



ITEM 1. COVER PAGE

Pareto Investment Management Limited
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This brochure provides information about the qualifications and business practices of Pareto Investment management Limited. If you have any questions about the contents of this brochure, please contact us at +44 (0) 20 7163 4000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Pareto Investment management Limited is registered with the SEC as an investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about Pareto Investment Management Limited also is available on the SEC website at www.adviserinfo.sec.gov.

Form ADV Part 2A
(As of March 31, 2017)

ITEM 2. SUMMARY OF MATERIAL CHANGES

Pareto Investment Management Limited's last update of Form ADV Part 2A was March 30, 2016:

The following are material changes that are included in this update:

Item 10: Language has been further updated to describe participating affiliate arrangements and the trading arrangements at Insight.

Item 10: Due to Insight's affiliation with The Bank of New York Mellon Corporation (BNY Mellon), it is required to adhere to the Volcker Rule. Language has been included to describe the requirements and the effect on Insight.

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ITEM 4. ADVISORY BUSINESS

The Company

Pareto Investment management Limited ('PIML', 'we' or the 'Company') is a limited liability company, formed in 1991, organized under English law and was originally known as Pareto Partners until it became a limited liability company in 2005 after it became wholly owned by The Bank of New York Mellon Corporation (BNY Mellon). PIML became a subsidiary of Insight Investment Management Limited (IIML), another wholly owned subsidiary of BNY Mellon on January 1, 2013.

PIML is part of the group of affiliated companies providing investment advisory services under the brand 'Insight Investment' (Insight). Insight includes, without limitation, the following affiliated entities: PIML, Insight North America LLC (previously called Pareto New York LLC until September 2016) (INA), Cutwater Investor Services Corp (CISC), Cutwater Asset Management Corp. (CAMC), Insight Investment Funds Management Limited (IIFM), Insight Investment Management Global Limited (IIMG) and IIML. Individually or collectively, these entities may do business as 'Insight' or 'Insight Investment'. For purposes of this ADV, references to such names shall refer to the group of Insight entities rather than any individual entity, unless otherwise stated.

In providing asset management services to clients, the Company receives services from other Insight companies located in offices around the world. Investment management services are offered directly by the Company to clients and may also be provided indirectly through a sub-advisory or delegation agreement with another Insight company. The Company, however, retains responsibility for the client relationship and oversees those services performed by Insight companies with respect to each client's account. Each of the Insight entities may market the services and strategies of other Insight entities, and may provide client services for its own clients or clients of other Insight entities.

Please see Item 10 for more information on the arrangements at Insight.

The Company is authorized and regulated in the UK by the Financial Conduct Authority (FCA) and is registered in the United States with the Securities and Exchange Commission (SEC) as an investment adviser and with the Commodity Futures Trading Commission as a Commodity Trading Advisor and a Commodity Pool Operator, and is a member of the National Futures Association (NFA). In addition, in providing services to non-US clients, the Company is also subject to other foreign registration and regulatory requirements. The Company has clients in the US, Canada, Europe, Asia and Australia. Clients include state and corporate pension funds, insurers, financial institutions and registered investment companies. The Company has a branch registered in Tokyo, Japan, that provides client servicing to Japanese clients.

Assets under Management (AUM)

The Company manages approximately \$42bn on a discretionary basis as of December 31, 2016. AUM are represented by the value of cash securities and other economic exposure managed for clients.

The Company's Regulatory Assets under Management (RAUM) are \$6.7bn as detailed in Item 5 of Part 1 Form ADV.

Our Services

Insight provides discretionary investment advisory services to institutional investors in the form of separate accounts and pooled investment vehicles across fixed income, risk management strategies including currency risk management and liability driven investing, absolute return and multi-asset capabilities.

Additional information regarding our strategies, including the methods of analysis, fees and certain material risks is included under Item 8, Methods of Analysis, Investment Strategies and Risk of Loss.

Insight provides tailored investment management services. Discretionary separate account clients may impose investment restrictions and other guidelines on the management of the account; however, doing so may limit the Company's ability to act for the account and, therefore, the performance of such account may differ and be lower than the performance of accounts managed to the same or similar strategy. Under certain circumstances, the Company may decline to accept certain client-imposed guidelines or restrictions.

Insight also offers investment advisory services to US SEC-registered investment companies (Mutual Funds), as well as unregistered pooled investment vehicles (Private Funds). Each Mutual Fund and Private Fund has an investment objective and set of investment policies and/or guidelines.

ITEM 5. FEES AND COMPENSATION

Insight's separate account fee schedules are set forth below. Fees for client accounts are generally based on the market value of the assets under management (AUM) in client accounts and are typically based upon the average or ending market value of client account assets on either a monthly or quarterly basis. Insight reserves the right to negotiate minimum account sizes, which may be dependent upon various factors, including, but not limited to, the scope of the advisory services provided, economies of scale, a client's total AUM across all strategies and across all accounts managed by Insight, the expectation of future assets and any historic relationship with Insight. Insight reserves the right to negotiate different fees with clients, which may be higher or lower than those reflected herein. Certain clients, including employees of Insight, may negotiate lower fees or be entitled to different terms and conditions than those of other clients. A minimum fee may also apply regardless of account size.

Insight may also offer separate accounts which are subject to incentive fees or performance fees. These are generally based on a combination of a share of capital gains on or capital appreciation of, and the income generated by the assets of a client. These incentive fees are generally subject to a high water mark (namely, the highest net asset value at the end of any previous performance period). Some performance fee arrangements are also subject to a hurdle rate (which is the minimum rate of return that must be generated before performance fees are charged). Any such incentive fees will comply with the applicable requirements of the Investment Advisers Act of 1940, as amended (Advisers Act) and specifically Section 205-3 thereof (otherwise referred to as the 'Performance Fee Rule').

Although fees may be negotiated with separate account clients, Insight's standard fee schedule is as follows.

Fixed Income

Global/European Aggregate Fixed Income Strategy

Separate account

Management fee of 0.30% pa on first \$100m, 0.25% per annum thereafter

Minimum account size \$100m

Performance fee option may be available on request.

Global Credit Strategy

Separate account

Management fee of 0.35% pa on the first \$100m, 0.25% thereafter

Minimum account size \$100m

Performance fee option may be available on request.

Global Buy and Maintain Strategy

Separate account

Management fee 0.20% pa on the first \$100m, 0.15% thereafter

Minimum account size \$100m.

Currency Risk Management (CRM) Strategy

Separate account

Management fee of 0.20% pa on first \$300m, 0.16% pa on next \$200m and 0.08%pa thereafter Minimum account size \$100m

Developed Market Long Short Volatility (DMLSV) Strategy

Separate account

Management fee of 0.10% per 1% unit of risk

Minimum account size \$20m

Emerging Market Corporate Debt Strategy

Separate account

Management fee of 0.65% to 0.70% pa on first \$100m, 0.55% to 0.60% pa thereafter

Minimum account size \$50m

Performance fee option may be available on request.

Global Absolute Return Bond Strategy

Separate account

Management fee of 0.75 to 1.25% pa

Minimum account size \$100m

Performance fee option may be available on request.

Absolute Return Currency Strategy

Separate account

Management fee of 1% pa, plus performance fee of 10% of outperformance over the cash benchmark plus the base fee, subject to high watermark and measured on a calendar year basis

Minimum account size \$100m

Absolute Return Credit Strategy

Separate account

Management fee of 1% pa, plus performance fee of 10% of outperformance over the cash benchmark plus the base fee, subject to high watermark and measured on a calendar year basis

Minimum account size \$100m

Absolute Return Emerging Market Debt Strategy

Separate account

Management fee of 1% pa, plus performance fee of 10% of outperformance over the cash benchmark plus the base fee, subject to high watermark and measured on a calendar year basis

Minimum account size \$100m

Commercial Real Estate Loans Strategy

Separate account

Management fee of 0.5% pa on invested capital

Minimum account size \$70m

Asset Backed Security (Secured Finance) Strategy

Separate account

Management fee of 0.50% pa on first \$100m, 0.45 on the next \$100m, 0.4% pa thereafter

Minimum account size \$250m

Performance fee option may be available on request.

Multi-Asset

Broad Opportunities/Multi Asset Strategy

Separate account

Management fee of 0.70% pa on first \$100m, 0.60% pa thereafter

Minimum account size \$200m

Performance fee option may be available on request.

Absolute Insight Multi-Strategy

Separate account

Management fee of 1% pa, plus performance fee of 10% of outperformance over the cash benchmark plus the base fee, subject to high watermark and measured on a calendar year basis or 1.25% fixed fee.

Minimum account size \$100m

Liability Driven Investment

Separate account

Management fee of 0.20% p.a. on the value of a liability based benchmark, plus performance fee of 10% of outperformance over the liability based benchmark, subject to a high watermark and measured on an annual basis.

A management fee only option may be available on request, minimum fee \$500k pa

Separate Accounts Investing in Insight Funds

If the Company invests a portion of a client's account assets in a Mutual Fund or other pooled investment vehicle managed by an Insight entity, the client's account generally will not be charged an investment management fee by Insight on the portion of their account invested in such fund(s). However, accounts that hold such fund(s) will incur the costs related to being a shareholder or investor in such funds, including management fees, administrative fees, and other similar fees as described in the prospectus and/or offering memorandum. The annual total net expense ratio for a particular fund may be higher or lower than the management fee Insight charges for that client's separate account.

Payment of Separate Account Fees

Fees are typically assessed either monthly or quarterly, using a 365-day calendar, and either in advance or in arrears, in accordance with the terms of the offering memorandum, and/or the client's investment management agreement. Fees are generally calculated based on the period-end market value of all assets in the client account, including securities, cash and cash equivalents, which are valued using third-party pricing services, and from time to time fair market value, in accordance with the Insight's written pricing policies and procedures when prices are not available from third-party sources, or where the Insight reasonably believes third-party prices are incorrect.

Fees are billed in arrears and Insight does not require prepayment of advisory fees.

Mutual Fund Fees

The Company provides discretionary investment management services to Mutual Funds. Each Mutual Fund's prospectus will include information about the fees and expenses paid by investors in each Mutual Fund, as well as the management fees received by the Company for investment management services provided to each Mutual Fund.

Where Insight has been appointed as a Sub-Adviser to a Mutual Fund, Insight receives compensation for investment management services from the Mutual Fund. This compensation is agreed with the Adviser to the Mutual Fund who may be an affiliate of Insight. Please see Item 10 for details of Insight's affiliates.

Private Fund Fees

The applicable fees and expenses are set forth in each of the Private Fund's investment advisory agreement, subscription agreement and/or other governing documents, or the offering memorandum, if applicable. Fees may consist of a management fee and, as applicable, an incentive fee or performance-based fee. Management fees are generally based on a per annum percentage of underlying assets. Incentive fees are generally based on a share of capital gains on or capital appreciation of, the assets of a client. These incentive fees are generally subject to a High Water Mark. In addition Private Funds may be subject to additional charges such as custody, brokerage and other transaction costs, administrative and other expenses. Fees are not generally negotiable, though they may be waived at the discretion of the Private Fund in accordance with the Private Fund's offering materials. Such waivers will cause some clients or groups of clients to pay fees that are different from the basic fee schedules disclosed in fund offering materials. Please see the applicable Private Fund's offering materials for further information regarding fees. Some Private Fund investors, including employees of Insight, may negotiate or be entitled to terms and conditions that differ from those of other Private Fund investors, with respect to fees and other provisions. Private Funds are not appropriate for all investors. Eligible prospective investors and current investors may refer to each Private Fund's confidential Private Placement Memorandum for a complete list of risks, expenses, investment minimums and other important information.

