

For Professional Clients only. For Qualified Investors only.
The value of investments can fall. Investors may not get back the amount invested.
Income from investments may vary and is not guaranteed.

GLOBAL CREDIT



Uncovering opportunity
and capturing value

CONTENTS

3

Executive summary

5

Yield versus spread analysis

7

Active managers can thrive in volatility

9

The higher income buffer

10

Prioritising quality

CONTRIBUTORS



Adam Whiteley,

Head of Global Credit, Insight Investment



Philip Barleggs,

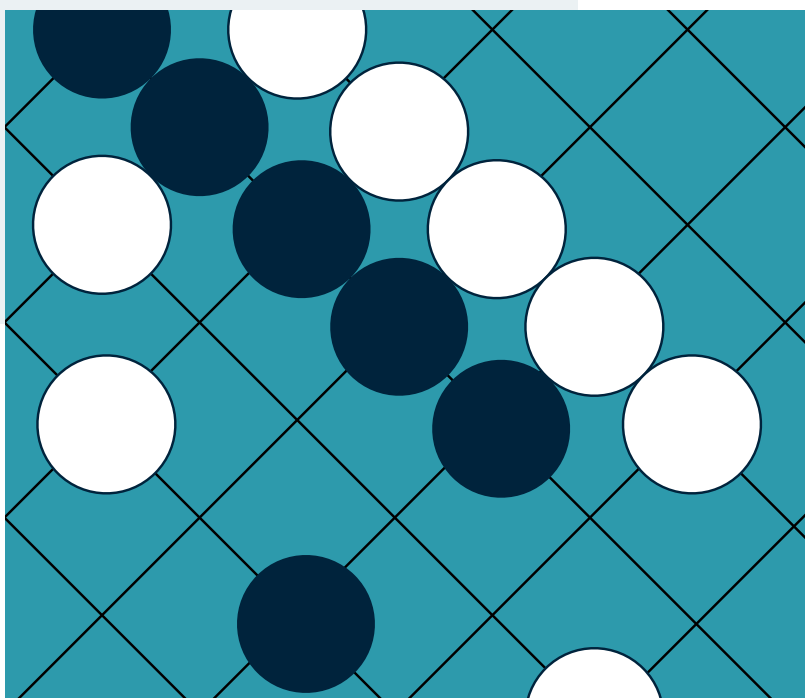
Senior Investment Content Specialist, Insight Investment

EXECUTIVE SUMMARY

The value of investments can fall. Investors may not get back the amount invested.

Why Insight Investment¹ for Global Credit?

- **People and process** - Lead managers have managed the strategy since inception in 2011, leveraging Insight's regionally balanced global platform.
- **Strategy focus** - Investment grade focus with returns driven by applying risk through credit decisions, using a regionally balanced platform, which allows for idea generation that avoids geographical bias.
- **Performance** - The Insight global credit strategy achieved positive returns relative to the benchmark index in 12 of the 13 calendar years since 2011, and achieving more than 1.5% per annum outperformance (gross of fees) since inception.²



¹ 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.

² As at 31 December 2024. The representative portfolio adheres to the same investment approach as Insight's Global Credit strategy. 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. Benchmark: Bloomberg Global Aggregate Credit Index hedged into USD.

THE REPORT AT A GLANCE

Yield trumps spreads

- The absolute level of yields available in global investment grade credit is close to that which prevailed before the global financial crisis in 2008.
- Strong corporate fundamentals have allowed credit spreads to return to fair value, but that does not prevent relative-value opportunities remaining within a global opportunity set.

Don't be afraid of volatility

- Historically, periods of high market volatility have been those where Insight's excess returns have been highest.
- A global approach can help investors weather extreme volatility.

The higher income buffer

- Yields need to meaningfully rise for investors to suffer negative total returns.
- If yields rally, there is the potential for meaningful gains.

Prioritising quality

- Even in lower-rated credit, defaults don't appear a concern for now.
- Credit decisions form the core of Insight's process.

