FOR INSTITUTIONAL INVESTORS ONLY. NOT TO BE DISTRIBUTED TO RETAIL CLIENTS.
This strategy is offered by Insight North America LLC (INA) in the United States. INA is part of Insight investment. Performance presented is that of Insight Investment and should not specifically be viewed as the performance of INA. Please refer to the important disclosures at the back of this document.

CURRENCY QUARTERLY

Q3 2023

SUMMARY

The global economy has proved resilient despite aggressive central bank tightening, but forward-looking indicators would suggest that the lagged impact of monetary policy is increasingly weighing on growth. For now, the US economy is outperforming, while the Chinese economy has been the most disappointing.

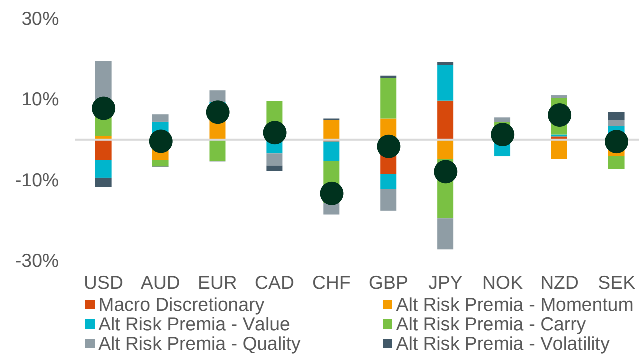
As inflation has subsided, US real rates have risen markedly, with Europe and other developed markets expected to follow a similar path. Higher real rates, combined with slower growth allow central banks to pause, but greater confidence will be needed on the outlook for core inflation before policy can be eased. This status quo is likely to underpin support for the US dollar (USD), but we believe a pullback from recent gains appears increasingly likely. Signs that the Chinese economy may be bottoming could see growth currencies as the primary beneficiary of this move, although broader weakness in the global economy is likely to limit the extend of any upswing.

In our educational topic this quarter, we look at the rise of green protectionism: government policies explicitly designed to expedite decarbonization efforts while incentivizing domestic manufacturing. Climate change, geopolitical rivalry, and the revival of industrial policy are dividing the world into two competing spheres of influence, increasing geopolitical risks and increasing debt accumulation.

THE ALPHA VIEW

In our view, a combination of alternative risk premia and macro fundamentals are the key drivers of currencies over short-to-medium-term time horizons. That said, for the moment, we would caution against taking aggressive positions based on macroeconomic fundamentals given the notable cross currents. Indeed, we continue to view 2023 as favoring an environment for more tactical trading than in 2022. A more definitive turn lower in US core inflation could change this. For the moment, the bulk of our recommended currency exposure for medium-term investors stem from our Alt Risk Premia model. As can be seen in Figure 1, it recommends a modest long USD, euro (EUR), and New Zealand dollar (NZD) bias vs. low-yielding currencies such as the Swiss franc (CHF) and Japanese yen (JPY).

Figure 1: Insight Currency Absolute Return Exposure



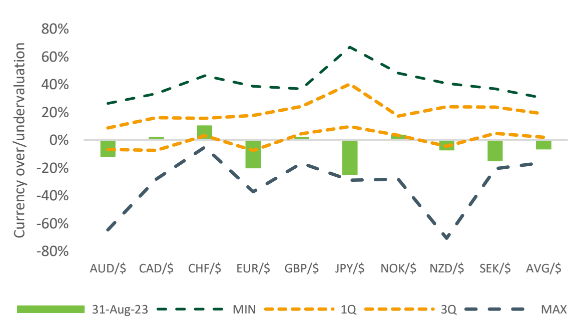
Source: Insight. Data as of October 4, 2023. Note: Black dot shows aggregate position.

LONGER-TERM VALUATION OVERVIEW

As the investment horizon extends to a multi-year window, valuations are likely to dominate the price action in currency markets. We outline the highlights from our long-term valuation model below in Figure 2:

- The USD remains overvalued, but not against all crosses;
- JPY, EUR, and Swedish krona (SEK) look very cheap by historical standards;
- Australian dollar (AUD) and NZD look moderately cheap;
- British pound (GBP), Canadian dollar (CAD) and Norwegian krone) NOK are close to fair value;
- CHF looks moderately expensive.

Figure 2: Local currency overvaluation (+) and undervaluation (-) versus USD



Source: Insight. Data as of September 14, 2023.