Where Insight has been appointed as an Adviser or a Sub-Adviser to a Private Fund, Insight receives compensation for investment management services from the Private Fund.

Additional Fees and Expenses

In addition to investment advisory fees, clients may incur fees or expenses charged by, and paid directly to, third parties including broker-dealers and/or custodian banks, whether or not securities are being purchased, sold or held in client accounts, including, but not limited to, custody, brokerage and other transaction costs, and administrative and other expenses. Custodial fees are negotiated between the client and the respective custodian. The Company does not recommend custodians to its clients, nor is the Company involved in the negotiation of custodian relationships. Examples of other costs and expenses may include, but are not limited to, mark-ups, mark-downs, spreads and other amounts included in the price of a security, odd-lot differentials, exchange fees, SEC fees, advisory and administrative fees charged by Mutual Fund companies and exchange-traded funds (ETFs), transfer taxes, and wire transfer and electronic fund processing fees. Please see Item 12 for a discussion of the Insight's brokerage practices.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Advisers are subject to certain fiduciary standards under federal law and owe clients an affirmative duty of utmost good faith to act solely in the best interests of the client and to make full and fair disclosure of all material facts, particularly where the Adviser's interests may conflict with the client's best interest. In this section, we describe our performance based fee arrangements and our side-by-side management activities and the inherent conflicts in such arrangements.

Insight manages accounts and pooled investment vehicles that pay a performance fee. These arrangements provide for a management fee, based on the market value of the portfolio at specified month/quarter ends, plus a performance fee based on the portfolio's return in excess of a specified benchmark during a designated period of time. For more detailed information on how performance fees are calculated, please see the relevant offering documents.

Side-by-side management refers to the simultaneous management of multiple types of client accounts, or investment products with both performance and non-performance based fee structures. Side-by-side management gives rise to a variety of potential and actual conflicts of interest for Insight, its employees and supervised persons. Our affiliates likewise manage a variety of separate accounts, and pooled investment vehicles. Personnel who provide services to clients on behalf of the Company are supervised persons of the Company when providing those services and may work for other Insight affiliated entities under participating affiliate arrangements. Please see Item 10 for a description of these arrangements. When we and our Insight affiliates concurrently manage client accounts/investment products, and particularly when employees are acting for more than one Insight entity, this presents the same conflicts as described below.

Performance-based or incentive fee arrangements may create an incentive for the Company to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements may also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities.

Conflicts of Interest Relating to Performance Based Fees When Engaging in Side-by-Side Management

Insight manages a number of accounts that are charged a performance-based fee and other accounts that are charged a different type of fee, such as an asset-based fee. Insight may have a financial incentive to favor accounts with performance-based fees because we (and our employees and supervised persons) may have an opportunity to earn greater fees on such accounts as compared to accounts without performance-based fees. Thus, we may have an incentive to direct our best investment ideas to accounts that pay performance-based fees, and to allocate, aggregate or sequence trades in favor of such accounts. We may also have an incentive to give accounts with performance-based fees better execution. Portfolio managers' compensation is not based on the performance of individual accounts and the compensation structure provides no incentive for portfolio managers to favor performance-based fee accounts.

Insight has implemented procedures that are designed to treat all of our clients fairly over time and seeks to prevent any client or group of clients from being systematically favored or disadvantaged. For example, Insight has trading policies and procedures which are designed and implemented so that all clients are treated fairly and equitably over time, and to prevent different fee arrangements from influencing the allocation of investment opportunities among clients or the trading we undertake.

Insight monitors these conflicts and potential conflicts. To mitigate such conflicts of interest or potential conflicts of interest, Insight has established policies and procedures, including, among others, a Code of Ethics (the 'Code') and an Order Execution Policy, further described in this Brochure under Item 12, Brokerage Practices. Each Insight entity is responsible for implementing these policies and procedures, which are reasonably designed to monitor, detect and prevent such conflicts of interest.

ITEM 7. TYPES OF CLIENTS

Insight offers and provides advisory services to institutional clients including corporate pension and profit sharing plans, Taft-Hartley plans, Voluntary Employee Beneficiary Associations (VEBAs), public plans, trusts, estates, charitable institutions, foundations, endowments, municipalities, sovereign funds, separate accounts, and other U.S. and non-U.S. institutions. The Company may also act as adviser and/or sub-adviser to US-registered Mutual Funds, and Private Funds (collectively, Funds).

Separate Account Requirements

Insight requires clients to execute a written agreement with us granting us authority to manage their assets or exposures. There is also a minimum account size for separate accounts which varies depending on the strategy of the account and accounts may also be subject to minimum account fee. Details of fees and minimum account sizes are included in Item 5. Insight may consider accepting smaller accounts depending on the nature of the client and prospective incremental funding rates or when a relationship currently exists with the client. Insight may also elect to waive the minimum and negotiate fee rates at our sole discretion.

Funds

Investors in Funds that are managed or advised by Insight will be subject to differing minimum investment and other requirements dependent upon the particular vehicle in which they are invested. Investors should consult the relevant offering documents for the pooled vehicle for a full discussion of the requirements of that vehicle.

Requirements for the Establishment of an Account with Insight

As a subsidiary of BNY Mellon Insight has adopted policies and procedures aimed at establishing consistent standards and processes throughout BNY Mellon and its subsidiaries with respect to identifying, investigating and reporting fraud, money laundering and other illegal, suspicious or unusual activity. These policies and procedures implement minimum standards for identifying, accepting, documenting, and approving customers. Therefore, in order to establish a relationship with a separate account client, Insight requires certain identifying information and documentation that will allow us to identify and verify the client.

Each Mutual Fund or Private Fund investor will be required to provide information as required by the transfer agent and/or fund administrator to each specific Mutual Fund or Private Fund.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

I. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

The Company offers a variety of investment strategies to clients through both separate accounts and pooled vehicles. Below is a description of our strategies and the risks inherent in the strategies.

Clients should also be aware that the Company, and its affiliates, perform investment advisory services for various clients. We may give advice and take action in the performance of our duties with respect to any of our other clients which may differ from the advice given, or the timing or nature of action taken, with respect to another client. We have no obligation to purchase or sell for a client any security or other property which we purchase or sell for our own account or for the account of any other client, if it is undesirable or impractical to take such action. We may give advice or take action in the performance of our duties with respect to any of our clients which may differ from the advice given, or the timing or nature of action taken by our affiliates on behalf of their clients.

Fixed income and currency

The following description applies to:

Global/European Aggregate Fixed Income

Global Credit

Emerging Market Corporate Debt

Global Absolute Return Bonds

Absolute Return Currency

Absolute Return Credit

Absolute Return Emerging Market Debt

Insight offers management of a wide range of fixed income and money market strategies across the full range of bond markets including corporate, government and inflation linked bonds globally, emerging market debt, currency strategies and a broad range of derivatives including interest rate swaps, inflation swaps, credit default swaps, currency swaps, futures, options and foreign exchange contracts. We also offer multi-strategy bond solutions which can take advantage of the full range of fixed income investments. All of our strategies can be managed on an absolute return basis or versus a comparative index. Our absolute return strategies have no specific restrictions with regards to strategic allocation ranges and the portfolio managers take both long and short positions so investors can aim to profit in falling markets and should experience lower volatility than by investing in long only strategies.

Fixed income strategies may be available through registered or unregistered pooled investment vehicles or on a separate account basis.

Insight's fixed income investment philosophy focuses on two key areas:

- In assessing investment opportunities, we seek to include only those elements of market risk that we consider attractive and we aim to eliminate unintended risks of which we are aware.
- We seek to add value through active management of risk and return across a broad range of investment opportunities using proprietary management techniques.

Insight believes that understanding and managing the allocation of risk within a portfolio is a key factor in achieving the goal of consistent performance. We use the concept of units of risk. This allows us to apply uniform amounts of risk in the portfolio via different investment decisions with the size of positions being appropriate to each client's risk appetite as specified in the investment guidelines.

Our units of risk approach is an asset allocation approach that enables our portfolio managers to express our active fixed income and currency views within a consistent framework. The portfolio manager's role is to apply the units of risk allocation, together with individual security views in the context of the investment restrictions, return objective and underlying approach of the particular strategy. For strategies with limited or single sources of risk/return, the units of risk will be less relevant; however, all portfolios will reflect our overarching investment views.

There are five broad investment areas which we identify as the main sources of risk and potentially of added value within fixed income: market allocation, duration and yield curve, credit and sector strategy, security selection and currency selection. We believe that all these areas are equally important and can have an equally significant impact on portfolio performance. However, emphasis on each of the sources can vary at different points in time according to our views of prevailing market conditions.

Managing the level and dispersion of risk: Units of risk

1. Market allocation

Our assessments are based on macro-economic fundamentals. For sovereign analysis, we leverage the expertise of our global government bond teams and Insight's Strategy Team. Macroeconomic analysis is undertaken by portfolio managers within our government bond teams as part of their portfolio management duties and augmented by bespoke economic research.

2. Duration and yield curve

When managing portfolio duration, we are taking a view on the direction of bond yields and interest rates. To achieve consistency across markets in this area we have developed a unique approach based upon three key factors: strategic forecast for bond yields over the next twelve months, tactical view of markets over a much shorter period, and the output of our proprietary momentum model.

3. Credit and sector strategy

Credit market and sector allocation: our overall credit strategy is based on a view taken on both market allocation and sector allocation. Our approach is to form a view on market allocation which is based on three key factors:

- value assessment to construct a fair value spread based on forecast five-year losses and fair-value risk premia;
- strategic forecast for the market over the next twelve months;
- a tactical view of markets over a much shorter period, typically up to three months.

Our sector allocation within credit: our sector allocation recommendations are based on the collective views of the analysis team on fundamentals, technical score and valuations for each of our predefined sectors. These views are then each assigned a rating of under/over/neutral-weight.

4. Security selection

The selection of individual securities is based on an evaluation of proprietary measures of yield and price movements for securities relative to others of similar maturity.

Within government bonds we assess global opportunities between and within different countries' government bond markets.

Within corporate bonds, each analyst is assigned a sector and within that a list of issuers based on our pre-defined coverage universe. The analysts assess a narrowed list of investable credits for credit fundamentals and other risks that could give rise to a sharp deterioration in credit quality and assign an independent internal credit rating to each issuer. As part of this process the analysts identify, score and document specific factors that could negatively impact a company's credit profile in our 'landmine checklist.' Additionally, and after undertaking relative value analysis with a defined sector universe, for a subset of liquid tradable names the analyst will assign a performance rating ranging from 1 to 4.