Insight's global credit approach

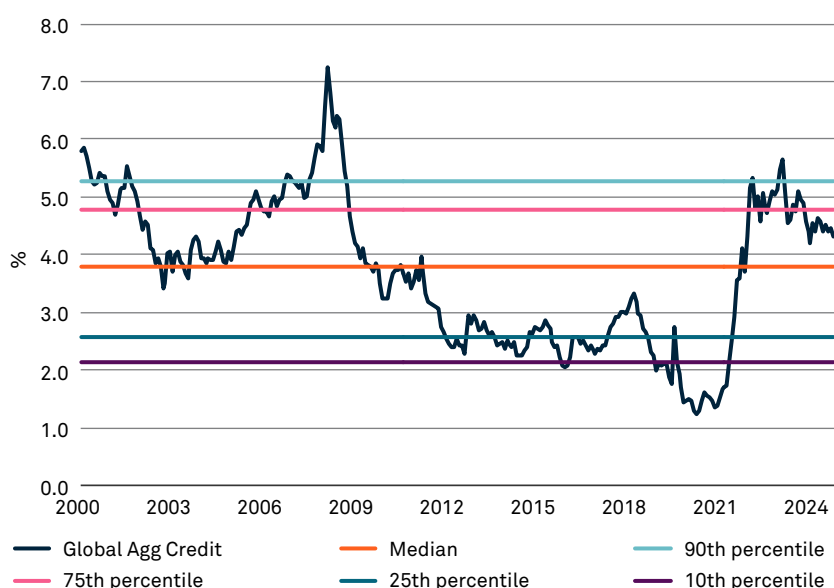
- Insight's approach to adding value in global credit is focused on making decisions on credit strategy and security selection.
- Insight details its credit views across four layers:

- | | |
|---|-----------------------------|
| 1 | Beta management |
| 2 | Macro credit relative value |
| 3 | Sector strategy |
| 4 | Security selection |

YIELD VERSUS SPREAD ANALYSIS

The absolute levels of yields sits between the 75th percentile and the median (50th percentile) of what has prevailed since 2000, an area that Insight believes should be attractive for investors. Yields remain above levels that were common in much of the period prior to the 2008 global financial crisis (GFC) (see Figure 1).

FIGURE 1: YIELDS ON GLOBAL INVESTMENT GRADE CREDIT HAVE RISEN TO OFFER BETTER VALUE THAN FOR MORE THAN A DECADE³



SPREADS HAVE RETURNED CLOSER TO FAIR VALUE, BUT RELATIVE VALUE OPPORTUNITIES REMAIN

Credit spread levels have declined steadily since late 2022, reaching new post-GFC lows (see Figure 2). Despite spreads appearing tight by historical standards, Insight believes the absolute level of yields – still near their highest levels in 15 years – mean credit markets remain a compelling proposition for investors. This continues to draw investors into credit markets, which itself helps to underpin credit spreads at historically tight levels.

Insight believes that relatively sound corporate fundamentals and an economic backdrop of lower interest rates alongside modestly positive growth, can sustain the low level of spreads for an extended period.

³ Source: Insight and Bloomberg as at 31 July 2025. Bloomberg Global Aggregate Credit Index.

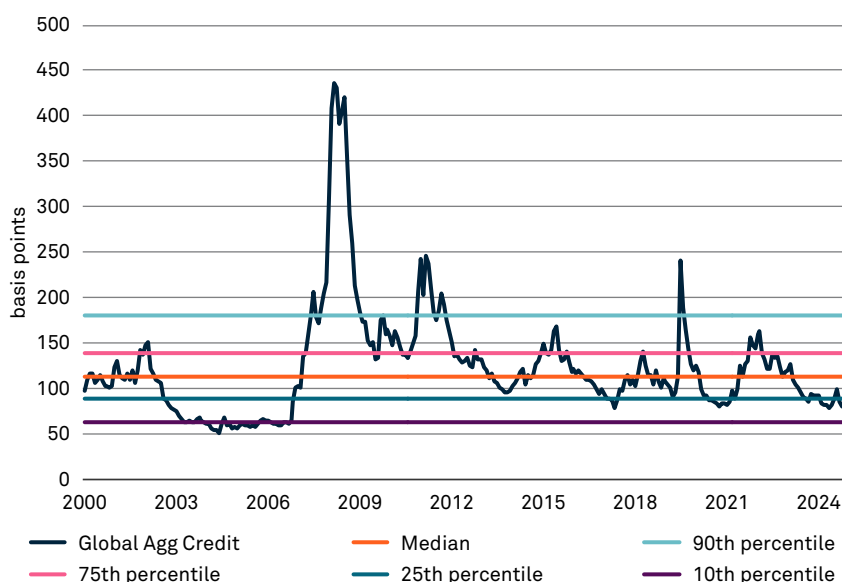


Insight says:

Our dynamic portfolio management style is designed to navigate a range of market conditions and allows the portfolio managers to invest in asset classes outside the global credit benchmark universe. Should spread levels across the broader fixed income markets expand materially further we may look to expand our holdings in other sectors, including high yield, emerging markets or asset-backed securities.