BNY MELLON | INVESTMENT MANAGEMENT

MACRO OUTLOOK: IS GODOT FINALLY HERE?

In the last few Currency Quarterlies, we have discussed the incredible resilience of the global economy to aggressive rate hikes and various shocks. This has led us to take the view that, despite surprisingly perky business indicators, growth was likely to slow but avoid a deep recession. Our view has not changed. We still believe that monetary policy is working, and that global growth will slow further into early 2024. As can be seen in Figure 3, this view is starting to be supported by forward looking indicators like the JP Morgan Global Composite purchasing managers index (PMI).

The growth slowdown is, however, not being felt evenly across the world. Signs of moderation are most visible in Europe and in China, while US growth is currently outperforming.

Chinese growth has been most disappointing as the post COVID re-opening boost faded more quickly than expected and laid bare a complex set of cyclical and structural issues. On the cyclical side, fears of greater geopolitical friction with the US and its allies coupled with the Chinese government's long running efforts to limit speculation in the housing market has weakened sentiment and growth. Structural challenges run much deeper and can be traced back to the outsized role the housing market plays in the Chinese economy. Real estate is key to household savings – both through direct home ownership as well as through wealth management products – local government financing, and growth more generally.

Figure 3: Global Composite PMI and Global Growth[1]

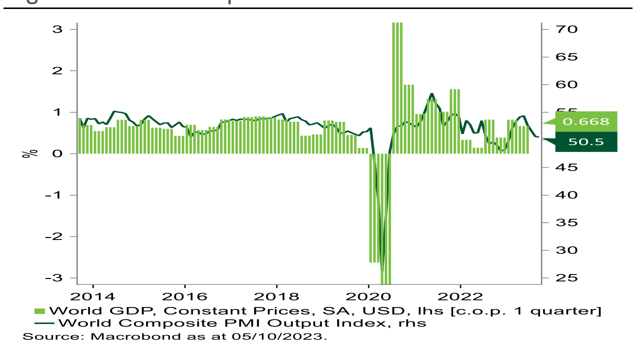
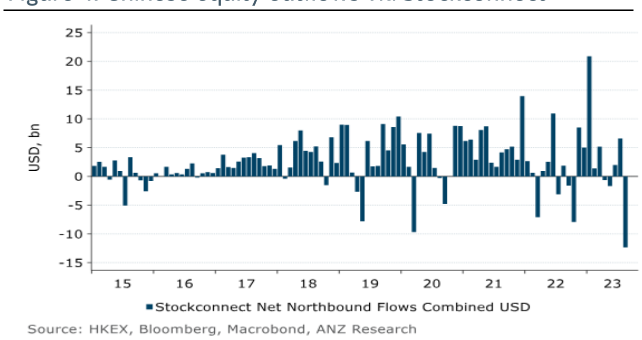


Figure 4: Chinese equity outflows via Stockconnect[2]



[1] Macrobond October 5, 2023.

[2] ANZ 'Asia portfolio flows', September 11, 2023.

Past programs to support growth relied heavily on construction and house prices and were implemented and financed largely by local governments. Unfortunately, these latter relied on land sales and off-balance sheet forms for funding such as Local Government Financing Vehicles (LGFV), given their limited access to a tax base. Fast forward to the present time and China finds itself with an oversupplied housing market that is putting severe stress on the construction sector, household net wealth, and local government funding. The fiscal woes are also compounded by their overly indebted situation – LGFV debt is estimated to be 45% of GDP. Addressing these challenges is possible, but the current backdrop of declining labor supply and a desire to rebalance growth towards consumption (which currently makes up only 38% of China's GDP vs the global average of 60%) and away from investment suggests the transition will require complex structural reform and proactive macroeconomic support. Unfortunately, China's sizable general government debt (roughly 95% of GDP[3]) and need to avoid sharp capital outflows (Figure 4) suggests the room to maneuver is limited. On this front, the upcoming Chinese Communist Party Plenum in the fall is likely to shed some light on the path of structural reform. In terms of the shorter-term cyclical path, the good news is that the recent plethora of policy announcements is likely to cause some short-term stability in Chinese activity, but we remain skeptical of its medium-term impact and expect growth to slow further into 2024.

While the source of weaker Chinese growth is complex and structural, our sense is that the slowdown in Europe is more cyclical in nature. Indeed, activity is being weighed down by the impact of tighter monetary policy – a combination of faster pass through of higher policy rates and softer credit growth – and stickier inflation acting as a more persistent drag on real income than in places like the US where the decline in headline inflation has been more sizable. The eurozone is also facing the additional headwind of softer Chinese growth – a key export market.

