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INSIGHT SUSTAINABLE EURO CORPORATE BOND FUND

OPPORTUNITY

The Insight Sustainable Euro Corporate Bond Fund seeks to profit from opportunities in bond and derivative markets, and will only invest where minimum standards for environmental, social and governance (ESG) factors are met. It also seeks to make a positive impact by favouring issuers with superior sustainability profiles. We will actively engage with companies held in the portfolio if their sustainability profiles deteriorate to try to rectify issues.

- **Unique approach combining core alpha-seeking investment expertise and sustainability criteria:** the Fund seeks to outperform a conventional corporate benchmark while also taking ESG and sustainability criteria into account
- **Sophisticated management of ESG factors focusing on impact as well as exclusions:** the Fund seeks to positively allocate to companies which have superior ESG profiles or are deemed to have a positive impact
- **Commitment to engagement:** we commit to engage with companies with deteriorating ESG profiles with a view to actively influencing their future behaviour
- **Managed by a market-leading responsible investor:** Insight Investment has a long-established focus on responsible investment, with ESG factors fully integrated into our credit analysis and investment process for many years
- **In-depth reporting:** Insight offers detailed reporting on ESG and sustainability characteristics of the portfolio
- **Established strategy and attractive track record:** the underlying strategy, on which the Insight Sustainable Euro Corporate Bond Fund is based, has been managed since 2005

SNAPSHOT

Investment approach: Seeks to profit by identifying relative value opportunities in corporate bonds, primarily in Europe, that meet minimum standards for ESG and sustainability factors

Performance target: Benchmark plus 0.75% to 1.00% pa over rolling five-year periods

Benchmark: Barclays Euro Aggregate Corporate Index

Investment universe: ESG-optimised universe, excluding companies according to a range of criteria

Positive allocation themes: Targets over 5% of NAV in positive impact bonds; aims to tilt portfolio in favour of companies with better ESG scores

Climate model: Aims for carbon intensity significantly lower than the benchmark

Engagement model: Deteriorating ESG performance of an issuer in the portfolio prompts engagement with the company; resolution of issues within 12 months or Insight sells issuer's bonds

Strategy inception date: August 2005

Manager: Robert Sawbridge

Base currency: EUR

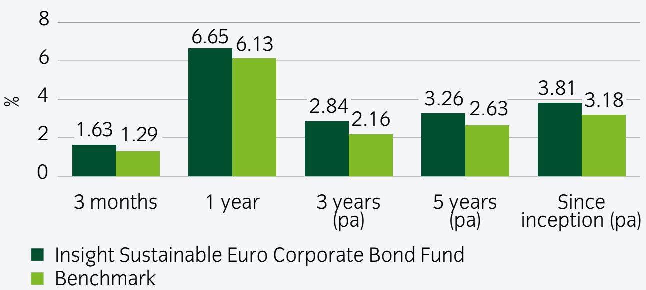
Signatory of:

PRI Principles for Responsible Investment

A+

In 2018, Insight was rated A+ by the UN-supported Principles for Responsible Investment (PRI) for the integration of ESG factors and engagement across our corporate fixed income investment business.

PERFORMANCE



Performance presented is of the Insight Euro Corporate Bond Fund, which as of September 2017, was renamed the Insight Sustainable Euro Corporate Bond Fund. From that date it followed a slightly modified investment approach as a result of its focus on sustainability factors. We believe the historical performance accurately reflects the approach underlying the Fund.

Source: Insight as at 30 September 2019. Returns are gross of fees and in EUR. Benchmark: Barclays Capital Euro Aggregate Corporate Bond Index. Inception: 5 March 2014. The name of the fund and its benchmark were changed from Insight Corporate Bond Fund and Markit iBoxx Euro Corporates Index on 29 September 2017, respectively. The past performance of the Insight Euro Corporate Bond Fund is given for information purposes only, up to 29 September 2017.

