Insight INVESTMENT

RESPONSIBLE HORIZONS
SEEKING A MORE SUSTAINABLE FUTURE

DATE YEAR

RESPONSIBLE HORIZONS
Make investment count

BNY MELLON | INVESTMENT MANAGEMENT

EXECUTIVE SUMMARY

- Since Insight's inception two decades ago, our clients' needs have been central to our mission and purpose. We are committed to investing responsibly and have evolved our capabilities to focus on maximising resilience in the face of uncertainty.
- Many investors are looking to achieve a positive environmental or social impact while seeking to achieve a suitable return, by investing in sustainable businesses that will stand the test of time. For this reason, we have created a clear set of qualification criteria for Insight strategies which have been specifically designed for investors seeking responsible investment outcomes.
- Every Responsible Horizons strategy reflects five key responsible investment criteria:
  - Emphasise the best and avoid the worst performers on environmental, social and governance (ESG) issues
  - Reflect long-term themes
  - Avoid investments with a negative impact
  - Apply a higher hurdle for environmentally sensitive industries
  - Provide transparency

  Individual strategies in the range also reflect additional customised criteria over and above the characteristics applicable to all Responsible Horizons investment options.
- Insight's extensive experience and expertise with regard to responsible investment, robust governance of our activities, in-depth data and analysis, and proactive engagement with issuers all play an integral role in the management of the Responsible Horizons strategies.
- The Responsible Horizons strategies each focus on a different market or investment style, to help provide investors an approach that meets their needs. The strategies in the range are:
  - Responsible Horizons UK Corporate Bond strategy
  - Responsible Horizons Strategic Bond strategy
  - Responsible Horizons Multi-Sector Credit strategy
  - Responsible Horizons Euro Corporate Bond strategy
  - Responsible Horizons Euro Impact Bond strategy
  - Responsible Horizons Emerging Market Debt Impact strategy
  - Responsible Horizons US Corporate Bond strategy

[1] More information on this strategy is available on request.

INVESTING RESPONSIBLY FOR ALL

Insight's mission is to bring to investors an alternative approach to solving their investment problems – one that aims to improve their experience and increase their confidence in achieving their objectives. We believe that delivering superior investment solutions depends on the effective management of all material and relevant risks and opportunities.

Our mission is only possible to achieve if we integrate ESG issues into our investment processes, seek to address systemic risks which may impact our clients, and maintain a dialogue with issuers and other stakeholders. This activity supports better investment decisions and can ultimately help our clients achieve their desired outcomes.

You can find out more in our 2022 annual responsible stewardship report.

This belief has long been central to Insight's philosophy for many years: Insight was a founding signatory to the UN-supported PRI in 2006. Reflecting the deep integration of ESG analysis in Insight's business and activities, the PRI has awarded A+ ratings to Insight for strategy and governance, and for all relevant fixed income capabilities. Insight is also a signatory to the UK Stewardship Code, the Net Zero Asset Managers initiative and the UN Global Compact, and is a supporter of the Task Force on Climate-Related Financial Disclosures (TCFD).

The Responsible Horizons strategies build on this foundation. We expect the Responsible Horizons strategies to reflect best practice in responsible investment, and we are seeking to continuously develop our data, research and engagement, and to work in collaboration with asset owners and the asset management industry, to ensure the most effective approach to investment and sustainability issues.

UNDERSTANDING RESPONSIBLE INVESTMENT

Investors face a wide variety of terms relating to responsible investment and ESG factors. To help investors understand the common terms used, our responsible investment glossary defines a range of key terms and initiatives.

INTRODUCING RESPONSIBLE HORIZONS

The Responsible Horizons strategy range aims to help investors achieve two key goals: an investment return that aligns with their future financial targets, and alignment of their investments with their sustainability beliefs and values.

Each Responsible Horizons strategy reflects five key criteria:

- Emphasise the best and avoid the worst performers on ESG issues, based on research powered by Insight's proprietary Prime ESG ratings
  - In our experience, ESG factors can develop into material risks that undermine the value of an investment. Our Prime ratings are based on multiple data inputs and aim to highlight key issues for analysis and engagement.
- Reflect long-term themes, such as climate change and social inequality
  - New ways to invest considering environmental and social trends have emerged, such as green bonds. Our impact bond assessment framework aims to help ensure such assets fulfil their promises.
- Avoid investments with a negative impact, including tobacco producers
  - Providing finance to issuers in some industries could have a negative environmental or social impact. Our data, credit analysis and governance processes aim to ensure our strategies avoid such sectors.
- Apply a higher hurdle for environmentally sensitive industries, like energy companies
  - Climate change is an urgent priority, and so we pay close attention to companies with greater potential for an environmental impact – assessing the climate risks and carbon intensity of issuers. We seek to exclude companies with over 10% of generation from coal power and companies with worst-in-class carbon intensity.
- Provide transparency on the application of Insight proprietary ratings and key ESG performance indicators through customised reporting
  - Demonstrating the application of responsible investment principles is a key priority for our clients. Insight has developed in-depth reporting to offer transparency on various metrics, including TCFD measures and impact indicators.