Signs of easing growth are least visible in the US. Yes, some of the heat is coming out of the labor market as job openings have fallen by 2.4m since March 2022, but they remain 2.4m above pre-COVID levels and stronger non-farm productivity coupled with growing evidence of 're-shoring' is supporting growth. We explore this in more detail in our recent paper: The rise of green protectionism, which we feature in the educational section. This resilience has resulted in consensus revising up expectations for 2023 growth by 0.7% in the last three months alone! The divergence between the US and the rest of the world seems notable, but any enthusiasm about US 'exceptionalism' should be tempered by two factors:

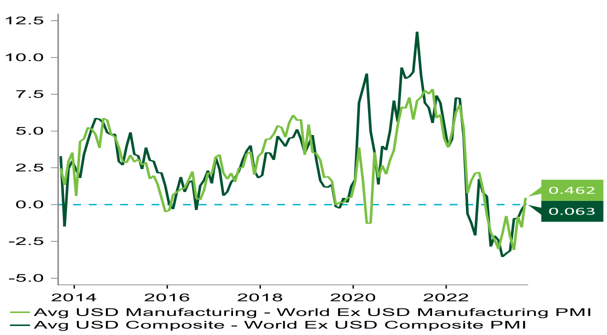
- The current degree of US 'exceptionalism' is very mild relative to the experience on the last 10 years. As can be seen in Figure 5, US PMIs have improved relative to those of the rest of the world, but gap is very limited.

[3] JPM 'China's LGFV debt: Managing the grey rhino', June 8, 2023.

- Looking ahead to Q4 2023, this gap is likely to narrow somewhat as the US faces a number of idiosyncratic headwinds, most notably a potential US government shutdown (which could cut GDP growth by 0.15% per week), the resumption of student loan payments (which could reduce consumption by up to 0.5% annualized), and reduced auto production due to the United Auto Worker (UAW) that could last between two to three months (which could reduce growth by 0.05-0.10% per week)[4].

Against this backdrop of slower growth, central banks are starting to feel more comfortable that the peak in rates has either been reached or is in sight. Indeed, the Federal Reserve (Fed), the Bank of Canada (BoC), the Reserve Bank of Australia (RBA), and Reserve Bank of New Zealand (RBNZ) have all paused and the European Central Bank (ECB) has clearly indicated its intention to pause. Although the pace of US activity has been more resilient than expected, there are two things that are likely giving the Fed some confidence: first, momentum in core inflation has eased significantly, see Figure 6, and the Fed Funds target rate is now significantly above inflation suggesting the US economy is currently experiencing a positive real rate to the tune of 3.3% if we use headline inflation – 0.8% if we use core inflation.

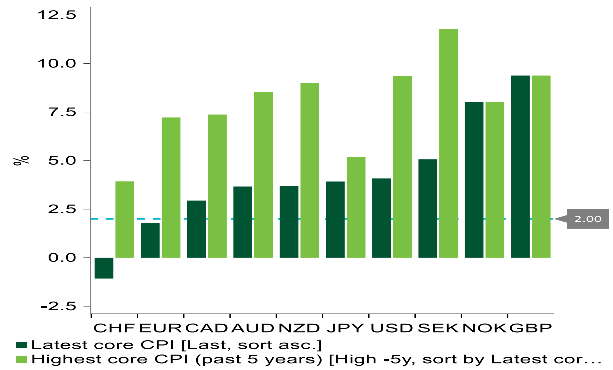
Figure 5: US exceptionalism[5]



Source: Macrobond as at 05/10/2023.

The Bank of England (BoE) is facing a tougher challenge as slower growth has yet to translate into a meaningful deceleration in core inflation measures. Again, in Figure 6, the annualized momentum in core inflation is still very close to the peak.

Figure 6: Core CPI q-o-q annualized[6]



Source: Macrobond as at 05/10/2023.

Looking ahead, we expect moderately slower growth to allow core central banks to reach peak base rates, but we think rate cuts are off the table until later in 2024, as the moderate economic slowdown will require a longer period of tighter monetary policy to ensure core inflation returns toward a level deemed to be sustainable. In other words, our base case is the 'goldilocks' scenario where growth is slower, but a sharp recession is avoided on either side of the Atlantic.