RESPONSIBLE INVESTMENT AT INSIGHT

At Insight, our approach to responsible investment is underpinned by the belief that ESG issues are important drivers of investment value. Insight was a founding signatory to the PRI in 2006 and became the first asset manager to produce a comprehensive report detailing how we meet our commitments as a signatory.

We believe a focus on responsible investment supports the provision of investment solutions that deliver quality and excellence, and helps to manage financial and non-financial risks for our clients. More information on our responsible investment approach and initiatives is available on our web site.

INVESTMENT PHILOSOPHY

Insight's fixed income investment philosophy focuses on the delivery of consistent performance by virtue of two key investment principles: precision and diversification. While neither concept if looked at individually is particularly unusual, it is the way our investment managers combine and apply them that we believe results in a unique approach to investment management.

Precision Targeting investments + **Diversification** Spreading investments = **Consistent performance**

Precision

We believe in building portfolios that precisely meet our clients' objectives. This means that when we assess investment opportunities, we seek to include only those elements of market risk that we consider attractive and aim to eliminate unintended risks.

Diversification

We believe that steady and superior long-term portfolio returns are generated by covering a wide range of fixed income investment opportunities. Consequently, our portfolio managers seek to add value through active management of risk and return across a broad range of investment opportunities using proprietary management techniques. These diversified sources of added value include market allocation, duration and yield curve, credit and sector strategy, security and currency selection. In combination, they are used to build portfolios that we believe will meet our clients' objectives. Our process is designed to ensure diversification and, through our unique approach to risk management, aims to avoid dominance of risk by any one source.

CORE INVESTMENT PROCESS

Our dedicated euro credit portfolio management team, led by Lucy Speake, is responsible for constructing and managing portfolios. They are supported by Insight's extensive credit resources with 66 investment professionals[1] undertaking specific analysis in respect of global credit markets.

The analysts conduct fundamentally driven, forward-looking research on a rigorously defined coverage list. We have a strong focus on liquidity and cash flow analysis. Additionally, relative value analysis is undertaken on a subset of more liquid, tradeable names, where all issuers are scored on both a fundamental and relative performance basis. This analysis generates a proprietary Insight performance rating which reflects whether the credit risks are adequately factored into the price of a company's corporate bonds.

Our fixed income approach is built on strong specialist knowledge, experience and proven ability to generate performance. Our specialists work closely together across a consistent global framework that leverages the combined resource of the entire Fixed Income Group. Analysts and portfolio managers come together to create optimal portfolio sector and stock allocations at a weekly meeting. Monthly meetings provide the opportunity to review the relative merits of the asset classes within the total corporate bond universe. A combination of these formal meetings and continual dialogue means we keep close track of market developments – and can respond quickly when conditions change.

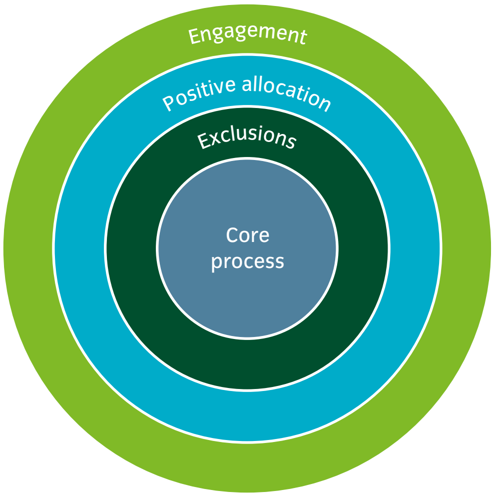
THE TEAM[1]

- Insight's global fixed income investment professionals number 116 with an average industry experience of 17 years. Insight's Fixed Income Group is built on specialist knowledge, experience and an ability to generate strong performance. The group is organised into specialist units, which enables us to maintain the diversity and precision which we believe lie at the heart of our long-term track record.
- The Credit Team, which is part of the broader Fixed Income Group, has an average industry experience of 15 years. The Credit Team includes 48 credit analysts who are responsible for providing security and sector recommendations to our portfolio managers. The team is arranged with each analyst taking responsibility for either individual industry groups (e.g. consumer non-cyclicals) or specific sub-sectors within the credit asset class (e.g. asset-backed securities). Where an analyst is covering an industry they will cover issuers within that industry across the entire rating spectrum from investment grade to high yield.
- The managers of the Insight Sustainable Euro Corporate Bond Fund have been managing the European corporate bond strategy on which it is based since 2005.