We believe volatility in markets should be embraced as it can often allow attractive alternative opportunities for capturing alpha to develop.

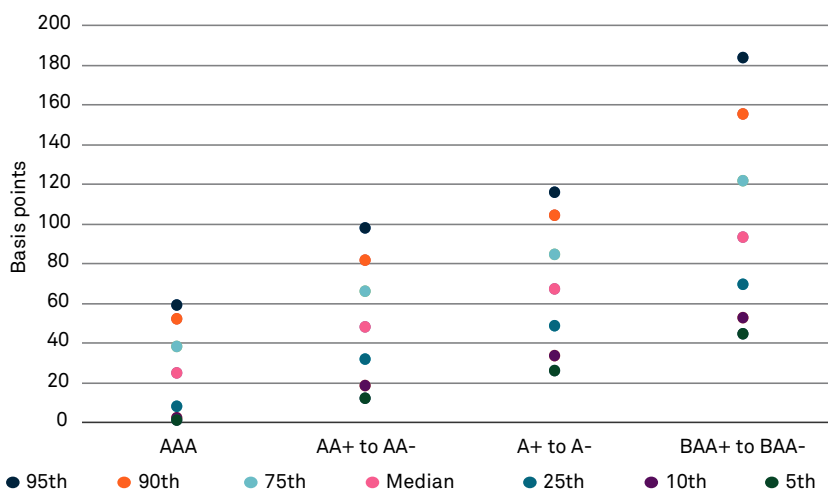
FIGURE 2: SPREADS HAVE TIGHTENED, BUT FOR FUNDAMENTAL REASONS⁴



Although spread levels have tightened, there is still extensive opportunity for capturing value between issues with significant dispersion of spreads, even across securities that carry the same credit rating (see Figure 3).

For active managers, wide dispersion of credit spreads can throw up opportunities to achieve outperformance (alpha), captured through relative-value positioning.

FIGURE 3: SPREAD DISPERSION CAN HIGHLIGHT ALPHA OPPORTUNITIES⁵



⁴ Source: Insight and Bloomberg as at 31 July 2025. Bloomberg Global Aggregate Credit Index.

⁵ Source: Insight and Bloomberg as at 31 July 2025. Bloomberg Global Aggregate Credit Index.

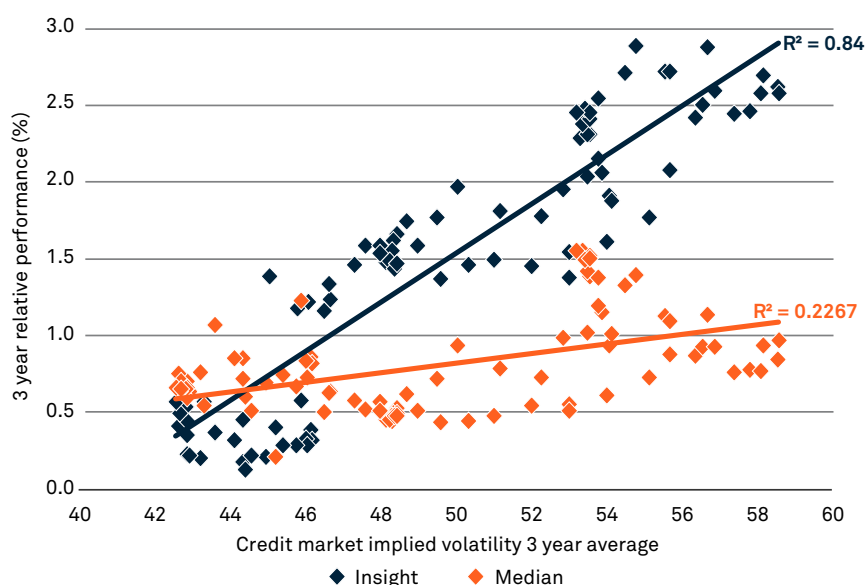
ACTIVE MANAGERS CAN THRIVE IN VOLATILITY

Evidence suggests that active managers are typically able to achieve greater levels of alpha over the medium-term when implied volatility in credit markets increases. Insight's analysis would support this when considering alpha generated by an actively managed Insight strategy over rolling three-year periods from 2011 to December 2024 (see Figure 4). Not only that, but Insight has been able to achieve even stronger alpha at higher levels of expected volatility over the same time period.