Within emerging market debt, analysts filter the investible emerging market countries, with the aim of identifying country/company risks and investment opportunities. As our top-down views and bottom-up credit assessments are formulated, we express these views, (our 'best ideas') through asset allocations on an active and dynamic basis.

The team takes into account further detailed analysis focusing on both quantitative and qualitative factors which help to identify country risks and investment opportunities including:

- Quantitative factors: balance of payment positions, relative currency strength, growth prospects, market technicals, political cycles and structural reforms.
- Qualitative views are formulated as model different scenarios. In our scenarios, we consider a broad range of factors including local and international behavior to policy decisions and changing market conditions, liquidity, credit quality and the potential changes to investor behavior.

Having considered the factors, views are then transformed into the construction of the overall shape of the portfolio. Our investment team has developed a framework which allows them to compare valuations across countries, market sectors and investment instruments, enabling them to target the most attractive risk/return investment opportunities. As trades are selected, they are assessed for their specific volatility characteristics so that position concentration is appropriate for the portfolio. A risk/reward assessment is completed prior to investment execution, on a position basis and on a portfolio level.

5. Currency selection

Where investment guidelines permit, the Currency Team takes positions across the full range of G10 and emerging currencies which provides scope for building diversified currency exposures.

The following description applies to:

Global Buy and Maintain Strategy

The Buy and Maintain approach seeks to deliver credit market returns by investing in a selection of preferred issuers and sectors from the broadest possible opportunity set, which pass our rigorous investment screening process. The Buy and Maintain approach aims to avoid the flaws of a passive index-tracking approach, such as issuer and sector concentration. Insight's credit research process focuses on selecting companies with, in our opinion, the best long-term fundamentals. We also insist on ready access to management and sound financial reporting that we feel is necessary for our analysis. Our approach is based upon five key principles and aims to: diversify issuer exposure, limit sector concentration and avoid unsuitable issuers (such as supranational issuers) and unsuitable instruments (such as hybrid debt). Lastly, we avoid forced selling simply due to a downgrade from a credit rating agency. Importantly, for Buy and Maintain mandates we invest for the long term; we are not constrained by tracking error or short-term performance targets and can therefore focus on long-term structural relative value that might take time to play out. While there is minimal turnover, we actively manage credit quality.

Credit Analysis

Credit analysis is undertaken by Insight's dedicated credit analysis function. Each analyst is assigned a sector and within that a list of issuers. They undertake fundamental analysis on the sector and the company and make a quantitative assessment of relative valuation. Our analysis prioritizes our proprietary cash flow modelling which is key to any 'ability to pay' analysis. Our analysts use standard templates on which they identify key risk factors including financial categorization, stress tests, accounting risk, debt metrics and bond-specific risk. Insight screens the entire global credit universe for suitable issuers. To generate a targeted opportunity set, we screen out companies where there is insufficient transparency around the issuer or where liquidity is limited. After applying our initial screen to the global credit universe, we maintain surveillance coverage on a number of issuers; where our credit analysts will maintain a high level of coverage, but a full credit review is not conducted. Issuers may be limited to surveillance coverage due to M&A concerns, secondary market liquidity or valuation levels. More detailed, fundamental analysis is undertaken where appropriate and would include a full credit opinion, supported by a cash-flow model. Insight employs a 'landmine checklist' aimed at minimizing default risk. This proprietary framework generates a score across five key factors: liquidity, contingent liabilities, regulatory risk, event risk, leveraged buy-out (LBO) risk and ESG factors. Only bonds which are analyzed and evaluated to the satisfaction of the analyst and Credit Team are considered for purchase. This approach has historically proven highly successful in identifying credit deterioration early and avoiding issuers where there has subsequently been a sharp deterioration in credit quality.

Portfolio Construction

Portfolio managers will evaluate the market valuation of recommended stocks and sectors within the context of our overall market assessment and strategic credit view. When designing Buy and Maintain portfolios, particular attention is paid to ensuring adequate diversification of industry exposure. We are able to tailor the implementation of Buy and Maintain mandates for specific client requirements such as issuer or sector constraints and specific regulatory requirements. Where permitted, we invest across the entire maturity spectrum and select issuers from the broadest possible opportunity set in order to diversify across issuer, industry sector and geographic risks. Where permitted, we invest in bonds denominated in a variety of currencies to access additional credit risk premium, whilst hedging out the unwanted currency and interest rate risk using a variety of derivative instruments.

The following description applies to:

Currency Risk Management (CRM) Strategy

CRM is Insight's primary currency hedging strategy and its objective is to focus on estimating and managing the currency risk embedded in the client's international investment portfolio. CRM is provided as a separate account, tailored to meet currency risk management goals expressed in our agreement with the client. The strategy uses an overlay structure, employing forward foreign exchange contracts and currency options to manage each client portfolio's underlying currency exposure.

Insight's CRM strategy is quantitative model-driven and highly automated; hence the decision-making process is not dependent on individual portfolio managers. The positions are adjusted when and as often as required by the risk based models. All CRM models are run at least daily. the team may adjust trade parameters involved in light of their view of particular market conditions, or decide against the trade if, in their view, market elements not covered by the models dictate against the trade.

The following description applies to:

Developed Market Long Short Volatility (DMLSV) Strategy

DMLSV is one of Insight's quantitative currency alpha investment strategies and its objective is to generate gains from developed market foreign currency exposures of a notional portfolio. It is a model-based approach that seeks to deliver consistent returns by identifying and exploiting specific features in the structure of currency risk. The strategy uses an overlay structure, employing forward foreign exchange contracts to take long and short positioning in developed market currency exposures.

Insight's DMLSV strategy is quantitative model-driven and highly automated; hence the decision-making process is not dependent on individual portfolio managers. The positions are adjusted as required by our models and all models supporting the DMLSV strategy are run at least daily. The research team may adjust trade parameters involved in light of their view of particular market conditions, or decide against the model-driven trade if, in their view, market elements not covered by the models dictate such action.

The following description applies to:

Commercial Real Estate (CRE) Loans Strategy

The strategy invests in loans which have been made to borrowers who own commercial real estate property. The loans are secured over the physical buildings and other assets of the borrower and returns are obtained from fees and interest margin paid by the borrower. The strategy aims to provide investors with steady income yield and consistent cash flows. The investment process has five key stages:

- **Filtering/origination:** The first step in the investment process is the sourcing of the loans typically from primary syndicate investment banks and investment boutiques.
- **Underwriting:** Once we have identified a potential investment that meets our selection criteria, we undertake a detailed analysis of the collateral underlying the loan. We examine qualitative factors such as the location of the property, the tenant leases, the asset quality and the track record of the property owner. A qualitative examination of the loan is also undertaken including seniority, loan- to-value ratio, covenant package and reserves. Detailed quantitative analysis is then undertaken, including stress testing to see how the loan should perform under several scenarios. Finally, each loan is assigned a credit rating.
- **Legal documentation:** The syndicated CRE loans we have invested in settle using market standard Loan Market Association property documentation. We have a dedicated, in-house, Loan settlement team who examines all documents and undertakes closing the loan. We have both in-house and external legal counsel who conduct a thorough review of all agreements. A report is made on each loan for ease of reference. This rigorous process is designed to ensure that the documentation meets all of our requirements.
- **Settlement:** Once we receive the transfer certificate from the counterparty, our specialist Loans Team ensures that details match the loan agreement before we execute the loan.
- **Risk control and portfolio management:** We use a number of systems to help understand and control the risk in all portfolios. Our front office systems seek to ensure full mandate and compliance checking. We also use a bespoke portfolio monitoring system, the Secured Finance Portfolio Overview sheet to manage our exposures. All strategies are managed and monitored by team leaders and investment committees.

Generally, Insight's portfolios will target the most senior and secure parts of the loan capital structure.

Insight receives regular reports on the loan and these are appraised in a timely fashion seeking to confirm trends in net operating income are stable or positive and seeking to confirm compliance of all loan covenants.

Insight's CRE strategies may be available through a pooled investment vehicle or on a separate account basis.

The following description applies to:

Secured Finance including ABS Strategy

The Secured Finance strategy invests in structured asset-backed securities (ABS), collateralized loan obligations and commercial real estate loans (CRE) and other syndicated bank loans. The strategy seeks to generate excess returns while preserving credit quality, while remaining relatively liquid and unlevered. Secured finance markets are complex, inefficient and often mispriced; a premium is available from secured finance that is associated with the complexity and sometimes, illiquidity, of underlying assets; rather than credit risks. We seek to maximize yield from a diversified portfolio of high quality secured finance investments. We rely on an asset allocation model to help identify relative value across markets, countries, sectors and credit risk. The output of this process is a qualitative and quantitative framework comparing value across security and lending markets. The portfolio managers have discretion to construct portfolios using this framework as a guide, subject to key philosophical tenets and fund level constraints. The philosophical principles informing portfolio construction include not layering credit and illiquidity risks (they will be higher in the capital structure in less liquid loans), ensuring an adequate illiquidity premium is received for making a less liquid investment; and focusing on negotiating transaction structures and security packages for less liquid investments.

Adopting a flexible approach to allocation means the strategy can protect investors from deterioration in valuations of any one specific sector through compressing margins or through increasing credit risk. The ability to tactically rotate between public secured finance markets (e.g. ABS, CLOs) and private lending markets (e.g. CRE loans) is designed to maximize credit spread premia available across credit markets at any point in time.

Investment universe

1. Consumer and residential: the underlying investment is consumer or residential in nature i.e. owner-occupier, buy-to-let (BTL), bridge mortgages, consumer credit card and auto loans etc. Transactions can occur globally but have historically been domiciled in the UK and continental Europe. They can be public or private in nature and exposure is to the performance of a pool of consumer loans or residential mortgages, not performance of original lenders as these instruments are designed to be bankruptcy remote from originators.
2. CRE: the underlying investment is commercial in nature i.e. loans backed by office assets, retail malls, hotels, light industrial etc. These transactions can occur globally. They can take two forms; public CRE securities (typically listed and AAA-B rated) and private CRE loans (3-5yr in nature, typically A-BBB rated).
3. Secured corporate: the underlying investment is corporate in nature i.e. large corporate or SME investments, in public or private securities, or corporate exposure secured against assets or real estate. Underlying risk exposure can also be against a pool of trade finance receivables – effectively short dated corporate risk. They can take two forms: public securities; CLOs (structured into different levels of seniority ranging from AAA-B); private loans: warehouse facilities or term loans where either the facility serves to provide a bridge to securitization or where facility is held to term. We take security over an underlying pool of corporate/SME loans (typically rated AAA to A with high ratings achieved through security over loans and seniority in the capital structure).

The following description applies to:

Global Alternative Credit Strategy

The Global Alternative Credit strategy's investment objective is to maximize total return from income and capital appreciation. The strategy seeks to achieve its investment objective mainly through investment in a portfolio of debt and debt-related securities, loan investments, structured credit instruments such as asset-backed securities and derivative instruments and applies Insight's top-down credit strategy for sector and strategy rotation and from a bottom-up perspective its credit analysis, valuation, modelling and structuring expertise. The investment style is opportunistic, long and short, and the portfolio managers actively manage risk for investment and hedging purposes.