FOCUS ON ENGAGING WITH DETERIORATING ISSUERS

The Responsible Horizons strategies incorporate a clear escalation policy for engagement: when deteriorating ESG performance in a holding is detected – which may be indicated by a worsening Prime corporate ESG rating, for example – Insight will consider whether to continue to hold the position and, if so, will engage with management with a view to influencing their future behaviour. If no improvement is observed, the strategy will reassess its holdings in the company's bonds.

We expect the Responsible Horizons strategies to reflect best practice in responsible investment and as a firm we continuously develop data quality, research and engagement and the range of solutions for clients. We are committed to continuous improvement, innovation, and collaboration with asset owners and the asset management industry to ensure the most effective approach to investment and sustainability.

More details of our approach to responsible investment, including regular market insights, views from industry experts and reports detailing our efforts, are available on our responsible investment microsite.

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Our ambition for the Responsible Horizons range is to create an industry-leading range of strategies for clients that wish to place sustainability considerations at the heart of their investment allocations.

Whilst strategies within the range may contribute to different sustainability outcomes, all will share an underlying DNA which harnesses the power of our proprietary Insight Prime data architecture as well as emphasising longer-term themes and how they impact (and are impacted by) the investments that we make.

ROBERT SAWBRIDGE, HEAD OF RESPONSIBLE INVESTMENT AT INSIGHT

RESPONSIBLE INVESTMENT IN PRACTICE: AN OVERVIEW OF INSIGHT'S CAPABILITIES

Insight's extensive experience and expertise in responsible investment, robust governance of our activities, in-depth data and analysis, and proactive engagement with issuers all play an integral role in the management of the Responsible Horizons strategies.

EXTENSIVE EXPERIENCE AND EXPERTISE

Insight has market-leading investment teams, in our view, and our Responsible Investment Team coordinates our responsible investment efforts.

- Our investment teams consist of 290 investment professionals. These include Insight's market-leading Fixed Income Group, which comprises 166 investment professionals with an average 19 years of industry experience[2]. Responsibility for our stewardship activity is integrated within our investment processes, with our investment teams responsible for research and engagement with relevant stakeholders. This includes analysis of and dialogue covering ESG factors that could affect the entities in which we invest, and the application of ESG criteria to portfolios with sustainability targets. Our credit analysts have specific objectives regarding the analysis of ESG factors and engagement with issuers on such risks, and all Insight staff have broad ESG-related performance objectives.
- Our Responsible Investment Team, led by Head of Responsible Investment Robert Sawbridge, plays a central role, coordinating responsible investment efforts and innovations across our investment team, including the development and maintenance of our proprietary Prime ESG ratings.

ROBUST GOVERNANCE

We seek to ensure the ongoing effectiveness of our responsible investment and stewardship activities through a clear and robust governance structure. Key groups include the following.

- Stewardship is overseen by the Insight Responsibility Oversight Committee, chaired by Insight's CEO, Abdallah Nauphal.
- The Responsible Investment Group (RIG) chaired by Insight's Co-Head of Fixed Income, Lucy Speake, oversees responsible investment activities across Insight's investment teams, including investment oversight of the Responsible Horizons range. Its scope includes assessing the effectiveness of ESG integration, responsible investment solutions, review and assurance, and setting and reviewing responsible investment policies.
- The Ratings and Exclusions Group, chaired by Insight's Head of Responsible Investment, Robert Sawbridge, has responsibility for proposing exclusion policies and confirming changes to exclusion lists and Prime ESG ratings.

IN-DEPTH DATA AND ANALYSIS

Prime: the ESG ratings behind Responsible Horizons

Insight's years of experience in analysing ESG risks have been applied to create ESG ratings, based on data from multiple inputs, that aim to more accurately and reliably reflect the risks that companies and countries face.

Insight's portfolio managers and analysts use Prime to support their investment decisions, inform their engagement with companies, and to build portfolios with sustainability goals.

We offer three sets of Prime ratings:

- Prime corporate ESG ratings: These cover over 2,000 investment grade, high yield and emerging market issuers.
- Prime climate risk ratings: These cover over 1,700 companies, and rate issuers by both their physical and transition risks with regard to climate change.
- Prime sovereign risk and impact ratings: These cover over 120 countries' sustainability performance, with ratings seeking to highlight their ESG risks and their alignment with the UN Sustainable Development Goals.

More information on the Prime ratings is available here.