Insight believes there is good reason to expect volatility to remain elevated. Significant geopolitical tensions and the existence of competing fiscal and monetary priorities in many areas can create an environment of elevated market uncertainty, which in turn can present attractive value opportunities available for capture.

FIGURE 4: ALPHA HAS INCREASED AS IMPLIED VOLATILITY INCREASES⁶

SIMULATED PERFORMANCE RESULTS HAVE CERTAIN INHERENT LIMITATIONS. SIMULATED RESULTS DO NOT REPRESENT ACTUAL TRADING/RETURNS AND ARE NOT A RELIABLE INDICATOR OF FUTURE PERFORMANCE. SIMULATED RESULTS ARE BASED ON PERFORMANCE OF THE STRATEGY SYNTHETICALLY HEDGED INTO USD FROM GBP.



A GLOBAL APPROACH CAN HELP INVESTORS WEATHER EXTREME VOLATILITY

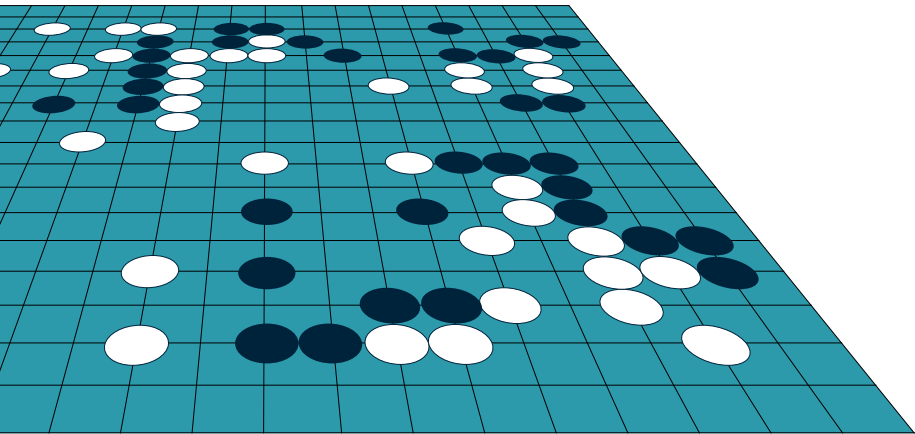
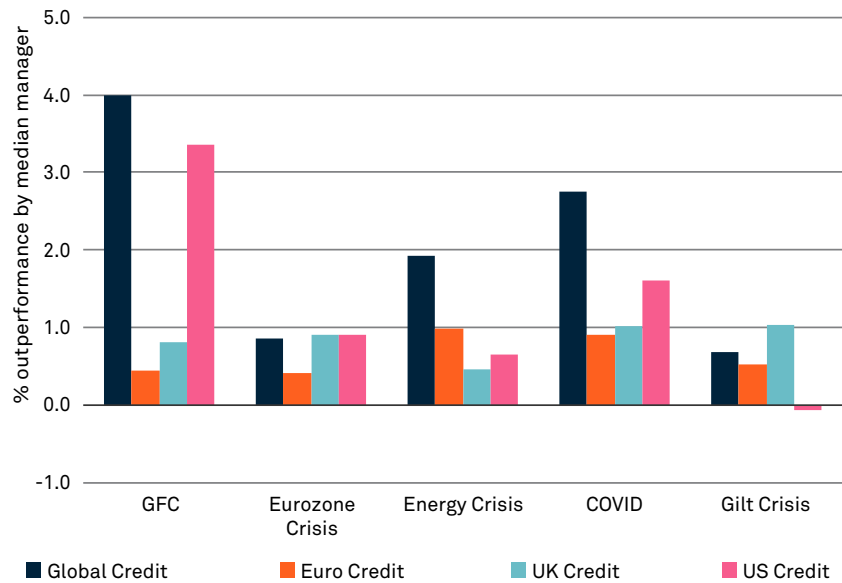
The broader opportunity set that investing in a global mandate brings may help investors weather a financial storm better than allocating on a regional level.