The strategy is unconstrained and may invest across developed and emerging market investment grade, below investment grade, public and private credit instruments including asset-backed securities, corporate bonds, bank loans, private loan instruments and derivatives. Currently, the strategy is only available in a pooled vehicle and is not available as a separate account.

Multi-Strategy Approaches

The following applies to:

Broad Opportunities/ Multi Asset Strategy

Insight's multi-asset, multi-strategy capability aims to deliver attractive, positive, long-term returns using the broadest possible opportunity set including equity, fixed income, real assets and total return strategies. Our capability is managed on an absolute return basis with an investment objective to deliver returns in excess of cash.

The portfolio managers have an outcome-oriented focus. We combine both quantitative models and fundamental analysis in a macroeconomic-driven strategy which uses a wide investment universe that goes beyond simple asset class holdings.

By making use of the full asset range available we look to acquire performance from multiple sources while also diversifying risk. We also do not always rely on market directional exposures to be the prime driver of our returns. In addition, our dynamic approach to asset allocation and risk management mean that we seek to capture most of the upside when markets are rising but seek to avoid most of the downside when they are falling.

Once our asset allocation gives us a bias to what our asset mix should look like, we focus on investment selection. Implementation depends on our rationale and how we gain exposure to different investments depends on our understanding of the opportunities and risks involved. The investment options include:

- direct investments
- derivative positions
- active or passive exposures

Where we seek to capture the returns from market direction ('beta'); we will typically invest in low-cost index replication or derivative-based instruments. Where our investment process suggests that there are tactical considerations concerning, for example, market timing issues or idiosyncratic risks, we may consider derivative implementation to provide downside protection or alter our expected pay-off profile.

Insight's broad opportunities strategy may be available through a pooled investment vehicle or on a separate account basis.

The following applies to:

Absolute Insight Multi-Strategy

Insight's Absolute Insight Multi-Strategy invests across a range of other absolute return strategies. Each of the component strategies is actively managed. This strategy attempts to optimise our 'best ideas' through the implementation of a diversified portfolio of investments in other single strategy absolute return portfolios managed by Insight.

The individual absolute return strategies may invest in a broad range of instruments including: equity instruments, fixed income securities, index-linked government and non-government securities, liquid/near cash assets, collective investment schemes, high yield securities, emerging market debt, and currencies.

The strategies also use a broad range of derivatives including interest rate swaps, inflation swaps, credit default swaps, currency swaps, foreign exchange contracts, equity swaps, equity CFDs, equity forwards and futures and options.

Each of the component strategies has an investment objective to deliver returns in excess of cash, investment flexibility across a wide range of instruments and asset classes, and use a range of investment techniques to capture positive returns from both rising and falling markets, including having zero or even negative (short) allocations to asset classes or sectors that are deemed unattractive.

Our approach for determining the allocation to each of the strategies is based on our aim of generating a diversified source of absolute returns, independent of the market cycle. The absolute return strategy aims to achieve this by combining different absolute return strategies, asset types and management styles into one portfolio.

This allocation aims to spread risk broadly equally across the different strategies, taking into account the specific characteristics of each strategy. The overall objective is to achieve diversification, encourage the preservation of capital and retain access to sources of investment performance.

This top-down strategic allocation can and does change from time to time; it is dynamically managed and new strategies may be added, or shut down if deemed prudent to the strategy's performance. The Absolute Return Investment Committee sets the strategy and the structure is dynamically managed to enhance the overall proposition.

Liability Driven Investing (LDI)

Insight's LDI solution/investment strategy seeks to address relevant investment risks associated with managing a pension plan's or other institutional investor's solvency, including, for example, interest rate and, where appropriate, inflation risk. Solutions typically aim to contribute to a reduction of risk or facilitate efficient portfolio management. LDI solutions are client specific and typically use a combination of cash, fixed income assets and derivative instruments. The primary objective for our LDI mandates is to build and manage a portfolio of assets that delivers an effective risk management solution aiming, for example, to match the sensitivity of a client's liabilities to changes in interest rates. We tailor solutions to the client's individual requirements.

The solution for some clients incorporates the exposure of physical bonds managed by Insight and other third party managers. Mandates are managed by a dedicated team of LDI portfolio managers.

II. RISK ANALYSIS

Our strategies are implemented through transactions in physical securities and in futures and derivative instruments in the currency, credit and interest rate markets. Although these markets are typically highly liquid, transaction costs do have an impact on performance and there is a risk that volatile market conditions will require a higher level of activity than normal. This would negatively impact performance through higher transaction costs.

Each investment strategy we offer invests in a variety of securities and other assets and employs a number of investment techniques that involve certain risks.

The risks set forth below represent a general summary of the material risks involved in the investment strategies we offer.

General Risks that Apply to All Strategies Offered

Each investment strategy we offer invests in a variety of securities and employs a number of investment techniques that involve certain risks. Investment involves risk of loss that clients (and investors in funds) should be prepared to bear. Insight does not guarantee or represent that our investment programs will be successful. Our past results are not indicative of future performance. We cannot assure that the investments made on behalf of our clients will be profitable, and in fact substantial losses could be incurred. Investments with us are not a bank deposit and are not insured or guaranteed at all, including not by us or the FDIC or any other government agency.

Correlation Risk

Strategies allocate investments among different asset classes and

so are subject to correlation risk. Although the prices of equity securities and fixed income securities, as well as other asset classes, often rise and fall at different times so that a fall in the price of one may be offset by a rise in the price of the other, in down markets the prices of these securities and asset classes can also fall in tandem.

Counterparty and Settlement Risk

There is a risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of counterparty, there may be delays in liquidating the position and significant losses may be incurred. If the counterparty was unable to meet its contractual obligations under certain derivative contracts, the client account in relation to which Insight had entered into that derivative could incur a loss and this would have an adverse effect on the value of the client account. The fact that the derivatives may be entered into over-the-counter, rather than on a regulated market, may increase the risk. This risk may be mitigated by receiving collateral. A client account may concentrate any or all of its derivatives with one counterparty.

Current Market Conditions and Governmental Actions

Beginning in the fourth quarter of 2008, world financial markets experienced extraordinary market conditions, including, among other things, extreme losses and volatility in securities markets and the failure of credit markets to function. These events have largely been attributed to the combination of a real estate bubble in the US and the securitization and deregulation of real estate mortgages in a way that made the risks of mortgage-backed securities difficult to assess. In reaction to these events, regulators in the US and several other countries undertook unprecedented regulatory actions. Today, such regulators continue to consider and implement additional measures to stabilize and encourage growth in US and global financial markets including the Eurozone which is experiencing a period of instability and reduced liquidity.

It is uncertain whether the regulatory actions taken by regulators will be able to prevent further losses and volatility in securities markets, facilitate liquidity, or stimulate the credit markets.

Insight's strategies may be materially adversely affected by the foregoing events, or by similar or other events in the future. In the long term, there may be significant new regulations that could limit Insight's, activities and investment opportunities or change the functioning of capital markets, and there is the possibility that the severe worldwide economic downturn could continue for a period of years. Consequently, Insight may not be capable of, or successful at, preserving the value of assets, generating positive investment returns or effectively managing risks.

Legal, tax and regulatory developments that may adversely affect clients' accounts could occur. Securities and futures markets are subject to comprehensive statutes, regulations and margin requirements enforced by the SEC, other regulators and self-regulatory organizations and exchanges. These authorities are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions is an evolving area of law and is subject to change by government and judicial actions. There has been an increase in governmental, as well as self-regulatory, scrutiny of the alternative investment industry in general. It's impossible to predict the effect of the changes in law and regulation.

Cybersecurity Risk

In addition to the risks described above that primarily relate to the value of investments, there are various operational, systems, information security and related risks involved in investing, including but not limited to 'cybersecurity' risk. Cybersecurity attacks include electronic and non-electronic attacks that include but are not limited to gaining unauthorized access to digital systems to obtain client and financial information, compromising the integrity of systems and client data (e.g., misappropriation of assets or sensitive information), or causing operational disruption through taking systems off-line (e.g., denial of service attacks). As the use of technology has become more prevalent, we and the client accounts we manage have become potentially more susceptible to operational risks through cybersecurity attacks. These attacks in turn could cause us and client accounts (including funds) we manage to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and/or financial loss. Similar adverse consequences could result from cybersecurity incidents affecting issuers of securities in which we invest, counterparties with which we engage in transactions, third-party service providers (e.g., a client account's custodian), governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers and other financial institutions and other parties. While cybersecurity risk management systems and business continuity plans have been developed and are designed to reduce the risks associated with these attacks, there are inherent limitations in any cybersecurity risk management system or business continuity plan, including the possibility that certain risks have not been identified. Accordingly, there is no guarantee that such efforts will succeed, especially since we do not directly control the steps taken to secure the resilience, including cybersecurity system systems and controls, of issuers or third-party service providers.

Dependence on Insight

The success of the strategies depends in large part upon the skill and expertise of Insight to develop and effectively implement the strategies' investment objectives. Investors will be relying entirely on Insight to manage the strategies. Subjective decisions made by Insight may cause client accounts to incur losses or to miss profit opportunities on which they could otherwise have capitalized.

Foreign Currency Risk

Changes in exchange rates between currencies or the conversion from one currency to another may also cause the value of investments to diminish or increase. Performance may be strongly influenced by movements in FX rates because currency positions held by the client account may not correspond with the securities positions held. Foreign currency exchange rates are determined by forces of supply and demand in foreign exchange markets. These forces are, in turn, affected by international balance of payments and other economic and financial conditions, government intervention, speculation and other factors. Foreign currency exchange rates may also be affected by government policies or intervention in the foreign exchange markets, and certain currencies may be affirmatively supported generally or relative to specific currencies (such as Us dollar) by their or other governments. Changes in government policy, including a cessation of currency support intervention, may result in abrupt changes in the valuation of such currencies.

Foreign Investment Risk

The strategies' performance will be influenced by political, social and economic factors affecting investments in foreign companies and issuers. Special risks associated with investments in foreign issuers include exposure to currency fluctuations, less liquidity, less developed or less efficient trading markets, lack of comprehensive company information, political and economic instability and differing auditing and legal standards. Investments denominated in foreign currencies are subject to the risk that such currencies will decline in value relative to the U.S. dollar and affect the value of these investments held by the strategy. To the extent the investments are focused in a limited number of foreign countries, performance could be more volatile than that of more geographically diversified strategy. The ability of a foreign sovereign obligor to make timely payments on its external debt obligations will be strongly influenced by the obligor's balance of payments, including export performance, its access to international credits and investments, fluctuations in interest rates and the extent of its foreign reserves. A governmental obligor may default on its obligations. The securities of issuers located in emerging markets can be more volatile and less liquid than those of issuers in more mature economies.

General Economic Conditions and Market Conditions

The success of the strategies will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of financial instrument prices and the liquidity of the positions. Volatility or illiquidity could impair profitability or result in losses. Strategies may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets – the larger the positions, the greater the potential for loss.

The economies of non-U.S. countries may differ favorably or unfavorably from the US economy in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of payments position. Further, certain non-U.S. economies are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. The economies of certain non-U.S. countries may be based, predominantly, on only a few industries and may be vulnerable to changes affecting those industries and may have higher levels of debt or inflation.