As always, risks abound to our 'goldilocks' scenario:

- Given the constraints and challenges faced by Chinese policymakers, medium and longer-term growth risks are skewed to the downside. A sharper than expected slowdown could push its main trading partners and the global economy into a more significant slowdown.
- Energy prices have risen by 18% in the past couple of months. Despite slower global growth, the extension of Russian and Saudi cuts to oil production is putting pressure on global inventories. OPEC estimates that, as of July 2023, OECD commercial oil inventories (crude + products) are 6% lower than the 2015 to 2019 average. Models suggests that this could result in a manageable 0.5% annual rate reduction in global GDP growth if it maintained over two quarters[7]. An additional reduction in net supply could be more challenging as oil prices at $120 per barrel could bring global growth perilously close to zero (see Figure 7). Beyond the growth slowdown, an energy supply shock could make it harder for central banks to end their rate hiking cycle.

[4] GS 'US Daily: The Q4 Pothole: Student Loans, Shutdown, and Strikes, September 12, 2023.

[5] Macrobond, as of October 5, 2023.

[6] Macrobond, as of October 5, 2023.

[7] JPM 'Daily Economic Briefing: Oil shock nearing levels of concern', September 14, 2023.

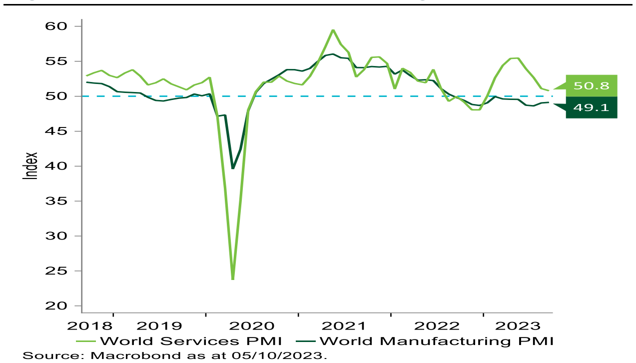
Figure 7: Oil shocks and their impact on global GDP[8]

	Pre	Shock (realized) Demand	Shock (realized) Supply	Post	Hypothetical (add'l) Supply Shock	Post
Oil Price ($/bbl)	75	+5	+15	95	+25	120
(% chg)	--	+7	+20	+27	+26	+26
GDP, 2H23 (%ar)						
Global	2.3	+0.5	-1.0	1.8	-1.3	0.5
Developed	1.5	+0.4	-0.8	1.0	-1.1	-0.1
Emerging	3.3	+0.7	-1.2	2.8	-1.6	1.2

Source: J.P. Morgan Global Economics

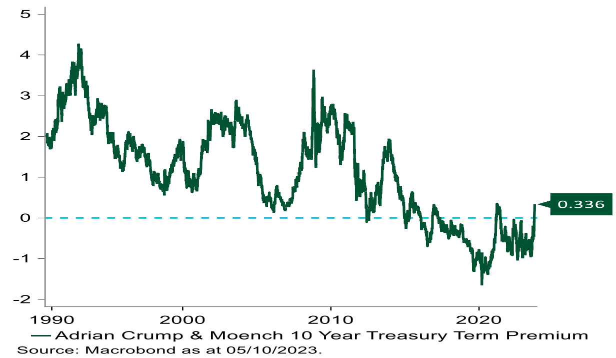
- In the last Currency Quarterly, we mentioned the possibility of the composition of global growth shifting more towards manufacturing and away from services. This development would be a market positive and would allow for greater productivity and less inflationary pressures. As can be seen in Figure 8, growth in the service sector is indeed easing, but the manufacturing sector has yet to bounce, at least outside the US. A more significant improvement in the manufacturing sector would cause central banks to question if the monetary policy tightening delivered is sufficient to bring inflation back to target'.

Figure 8: Services versus manufacturing PMI[9]



- One last notable risk looms over markets and the broader economy: a further more aggressive unwind in the US term premia. As can be seen in Figure 9, whilst the term premia for US Treasuries is currently trading close to the highest levels since 2015, its current level is still muted relative to the previous 25 years. Our sense is that while some of the factors driving the weakness are tactical and therefore likely to be temporary, such as a congestion of long duration positions, some are rooted in more structural factors, such as higher inflation volatility, loose fiscal policy, the unwind of central banks' balance sheets, as well as reduced demand for Treasuries by foreign central banks. Whilst not our central base scenario, further term premia decompression could put significant pressure on financial assets and have a knock-on effect on growth.