⁶ Returns may increase or decrease as a result of currency fluctuations. Source: Insight and Mercer as at 30 June 2025. The representative portfolio adheres to the same investment approach as Insight's global credit strategy. 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. Note: the strategy ranking shown is based on a representative portfolio which has a summary risk indicator of 3. Benchmark: Bloomberg Global Aggregate Credit Index Hedged into USD. Relative performance shows the difference between the representative portfolio return and its respective benchmark. The average of the implied volatility that credit default swap option markets have priced at throughout each 3 year period. Uses a weighted average of the 3 month implied volatilities of Markit iTraxxEurope Main Index (1/3 weight) and Markit CDX.NA.IG Index (2/3 weight).

Looking at the outcomes of various crises that have affected bond markets (see Figure 5) in the last 20 years, global managers have typically performed comparatively well in the wake of the global crises, when viewed against regions individually.

Following the GFC, the 2015-16 energy crisis (during which oil prices fell substantially), and the 2020 COVID crisis, the median global manager generally achieved equivalent or better performance relative to their peers, than the median managers of regionally focussed (US, euro and sterling) strategies. The sole exception was the 2022 gilt crisis, where a global approach was only bettered by sterling credit market specialist approaches.

FIGURE 5: A GLOBAL APPROACH WORKS WHEN GLOBAL CRISES HIT⁷



7 Source: Bloomberg. As at 30 June 2025. Recovery is measured as the median manager relative performance in the six month period ending in: GFC: June 2009, Eurozone Crisis: April 2012, Energy crisis: August 2016, Covid: September 2020 and Gilt crisis: April 2023. Median manager refers to the median manager of the MercerUniverse data's Global Credit USD hedged sector. Peer groups used are Mercer UK Fixed Income - Non-Govt (All Stocks) Sub-Universe, Comparison with the Markit iBoxx Sterling Non Gilts index, Mercer Europe Fixed - Non-Govt Universe, Mercer US Fixed Credit Universe and Mercer Global Credit Hedged Universe. 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.

THE HIGHER INCOME BUFFER

Higher yield levels can provide better insulation to investors who may be concerned about the potential for future capital losses should yields drift higher. The additional income earned when yields are higher can offer a cushion from potential capital losses if yields increase. They can act as a buffer to delay total returns becoming negative.

In the scenario analysis shown in Table 1, simulated returns over a year across a broad range of potential economic scenarios (to which Insight has applied assumptions on how markets would react) all remain positive.

Insight estimates that credit yields (the combination of government bond yields and credit spreads) on global investment grade (IG) credit would have to increase by approximately 75 basis points (bp), or 0.75%, over a year before capital losses exceeded the 4.5% income generated.⁸

If yields were to decline, the higher level of income combines with capital appreciation to potentially generate attractive total returns, even if any decline in yields is only relatively modest. For example, just a 50bp decline in yields could translate to a 7.6% total return over the course of a year for a global IG credit investment.

TABLE 1: ASYMMETRIC RETURNS FROM CREDIT – HIGHER INCOMES FROM YIELDS PROVIDE SOFTER CUSHIONS ACROSS MANY SCENARIOS⁸

SIMULATED PERFORMANCE RESULTS HAVE CERTAIN INHERENT LIMITATIONS. SIMULATED RESULTS DO NOT REPRESENT ACTUAL TRADING/RETURNS AND ARE NOT A RELIABLE INDICATOR OF FUTURE PERFORMANCE. SIMULATED RESULTS ARE BASED ON PERFORMANCE OF THE STRATEGY SYNTHETICALLY HEDGED INTO USD FROM GBP.

Scenario	Higher for longer	Soft landing	Mild recession
Growth	Positive but below trend	Trend-like or better	Modestly negative
Inflation	Gradual return to target	Remains above target	Falls back to target
UST 10yr change (%)	-0.4%	+0.3%	-1.2%
Global Agg Credit spread change (bp)	+10	0	+100
Total change in yield (%)	-0.3%	0.3%	-0.2%
Global Agg Credit 1yr total return (%)	6.2%	2.6%	5.6%

⁸ Source: Insight. As at July 2025. Simulated scenario returns are for illustrative purposes only. Assumes: global credit index duration = 5.9yrs, global credit index yield in USD = 4.35%, global credit index spread = 73bp, US Treasury 10yr yield = 4.4%.

