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# BNY MELLON

## EFFICIENT GLOBAL IG CORPORATE BETA STRATEGY

ASSET CLASS	INCEPTION DATE	REPRESENTATIVE PORTFOLIO BETA	REPRESENTATIVE PORTFOLIO NUMBER OF ISSUES VS BENCHMARK	REPRESENTATIVE PORTFOLIO OPTION ADJUSTED DURATION
EFFICIENT BETA GLOBAL INVESTMENT GRADE	31/03/2020	1.00 <sup>1,2</sup>	2,321 vs 16,437 <sup>1,2</sup>	6.04 <sup>1,2</sup>

### THE INVESTMENT COMPANY



Insight Investment was formed in 2002 and 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.

AUM: **\$838.1Bn<sup>1</sup>**

Signatory to UN PRI since 2006.

### THE PHILOSOPHY

The investment team seeks to add additional value by systematically exploiting opportunities often ignored by traditional investment grade credit managers. Specifically, we will hold onto the value opportunities created by fallen angels, as we believe untimely selling of these bonds is a significant source of underperformance. Additionally, will consider a higher allocation to more attractive risk-adjusted return segments while buying fundamentally mispriced bonds.

### THE MANAGEMENT TEAM



#### Paul Benson

Paul has been in the investment industry since 1994. Paul is the Head of the Systematic Fixed Income Team, responsible for managing Insight's quantitative, factor-based fixed income strategies, including the high yield beta strategy.

**Joined Insight:** 2021

**Joined industry:** 1994



#### Manuel Hayes

Manuel is a senior portfolio manager responsible for managing investment grade and high yield cash strategies. He has pioneered innovation in bond trading with 'bond basket' trading to enable lower transaction costs, scalability and enhanced liquidity in the credit space.

**Joined Insight:** 2021

**Joined industry:** 2004



#### Stephanie Shu

Stephanie, as a senior portfolio manager is responsible for designing and managing fixed income efficient beta/beta plus strategies, which include the emerging markets local debt, global investment grade credit, fallen angels and global high yield efficient beta/beta plus strategies.

**Joined Insight:** 2021

**Joined industry:** 1997



#### Syed Zamil

Syed is a senior product specialist responsible for articulating Insight's systematic fixed income strategies to clients and prospects, as well as participating in the refinement of current strategies and the development of new strategies. Syed's background spans across asset classes including equities, multi-asset strategies and fixed income. He works closely with sales and client service staff worldwide with an eye toward bringing innovative product solutions to client portfolios.

**Joined Insight:** 2021

**Joined industry:** 1987



#### Deepak Agrawal

Deepak is the Head of Quantitative Research responsible for the strategic direction and development of all fixed income quant strategies. Prior to joining Mellon Investments in 2019, Deepak led global macro and fixed income quant research at State Street Global Advisors (SSGA), specializing in global credit, emerging markets and ESG.

**Joined Insight:** 2021

**Joined industry:** 2002

Investment Managers are appointed by BNY Mellon Investment Management EMEA Limited (BNYMIM EMEA), BNY Mellon Fund Managers Limited (BNYMFM), BNY Mellon Fund Management (Luxembourg) S.A. (BNY MFML) or affiliated fund operating companies to undertake portfolio management activities in relation to contracts for products and services entered into by clients with BNYMIM EMEA, BNY MFML or the BNY Mellon funds.

1. Source: Insight as at 30 June 2024.

2. The representative portfolio adheres to the same investment approach as the BNY Mellon Efficient Global IG Corporate Beta Strategy.

**WHY CHOOSE THIS STRATEGY?**

- Seeks to deliver outperformance at similar levels of risk to the benchmark through utilising a suite of innovative implementation tools to mitigate the impact of frictional costs and effectively allocate risk budget.
- The management team believe the Strategy offers a compelling alternative to passive and buy & maintain approaches by delivering cost-effective exposure, with an improved liquidity profile.

**THE INVESTMENT PROCESS**

<b>Efficient allocation</b>	<b>Credit model</b>	<b>Structural themes</b>
<ul style="list-style-type: none"> <li>• Allocate risk budget to higher risk-adjusted return segments</li> <li>• Hedge interest rate risk</li> </ul>	<ul style="list-style-type: none"> <li>• Fundamental credit model                             <ul style="list-style-type: none"> <li>– Quality: reduce downside</li> <li>– Value: exploit mispricing</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Preserve value from fallen angel discount</li> <li>• Earn new issue concession</li> </ul>

**Past performance is not a guide to future performance. The value of investments can fall. Investors may not get back the amount invested. Income from investments may vary and is not guaranteed.**

**BNY MELLON EFFICIENT GLOBAL IG CORPORATE BETA STRATEGY**

**OBJECTIVE**

To generate a return in excess of the Benchmark with similar levels of volatility over the medium to long-term before fees and expenses.

**BENCHMARK**

The Strategy will measure its performance against Bloomberg Global Aggregate Corporate TR Index USD Hedged (the "Benchmark"). The Investment Manager will use the Benchmark to construct the investment universe. The Strategy is actively managed and does not seek to replicate the full constituents of the Benchmark. The Investment Manager has limited discretion to invest outside the Benchmark. The majority of the Strategy's holdings will be constituents of the Benchmark and as a result the Strategy will be similar in its currency and sector exposures as well as duration. However the Investment Manager does not seek to reflect the Benchmark's maturity and credit quality profile. The investment strategy provides similar volatility to the Benchmark over the medium to long term.

**12-month returns (%)**

Period	June 2023 to June 2024	June 2022 to June 2023	June 2021 to June 2022	June 2020 to June 2021	June 2019 to June 2020
<b>Efficient Global IG Corporate Beta Composite</b>	6.51	1.75	-12.88	3.06	-
<b>Benchmark</b>	6.10	1.78	-12.88	3.70	-

Source: Insight as at 30 June 2024. Performance calculated as total return, income reinvested, gross of fees, in USD. Fees and charges apply and can have a material effect on the performance of your investment.

## KEY INVESTMENT RISKS

- **Objective/Performance Risk:** There is no guarantee that the Strategy will achieve its objectives.
- **Derivatives Risk:** Derivatives are highly sensitive to changes in the value of the asset from which their value is derived. A small movement in the value of the underlying asset can cause a large movement in the value of the derivative. This can increase the sizes of losses and gains, causing the value of your investment to fluctuate. When using derivatives, the Strategy can lose significantly more than the amount it has invested in derivatives.
- **Changes in Interest Rates & Inflation Risk:** Investments in bonds/ money market securities are affected by interest rates and inflation trends which may negatively affect the value of the portfolio.
- **Credit Risk:** The issuer of a security held by the Strategy may not pay income or repay capital to the Strategy when due.
- **Emerging Markets Risk:** Emerging Markets have additional risks due to less-developed market practices.
- **CoCo's Risk:** Contingent Convertible Securities (CoCo's) convert from debt to equity when the issuer's capital drops below a pre-defined level. This may result in the security converting into equities at a discounted share price, the value of the security being written down, temporarily or permanently, and/or coupon payments ceasing or being deferred.
- **Counterparty Risk:** The insolvency of any institutions providing services such as custody of assets or acting as a counterparty to derivatives or other contractual arrangements, may expose the Strategy to financial loss.
- **Geographic Concentration Risk:** Where the Strategy invests significantly in a single market, this may have a material impact on the value of the portfolio.

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### Important Information

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