Figure 9: AC&M 10 Year Treasury Term Premium[10]



Our sense is that the current skew of risks suggests rate cuts are likely to occur later than what the market prices in core markets, but the risks to growth are more balanced.

MACRO IMPLICATIONS FOR CURRENCIES

What does a moderate slowdown in global growth, some degree of US outperformance and central banks in core markets unable to cut rates mean for the currency markets? Our sense is that there are a few key takeaways:

- The global growth backdrop is likely to limit extensive moves in growth sensitive currencies such as the AUD and CAD and to a smaller extent the EUR versus the USD. Softer growth without a global recession is likely to keep the currencies on the back foot, but without extensive moves.
- The theme of US 'exceptionalism', both in terms of carry and growth, has supported the USD, but our sense is that this support is likely to ease into the end of year as our central case scenario is that Fed will not need to further hike rates.
- Structural headwinds remain a key challenge for the USD. Indeed, not only are valuations expensive, see Figure 10, but the extent of the unsustainability of the fiscal position was laid bare when it was recently announced that the fiscal balance has deteriorated by over 4% of GDP to -8.5% over the last 4 quarters against a backdrop of the lowest unemployment rate in 50 years.

Given these powerful cross currents, tactical considerations become particularly important and could weigh on the USD. Indeed, in the next few months growth sensitive currencies such as the AUD, CAD and NZD should do well as Chinese data finds a base.

Another key tactical headwind for the USD is that both Chinese and Japanese authorities have indicated that further USD strength vs the JPY and Chinese yuan (CNH) is not welcome.

[8] JPM 'Daily Economic Briefing 'Eyes on the eleven', September 18, 2023.

[9] Macrobond, as of October 5, 2023.

[10] Macrobond, as of October 5, 2023.

- In the case of Japan, the Ministry of Finance (MoF) – who is officially in charge of monitoring the JPY – has stepped up their rhetoric indicating that further USD/JPY strength is likely to be met by currency intervention – there are unconfirmed reports of the MoF selling USDs on 4 October 2023 when USD/JPY reached 150. The Bank of Japan's (BoJ) governor has also indicated Yield Curve Control (YCC) and Negative interest Rate Policy (NIRP) could both be terminated by early 2024 – much earlier than previously expected.

Figure 10: USD valuations (negative figures signal overvaluation)[11]

- Chinese authorities have taken aggressive actions to limit further CNH weakness. The CNY fix has been set significantly stronger than market expectations for an extended period of time, the implied yields have been squeezed higher to reduce the carry appeal of short CNH positions, FX Reserve Requirement Ratio has been cut to release for foreign currency in the system, and there are growing indications local banks have been selling USD.

In short, while the medium-term cross currents for USD are likely to persist, tactical considerations suggest that the USD is likely to give up some of the gains accumulated since mid-July. The one notable risk to this outlook is a further and more aggressive unwind of the term premia in US Treasury bonds: in such an event, the USD is likely to rally more significant – along with a broader market sell-off.

Away from the USD and cyclical considerations, we remain concerned about the outlook for GBP and think more underperformance is likely, especially versus other growth sensitive currencies such as the AUD and CAD. There are two key factors that underpin our more negative stance:

- The notable deterioration in the growth vs inflation profile likely due to a significant deterioration in the economy's supply side;
- Our sense that growth will be easing over the coming months and that market expectations of further aggressive rate hikes are likely to be disappointed.

DM VS EM MONETARY POLICY

While central banks in developed markets are trying to assess whether monetary policy is tight enough to return inflation back to target, emerging market central banks have started easing policy. This divergence can be clearly seen in the notable decline in hedging costs for emerging market assets (Figure 11). Although this decline in the cost of hedging would suggest this is a good time to raise the level of hedging in international portfolios with emerging market exposure, it is important that the correlation between rates and currencies in recent months has been positive (see Figure 12) suggesting that cheaper hedging costs might well be associated with weaker currencies thereby limiting the argument in favor of increased hedging. This is consistent with emerging market central banks being able to use monetary policy as a countercyclical tool, unlike when, in the past, they have had to hike rates against a weak growth backdrop due to the need to maintain currency stability. More generally, our sense is that the level of carry is only one of the factors that needs to be considered in setting the optimal hedge ratio.