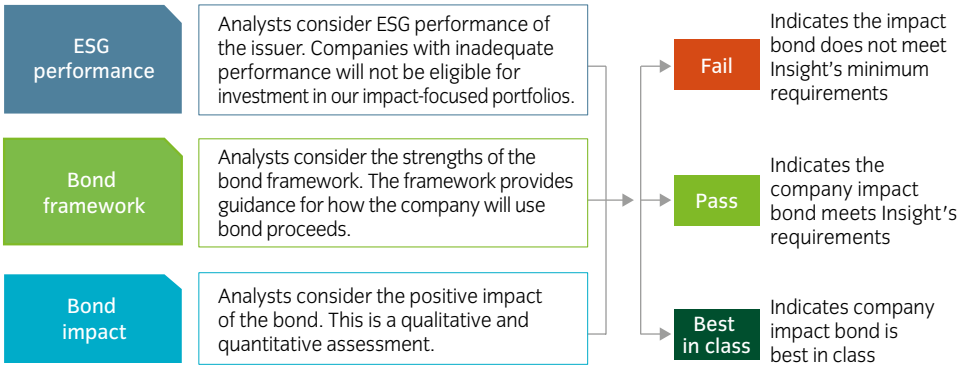
[2] As at 31 December 2021.

Insight's approach to impact bonds

To ensure the companies we invest in are truly achieving a positive impact, Insight analyses impact bonds using a proprietary assessment framework (see Figure 1). Out of 514 impact bonds rated between 2017 and 31 December 2021, over 80% have met our requirements to be classified as a genuine impact bond. Conversely, 20% received a red score meaning they did not pass the criteria in our assessment framework, and as a result are not suitable for the Responsible Horizons strategies.

More information on our approach to impact bonds is available in our white paper Investing for impact: making the most of impact bonds.

Figure 1: Insight's impact bond assessment framework



PROACTIVE ENGAGEMENT ON ESG AND OTHER ISSUES

We believe a commitment to engagement with companies is a key element of managing ESG risks, and that as a fixed income investor we have a role to engage and hold companies to account. Our engagement is varied, taking advantage of our long-term relationships with issuers wherever possible, and collaborating with the wider industry for a greater impact when necessary. **In 2021, over 80% of Insight's engagements with corporate and sovereign entities incorporated some form of dialogue on ESG-related matters.**

We use our Prime ESG ratings to identify risks for individual issuers, and have an extensive engagement programme to raise any concerns and actively encourage issuers to improve their practices. We believe an in-depth understanding of these risks and assessing an issuer's ability and willingness to engage and address them is a key step in making the right investment decision.

We believe a commitment to engagement with companies in which you invest is a key element of managing ESG risks, and that as a fixed income investor we have a role to engage and hold companies to account.

RHONA CORMACK, SENIOR STEWARDSHIP ANALYST AT INSIGHT INVESTMENT

Engaging on broader issues

Seeking to understand and mitigate systemic risks within our clients' investments and the wider financial system is also important, in our view. Delivering superior investment solutions depends in large part on the effective management of the risks and opportunities presented by both financial and non-financial factors.

We therefore support industry initiatives which are focused on reducing such risks, collaborating with other investors as necessary. We engage with regulators and policymakers to encourage market reforms that deliver greater security for investments and that reduce opacity or vulnerabilities in financial markets.

This can lead us to participate in collaborative initiatives, which we select based on their importance to our clients, the contributions we can make to the goals of the initiative and the philosophical alignment with our general purpose as a responsible investor.

Table 1: Insight's memberships and collaborative initiatives – a selection

Organisation/initiative	Insight's role	More information
CDP (formerly known as Carbon Disclosure Project) carbon action initiative	Investor signatory	https://www.cdp.net/
Climate Action 100+	Investor signatory	www.climateaction100.org/
Global Investor Statement to Governments on the Climate Crisis	Signatory	https://www.iigcc.org/resource/global-investor-statement-to-governments-on-the-climate-crisis-2021-update/
Institutional Investors Group on Climate Change (IIGCC)	Investor member	https://www.iigcc.org/
Net Zero Asset Managers initiative	Signatory	https://www.netzeroassetmanagers.org/
Principles for Responsible Investment	Founding signatory	http://www.unpri.org/about
TCFD	Supporter	https://www.fsb-tcfd.org/
Transition Pathway Initiative	Supporter	https://www.transitionpathwayinitiative.org/
UN Global Compact	Active participant	https://www.unglobalcompact.org/

IN DEPTH:
THE RESPONSIBLE HORIZONS STRATEGIES

The Responsible Horizons strategies each focus on a different market or investment style, in order to help provide investors an approach that meets their needs.

Every Responsible Horizons strategy follows an approach incorporating four aspects:

1 Core investment process

Our portfolio managers and analysts conduct in-depth research and follow well-established investment processes to identify key risks and opportunities within their target markets.

2 Optimised universe

The investment universe for each strategy is adjusted by excluding investments that fall into the following categories:

- All companies with a worst-in-class Prime ESG rating
- All companies with worst-in-class carbon intensity (over 2,000 tonnes per US$1 million sales)
- All companies in breach of widely accepted global conventions such as the UN Global Compact principles
- All companies materially involved in the following socially sensitive industries: tobacco production, gambling, coal mining, adult entertainment, cannabis production, controversial weapons or unconventional oil and gas extraction
- All companies with over 10% of generation from coal power
- Impact bonds rated 'red' by Insight's impact bond assessment

Regional considerations will apply regarding the exclusion of companies with a worst-in-class Prime climate risk rating, and companies materially involved in alcohol production, civilian and non-civilian weapons, and conventional oil and gas extraction.