PRIORITISING QUALITY



Insight says:

We have a bias towards quality within our global credit strategy, but for investments in lower grade credit, defaults can be critical.

A surge in private credit (see Figure 6) had a significant impact, seemingly pushing defaults away from public markets. Despite tighter lending standards in 2022 and 2023, there was no notable increase in default rates in high yield or loan markets, contrary to expectations. Even with some easing of lending standards over the past year, defaults have remained largely confined to loans (see Figure 7).

FIGURE 6: THE GROWTH IN PRIVATE DEBT FUNDS⁹

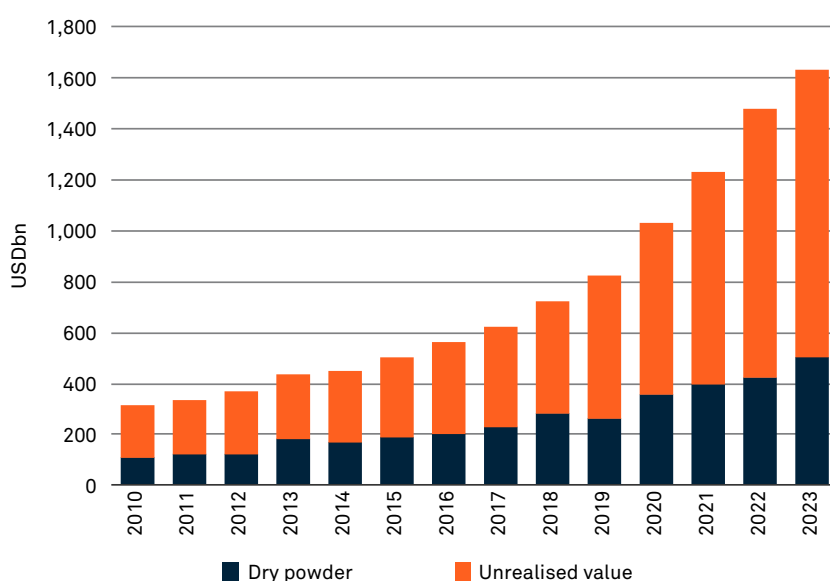
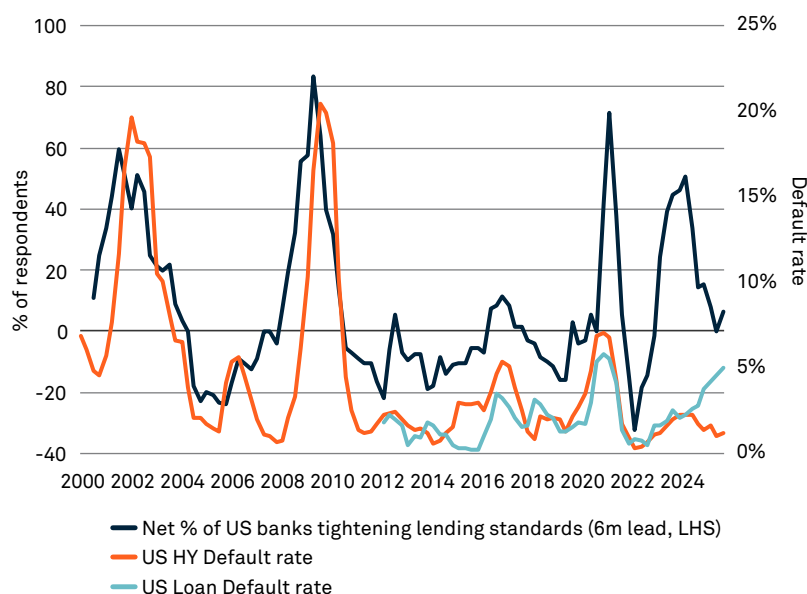


FIGURE 7: DEFAULT RATES HAVE NOT INCREASED IN HY MARKETS¹⁰



⁹ Source: Preqin and Goldman Sachs Global Investment Research, as at 9 January 2025.

¹⁰ Source: Federal Reserve Senior Loan offices survey and BoAML as at 31 July 2025. US high yield default rate includes bankruptcies, missed payments and liability-management exercises. US loan default rate is for loan-only issuers with no bonds in their capstructure.

