Media Update

INSIGHT INVESTMENT: PROLONGED TRADE TENSIONS COULD BROADEN BEYOND TARIFFS

NEW YORK – September 23, 2019: Despite a growing body of evidence connecting the slowdown in the global economy to an increase in trade tariffs and tensions between the US and its largest trade partners, trade wars will remain a key macro theme this year and next, according to Insight Investment.

In *Global Macro Research: Trade Wars*, Insight discusses the considerable scope for an escalation of tensions to extend beyond tariffs and cause further disruption for global growth and investment strategies. Insight identifies six new potential areas which could be drawn into the trade war, as follows:

- **Export Restrictions** – countries may elect to ban exports of certain products to other countries as a retaliatory tool. Rare earth materials used in the production of high-tech items are a particular concern given China's dominant position and recent threats.
- **Import Restrictions** – countries may decide to ban imports from certain producers or implement quotas as an alternative to tariffs. Stringent regulations which implicitly exclude imports from a certain country are another potential avenue.
- **Reserve Management** – countries who own a significant amount of another country's debt could sell their holdings. Notably, China and Japan each own over $1 trillion of US Treasuries.
- **Currency Devaluations** – countries may elect to actively devalue their currency through direct central bank intervention or dovish monetary policy to gain a trade advantage or offset tariffs. The US officially declared China a currency manipulator on August 6, 2019.
- **Company Boycotts** – governments could increase pressure on the public to avoid products made by foreign companies. Similarly, governments could use regulations to clamp down on foreign companies operating in their country.
- **Restrictions on the Movement of People** – governments could implement stricter immigration and travel rules, targeting visas and academic exchanges. In the US, tighter restrictions have already lead to an increase in H1B visa denials.

Insight regularly publishes in-depth global macro research on a broad range of themes affecting its clients and is committed to covering issues which are central to investors' decision making processes.

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About Insight Investment

Insight Investment is a leading asset manager focused on designing investment solutions to meet its clients' needs. Founded in 2002, Insight's collaborative approach has delivered both investment performance and growth in assets under management. Insight managed $845 billion of assets as of June 30, 2019 across liability-driven investment, fixed income & currency, global multi-asset and absolute return and specialist equities[1]. Insight Investment is owned by BNY Mellon, a global leader in investment management and investment services with $1.8 trillion in assets under management.

The value of investments and any income from them will fluctuate and is not guaranteed (this may be partly due to exchange rate fluctuations). Investors may not get back the full amount invested. Past performance is not a guide to future performance.

More information about Insight Investment can be found at: www.insightinvestment.com

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[1] As of June 30, 2019. Assets under management (AUM) are represented by the value of cash securities and other economic exposure managed for clients. Figures shown in USD. FX rates as per WM Reuters 4pm spot rates. 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