

# US SELECT FIXED INCOME



June 30, 2020

FOR INSTITUTIONAL OR FINANCIAL PROFESSIONALS ONLY  
NOT FOR DISTRIBUTION TO RETAIL CLIENTS

## SECTOR ALLOCATION<sup>1</sup>

	Portfolio	Benchmark
US Industrials	42.88%	47.43%
US Financials	14.50%	20.25%
Non U.S. Corp	14.29%	10.31%
US Utilities	7.12%	6.63%
US ABS	6.83%	0.00%
US Gov Related	5.17%	4.34%
US CMBS	3.09%	0.00%
EMD - Corp	2.43%	1.01%
EMD - Gov	1.06%	3.99%
Other Securitized	1.00%	0.00%
Non U.S. Gov	0.96%	6.04%
Cash & Equiv.	0.67%	0.00%

## QUALITY<sup>1</sup>



- AAA: 6.7%
- AA: 7.0%
- A: 17.1%
- BBB: 59.3%
- BB: 7.7%
- B: 2.2%

## RISK RETURN STATISTICS (5 YEAR)

	Composite
Alpha	0.14
Beta	1.17
Excess return	0.88
Standard deviation	6.34
Sharpe ratio	0.83
Tracking error	1.94
Information ratio	0.45
Up-market capture	111.64
Down-market capture	104.90

## CHARACTERISTICS<sup>1</sup>

	Portfolio	Benchmark
Effective duration (yrs)	8.31	8.28
Option adj. spread	315.48	142.30
Average quality	A3/BAA1	A2/A3
Yield to worst (%)	3.82	2.05
Current Yield (%)	4.29	3.36
Below IG (%)	9.84	0.00

## PERFORMANCE

	Annualized						
	Q2	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
US select composite (gross)	11.09%	3.45%	8.45%	6.50%	6.42%	6.39%	7.20%
US select composite (net)	10.98%	3.24%	8.02%	6.08%	6.00%	5.97%	6.77%
Bloomberg Barclays US Credit Index	8.22%	4.82%	9.07%	6.14%	5.54%	5.14%	5.24%

## CALENDAR-YEAR PERFORMANCE

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
US select composite (gross)	15.69%	-2.34%	8.58%	8.37%	-0.82%	9.55%	1.34%	14.13%	8.31%	15.48%
US select composite (net)	15.23%	-2.73%	8.15%	7.93%	-1.25%	9.11%	0.94%	13.60%	7.88%	15.02%
Bloomberg Barclays US Credit Index	13.80%	-2.11%	6.18%	5.63%	-0.77%	7.53%	-2.01%	9.37%	8.35%	8.47%

## COMPOSITE INFORMATION

GIPS inception date	January 1, 2005
Strategy assets <sup>2</sup>	\$2,695.3m
Composite assets <sup>2</sup>	\$637.4m
Benchmark	Bloomberg Barclays US Credit Index

## STRATEGY OBJECTIVE

- Provide investors with a diversified basket of debt securities designed to generate a high rate of current return

## STRATEGY HIGHLIGHTS

- Combines fundamental, bottom-up credit analysis with macroeconomic perspectives to arrive at individual security selection and sector weighting decisions
- Utilizes all sectors of the fixed income universe opportunistically with a focus on corporate bonds
- Emphasis on risk-adjusted income and total return

## FIXED INCOME GROUP

	Years experience
Lead portfolio manager	
Gautam Khanna, CFA, CPA	26
118 investment professionals	Avg. 17

## ABOUT INSIGHT INVESTMENT

Insight Investment is a leading investment manager with key operations in London, New York and Sydney. Through its predecessor companies, Insight has over a 25-year history in North America and manages \$908.7bn<sup>2</sup> globally. It is built on three main pillars: fixed income; absolute return and unconstrained investment; and risk management solutions:

- Insight's global fixed income team has a demonstrated, long-term track record both for performance and innovation.
- Risk management solutions have played a significant role in the Insight story. In Europe, members of Insight were pioneers in liability-driven investment.
- Insight has been managing currency risk for two decades.
- Insight has a decade-long history of applying institutional quality processes and governance to absolute return and unconstrained mandates.
- We understand the complex requirements of insurers through substantive team experience.

