

Manager Announcement

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Insight Investment Management Brings Quality-Driven, Diversified Approach to the SGMF Global Fixed Income Fund

Insight Investment Management Limited (Insight) has been added to the SGMF Global Fixed Income Fund (the Fund) as at 23 July 2018.

Addition of Insight

What They Do

Insight uses a quality-driven, diversified approach to investing in the fixed-income market. The strategy is comprised of a broad suite of asset classes designed to mitigate risk and add value across a wide range of sources of excess returns. Insight's approach is geared towards liability-driven investments; this portfolio is considered its flagship strategy.

How They Do It

Insight's investment process combines a range of long-term strategic views and shorter-term tactical positions intended to allow the experienced team to capture momentum. Insight demonstrates a robust awareness of the payoff profile associated with investing in fixed-income markets.

The investment team seeks to add value through top-down views on duration, yield-curve and market-allocation positioning. The investment process is well-structured and leverages rigorous fundamental analysis. Additionally, the process places significant emphasis on position sizing across the various drivers of returns and within individual sectors.

About Insight

Founded in 2002, London-based Insight is a global asset-management firm and a subsidiary of The Bank of New York Mellon (BNY). As at 31 March 2018 the firm had more than £648.1 billion in assets under management.

Why We Chose Them

- **Quality diversification:** Insight's investment team rotates across multiple markets and dials up (and down) its credit allocation (and duration times spread) depending on where the team sees value within the market.
- **Structured investment process:** Insight's investment process is well-structured, resulting in a portfolio underpinned by rigorous fundamental analysis.
- **Experienced investment team:** Insight's high-quality investment team impresses us, and there appear to be very few obvious weak links. Turnover has been particularly low across the firm, relative to its peers.

Glossary of Financial Terms:

Duration: Duration is a measure of risk in bond investing and indicates how price-sensitive a bond is to changes in interest rates. A long (overweight) duration stance indicates the portfolio duration is higher than that of the benchmark whereas a short (underweight) duration stance indicates a lower duration. Duration is measured in years and securities with longer durations are more sensitive to interest-rate changes.

Fundamental: Fundamental refers to the method of evaluating a security in attempt to measure its intrinsic value.

Momentum: Momentum refers to securities whose prices are expected to keep moving in the same direction (either up or down) and are not likely to change direction in the short-term.

Top-Down: Top down managers' focus on the overall economic environment instead of individual stock selection.

Yield Curve: The yield curve represents differences in yields across a range of maturities of bonds of the same issuer or credit rating (likelihood of default). A steeper yield curve represents a greater difference between the yields. A flatter curve indicates the yields are closer together.

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