Hedging Risk

Hedging techniques involve a variety of derivatives, including futures contracts, exchange-listed and over-the-counter put and call options on securities, financial indices, forward foreign currency contracts, and various interest rate transactions. A transaction used as a hedge to reduce or eliminate losses associated with a portfolio holding or particular market that a portfolio has exposure, including currency exposure, can also reduce or eliminate gains. Hedges are sometimes subject to imperfect matching between the hedging transaction and its reference portfolio holding or market (correlation risk), and there can be no assurance that a portfolio's hedging transaction will be effective. In particular, the variable degree of correlation between price movements of hedging instruments and price movements in the position being hedged creates the possibility that losses on the hedge may be greater than gains in the value of the positions of the portfolio. Increased volatility will generally reduce the effectiveness of the portfolio's currency hedging strategy. Hedging techniques involve costs, which could be significant, whether or not the hedging strategy is successful. Hedging transactions, to the extent they are implemented, may not be completely effective in insulating portfolios from currency or other risks.

Highly Volatile Markets

The positions held by the strategies can be highly volatile. Price movements of forwards, futures and other derivative contracts in which the client assets may be invested can be highly volatile and are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in government bonds, currencies, financial instruments, futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The effect of such intervention is often heightened by a group of governments acting in concert. The strategies may make certain speculative investments in currencies which Insight believes to be undervalued;

However, there are no assurances that the currencies purchased will in fact be undervalued. In addition, the client account may be required to hold such currencies for a substantial period of time before realizing their anticipated value.

Increased Regulation

The financial services industry generally, and the activities of hedge funds and their managers in particular, have been subject to increasing regulation. Such regulation may increase Insight's legal, compliance, operational and related costs. Increased regulation also increases administrative requirements on Insight, including, without limitation, responding to investigations and implementing new policies and procedures.

Due to the increase in regulation and because the impact or content of forthcoming regulations is not known, it is possible that the increased costs as a result of such regulation render some strategies more costly or difficult to implement and some strategies may not be feasible to implement in the future.

Issuer Risk

The value of a security may decline for a number of reasons which directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer's products or services.

Market Risk

The market value of a security may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. A security's market value also may decline because of factors that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry.

Operational Risk

The strategies depend on Insight to develop appropriate systems and procedures to control operational risk. These systems and procedures may not account for every actual or potential disruption of the strategies' operations. Insight's business is dynamic and complex. As a result, certain operational risks are intrinsic to the strategies' operations, especially given the volume; diversity and complexity of transactions that the strategies are expected to enter into daily. Insight's business is highly dependent on its ability to process, on a daily basis, transactions across numerous and diverse markets. Consequently, Insight relies heavily on its financial, accounting and other data processing systems. The ability of its systems to accommodate an increasing volume, diversity and complexity of transactions could also constrain the ability of Insight to properly manage its strategies. Systemic failures in the systems employed by Insight and/or counterparties, exchanges and similar clearance and settlement facilities, custodians, and other parties could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, valued or accounted for. These and other similar disruptions in Insight's operations may cause clients' accounts to suffer, among other things, financial loss, the disruption of its businesses, liability to third parties, regulatory intervention or reputation damage.

Retention and Motivation of Key Employees

The performance of the strategies is largely dependent on the talents and efforts of Insight personnel. The success of the strategies depends on Insight's ability to identify and willingness to provide acceptable compensation to attract, retain and motivate talented investment professionals and other personnel. There can be no assurance that Insight's investment professionals will continue to be associated with Insight throughout the life of the strategy and the failure to attract or retain such investment professionals could have a material adverse effect on the strategies including, for example, by limiting Insight's ability to pursue particular investment strategies discussed herein. Competition in the financial services industry for qualified personnel is intense and there is no guarantee that the talents of Insight's investment professionals could be replaced.

Volatility of Returns

Insight defines this type of risk as measured by the standard deviation of returns relative to the benchmark. Insight seeks to provide clients with high risk-adjusted results by focusing on spread sectors to drive return enhancement, and therefore to mitigate volatility and achieve higher risk-adjusted returns versus our benchmarks and peers.

Strategy Risks

The table and section that follows sets forth information concerning the material risks involved with each strategy. An 'X' in the table indicates that the strategy involves the corresponding risk. An empty box indicates that the strategy does not involve the corresponding risk in a material way. However, an empty box does not provide an assurance that the strategy will not be subject to the corresponding risk.

PARETO INVESTMENT MANAGEMENT LIMITED

	Global/ European aggregate fixed income	Global credit	Emerging market corporate debt	Global absolute return bonds	Absolute return currency	Absolute return credit	Absolute return emerging market debt	Global buy and maintain	CRM	DMLSV	Commercial real estate (CRE) loans	Broad opportunity/ multi-asset strategy	Secured finance (ABS) strategy	Global alternative credit	Absolute return multi- strategy	Liability- driven investing
Asset-backed and mortgage-backed securities risks	X	X		X		X	X	X			X	X		X	X	X
Bank loans risk	X			X		X					X	X		X	X	
Call risk			X			X					X	X		X	X	
Commercial real estate loans risk											X		X			
Commodity sector risk			X		X	X	X					X		X	X	
Credit risk	X	X	X	X		X	X	X			X	X	X	X	X	X
Derivatives risk	X	X	X	X	X	X	X	X	X	X	X	X		X	X	X
Emerging market risk	X	X	X	X	X	X	X	X	X			X		X	X	
Exchange-traded fund (ETF) risk						X						X		X	X	
Forward commitment risk	X	X		X												X
Forward contracts risk	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Futures contract risk	X	X		X	X	X						X	X	X	X	X
Government securities risk	X	X	X	X	X	X	X	X				X		X	X	X
High yield bond risk	X	X	X	X		X	X	X				X	X	X	X	
Inflation-indexed security risk	X	X	X	X			X					X			X	X
Interest rate risk	X	X	X	X	X	X	X	X				X		X	X	X
Leverage risk	X			X	X	X	X		X	X		X		X	X	X
Liquidity risk	X	X	X	X	X	X	X	X			X	X	X	X	X	X

PARETO INVESTMENT MANAGEMENT LIMITED

Non-deliverable forwards	X	X	X	X	X	X	X		X		X	X		X	X	
Options risk	X	X	X	X	X	X	X		X			X		X	X	X
Quantitative model risk						X			X	X	X	X		X		X
Real estate sector risk	X			X		X	X					X	X	X	X	
Sales and repurchase agreements	X			X		X	X	X				X		X		X
Swap agreements risk	X	X	X	X	X	X	X	X			X	X		X	X	X

Asset-Backed and Mortgage-Backed Securities Risk

Traditional debt securities typically pay a fixed rate of interest until maturity, when the entire principal amount is due. By contrast, payments on mortgage-backed securities (MBS) typically include both interest and partial payment of principal. Principal may also be prepaid voluntarily, or as a result of refinancing or foreclosure. The strategy may have to invest the proceeds from prepaid investments under less attractive terms and yields. Compared to other debt, MBS are less likely to increase in value during periods of declining interest rates and have a higher risk of decline in value during periods of rising interest rates. MBS can increase the volatility of the strategy. Some MBS receive only portions of payments of either interest or principal of the underlying mortgages. The yields and values of these investments are extremely sensitive to changes in interest rates and in the rate of principal payments on the underlying mortgages. The market for these investments may be volatile and limited, which may make it difficult to buy or sell them. Asset-backed securities (ABS) are structured like MBS, but instead of mortgage loans or interests in mortgage loans, the underlying assets may include such items as motor vehicle instalment sales or instalment loan contracts, leases of various types of real estate and personal property and receivables from credit card agreements. Because ABS, generally, do not have the benefit of a security interest in the underlying assets that is comparable to a mortgage, ABS present certain additional risks that are not present with MBS. For example, the ability of an issuer of ABS to enforce its security interest in the underlying assets may be limited. MBS and ABS are generally issued in multiple classes, each having different maturities, interest rates and payment schedules, and with the principal and interest on the underlying mortgages or other assets allocated among the several classes in various ways. Payment of interest or principal on some classes may be subject to contingencies or some classes or series may bear some or all of the risk of default on the underlying mortgages or other assets. In some cases, the complexity of the payment, credit quality and other terms of such securities may create a risk that terms of the security are not fully transparent. In addition, the complexity of MBS and ABS may make accurate valuation of such securities more difficult, particularly where the security is customized. In determining the average maturity or duration of an MBS or ABS, Insight must apply certain assumptions and projections about the maturity and prepayment of such security; actual prepayment rates may differ. If the life of a security is inaccurately predicted, the strategy may not be able to realize the expected rate of return. In addition, many MBS and ABS are subject to heightened liquidity risk. The number of investors that are willing and able to buy such instruments in the secondary market may be smaller than that for more traditional debt securities.

Bank Loans and Participations Risk

Bank loans and derivatives of bank loans and participations are subject to unique risks, including (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws, (ii) so-called lender liability claims by the issuer of the obligations, (iii) environmental liabilities that may arise with respect to collateral securing the obligations and (iv) limitations on the ability of the strategy to directly enforce its rights with respect to participations. In analyzing each bank loan assignment or swap, Insight must compare the relative significance of the risks against the expected benefits of the investment. Successful claims by third parties arising from these and other risks will be borne by the investors.

Call Risk

Some bonds / mezzanine debt instruments (collectively, 'bonds') give the issuer the option to call, or redeem the bonds before their maturity date. If an issuer 'calls' its bond during a time of declining interest rates, the strategy might have to reinvest the proceeds in an investment offering a lower yield, and therefore might not benefit from any increase in value as a result of declining interest rates. During periods of market illiquidity or rising interest rates, prices of "callable" issues are subject to increased price fluctuation.

Commercial Real Estate Loans Risk

Insight may invest in loans secured by various types of commercial real estate, including but not limited to multifamily, hotel, retail, office, industrial, and mixed-use properties (collectively 'CRE Loans'). Such Loans are subject to normal credit risks as well as those generally not associated with traditional debt instruments. The ability of the borrowers to repay the Loans will typically depend upon the successful renovation or rehabilitation and operation of the related real estate projects and the availability of financing. Any factors that affect the ability of the projects to generate sufficient cash flow could have a material effect on the value of the Loans. Such factors include, but are not limited to (a) the uncertainty of cash flow to meet fixed obligations, (b) adverse changes in general and local economic conditions, including interest rates and local market conditions, (c) tenant credit risks, (d) the unavailability of financing, which may make the operation, sale, or refinancing of a property difficult or unattractive, (e) vacancy and occupancy rates, (f) construction and operating costs, (g) regulatory requirements, including zoning, rent control and real and personal property tax laws, rates and assessments, (h) environmental concerns, (i) project and borrower diversification, (j) vandalism (with attendant security costs), (k) uninsured losses, (l) restrictions and compliance costs imposed by the Americans with Disabilities Act and similar federal, state, or local laws, and (m) general nonrecourse status. In addition, commercial properties often involve a single user or tenant, or relatively few tenants, which can increase risk of loss. Commercial property specifications may be tailored to the requirements of particular users or tenants and, accordingly, it may be difficult, costly and time consuming to liquidate such properties or attract new tenants.