When a holding moves outside these restrictions, a strategy's portfolio managers will make reasonable endeavours to remove the position within a defined timescale.

Additional details on exclusions within the Responsible Horizons range are available here.

3 Positive allocation

Each strategy will endeavour to hold at least 10% of its portfolio to impact bonds, and to tilt the portfolio in favour of entities with better Prime ESG ratings.

4 Engagement

We engage with entities to help ensure effective analysis, and to influence issuers and encourage them to improve their practices. Deteriorating ESG performance may lead us to engage with a view to influencing their future behaviour; if no improvement is observed, the strategy will reassess its holdings in the entity's bonds.

Table 2: The Responsible Horizons strategies

Strategy name	Description	Lead portfolio manager	Performance benchmark	SFDR status
Responsible Horizons UK Corporate Bond	UK sustainable corporate bond strategy	• Damien Hill, Senior Portfolio Manager	Markit iBoxx Sterling Collateralized & Corp TR GBP	N/A (UK strategy)
Responsible Horizons Strategic Bond	Sustainable strategic bond strategy	• Adam Whiteley, Head of Global Credit • Shaun Casey, Portfolio Manager	Investment Association Sterling Strategic Bond Sector	N/A (UK strategy)
Responsible Horizons Multi-Sector Credit	Sustainable multi-sector credit strategy	• Adam Whiteley, Head of Global Credit • Shaun Casey, Portfolio Manager	SONIA	Article 8
Responsible Horizons Euro Impact Bond	Pure impact bond/ impact issuer strategy	• Fabien Collado, ESG Portfolio Manager • Lutz Engberding, Portfolio Manager	Bloomberg -MSCI Euro Corporate Green Bond index	Article 9
Responsible Horizons Euro Corporate Bond	European sustainable corporate bond strategy	• Robert Sawbridge, Head of Responsible Investment • Lutz Engberding, Portfolio Manager • Fabien Collado, ESG Portfolio Manager	Bloomberg Barclays Euro Aggregate Corporate Total Return Index	Article 8
Responsible Horizons Emerging Market Debt Impact	Pure impact bond/ impact issuer strategy	• Simon Cooke, Portfolio Manager, Emerging Markets	JP Morgan EM Green, Social and Sustainable (GSS) Diversified Index (TBC)	Article 9 (TBC)

RESPONSIBLE HORIZONS
UK CORPORATE BOND STRATEGY

This strategy seeks to generate a return through a combination of income and capital returns, while taking ESG factors into account.

It also seeks to make a positive impact by favouring issuers with superior sustainability profiles. We will actively engage with companies held in the portfolio if their sustainability profiles deteriorate to try to rectify issues.

FEATURES

- **Unique approach combining core alpha-seeking investment expertise and sustainability criteria:** the strategy seeks to outperform a conventional sterling corporate benchmark while also taking ESG and sustainability criteria into account.
- **Sophisticated management of ESG factors focusing on impact as well as exclusions:** the strategy seeks to positively allocate to companies which have superior ESG profiles or are deemed to have a positive impact.
- **Commitment to engagement:** we commit to engage with companies with deteriorating ESG profiles with a view to actively influencing their future behaviour.
- **Managed by a market-leading responsible investor:** Insight Investment has a long-established focus on responsible investment, with ESG factors having been fully integrated into our credit analysis and investment process for many years.
- **In-depth reporting:** Insight offers detailed quarterly reports on ESG and sustainability characteristics of the strategy.

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The focus on ESG themes and impact allocations will only intensify in the UK credit market, and we believe this strategy can deliver for investors on the dual fronts of sustainability and performance.

DAMIEN HILL, SENIOR PORTFOLIO MANAGER

Table 3: Key facts

Investment universe	Focus on sterling-denominated investment grade corporate bonds (includes bonds, convertible bonds, credit default swaps, currency and ABS)
Performance comparators	• iBoxx GBP Collateralised and Corporate Bond index • Investment Association Sterling Corporate Bond Sector
Management style	Actively managed, aiming for diversified exposure, while taking into account sustainability and ESG factors.
Aim	The strategy seeks to generate a return through a combination of income and capital returns, while taking ESG factors into account. The strategy targets the outperformance of the iBoxx GBP Collateralised and Corporate Bond index after fees over any rolling three-year period, and to outperform the Investment Association Sterling Corporate Bond Sector.
Sustainability criteria	• **ESG-optimised universe:** Only investing in issuers that meet a range of criteria that focus on climate and societal norms (see page X) • **Positive allocation themes:** To structurally allocate to positive impact instruments and issuers using the UN Sustainable Development Goals framework, and to tilt the portfolio in favour of companies with better ESG ratings • **Climate risk:** Aims for carbon intensity 25% below the benchmark
Bond limits	Over 10% of NAV in green or other impact bonds, where all those bonds pass Insight's impact bond framework assessment.
Base currency	GBP

RESPONSIBLE HORIZONS STRATEGIC BOND STRATEGY

This strategy invests in securities across global fixed income markets either denominated in or hedged back to sterling, as it seeks to generate an attractive level of return whilst taking ESG factors into account.