[1] As at 30 September 2019.

IMPLEMENTING A SUSTAINABLE APPROACH

The Fund invests on the basis of our long-established investment philosophy and process, and incorporates quantitative and qualitative inputs. Our sustainable approach builds on this investment process to augment the ESG focus of the fund.



Exclusions

In the Fund, Insight applies exclusions and screens focused on various ESG and sustainability factors (see next page) that aim to avoid worst-in-class industry players and unsuitable sectors. Typically 10% to 15% of the benchmark (by value) is excluded. The exclusions leave the Fund with an ESG-optimised universe from which to build the portfolio.

Positive impact

While exclusions are an important part of ESG investing, we believe that investors are increasingly focused on the impact of the investments they are making. In this regard, there are two main pillars to our unique impact strategy. First, using the ESG-optimised universe, we aim to tilt the portfolio in favour of companies with higher ESG ratings while balancing this goal with alpha-generating targets. Secondly, we look to positively allocate to issuers deemed to have a positive social impact. Using a proprietary impact policy, we seek to take an overweight position in 'positive impact' bonds. These are bonds issued by companies with material revenue derived from sources aligned with the UN Sustainable Development Goals, as well as green bonds that pass our internal assessment framework. (Green bonds are issues where proceeds are used for projects or activities that reduce climate impact.)

Engagement

Company engagement is an ongoing part of our credit process and all our analysts regularly meet with issuers to discuss a range of factors, including ESG factors. When the Fund identifies deteriorating ESG performance in one of its holdings, our analysts will engage with the company to establish the reasons and enquire about remedial actions. If relevant problems are not resolved within 12 months, the Fund will sell the bonds.

CARBON

We believe that focusing on carbon emissions is an important factor for any portfolio aiming to focus on ESG and sustainability-related factors. As part of this focus, the Fund will aim to have a carbon intensity significantly lower than benchmark levels. We have also developed a proprietary carbon model to analyse the carbon risk of all companies in the Fund's benchmark index which incorporates the framework set out by the Task Force for Climate-related Financial Disclosures.[2] This will inform our thinking about the carbon component of any investments and future related engagement policy.

[2] www.fsb-tcfd.org/publications/final-recommendations-report/

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 DETAILS

Benchmark	Barclays Euro Aggregate Corporate Index
Base currency	EUR
Performance target	Benchmark plus 0.75% to 1.00% pa over rolling five-year periods
Investment universe	ESG-optimised universe excluding: • All 'worst-in-class' companies based on ESG criteria • All 'worst-in-class' companies based on carbon intensity criteria • All companies in breach of UN Global Compact directives • All companies generating >5% of revenues from tobacco production • All companies generating >5% of revenues from gambling • All companies generating >5% of revenues from weaponry/defence • All companies generating >5% of revenues from coal mining • All companies with >20% of generation from coal power
Positive allocation themes	>5% of NAV in positive impact bonds, tilt portfolio in favour of companies with better ESG scores
Climate model	Aim to have a carbon intensity significantly lower than the benchmark
Engagement model	If an issuer falls into the lowest ESG bracket, Insight proactively engages with management on risk drivers to attempt to address relevant issues. If they are not resolved within a 12-month period, Insight sells the bonds from the portfolio
Duration management	+/- 3 years vs benchmark index
Structure	UCITS
Other key details	VAG-compliant, maximum 7.5% high yield, maximum 10% emerging market debt, +/-20% non-euro corporate bonds, maximum 4% per issuer
Derivatives	Credit default swaps, interest rate swaps, forward FX and bond futures
Fund size	€510m (30 September 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

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.

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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