Figure 11: EM Hedging Costs (vs USD, 3m ann.)[12]

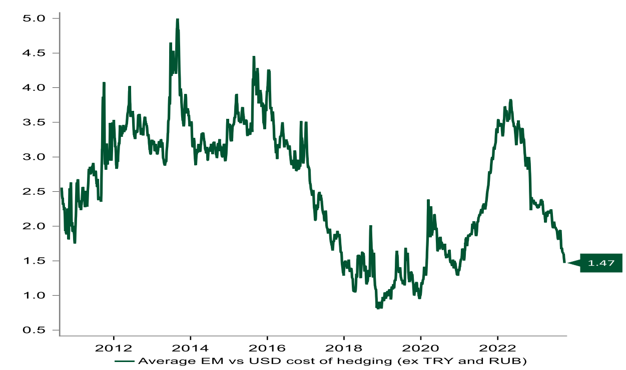
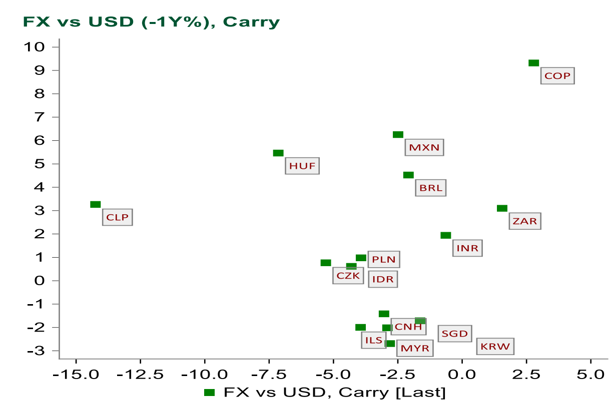


Figure 12: EMFX vs Carry[13]



[11] Source: Insight. Data as of June 30, 2023.

[12] Macrobond, as of October 5, 2023.

[13] MSCI, as of October 5, 2023.

HOW TO POSITION IN THE CURRENCY SPACE

For those with a medium-term view, we would caution against taking aggressive positions based on macroeconomic fundamentals given the cross currents mentioned above. Indeed, we continue to view the rest of 2023 as favoring an environment for more tactical trading than in 2022.

As such, the bulk of our recommended currency exposure stem from our Alt Risk Premia model and tactical macro considerations. As can be seen in Figure 1, we still hold a long USD, but the support stemming from Carry and our Quality factors is being partly offset by expensive valuations and the tactical macro considerations mentioned above. We are also moderately constructive on the EUR and NZD bias along with more modest longs in EUR, GBP, and NZD. Against that, we are short low-yielding currencies such as the CHF. On the JPY, our sense is that JPY is likely to weaken further, but we recommend only a modest short, as can be seen the cross currents underpinning it are extremely wide (see Figure 1).

For less agile longer-term investors whose investment decisions lean more heavily on valuation metrics, the current levels appear extreme only for the JPY, the Swedish krona (SEK) and EUR. All of which look cheap, as seen in Figures 2.

WHY INSIGHT FOR CURRENCY SOLUTIONS?

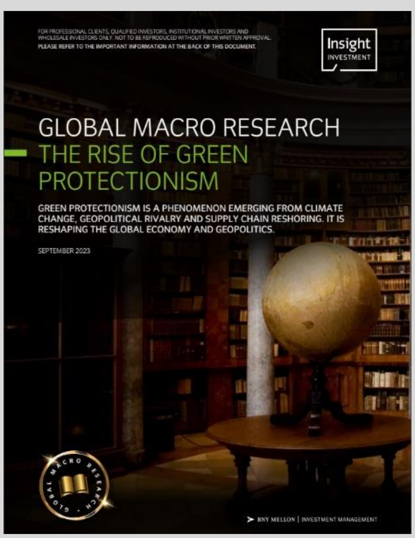
Full scale currency solution provider with extensive experience in currency markets. Insight has a proven track record for delivering both quantitative (since 1991) and discretionary solutions (since 2005). We offer a broad spectrum of currency capabilities ranging from passive hedging, dynamic hedging, to unconstrained quantitative and discretionary alpha strategies. Our modular approach allows for fully customized solutions to meet specific client objectives.

Experienced and highly regarded currency team. The investment team is well-established and has an average experience of 18 years. Our dedicated client relationship team will work in partnership with you and our local offices offer client service, quantitative research and product specialist/solution design capabilities.