FEATURES

- **Dynamic allocation:** Asset-class performance rankings shift frequently. By aiming for a core allocation to investment grade assets, with flexibility to allocate dynamically across other global markets – including government bonds, high yield, emerging market debt and asset-backed securities – the strategy can pursue opportunities across a wide opportunity set.
- **Employing asset class experts:** Insight has a well-resourced fixed income team, with specialist teams focused on areas including investment grade and high yield credit, emerging market debt, sovereign debt and asset-backed securities.
- **Managed by a market-leading responsible investor:** Insight has a long-established focus on responsible investment, with ESG factors having been fully integrated into the investment process and credit analysis for many years.
- **Commitment to engagement:** Where a company demonstrates a deteriorating ESG profile, Insight will consider engaging with stakeholders with a view to influencing their future behaviour. If no improvement is observed, the strategy will reassess its holdings in the bonds.

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We believe sterling investors can make the most of fixed income markets around the world – our strategy aims to use global opportunities to deliver financial returns, while fulfilling responsible investment criteria.

ADAM WHITELEY, HEAD OF GLOBAL CREDIT

Table 4: Key facts

Investment universe	Majority in sterling-denominated or sterling-hedged assets; universe includes investment grade credit, emerging market hard currency, ABS and high yield
Performance comparator	Investment Association Sterling Strategic Bond Sector
Management style	The strategy will typically invest at least 80% in sterling-denominated (or sterling-hedged) bonds and asset-backed securities. These may be issued by governments, companies or other public entities.
Aim	To generate a return through a combination of income and capital returns, while taking ESG factors into account.
Sustainability criteria	• **ESG-optimised universe:** Only investing in issuers that meet a range of criteria that focus on climate and societal norms (see page X) • **Positive allocation themes:** Aims for a better average Prime corporate ESG rating than the global credit market (Bloomberg Global Credit Index); targets a minimum 10% exposure to positive impact bonds and issuers • **Climate risk:** Aims for carbon intensity 25% below the global credit market (Bloomberg Barclays Global Credit Index)
Bond limits	Over 10% of NAV in green or other impact bonds, where all those bonds pass Insight's impact bond framework assessment.
Base currency	GBP

RESPONSIBLE HORIZONS
MULTI-SECTOR CREDIT STRATEGY

The Responsible Horizons multi-sector credit strategy seeks to generate a total return by investing primarily in a broad range of debt and debt-related securities while taking ESG factors into account.

The strategy is actively managed and has the flexibility to invest across the full credit spectrum and, through a sustainable approach, aims to align investor values with the opportunity set, focus on long-term business sustainability, and incorporate do-no-harm principles. By aligning values with performance, the strategy aims to deliver financial returns while supporting the environment and wider society.

FEATURES

- **Access:** the strategy targets assets across the full credit spectrum from a well-resourced, highly rated and experienced fixed income team.
- **Precision:** the strategy employs a relative value framework to assess all credit asset classes implemented using Insight's proprietary Units of Risk budgeting system.
- **Dynamism:** Insight has extensive track records both within and across credit sub-asset classes through a range of market environments.

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The sharp focus of markets and investors on sustainability means that targeting attractive financial returns alongside ESG criteria is possible, and our multi-sector credit strategy aims to offer both.

ADAM WHITELEY, HEAD OF GLOBAL CREDIT

Table 5: Key facts

Investment universe	Investment grade credit, emerging market hard currency, ABS and high yield
Benchmark	SONIA
Management style	The strategy seeks to profit from opportunities in bond markets by actively investing across a global, ESG-optimised universe, seeking to exploit opportunities across regions, sectors and companies
Aim	SONIA +4% per annum, after fees, over rolling five-year periods
Sustainability criteria	• **ESG-optimised universe:** Only investing in issuers that meet a range of criteria that focus on climate and societal norms (see page X) • **Positive allocation themes:** Aims for a better average Prime corporate ESG rating than the global credit market (Bloomberg Global Credit Index); targets a minimum 10% exposure to positive impact bonds and issuers • **Climate risk:** Aims for carbon intensity 25% below the global credit market (Bloomberg Barclays Global Credit Index)
Bond limits	Over 10% of NAV in green or other impact bonds, where all those bonds pass Insight's impact bond framework assessment.
Base currency	GBP

RESPONSIBLE HORIZONS
EURO IMPACT BOND STRATEGY

This strategy aims to be an important building block for investors who want to achieve a positive environmental and social impact alongside financial returns.

