserves. They forego a small amount of liquidity but offer the potential for greater returns, achieved through investment in a wider spectrum of money market instruments and short duration fixed and floating rate securities. Due to the greater proportion of floating rate instruments in these funds and the possibility of short-term market movements, these are typically Variable NAV funds.

The Insight GBP Liquidity Plus Fund and the Insight EUR Liquidity Plus Fund invest in short-term bonds and variable rate securities, such as floating rate note bonds backed by financial institutions or high quality mortgage-backed securities, with the aim of achieving security along with the potential for some capital growth.

¹ Short-term funds typically aim to generate a return in line with money market rates, while standard funds typically aim for higher returns, and invest in assets with longer maturities. ² Except floating rate notes, where maximum expected maturity is no more than 10 years.

THE TEAM

- The Funds are managed by Chris Brown, Head of Money Markets, and portfolio managers Jamie Freshwater, Patrick Goodall, James McKerrow and Nick Sheffield who have an average of 19 years industry experience. The team manages £41.7bn on behalf of our clients.
- Insight's Fixed Income Group numbers 116 investment professionals, together managing £145.3bn of fixed income and money market assets. The team's average industry experience is 17 years.

As at 30 September 2019. Assets under management are represented by the value of cash securities and other economic exposure managed for clients.

GUIDELINES

Maximum weighted average maturity

- **Liquidity/EUR Cash Funds:**
60 days
- **Government Liquidity Fund:**
60 days
- **Liquidity Plus Funds:**
1 year

Maximum individual maturity

- **Liquidity/EUR Cash Funds:**
397 days
- **Government Liquidity Fund:**
397 days
- **Liquidity Plus Funds:**
5 years²

FLEXIBLE VEHICLES

Pooled funds

For investors seeking a pooled fund solution, Insight's range of actively managed liquidity funds aims to offer security and liquidity coupled with the additional benefits of a pooled vehicle such as administrative and tax efficiency, independent third-party credit ratings and performance benchmarking. Our pooled fund offering includes money market funds, available in sterling, US dollar and euro, as well as a liquidity plus fund, offered in sterling.

Segregated solutions

At Insight, we are at the forefront of designing investment solutions to meet our clients' needs. For those investors with precise liquidity management needs, we can offer bespoke liquidity solutions which are designed to fit with specific cash objectives and risk parameters (minimum investment levels apply).

THE INSIGHT APPROACH

Our money market solutions are managed to an investment philosophy that centres on two key investment principles: diversification and precision. We believe it is the combination of these two principles, and our robust risk framework, that gives us a unique approach to liquidity management and offers the potential for attractive performance for our clients.

Diversification

In our view, superior and consistent long-term liquidity investment returns are generated by the active management of risk and return across a wide range of fixed income and cash investment opportunities. These diversified sources of added value are used to build the portfolio that aims to meet the Fund's objectives.

Our money market funds are highly diversified portfolios comprised of investments in certificates of deposit, floating rate notes, commercial paper and short-term government debt. Our Liquidity Plus Fund also invests in high quality asset-backed securities, specifically mortgage-backed securities.

Precision

We believe in building an investment portfolio with precision aiming to meet the Fund's specific objectives. When we assess investment opportunities, we seek to include only those elements of market risk that we consider attractive, and aim to eliminate any unintended risks. Investing with this degree of precision is, we believe, a key ingredient in achieving consistent, repeatable performance.

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 aim to minimise risks.

- **Market risk** is controlled and monitored through the application of pre-agreed portfolio control ranges which cover asset allocation, duration, yield curve and liquidity.
- **Interest rate risk** is managed with an aim of delivering the required outperformance, whilst maintaining capital preservation. Our team model worst case interest rate scenarios to build in the necessary spread in order to help protect against future rate rises.
- **Counterparty risk** is managed through a very detailed credit research process which ensures the highest credit quality of the underlying counterparties. The recommendations are formally reviewed on a monthly basis by Insight's Money Market Review Committee which is responsible for the approval process and monitoring exposures.
- **Liquidity risk** is also a key consideration in our process. The Funds are stress-tested to check they have sufficient liquidity to meet the largest gross redemptions (ignoring inflows) that they have previously experienced over one-day, one-week and one-month periods. This process is more stringent than the Institutional Money Market Funds Association requirement. In addition to stress testing, the assets held in our liquidity solutions are negotiable securities with the ability to sell on demand. This ensures that the investment strategy can be changed as 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 £714bn 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 September 2019. 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.

FUND SNAPSHOT

	Liquidity Funds	Government Liquidity Fund	Liquidity Plus Funds
Currency	GBP/USD/EUR	GBP	GBP/EUR
Inception date	GBP Liquidity Fund: 2 January 2003 USD Liquidity Fund: 21 March 2005 EUR Liquidity Fund: 6 September 2012	9 March 2016	GBP: 13 December 2004 EUR: 6 December 2018
Ratings	GBP/USD: S&P AAAm Fitch AAAmmf EUR: S&P AAAf/S1+	Fitch AAAf/S1	GBP: S&P AA+f/S1 Fitch AAAf/S1 EUR: Fitch AAAf/S1
Fund type	GBP/USD: LVNAV STMMF ⁴ EUR: VNAV STMMF ⁴	Public Debt CNAV STMMF ⁴	VNAV STBF ⁵
Weighted average maturity	Typical range: 30 – 45 days Maximum: 60 days	Typical range: 40 – 45 days Maximum: 60 days	Typical range: 60-120 days
Benchmark	7 day GBP LIBID 7 day USD LIBID 7 day EUR LIBID	7 day GBP LIBID	GBP: 3-month GBP LIBID EUR: 3-month EURIBID
Objective	To provide investors with stability of capital and daily liquidity with an income which is comparable to GBP/USD/EUR-denominated short-dated money market interest rates	To provide investors with stability of capital and daily liquidity with an income which is comparable to sterling denominated short-dated money market interest rates	To provide investors with stability of capital and income through investment in short-term fixed income and variable rate securities
Dealing deadline	GBP: 1pm to deal on that day USD: 2pm to deal on that day EUR: 12pm (noon) to deal on that day	4pm, one business day prior to dealing day	GBP: 4pm, two business days prior to dealing day EUR: 4pm on dealing day
Valuation point	Dealing day ³	Dealing day	Dealing day
Settlement date	Dealing day GBP/USD ¹ EUR ²	Dealing day	GBP: Dealing day EUR: T+2

¹ Class 4 (accumulation): T+1. ² Except FRNs where maximum expected maturity is no more than 10 years. ³ Except for full redemptions which are T+1. ⁴ Short-term money market fund. ⁵ Short term bond fund.

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

Cash

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.

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.

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

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.

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.

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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