Best execution and efficient trading. Insight's dedicated and experienced currency trading team can provide access to multiple sources of liquidity to ensure competitive pricing. Insight is an independent transaction cost analysis (TCA) provider, utilizing technology and analytics through BestX.

Proven and scalable technology infrastructure. We have the flexibility to implement highly tailored client solutions with risk control at each step of the process.

EDUCATION CENTER



THE RISE OF GREEN PROTECTIONISM

Green Protectionism continues the trend of globalization giving way to 'regionalization', characterized by large trading blocks, each dominated by competing global superpowers. It is notable that this process is taking place on the heels of a pandemic-induced debate about global supply chain vulnerabilities and the need to address those vulnerabilities through supply chain diversification and restructuring, and the recent flaring of geopolitical tensions. We expect the US and its allies on one side and China on the other to continue developing competing spheres of influence.

- Green protectionism is emerging from three intersecting trends: climate change, geopolitical rivalry, and the revival of industrial policy
- We believe this trend will be a major factor in geopolitical dynamics going forward
- Fiscal costs associated with this trend will likely lead to more debt accumulation, at a time when many countries are already grappling with debt sustainability issues

FIND OUT MORE

Insight Investment
200 Park Avenue, 7th Floor
New York, NY 10166
212-527-1800

Client Relationship Management
institutionalna@insightinvestment.com

Consultant Relationship Management
consultantsna@insightinvestment.com

@InsightInvestUS

company/insight-investment-north-america

www.insightinvestment.com

IMPORTANT INFORMATION

This document has been prepared by Insight North America LLC (INA), a registered investment adviser under the Investment Advisers Act of 1940 and regulated by the US Securities and Exchange Commission. INA is part of "Insight" or "Insight Investment", the corporate brand for certain asset management companies operated by Insight Investment Management Limited including, among others, Insight Investment Management (Global) Limited and Insight Investment International Limited.

Opinions expressed herein are current opinions of Insight and are subject to change without notice. Insight assumes no responsibility to update such information or to notify a client of any changes. Any outlooks, forecasts or portfolio weightings presented herein are as of the date appearing on this material only and are also subject to change without notice. Insight disclaims any responsibility to update such views. No forecasts can be guaranteed.

Nothing in this document is intended to constitute an offer or solicitation to sell or a solicitation action of an offer to buy any product or service (nor shall any product or service be offered or sold to any person) in any jurisdiction in which either (a) INA is not licensed to conduct business, and/or (b) an offer, solicitation, purchase or sale would be unavailable or unlawful.

This document should not be duplicated, amended, or forwarded to a third party without consent from INA. This is a marketing document intended for institutional investors only and should not be made available to or relied upon by retail investors. This material is provided for general information only and should not be construed as investment advice or a recommendation. You should consult with your adviser to determine whether any particular investment strategy is appropriate.

Assets under management include exposures and cash and are calculated on a gross notional basis. Regulatory assets under management without exposures shown can be provided upon request.

Past performance is not a guide to future performance, which will vary. The value of investments and any income from them will fluctuate and is not guaranteed (this may partly be due to exchange rate changes). Future returns are not guaranteed, and a loss of principal may occur.

Performance numbers used in the analysis are gross returns. The performance reflects the reinvestment of all dividends and income. INA charges management fees on all portfolios that they manage, and these fees will reduce the returns on the portfolios. For example, assume that $30 million is invested in an account with INA, and this account achieves a 5.0% annual return compounded monthly, gross of fees, for a period of five years. At the end of five years that account would have grown to $38,500,760 before the deduction of management fees. Assuming management fees of 0.25% per year are deducted monthly from the account, the value at the end of the five-year period would be $38,022,447. Actual fees for new accounts are dependent on size and subject to negotiation. INA's investment advisory fees are discussed in Part 2A of its Form ADV. A full description of INA's advisory fees are described in Part 2A of Form ADV available from INA at www.adviserinfo.sec.gov.

Targeted returns intend to demonstrate that the strategy is managed in such a manner as to seek to achieve the target return over a normal market cycle based on what Insight has observed in the market, generally, over the course of an investment cycle. In no circumstances should the targeted returns be regarded as a representation, warranty or prediction that the specific deal will reflect any particular performance or that it will achieve or is likely to achieve any particular result or that investors will be able to avoid losses, including total losses of their investment.