Commodity Sector Risk

Exposure to the commodities markets may subject the client to greater volatility than investments in traditional securities. The values of commodities and commodity-linked investments are affected by events that might have less impact on the values of stocks and bonds. Investments linked to the prices of commodities are considered speculative. Prices of commodities and related contracts may fluctuate significantly over short periods for a variety of factors, including: changes in supply and demand relationships, weather, agriculture, trade, fiscal, monetary and exchange control programs, disease, pestilence, acts of terrorism, embargoes, tariffs and international economic, political, military and regulatory developments. The commodity markets are subject to temporary distortions or other disruptions due to a variety of factors, including the lack of liquidity in the markets, the participation of speculators and government regulation and intervention. U.S. futures exchanges and some foreign exchanges have regulations that limit the amount of fluctuation in futures contract prices, which may occur during a single business day. These limits are generally referred to as 'daily price fluctuation limits' and the maximum or minimum price of a contract on any given day as a result of these limits is referred to as a 'limit price'. Once the limit price has been reached in a particular contract, no trades may be made at a different price. Limit prices have the effect of precluding trading in a particular contract or forcing the liquidation of contracts at disadvantageous times or prices. These circumstances could adversely affect the value of the commodity-linked investments.

Credit Risk

Failure of an issuer to make timely interest or principal payments, or a decline or perception of a decline, in the credit quality of a bond, can cause a bond's price to fall, potentially lowering the value of the client account.

Derivatives Risk

Derivatives are highly specialized instruments that require investment techniques and risk analysis different from those associated with equities and debt securities. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into and the ability to assess the risk that a derivative transaction adds to a portfolio. There can be no guarantee or assurance that the use of derivatives will meet or assist in meeting the investment objectives of the strategy. There is also a possibility that ongoing derivative transactions will be terminated unexpectedly as a result of events outside the control of Insight, for instance, bankruptcy, supervening illegality or a change in the tax or accounting laws relative to those transactions at the time the agreement was originated. There can be no assurance that a liquid secondary market will exist at any specified time for any particular derivative. Derivatives do not always perfectly or even highly correlate or track the value of the securities, rates or indices they are designed to track. The use of derivative techniques may not always be an effective means of implementing, and sometimes could be counter-productive to, the relevant investment objective.

Strategies may use both exchange-traded and over-the-counter derivatives, including, but not limited to, futures, forwards, swaps, options and contracts for differences. These instruments can be highly volatile and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount actually placed as initial margin or paid as premium and may result in unquantifiable further loss exceeding any margin deposited. In addition, daily limits on price fluctuations and speculative position limits on exchanges may prevent prompt liquidation of positions resulting in potentially greater losses.

Transactions in over-the-counter contracts may involve additional risk as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk. There is also the possibility that derivatives do not completely correlate with their underlying assets, interest rates or indices. Inappropriate valuations can result in higher demands for cash by counterparties or in a loss in value. There is not always a direct or parallel relationship between a derivative and the value of the assets, interest rates or indices from which it is derived. For these reasons, the use of derivatives by a strategy is not always an effective means of attaining the strategy's investment objective and can at times even have the opposite effect.

Emerging Market Risk

Emerging markets tend to be more volatile and less liquid than the markets of more mature economies, and generally have less diverse and less mature economic structures and less stable political systems than those of developed countries. The securities of issuers located or doing substantial business in emerging markets are often subject to rapid and large changes in price. In particular, emerging markets may have relatively unstable governments, present the risk of sudden adverse government or regulatory action and even nationalization of businesses, restrictions on foreign ownership or prohibitions of repatriation of assets, and may have less protection of property rights than more developed countries. The economies of emerging market countries may be based predominantly on only a few industries and may be highly vulnerable to changes in local or global trade conditions, and may suffer from extreme debt burdens or volatile inflation rates. Local securities markets may trade a small number of securities and may be unable to respond effectively to increases in trading volume, potentially making prompt liquidation of substantial holdings difficult. Transaction settlement and dividend collection procedures also may be less reliable in emerging markets than in developed markets.

Exchange-traded Fund (ETF) Risk

ETFs in which the strategy may invest involve certain inherent risks generally associated with investments in a portfolio of common stocks, including the risk that the general level of stock prices may decline, thereby adversely affecting the value of each unit of the ETF. Moreover, an ETF may not fully replicate and may diverge substantially from the performance of its benchmark index because of the temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weighting of securities or the number of stocks held. Investing in ETFs, which are investment companies, may involve duplication of advisory fees and certain other expenses.

Forward Commitment Risk

When a portfolio engages in when-issued, delayed delivery or forward commitment transactions (e.g., “to be announced” securities or TBAs), the portfolio relies on the counterparty to complete the sale. Failure to do so may result in the strategy missing the opportunity to obtain a price or yield considered to be advantageous. Such transactions may also have the effect of leverage on the strategy and may cause it to be more volatile. Additionally, these transactions may create a higher portfolio turnover rate.

Forward Contracts Risk

Client accounts may enter into forward contracts that are not traded on exchanges and are generally not regulated. There are no limitations on daily price moves of forward contracts. Banks may require clients to deposit margin with respect to such trading. Counterparties are not required to continue to make markets in such contracts. There have been periods during which certain counterparties have refused to continue to quote prices for forward contracts or have quoted prices with an unusually wide spread (the price at which the counterparty is prepared to buy as agent and that at which it is prepared to sell). Arrangements to trade forward contracts may be made with only one or a few counterparties and liquidity problems therefore might be greater than if such arrangements were made with numerous counterparties. The imposition of credit controls by governmental authorities might limit such forward trading to less than the amount that Insight would otherwise recommend, to the possible detriment of the client account.

Government Securities Risk

Not all government and governmental agency obligations are backed by the full faith and credit of the relevant government. Some obligations are backed only by the credit of the issuing agency, and in some cases there may be some risk of default by the issuer.

Any guarantee by the relevant government or its agencies of a security held by the strategy does not apply to the market value of such security. A security backed by the full faith and credit of the relevant government is guaranteed only as to the timely payment of interest and principal when held to maturity. In addition, because many types of government securities trade actively outside the relevant country, their prices may rise and fall as changes in global economic conditions affect the demand for these securities. Governments that do not have control of their own currencies may be more at risk of default.

High Yield Bond Risk

The strategy may invest in high yield bonds. High yield (‘junk’) bonds involve greater credit risk, including the risk of default, than investment grade bonds and there is greater uncertainty that issuers will be able to make principal and interest payments. The prices of high yield bonds can fall dramatically in response to bad news about the issuer or its industry, or the economy in general.

Inflation-indexed Security Risk

Interest payments on inflation-indexed securities can be unpredictable and will vary as the principal and/or interest is periodically adjusted based on the rate of inflation. If the index measuring inflation falls, the interest payable on these securities will be reduced. Inflation-indexed securities issued by corporations generally do not guarantee repayment of principal. Any increase in the principal amount of an inflation-indexed security will currently be considered taxable ordinary income, even though investors do not receive their principal until maturity. As a result, the strategy may be required to make annual distributions that exceed the cash the strategy received, which may cause the strategy to liquidate certain investments when it is not advantageous to do so. Also, if the principal value of an inflation-indexed security is adjusted downward due to deflation, amounts previously distributed may be characterized in some circumstances as a return of capital.

Interest Rate Risk

Any investment in fixed-income securities will be subject to interest rate credit risk. Prices of fixed income securities tend to move inversely with changes in interest rates. Typically, a rise in rates will adversely affect bond prices and, to the extent the client account invests in bonds, the value of the client account. The longer the effective maturity and duration of these investments, the more likely the value of the client account will react to interest rates.

Leverage Risk

The use of leverage, such as engaging in reverse repurchase agreements, lending portfolio securities, entering into futures contracts or forward currency contracts, investing in inverse floating rate instruments and engaging in forward commitment transactions, may magnify the client accounts' adviser's gains or losses.

Because many derivatives have a leverage component, adverse changes in the value or level of the underlying asset, reference rate or index can result in a loss substantially greater than the amount invested in the derivative itself. Certain derivatives have the potential for unlimited loss, regardless of the size of the initial investment.

Liquidity Risk

When there is little or no active trading market for specific types of securities, it can become more difficult to sell the securities at or near their perceived value. In such a market, the value of such securities may fall dramatically. Liquidity risk also exists when a particular derivative instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid (as is the case with many privately negotiated derivatives), it may not be possible to initiate a transaction or liquidate a position at an advantageous time or price.

Options Risk

Trading in options involves a number of risks. Specific market movements of the option and the instruments underlying an option cannot be predicted. No assurance can be given that a liquid offset market will exist for any particular option or at any particular time. If no liquid offset market exists, the strategy might not be able to effect an offsetting transaction in a particular option. To realize any profit in the case of an option, therefore, the option holder would need to exercise the option and comply with any margin requirements for the underlying instrument. The writer of an option could not terminate the obligation until the option expired or the writer was assigned an exercise notice.

The purchaser of an option is subject to the risk of losing the entire purchase price (premium) of the option along with any related transaction costs.

The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option and the price of the underlying security of the option that the writer must purchase or deliver upon exercise of the option. The writer of a naked option may have to purchase the underlying contract in the market for substantially more than the exercise price of the option in order to satisfy his delivery obligations. This could result in a large net loss.

The strategies, and therefore the client's account, will enter into options as a seller/writer or buyer of put and call options and may purchase or sell these instruments either individually or in combinations.

Non-Deliverable Forwards Risk

Non-deliverable forwards are used for currencies of countries that may impose certain currency market restrictions. non-deliverable forwards are similar to traditional forward contracts, in that an agreement is made to buy and sell a specific amount of one currency in exchange for another currency for settlement on a predetermined future date and at a pre-agreed rate, except that there is no physical delivery of the referenced currencies. The contracts are cash-settled at expiration in a deliverable currency, such as US dollars.

Real Estate Sector Risk

The securities of issuers that are principally engaged in the real estate sector may be subject to risks similar to those associated with the direct ownership of real estate. These include: declines in real estate values, defaults by mortgagors or other borrowers and tenants, increases in property taxes and operating expenses, overbuilding, fluctuations in rental income, changes in interest rates, possible lack of availability of mortgage advisers or financing, extended vacancies of properties, changes in tax and regulatory requirements (including zoning laws and environmental restrictions), losses due to costs resulting from the clean-up of environmental problems, liability to third parties for damages resulting from environmental problems and casualty or condemnation losses. In addition, the performance of the economy in each of the regions and countries in which the real estate owned by a portfolio company is located affects occupancy, market rental rates and expenses and, consequently, has an impact on the income from such properties and their underlying values.

Quantitative Model Risk

For certain strategies Insight relies on quantitative models that utilize mathematical and statistical formulas designed to select a combination of positions that reflect forward-looking estimates of return and risk. There can be no assurance that a particular quantitative model has been designed to appropriately account for all variables that may affect the performance of a particular investment strategy. Any errors in the design input or implementation of the quantitative models used by us could have a material adverse effect on the performance of a particular investment strategy. Due to the foregoing risks and the inherent complexities in quantitative models, it may be very difficult or impossible to detect the source of any weakness or failing in a quantitative model, before any losses are incurred.