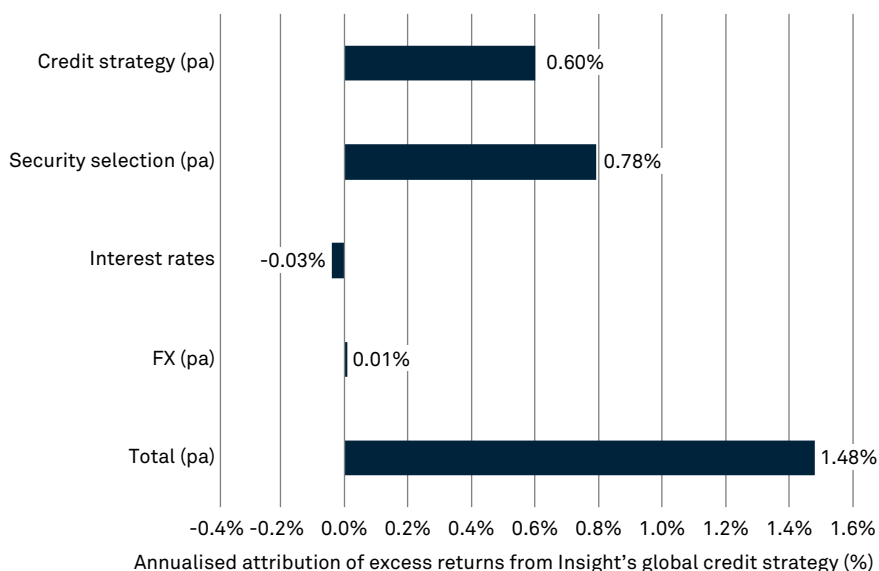
INSIGHT'S GLOBAL CREDIT APPROACH

Insight's four layered credit view:

- 1 **Beta management:** The directional risk Insight takes on credit spreads.
- 2 **Macro credit relative value:** Insight's asset allocation decisions across regions/markets.
- 3 **Sector strategy:** Taking positions across industry sectors based on fundamentals and relative value views.
- 4 **Security selection:** Picking the winners Insight sees in regions/sectors and avoiding the losers.

Gross of fees, the strategy has outperformed its benchmark index in 12 of 13 calendar years, underperforming in only one year, and has delivered those returns with a clear focus on credit decisions as Figure 8 demonstrates.

FIGURE 8: THE BENEFITS OF INSIGHT'S APPROACH ARE CLEAR WHEN STRATEGY PERFORMANCE IS ANALYSED¹¹



That performance has been achieved across credit cycles, with gains having been generated when spreads have been tightening as well as when they have widened, demonstrating that Insight's process is not reliant on market momentum for success.



Insight says:

Our global credit strategy is focused on adding value through credit decisions. This means our investors can have confidence in what they may expect to see drive our performance. We don't seek to use allocations to currency or duration risk to meaningfully add value.

Since the inception of the strategy in September 2011, Insight has built a track record that we believe demonstrates the success of our approach.

¹¹ Source: Insight. As at 30 June 2025. The representative portfolio adheres to the same investment approach as Insight's global credit strategy. Shown gross of fees, in USD. Inception: 30 September 2011. Portfolio holdings are subject to change at any time without notice, are for information purposes only and should not be construed as investment recommendations. A copy of a fully compliant GIPS report is available. Fees and charges apply and can have a material effect on the performance of your investment.

China Interbank Bond Market and Bond Connect risk:

The Strategy may invest in China interbank bond market through connection between the related Mainland and Hong Kong financial infrastructure institutions. These may be subject to regulatory changes, settlement risk and quota limitations. An operational constraint such as a suspension in trading could negatively affect the Strategy's ability to achieve its investment objective.

Geographic Concentration Risk: Where the Strategy invests significantly in a single market, this may have a material impact on the value of the Strategy.

Objective/Performance Risk: There is no guarantee that the Strategy will achieve its objectives.

Currency Risk: This Strategy invests in international markets which means it is exposed to changes in currency rates which could affect the value of the Strategy.

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 Strategy.

Credit Ratings and Unrated Securities Risk: Bonds with a low credit rating or unrated bonds have a greater risk of default. These investments may negatively affect the value of the Strategy.

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.

Environmental, Social and Governance (ESG)

Investment Approach Risk: The Strategy follows an ESG investment approach. This means factors other than financial performance are considered as part of the investment process. This carries the risk that the Strategy's performance may be negatively impacted due to restrictions placed on its exposure to certain sectors or types of investments. The approach taken may not reflect the opinions of any particular investor. In addition, in following an ESG investment approach, the Strategy is dependent upon information and data from third parties (which may include providers for research reports, screenings, ratings and/or analysis such as index providers and consultants). Such information or data may be incomplete, inaccurate or inconsistent.