The information shown is derived from a representative account deemed to appropriately represent the management styles herein. Each investor's portfolio is individually managed and may vary from the information shown. The specific securities identified are not representative of all the securities purchased, sold or recommended for advisory clients. It should not be assumed that an investment in the securities identified will be profitable. Actual holdings will vary for each client and there is no guarantee that a particular client's account will hold any or all of the securities listed.

The quoted benchmarks within this presentation do not reflect deductions for fees, expenses or taxes. These benchmarks are unmanaged and cannot be purchased directly by investors. Benchmark performance is shown for illustrative purposes only and does not predict or depict the performance of any investment. There may be material factors relevant to any such comparison such as differences in volatility, and regulatory and legal restrictions between the indices shown and the strategy.

Transactions in foreign securities may be executed and settled in local markets. Performance comparisons will be affected by changes in interest rates. Investment returns fluctuate due to changes in market conditions. Investment involves risk, including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved.

Insight does not provide tax or legal advice to its clients and all investors are strongly urged to consult their tax and legal advisors regarding any potential strategy or investment.

Information herein may contain, include or is based upon forward-looking statements within the meaning of the federal securities laws, specifically Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include all statements, other than statements of historical fact, that address future activities, events or developments, including without limitation, business or investment strategy or measures to implement strategy, competitive strengths, goals expansion and growth of our business, plans, prospects and references to future or success. You can identify these statements by the fact that they do not relate strictly to historical or current facts. Words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” and other similar words are intended to identify these forward-looking statements. Forward-looking statements can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many such factors will be important in determining our actual future results or outcomes. Consequently, no forward-looking statement can be guaranteed. Our actual results or outcomes may vary materially. Given these uncertainties, you should not place undue reliance on these forward-looking statements.

Insight and BNY Mellon Securities Corporation (BNYMSC) are subsidiaries of BNY Mellon. BNYMSC is a registered broker and FINRA member. BNY Mellon is the corporate brand of the Bank of New York Mellon Corporation and may also be used as a generic term to reference the Corporation as a whole or its various subsidiaries generally. Products and services may be provided under various brand names and in various countries by subsidiaries, affiliates and joint ventures of the Bank of New York Mellon Corporation where authorized and regulated as required within each jurisdiction. Unless you are notified to the contrary, the products and services mentioned are not insured by the FDIC (or by any government entity) and are not guaranteed by or obligations of the Bank of New York Mellon Corporation or any of its affiliates. The Bank of New York Mellon Corporation assumes no responsibility for the accuracy or completeness of the above data and disclaims all expressed or implied warranties in connection there with. Personnel of certain of our BNY Mellon affiliates may act as: (i) registered representatives of BNYMSC Securities Corporation (in its capacity as a registered broker-dealer) to offer securities, (ii) officers of the Bank of New York Mellon (a New York chartered bank) to offer bank-maintained collective investment funds and (iii) associated persons of BNYMSC Securities Corporation (in its capacity as a registered investment adviser) to offer separately managed accounts managed by BNY Mellon Investment Management firms.

Disclaimer for Non-U.S. Clients: Prospective clients should inform themselves as to the legal requirements and tax consequences within the countries of their citizenship, residence, domicile and place of business with respect to the purchase and ongoing provision of advisory services. No regulator or government authority has reviewed this document, or the merits of the products and services referenced herein.

This document is directed and intended for “institutional investors” (as such term is defined in various jurisdictions). By accepting this document, you agree (a) to keep all information contained herein (the “Information”) confidential, (b) not use the Information for any purpose other than to evaluate a potential investment in any product described herein, and (c) not to distribute the Information to any person other than persons within your organization or to your client that has engaged you to evaluate an investment in such product.

Telephone conversations may be recorded in accordance with applicable laws.

INDEX DEFINITION

Information about the index shown here is provided to allow for comparison of the performance of the strategy to that of a certain well-known and widely recognized index. There is no representation that such an index is an appropriate benchmark for such comparison. You cannot invest directly in an index and the indices represented do not take into account trading commissions and/or other brokerage or custodial costs. The volatility of the index may be materially different from that of the strategy. In addition, the strategy’s holdings may differ substantially from the securities that comprise the index shown.

3-month USD Libid: Libid (the London Interbank Bid Rate) is the average interest rate at which major London banks borrow eurocurrency deposits from other banks. Libid is calculated through a survey of London banks to determine the interest rate at which they are willing to borrow large eurocurrency deposits. 3-month USD Libid is calculated as a monthly return based on the average month’s daily 3-month USD Libid annualized rates. The average is deannualized and then compounded on a daily basis for the month.