Sale and Repurchase Agreements (repos) Risk

The use of repos may give rise to residual credit risks. Though it is essentially a collateralized transaction, the seller may fail to repurchase the securities sold at the maturity date. In other words, the repo seller defaults on his obligation. Consequently, the buyer may keep the security, and liquidate the security in order to recover the value forgone as a result of the default. The security, however, may have lost value since the outset of the transaction as the security is subject to market movements. Credit risk associated with repos is subject to many factors including term of repo, liquidity of security and the strength of the counterparties involved.

Swap Agreements Risk

Insight, on behalf of its clients, may enter into swap agreements and options on swap agreements (swaptions). These agreements can be individually negotiated and structured to include exposure to a variety of different types of investments, asset classes or market factors. The strategies, for instance, may enter into swap agreements with respect to interest rates, credit defaults, currencies, securities, indexes of securities and other assets or other measures of risk or return. Depending on their structure, swap agreements may increase or decrease the client account's exposure to, for example, long-term or short-term interest rates, foreign currency values, credit spreads or other factors. Swap agreements can take many different forms and are known by a variety of names. Whether the strategies' use of swap agreements or swaptions will be successful will depend on Insight's ability to identify and select appropriate transactions for the client account. Swap transactions may be highly illiquid and may increase or decrease the volatility of the client's portfolio. Moreover, the client account bears the risk of loss of the amount contractually agreed to be received under a swap agreement in the event of the default or insolvency of its counterparty.

ITEM 9. DISCIPLINARY INFORMATION

From time to time, the Company, Insight and/or BNY Mellon may be involved in regulatory examinations or litigation that arise in the ordinary course of business. At this time the Company is not aware of any regulatory matters or litigation that we believe would be material to an evaluation of our advisory business or integrity of our management.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As a part of the BNY Mellon group, the Company is affiliated with a number of entities that are subsidiaries of BNY Mellon. Where permitted by applicable law and in accordance with client guidelines, the Company may use its discretionary authority to invest client accounts in affiliated pooled funds. This may give rise to a conflict of interest; each BNYM and Insight entity, including the Company, has procedures in place to address such conflicts of interest.

The Company has relationships with the following affiliates which are material to its advisory business:

Insight Investment

The Company is part of the group of affiliated companies providing investment advisory services under the brand 'Insight Investment'. Insight Investment includes, without limitation, the following affiliated entities: PIML, Insight North America LLC (previously called Pareto New York LLC until September 2016) (INA), Cutwater Investor Services Corp (CISC), Cutwater Asset Management Corp. (CAMC), Insight Investment Management Limited (IIML), Insight Investment Funds Management Limited (IIFM) and Insight Investment Management Global Limited (IIMG). Individually or collectively, these entities may be referred to in the marketplace as 'Insight' or 'Insight Investment'.

Investment advisory services are offered under the Insight brand to US clients and prospects by four different SEC-registered investment advisers: CAMC, CISC, INA and PIML.

Each Insight entity, including the Company, may provide investment advisory and other services to other Insight entities under a sub-advisory or delegation agreement or a contract for services agreement for non-investment advisory activities.

Each of the Insight entities may market the services and strategies of other Insight entities, and may provide client services for its own clients and/or clients of other Insight entities.

Please see Item 4 for a description of our brand name and affiliated entities.

Participating Affiliates

Insight has established participating affiliate arrangements between the Company and Insight Investment Management (Global) Limited (IIMG). Under this Agreement, IIMG is a participating affiliate, as such term is used in relevant relief granted by the SEC staff. The arrangement permits the participating affiliates and their personnel to provide investment advisory and other services, including non-discretionary trade execution, to or for the Company's (or its affiliate's) clients. Under this Agreement, personnel of participating affiliates providing services to the Company's (or affiliate's) clients are considered "persons associated with" the Company (or affiliate), which has the meaning of the term "person associated with an investment adviser" as defined in Advisers Act Section 202(a)(17). Each Agreement requires the relevant participating affiliate to agree to submit to the jurisdiction of U.S. courts for actions arising under the United States securities laws in connection with the services provided to the Company's (or affiliate's) clients under such Agreement. Thus, in providing asset management services to clients, the Company may receive services from other Insight companies located in offices around the world. The Company, however, retains responsibility for the client relationship and oversees those services performed in other offices with respect that client's account.

Personnel and Information Sharing

The Bank of New York Mellon Corporation is the ultimate parent company of all Insight entities. Insight entities also share senior management teams and have similar operating policies and procedures. Entities within Insight provide various services to each other that help each other to deliver and enhance the investment advice and other services that they offer to their clients. The services provided by entities within Insight include for example, marketing, client servicing, credit analysis, IT systems and support, administrative and accounting services. In order to better serve their clients, employees and employees of other Insight companies may share research and investment ideas, as well as office space and IT systems, except where prohibited by informational screening procedures (ethical walls) established by Insight or pursuant to applicable law or regulation.

As part of these arrangements confidential information is shared amongst Insight entities including Insight entities that are not SEC registrants. Accordingly, the Company's personnel will have access to confidential information in the possession of Insight entities relating to their clients and their accounts, including for example information on portfolio holdings and investment transactions and other Insight entity's personnel will have access to confidential information in the possession of the Company, relating to its clients and their accounts.

Insight has established procedures that are designed to assure that any such information is handled securely and in a manner consistent with the fiduciary duties of each investment adviser in Insight to its clients and the fiduciary duties of the Company to its clients. For example, these procedures prohibit Insight from using research and investment ideas and other information shared by another entity in Insight in a manner that improperly disadvantages other clients. However, the Company and other Insight members will receive research and investment ideas shared with them by other entities in Insight in providing advisory services to their clients, and in some cases one adviser in Insight may take action for its clients based on these ideas, independently and without reliance on that other entity and always subject to Insight's discretion, at the same time as, or before, actions based on these ideas are taken for Insight clients.

All entities in Insight use research and investment ideas shared by Insight in order to provide advisory services to their clients and observe procedures designed to assure that each entity uses any such ideas in a manner that complies with applicable law and regulation and does not improperly disadvantage Insight clients. These procedures sometimes limit actions that the Company takes on behalf of its clients based on research and investment ideas provided by Insight.

Trading Arrangements

The Company engages in business activities with some or all of the Insight entities, subject to our policies and procedures governing how we handle conflicts of interest. We may use our affiliates to provide other services to our clients to the extent permitted under applicable law. We are committed to providing clients with service of the highest quality and we are guided by the principle that we act in the best interests of our clients. Nevertheless, there are circumstances where client interests conflict with our interests or the interests of other clients. Some of these conflicts of interest are inherent to our business. Insight has policies and procedures that are designed to ensure that we are always acting fairly in the interests of our clients.

The Company may advise some clients or take actions for them that differ from recommendations or actions taken for other clients. We are not obliged to recommend to clients any investments that we may recommend to or purchase or sell for other clients. Our employees regularly share information, perceptions, advice and recommendations about market trends, the valuations of individual securities, and investment strategies, except where prohibited by ethical walls established by us or by applicable law or regulation. Persons associated with us, or our affiliates, may have investments in securities that are recommended to clients or held in client accounts, subject to compliance with our policies regarding personal securities trading.

Insight operates coordinated trading desks between London and New York, whereby investment decisions made by one Insight entity may be delegated to another Insight entity for execution. In placing trades on behalf of our clients, we may use the resources of Insight North America LLC (INA). INA has entered into an agreement pursuant to which professionals from INA may place trades on behalf of our clients ('Agreement'). The use of affiliates to place trades under the Agreement does not alter or change the entity making investment decisions for the client accounts. Trades may be aggregated across Insight's client accounts throughout each trading day, consistent with each Company's duty to seek best execution for its clients. The Company may co-ordinate portfolio management or trading activities among its clients and clients of affiliates within Insight that utilize the Insight trading desks.

Trades placed in the US by INA on behalf of Insight clients are executed by personnel of INA and CISC. This arrangement allows Insight to operate across two time zones, thereby extending the daily trading hours for the firm and facilitating access to a greater number of markets.

These activities are executed through the appropriate Insight trading desk in accordance with Insight's trading policies and procedures. These procedures include best execution, aggregation of orders, trade allocations, new issues, cross trading, directed brokerage and soft dollar activities. Where possible, trades, including indications of interest for new issues, will be aggregated for clients of the Company and other clients of Insight and will be allocated in a manner that is intended to be fair and equitable in accordance with the Insight Allocation Policy. As a result, the Company's clients may receive a smaller allotment of securities, including fewer shares of a new issue, where there is participation by clients of other Insight affiliated investment advisers in such securities.

Commodity Futures Trading Commission (CFTC)

The Company is registered as a Commodity Pool Operator and Commodity Trading Advisor with the CFTC and is a member of the National Futures Association. Some of the Companies' officers and employees are registered as Principals and Associated Persons as required.

Northern Trust

Insight outsources the provisions of its investment operations function to Northern Trust. The operations outsourced include trade matching and confirmation, investment record keeping, asset set-up, reconciliation, client reporting production, valuations and performance analysis. Insight retains the investment management and trading function. Insight's Operations Department monitors Northern Trust's activities and supports interactions between Northern Trust and Insight's front office and client servicing teams, as appropriate.

Other Material Affiliations –BNY Mellon

BNY Mellon is a Global Financial Services Company

BNY Mellon is a global financial services group providing a comprehensive array of financial services (including asset management, wealth management, asset servicing, clearing and execution services, issuer services and treasury services) through a world-wide client focused team that enables institutions and individuals to manage and service their financial assets. BNY Mellon Investment management is the umbrella designation for BNY Mellon's affiliated investment management firms, wealth management business and global distribution companies and is responsible, through various subsidiaries, for US and non-US retail, intermediary and institutional distribution of investment management and related services.

Insight may enter into transactions with unaffiliated counterparties or third party service providers who then use affiliates of Insight to execute such transactions. Additionally, we may effect transactions in American Depositary Receipts ('ADRs') or other securities and the involved issuers or their service providers may use affiliates for support services. Services provided by our affiliates to such unaffiliated counterparties, third party service providers and/or issuers may include, for example, clearance of trades, purchases or sales of securities, serving as depository bank to issuers of ADRs, providing foreign exchange services in connection with dividends and other distributions from foreign issuers to owners of ADRs, or other transactions not contemplated by us. Although one of our affiliates may receive compensation for engaging in these transactions and/or providing services, the decision to use or not use an affiliate of ours is made by the unaffiliated counterparty, third party service provider or issuer. Further, we will likely be unaware that the affiliate is being used to enter into such transaction or service.

BNY Mellon and/or its other affiliates may gather data from us about our business operations, including information about holdings within client portfolios, which is required for regulatory filings to be made by us or BNY Mellon or other affiliates (e.g., reporting beneficial ownership of equity securities) or for other compliance, financial, legal or risk management purposes, pursuant to policies and procedures of Insight, BNY Mellon or other affiliates. This data is deemed confidential and procedures are followed to ensure that any information is utilized solely for the purposes intended.