Subordinated Debt Risk: Subordinated Debt carries a greater level of risk compared to unsubordinated debt because it receives a lower priority level in terms of its claims on a company's assets in the case of the borrower's default.

A complete description of risk factors is set out in the Prospectus in the section entitled "Risk Factors".

TEN-YEAR PERFORMANCE RECORD

INSIGHT'S GLOBAL CREDIT STRATEGY: REPRESENTATIVE PORTFOLIO (USD SYNTHETIC HEDGED)

Simulated performance results have certain inherent limitations. Simulated results do not represent actual trading/returns and are not a reliable indicator of future performance. Fees and charges apply and can have a material effect on the performance of your investment. Prior to 28 February 2015, simulated returns are based on the performance of the GBP representative portfolio synthetically hedged to USD.

12-MONTH ROLLING RETURNS TO 31 JULY (%)

	2024-2025	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
Insight's global credit strategy: representative portfolio (USD synthetic hedged)	5.43	9.13	0.44	-9.63	3.52	13.11	10.49	0.93	2.54	7.48
Barclays Global Aggregate Credit Index Hedged into USD	5.11	7.39	-1.20	-11.06	1.90	8.50	9.77	0.67	1.55	7.41

CALENDAR YEAR RETURNS (%)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Insight's global credit strategy: representative portfolio (USD synthetic hedged)	4.80	9.80	-12.06	0.00	12.89	13.25	-0.57	6.18	6.01	1.00
Barclays Global Aggregate Credit Index Hedged into USD	3.52	8.68	-14.22	-0.95	7.78	11.85	-0.47	5.36	5.69	-0.13

Source: Insight. The representative portfolio adheres to the same investment approach as Insight's global credit strategy. Performance calculated as total return, income reinvested, gross of fees, in USD. Fees and charges apply and can be material on the performance of your investment. Inception date: 30 September 2011.

INSIGHT'S GLOBAL CREDIT STRATEGY: REPRESENTATIVE PORTFOLIO (GBP)

12-MONTH ROLLING RETURNS TO 31 JULY (%)

	2024-2025	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
Insight's global credit strategy: representative portfolio (GBP)	-	-	-	-	3.22	13.35	9.54	-0.56	1.91	7.78
Bloomberg Global Aggregate Corp Index - Hedge GBP	-	-	-	-	2.08	7.44	8.24	-0.77	0.57	7.45

CALENDAR YEAR RETURNS (%)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Insight's global credit strategy: representative portfolio (GBP)	-	-	-	-0.05	13.28	12.58	-2.30	5.10	6.17	1.03
Bloomberg Global Aggregate Corp Index - Hedge GBP	-	-	-	-0.98	7.24	10.60	-2.13	4.22	5.33	-0.07

Source: Insight. The representative portfolio adheres to the same investment approach as Insight's global credit strategy. Performance calculated as total return, income reinvested, gross of fees, in GBP. Fees and charges apply and can be material on the performance of your investment. Please note that the representative portfolio closed on 17 February 2022. Inception date: 30 September 2011.

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.

IMPORTANT INFORMATION

For Professional Clients and, in Switzerland, for Qualified Investors only. Any views and opinions are those of the investment manager unless otherwise noted and is not investment advice.

BNY, BNY Mellon and Bank of New York Mellon are the corporate brands of The Bank of New York Mellon Corporation and may be used to reference the corporation as a whole and/or its various subsidiaries generally.

Issued in Pan-Europe by BNY Mellon Investment Management EMEA Limited, BNY Mellon Centre, 160 Queen Victoria Street, London EC4V 4LA. Registered in England No. 1118580. Authorised and regulated by the Financial Conduct Authority.

Issued in Switzerland by BNY Mellon Investments Switzerland GmbH, Bäregasse 29, CH-8001 Zürich, Switzerland.

Issued in the UK by BNY Mellon Investment Management EMEA Limited, BNY Mellon Centre, 160 Queen Victoria Street, London EC4V 4LA. Registered in England No. 1118580. Authorised and regulated by the Financial Conduct Authority. Doc ID: 2643700; Expiry: 31 December, 2025. T13467 08/25