FEATURES

- **Focus on meaningful impact:** Fixed income investors have a unique opportunity to achieve impact in a transparent way – primarily due to the huge growth in the 'use-of-proceeds' bond market where investors can fund specific projects with environmental and social impacts. The strategy aims to focus on this opportunity, looking through both an environmental and social lens, by investing predominantly in use-of-proceeds impact bonds. It will also seek to broaden the impact achieved by allocating to impact issuers which are companies with a high level of alignment to the UN Sustainable Development Goals (SDGs).
- **Longer-term focus:** By adopting a 'long-term active' approach we seek to align the strategy with the longer-term time horizon over which impact factors typically play out. This also encourages a partnership approach with issuers which leads to more impactful outcomes.
- **Bias towards corporate issuers:** Through a corporate focus we aim to maximise the potential return achievable, meaning we can target a higher level of return while also seeking a positive impact.

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We believe that by focusing on corporate debt, the Responsible Horizons Euro Impact strategy is well positioned for generating a financial return and positive impact. This recognises the rapid growth in impact bond issuance, which now supports the construction of a well-diversified credit portfolio with a global footprint.

FABIEN COLLADO, ESG PORTFOLIO MANAGER AT INSIGHT INVESTMENT

Table 6: Key facts

Investment universe	Majority in euro-denominated investment grade credit
Benchmark	Bloomberg MSCI Euro Corporate Green Bond Index
Management style	Long-term active
Aim	To achieve positive environmental and/or social impacts while generating a total return by investing in euro-denominated debt, debt related securities and related derivatives.
Sustainability criteria	• 100% of the portfolio will be invested in use-of-proceeds impact bonds or positive impact issuers (unless for hedging or liquidity) • All investments (other than for specific purposes such as hedging and liquidity) to meet the definition of SFDR sustainable investments • Worst-in-class screening and controversial sector exclusions (see page X)
Bond limits	• Minimum 75% in use-of-proceeds impact bonds • Minimum of 50% in use-of-proceeds green bonds • Maximum 25% in non-use-of-proceeds bonds from positive impact companies
Base currency	EUR

RESPONSIBLE HORIZONS EURO CORPORATE BOND STRATEGY

This strategy seeks to profit from opportunities in bond and derivative markets, and will only invest where minimum standards for ESG factors are met.

It also seeks to make a positive impact by favouring issuers with superior sustainability profiles. We will actively engage with companies held in the portfolio if their sustainability profiles deteriorate to try to rectify issues.

FEATURES

- **Unique approach combining core alpha-seeking investment expertise and sustainability criteria:** the strategy seeks to outperform a conventional corporate benchmark while also taking ESG and sustainability criteria into account.
- **Sophisticated management of ESG factors focusing on impact as well as exclusions:** the strategy seeks to positively allocate to companies which have superior ESG profiles or are deemed to have a positive impact.
- **Commitment to engagement:** we commit to engage with companies with deteriorating ESG profiles with a view to actively influencing their future behaviour.
- **Established strategy and attractive track record:** the underlying strategy has been managed since 2005. The underlying strategy was a conventional corporate bond strategy, without a responsible investment objective or investment criteria.

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We have long believed that active management and an ESG focus can be combined to produce an alpha-generating strategy, which seeks to outperform a conventional benchmark, while also allocating to better, more sustainable companies and positive impact themes.

ROBERT SAWBRIDGE, HEAD OF RESPONSIBLE INVESTMENT AT INSIGHT

Table 7: Key facts

Investment universe	Majority in euro-denominated investment grade corporate bonds
Benchmark	Bloomberg Euro Aggregate Corporate Bond Index
Management style	Actively managed in a diversified manner, while taking sustainability and ESG factors into account.
Aim	The Responsible Horizons Euro Corporate Bond strategy seeks to generate a total return comprised of income and capital growth by investing primarily in a broad range of euro-denominated debt and debt-related securities and related financial derivative instruments, whilst taking ESG factors into account. It seeks to outperform the benchmark by 0.75% to 1.00% per annum before fees over rolling three-year periods
Sustainability criteria	• **ESG-optimised universe:** Only investing in issuers that meet a range of criteria that focus on climate and societal norms (see page X) • **Positive allocation themes:** To structurally allocate to positive impact instruments and to tilt the portfolio in favour of companies with better ESG ratings • **Climate risk:** Aims for carbon intensity significantly below the benchmark
Bond limits	Over 10% of NAV in green or other impact bonds, where all those bonds pass Insight's impact bond framework assessment.
Base currency	EUR

RESPONSIBLE HORIZONS
EMERGING MARKET DEBT IMPACT STRATEGY

The strategy seeks to generate a long-term total return and a positive, measurable social and environmental impact through investment in emerging market debt.

FEATURES

- **Structural opportunity:** The strategy aims to capture the attractive total return and significant positive impact on offer in emerging markets, targeting positive impact for people, the planet and prosperity.
- **Broad access:** The strategy will invest across the whole impact opportunity set in emerging markets, encompassing impact bonds, impact issuers and improving issuers, across both corporates and sovereigns.
- **Focused strategy:** Based on Insight's long-standing investment process and track record in emerging market debt, the strategy will pursue the 'best ideas' for total return and impact available across the asset class.
- **Longer-term focus:** By adopting a 'long-term active' approach we seek to align the strategy with the longer-term time horizon over which impact factors typically play out. This also encourages a partnership approach with issuers which can lead, in our view, to more impactful outcomes.