Source: Insight Investment, as of June 30, 2020. **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 are net and gross of investment management fees and reflect the reinvestment of dividends and/or income and other earnings. Gross of fees performance results do not reflect the deduction of investment advisory fees; as such, client's returns will be reduced by the investment advisory fees and other expenses. The quoted benchmark does not reflect deductions for fees, expenses or taxes. The benchmark is unmanaged and does not reflect actual trading. There could be material factors relevant to any such comparison such as differences in the volatility, and regulatory and legal restrictions between the index shown and the strategy. Investors cannot invest directly in any index. <sup>1</sup>The portfolio information shown above is that of a representative portfolio from US Select Fixed Income composite. <sup>2</sup>As of June 30, 2020. Insight's assets under management (AUM) are represented by the value of cash securities and other economic exposures, and are calculated on a gross notional basis. Insight North America (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. Advisory services referenced herein are available in the US only through INA. Figures shown in USD. FX rates as per WM Reuters 4pm spot rates.

## IMPORTANT DISCLOSURES:

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. Nothing in this document is intended to constitute an offer or solid action to sell or a solid 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. Unless otherwise specified, the performance shown herein is that of Insight Investment (for Global Investment Performance Standards (GIPS<sup>®</sup>), the 'firm') and not specifically of INA. All 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](http://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 mention of a specific security is not a recommendation to buy or sell such security. 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. 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 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 therewith. Personnel of certain of our BNY Mellon affiliates may act as: (i) registered representatives of BNYMSC (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 (in its capacity as a registered investment adviser) to offer separately managed accounts managed by BNY Mellon Investment Management firms. Disclaimer for Non-US 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.

## GIPS DISCLOSURES:

### Firm-wide disclosures

The GIPS<sup>®</sup> firm is defined as Insight Investment and is the corporate brand for the companies managed or administered by Insight Investment Management Limited. Since the firm's creation in 2002, the firm has added a number of investment teams under its brand. These include the Pareto brand and the Cutwater Asset Management brand. In all cases, the decision making processes of the investment teams that have transitioned under the brand remain substantially intact and independent within Insight Investment. Insight claims compliance with the Global Investment Performance Standards (GIPS<sup>®</sup>) and has prepared and presented this report in compliance with the GIPS<sup>®</sup> standards. Insight has been independently verified for the periods January 1, 1998 to December 31, 2018. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS<sup>®</sup> standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS<sup>®</sup> standards. Verification does not ensure the accuracy of any specific composite presentation. The assets under management figure is the most up-to-date available, and is subject to change. A complete list of composites and their descriptions is available upon request. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. The measure of dispersion is represented by the lowest and highest annual returns of accounts that have been included within the composite for a full calendar year. Three-year annualised ex post standard deviation measures are not presented when there are less than 36 monthly observations available. GIPS<sup>®</sup> is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organisation, nor does it warrant the accuracy or quality of the content contained herein.

### USC5007: GIPS<sup>®</sup> - US Select Fixed Income

US select income composite: The investment objective of our US select income strategy, which was formerly known as the Core plus select income composite prior to 1/1/15, is to provide investors with a diversified basket of debt securities designed to generate a high rate of current return. The strategy utilizes all sectors of the fixed income universe opportunistically, but has a particular focus on corporate bonds, with the goal of selecting those securities that exhibit strong, risk-adjusted return characteristics. The US select income strategy typically allocates at least eighty percent of assets to debt securities. Our portfolio managers combine fundamental, bottom-up credit analysis with macroeconomic perspectives to arrive at individual security selection and sector weighting decisions. The benchmark for this composite is the Barclays US Credit index, an unmanaged index composed of all publicly issued, fixed-rate, nonconvertible, investment-grade corporate debt. This composite was created October 1, 2011. The inception date for this composite was January 1, 2005. The management fee schedule for this composite is as follows: 0.40% on the first \$25 million, 0.35% on the next \$25 million and 0.30% thereafter. All fees are subject to negotiation and are dependent on account services provided and size of portfolio. Actual investment advisory fees incurred by clients may vary. Net of fee performance returns are calculated by deducting the highest rate from the standard fee schedule shown above from the monthly gross composite returns. Client returns will be reduced by investment management fees. Actual fees for new accounts are dependent upon size and any fee or fee schedule applied to existing or prospective clients is subject to negotiation.

© 2020 Insight Investment. All rights reserved.