We believe emerging markets offer a beautiful marriage of potential for both attractive financial returns and positive impact.

SIMON COOKE, PORTFOLIO MANAGER, EMERGING MARKETS

Table 8: Key facts

Investment universe	Hard currency emerging market debt issuers, corporate and sovereign
Benchmark	JP Morgan EM Green, Social and Sustainable (GSS) Diversified Index (TBC)
Management style	Long-term active
Aim	To achieve positive environmental and/or social impacts while generating a total return by investing in emerging market debt, debt-related securities and related derivatives.
Sustainability criteria	• 100% of the portfolio will be invested in use-of-proceeds impact bonds, impact issuers or improving issuers (unless for hedging or liquidity) • All investments (other than for specific purposes such as hedging and liquidity) to meet the definition of SFDR sustainable investments • Worst-in-class screening and controversial sector exclusions (see page X)
Bond limits	• Minimum 50% in use-of-proceeds impact bonds • Minimum 70% in emerging market corporate bonds
Base currency	USD

IMPORTANT INFORMATION

RISK DISCLOSURES

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, whether net or gross of investment management fees, reflect the reinvestment of dividends and/or income and other earnings. Any gross of fees performance does not include fees, taxes and charges and these can have a material detrimental effect on the performance of an investment. Taxes and certain charges, such as currency conversion charges may depend on the individual situation of each investor and are subject to change in future.

Any target performance aims are not a guarantee, may not be achieved and a capital loss may occur. The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies over time, and/or prevailing market conditions and are not an exact indicator. They are speculative in nature and are only an estimate. What you will get will vary depending on how the market performs and how long you keep the investment/product. Strategies which have a higher performance aim generally take more risk to achieve this and so have a greater potential for the returns to be significantly different than expected.

Any projections or forecasts contained herein are based upon certain assumptions considered reasonable. Projections are speculative in nature and some or all of the assumptions underlying the projections may not materialize or vary significantly from the actual results. Accordingly, the projections are only an estimate.

Portfolio holdings are subject to change, for information only and are not investment recommendations.

ASSOCIATED INVESTMENT RISKS

ESG

Investment type: The application and overall influence of ESG approaches may differ, potentially materially, across asset classes, geographies, sectors, specific investments or portfolios due to the nature of the specific securities and instruments available, the wide range of ESG factors which may be applied and ESG industry practices applicable in a particular investable universe.

Integration: The integration of ESG factors refers to the inclusion of ESG risk factors alongside financial risk factors in investment analysis and research to judge the fair value of a particular investment and may also include the monitoring and reporting of such risks within a portfolio. Integrating ESG factors in this way will not typically restrict the potential investable universe, but rather aims to ensure that relevant and material ESG risks are taken into account by analysts and/or portfolio managers in their decision-making, alongside other relevant and material financial risks.

Ratings: The use and influence of our ESG ratings in specific investment strategies will vary, potentially significantly, depending on a number of factors including the nature of the asset class and the structure of the investment mandate involved. For an investment portfolio with a financial objective, and without specific ESG or sustainability objectives, a high or low ESG rating may not automatically lead to a buy or sell decision: the rating will be one factor among others that may help a portfolio manager in evaluating potential investments consistently.

Engagement activity: The applicability of Insight firm level ESG engagement activity and the outcomes of this activity relating to buy, hold and sell decisions made within specific investment strategies will vary, potentially significantly, depending on the nature of the asset class and the structure of the investment mandate involved.

Reporting: The ESG approach shown is indicative and there is no guarantee that the specific approach will be applied across the whole portfolio.

Performance/quality: The influence of ESG criteria on the overall risk and return characteristics of a portfolio is likely to vary over time depending on the investment universe, investment strategy and objective and the influence of ESG factors directly applicable on valuations which will vary over time.

Costs: The costs described will have an impact on the amount of the investment and expected returns.

Forward looking commitments and related targets: Where we are required to provide details of forward-looking targets in line with commitments to external organisations, e.g. the Net Zero Asset Managers Initiative, these goals are aspirational and defined to the extent that we are able and in accordance with the third-party guidance provided. As such we do not guarantee that we will meet them in whole or in part or that the guidance will not evolve over time. Assumptions will vary, but include whether the investable universe evolves to make suitable investments available to us over time and the approval of our clients to allow us to align their assets with goals in the context of the implications for their investments and issues such as their fiduciary duty to beneficiaries.

Insight applies a wide range of customised ESG criteria to mandates which are tailored to reflect individual client requirements. Individual investor experience will vary depending on the investment strategy, investment objectives and the specific ESG criteria applicable to a Fund or portfolio. Please refer to the investment management agreement or offering documents such as the prospectus, Key Investor Information Document (KIID) or the latest Report and Accounts which can be found at www.insightinvestment.com and where applicable information in the following link for mandates in scope of certain EU sustainability regulations https://www.insightinvestment.com/regulatory-home/sustainability-regulations/; alternatively, speak to your main point of contact in order to obtain details of specific ESG parameters applicable to your investment.

Fixed income

Where the portfolio holds over 35% of its net asset value in securities of one governmental issuer, the value of the portfolio may be profoundly affected if one or more of these issuers fails to meet its obligations or suffers a ratings downgrade.

A credit default swap (CDS) provides a measure of protection against defaults of debt issuers but there is no assurance their use will be effective or will have the desired result.

The issuer of a debt security may not pay income or repay capital to the bondholder when due.

Derivatives may be used to generate returns as well as to reduce costs and/or the overall risk of the portfolio. Using derivatives can involve a higher level of risk. A small movement in the price of an underlying investment may result in a disproportionately large movement in the price of the derivative investment.

Investments in emerging markets can be less liquid and riskier than more developed markets and difficulties in accounting, dealing, settlement and custody may arise.

Investments in bonds are affected by interest rates and inflation trends which may affect the value of the portfolio.

Where high yield instruments are held, their low credit rating indicates a greater risk of default, which would affect the value of the portfolio.

The investment manager may invest in instruments which can be difficult to sell when markets are stressed.

Exposure to international markets means exposure to changes in currency rates which could affect the value of the portfolio.

Where leverage is used as part of the management of the portfolio through the use of swaps and other derivative instruments, this can increase the overall volatility. While leverage presents opportunities for increasing total returns, it has the effect of potentially increasing losses as well. Any event that adversely affects the value of an investment would be magnified to the extent that leverage is employed by the portfolio. Any losses would therefore be greater than if leverage were not employed.

While efforts will be made to eliminate potential inequalities between shareholders in a pooled fund through the performance fee calculation methodology, there may be occasions where a shareholder may pay a performance fee for which they have not received a commensurate benefit.

Responsible Horizons UK Corporate Bond 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.

Real Estate Investment Trust (REITs) Risk: The strategy is subject to risks associated with investing in real estate which may include but is not limited to liquidity constraints arising from difficulties with the disposal of the underlying properties, fluctuations in the value of underlying properties, defaults by borrowers or tenants, market saturation, changes in general and local economic conditions, decreases in market rates for rents, increases in competition, property taxes, capital expenditures or operating expenses and other economic, political or regulatory occurrences affecting companies in the real estate industry.

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.

Sustainable Strategies Risk: The strategy follows a sustainable investment approach, which may cause it to perform differently than funds that have a similar objective but which do not integrate sustainable investment criteria when selecting securities.

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.

Responsible Horizons Strategic Bond strategy

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 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.

New strategy Liquidity Risk: This strategy is not expected to hold investments which would be considered illiquid, however, while the strategy is being established, itis possible that the liquidity profile of the strategy may fluctuate.

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.

Environmental, Social and Governance (ESG) Investment Approach Risk: This strategy can be considered to follow an ESG investment approach or incorporate elements of an ESG investment approach, which may cause it to perform differently than other funds that have a similar objective but which do not integrate an ESG investment approach (or elements thereof) when selecting securities. 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.

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.

Responsible Horizons Euro Impact Bond strategy

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 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.

New Strategy Liquidity Risk: This strategy is not expected to hold investments which would be considered illiquid, however, while the strategy is being established, it is possible that the liquidity profile of the strategy may fluctuate.

Volcker Rule Risk: The Bank of New York Mellon Corporation or one of its affiliates ("BNYM") has invested in the strategy. As a result of restrictions under the "Volcker Rule," which has been adopted by U.S. Regulators, BNYM must reduce its shareholding percentage so that it constitutes less than 25% of the strategy within, generally, three years of the strategy's establishment (which starts when the strategy's manager begins making investments for the strategy). Risks may include: BNYM may initially own a proportionately larger percentage of the strategy, and any mandatory reductions may increase strategy portfolio turnover rates, resulting in increased costs, expenses and taxes. Details of BNYM's investment in the strategy are available upon request.

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.

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.

Share Class Currency Risk: Share classes may be denominated in a different Currency from the base Currency of the strategy. Changes in the exchange rate between the Share Class Currency and the base Currency may affect the value of your investment.

Share Class Hedging Risk: The hedging strategy is used to reduce the impact of exchange rate movements between the share class currency and the base currency. It may not completely achieve this due to factors such as interest rate differentials.

Responsible Horizons Euro Corporate Bond strategy

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.

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Environmental, Social and Governance (ESG) Investment Approach Risk: This strategy can be considered to follow an ESG investment approach or incorporate elements of an ESG investment approach, which may cause it to perform differently than other funds that have a similar objective but which do not integrate an ESG investment approach (or elements thereof) when selecting securities. 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.

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.

FIND OUT MORE

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