To the extent permissible under applicable law, we may decide to invest in money market accounts advised or managed by a BNY Mellon affiliate. In addition, we may invest client accounts in affiliated pooled vehicles. Such affiliated pooled vehicles are further described in their offering documents such as the prospectus or offering memorandum and, in the case of collective investment trusts, schedule A(s) of the applicable collective investment trust documents, which are available on request. We have an incentive to allocate investments to these types of affiliated accounts in order to generate additional fees for us or our affiliates.

Insight has agreements with BNY Mellon Investment Management who may also solicit clients for Insight.

BNY Mellon's Status as a Bank Holding Company

BNY Mellon and its direct and indirect subsidiaries, including Insight, are subject to certain U.S. banking laws, including the bank Holding Company Act of 1956, as amended (BHCA), and to regulation and supervision by the board of Governors of the Federal Reserve System (Federal Reserve), and to the provisions of, and regulations under, the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd Frank Act). The BHCA and Dodd Frank Act (and other applicable banking laws, and their interpretation and administration by the appropriate regulatory agencies, including but not limited to the Federal Reserve) may restrict the transactions and relationships among BNY Mellon, its affiliates (including us) and our clients, and may restrict our investments, transactions and operations. For example, the BHCA regulations applicable to BNY Mellon and us may, among other things, restrict our ability to make certain investments or the size of certain investments, impose a maximum holding period on some or all of our investments, and restrict our ability to participate in the management and operations of the companies in which we invest. In addition, certain BHCA regulations may require aggregation of the positions owned, held or controlled by related entities. Thus, in certain circumstances, positions held by BNY Mellon and its affiliates (including us) for client and proprietary accounts may need to be aggregated and may be subject to a limitation on the amount of a position that may be held. The foregoing limits may have an adverse effect on our ability to manage client investment portfolios. For example, depending on the percentage of a company we and our affiliates (in the aggregate) control at any given time, the limits may (1) restrict our ability to invest in a that company for certain clients and/or (2) require us to sell certain client holdings of that company at a time when it may be undesirable to take such action. Additionally, BNY Mellon may in the future, in its sole discretion and without notice, engage in activities impacting us in order to comply with the BHCA, Dodd Frank Act or other legal requirements applicable to (or reduce or eliminate the impact or applicability of any bank regulatory or other restrictions on) us and accounts managed by us and our affiliates.

The Volcker Rule

The Dodd-Frank Act includes provisions that have become known as the “Volcker Rule,” which restrict bank holding companies, such as BNY Mellon and its subsidiaries (including Insight) from (i) sponsoring or investing in a private equity fund, hedge fund or otherwise “covered fund”, with the exception, in some instances, of maintaining a de-minimis investment, subject to certain other conditions and/or exceptions, (ii) engaging in proprietary trading, and (iii) entering into certain transactions involving conflicts of interest (e.g., extensions of credit). The final Volcker Rule was jointly adopted by a group of U.S. federal financial regulators in December 2013 and generally must be implemented by BNY Mellon no later than July 21, 2017.

The Volcker Rule generally prohibits certain transactions involving an extension of credit between BNY Mellon and its affiliates, on the one hand, and “covered funds” managed by BNY Mellon and/or its affiliates (including us), on the other hand. BNY Mellon affiliates provide securities clearance and settlement services to broker-dealers on a global basis. The operational mechanics of the securities clearance and settlement process can result in an unintended intraday extension of credit between the securities clearance firm and a “covered fund.” As a result, we may be restricted in executing transactions for certain funds through broker-dealers that utilize a BNY Mellon affiliate as their securities clearance firm. Such restriction could prevent us from executing transactions through broker-dealers we would otherwise use in fulfilling our duty to seek best execution.

BNY Mellon Incentive Referral Program

Insight follows the principles BNY Mellon’s incentive compensation program (Program). The Program is designed to (i) reward internal referrals of business and opportunities; (ii) help clients understand and gain access to the full range of products and services offered by BNY Mellon and its subsidiaries; and (iii) expand and develop client relationships.

The program promotes BNY Mellon’s corporate values of Client Focus, trust, teamwork and outperformance by encouraging the cross- selling of BNY Mellon’s broad array of services and products throughout the organization to better meet a current or prospective client’s full range of needs for financial products and services, and to expand customer relationships. The Program seeks to financially reward (via bonus or referral fee) eligible employees who offer a business lead that results in a sale of certain affiliated products or services to existing clients and prospects. These bonuses and referral fees may be paid to us and our employees for referring business (services or products) to our affiliates, and our affiliates and their employees may receive bonuses and referral fees for referring business to us. Insight employees may participate in the program which may create a conflict of interest when marketing investment strategies to existing or potential clients of Insight. Employees participating in the program are financially compensated for successful introductions which may mean that advice on such strategies is not independent.

Affiliated Placement Agents

Insight has affiliated ‘placement agents’, including MBSC securities Corporation (MBSC) which solicits persons to invest in various strategies, including pooled funds and separate account products. Insight and certain pooled funds have entered into agreements with these placement agents to pay commissions or fees for such solicitations. Insight or our affiliates are solely responsible for the payment of these commissions and fees; they will not be borne by the pooled funds, their investors or the segregated account client. We or our affiliates pay these commissions and fees out of our profits, and these payments do not increase the fees paid by the pooled fund’s investors. These incentives may cause the placement agents and their employees and/or salespersons to steer investors toward those pooled funds and products that may generate higher commissions and fees. Please see Item 14 for more information on the compensation arrangements related to client referrals.

Certain of our sales and client service employees are registered representatives of our affiliate MBSC a registered broker-dealer under the securities exchange Act of 1934, as amended, and a member of FINRA. In their capacity as registered representatives of MBSC, these employees sell and provide services regarding securities managed by Insight. There is a financial arrangement in place between us and MBSC for these activities.

Affiliated Service Providers

In addition, to the extent permitted by law, placement agents and their respective affiliates may provide brokerage and certain other financial and securities services to us, our affiliates or related pooled funds and segregated accounts under our management. Such services, if any, will be provided at competitive rates and would be executed consistent with our duty to obtain best execution. BNY Mellon is also affiliated with service providers, distributors and consultants that may provide services and may receive fees from BNY Mellon in connection with such services, which may incentivize such persons to distribute interests in a pooled fund or other BNY Mellon products.

Other Relationships

In addition, BNY Mellon personnel, including certain of our employees, may have board, advisory, or other relationships with issuers, distributors, consultants and others that may have investments in a pooled fund and/or related pooled funds or that may recommend investments in a pooled fund or distribute interests in a pooled fund. To the extent permitted by applicable law, BNY Mellon and its affiliates, may make charitable contributions to institutions, including those that have relationships with investors or personnel of investors. To the extent permitted by applicable law our personnel may make political and/or charitable contributions to institutions, including those that have relationships with investors or personnel of investors. As a result of the relationships and arrangements described in this paragraph, placement agents, consultants, distributors and other parties may have conflicts associated with their promotion of a pooled fund or product, or other dealings with a pooled fund, that create incentives for them to promote a pooled fund or product.

Some of our clients may retain consulting firms to assist them in selecting investment managers. Some consulting firms provide services to both those who hire investment managers and to investment management firms and we may provide separate advisory services directly or indirectly to employees of such consulting firms. We may pay to attend conferences sponsored by consulting firms and/or purchase services from consulting firms where we believe those services will be useful to us in operating our investment management business.

We do not pay referral fees to consultants. However, our clients and prospective clients should be aware that consulting firms might have business relationships with investment management firms that they recommend to their clients.

BNY Mellon maintains, and we have adopted, a Code of Conduct that addresses these types of relationships and the potential conflicts of interest they may present, including the provision and receipt of gifts and entertainment.

BNY Mellon, among several other leading investment management firms, has a minority equity interest in Luminex trading and Analytics, LLC (Luminex), a registered broker-dealer under the exchange Act, which was formed for the purpose of establishing and operating a

'buy-side' owned and controlled electronic execution utility for trading securities (Alternative trading system). Transactions for clients for which we serve as adviser or sub-adviser may be executed through the Alternative trading system. We and BNY Mellon disclaim that either is an affiliate of Luminex.

Affiliated Broker-Dealers and Investment Advisers

Insight is affiliated with a significant number of advisers and broker/dealers. Please see our Form ADV, Part I - schedule D, section 7. A for a list of our affiliated advisers and broker-dealers. Several of our investment adviser affiliates have, collectively, a significant number of investment-related Private Funds for which a Related Person serves as sponsor, general partner or managing member (or equivalent), respectively. Please refer to the Form ADV, Part I – schedule D, section 7.b for each of our affiliated investment advisers for information regarding such firm's Private Funds (if applicable) and such firm's Form ADV, Part I – schedule D, section 7.A for information regarding related persons that serve in a sponsor, general partner or managing member capacity (if applicable).

Where we select the broker to effect purchases or sales of securities for client accounts, we may use either an affiliated or unaffiliated broker (unless otherwise restricted by an agreement, law or regulation). We may have an incentive to enter into transactions with an affiliated broker-dealer, in an effort to direct more commission dollars to an affiliate.

We have broker selection policies in place that require our selection of a broker-dealer to be consistent with our duty of best execution, and subject to any client and regulatory proscriptions. Please see Item 12 for more information on our broker selection process.

We may be prohibited or limited from effecting transactions for clients because of rules in the marketplace, foreign laws or our own policies and procedures. In certain cases, we may face further limitations because of aggregation issues due to our relationship with affiliated investment management firms. Please also refer to Item 12, below, for a discussion of our trade aggregation procedures.

The Company acts as sub-adviser to one or more of the Dreyfus Funds, a series of Mutual Funds. The Dreyfus Corporation is also wholly owned by BNY Mellon. The Company does not believe these relationships create any material conflicts of interest with any of Insight's other clients.

Affiliated Underwriters

BNYM's affiliated broker-dealer entities occasionally act as underwriter or as a member of the underwriting syndicate for certain new issue securities, which may create an incentive for us to purchase these new issue securities, in an effort to provide additional fees to the broker-dealer affiliate.

BNY Mellon has established a policy regarding purchases of securities in an offering in which an affiliate acts as an underwriter or as a member of the underwriting syndicate. In compliance with applicable banking, securities and ERISA regulations, we may purchase on behalf of our clients securities in an offering in which an affiliate is acting as an underwriter or as a member of the underwriting syndicate during the syndication period, so long as requirements of the policy, including written approval and compliance with certain investment criteria are met. The policy prohibits direct purchases from an affiliate for any fiduciary account under any circumstances.

Affiliated Underwritings and Services

BNY Mellon engages in trust and investment business through various banking institutions, including the bank and BNY Mellon. These affiliated banking institutions may provide certain services to us, such as recordkeeping, accounting, marketing services, and referrals of clients. We may provide the affiliated banking institutions with sales and marketing materials regarding our investment management services that may be distributed under the name of certain marketing 'umbrella designations' such as BNY Mellon, BNY Mellon Wealth management, BNY Mellon IM, and BNY EMEA.

We may provide certain investment advice and/or security valuation services to the bank. We also provide certain investment advisory and trading services to certain bank clients and separately managed accounts (including separately managed accounts for which the bank acts as trustee, custodian, or investment manager).

Certain clients may have established custodial or sub-custodial arrangements with the bank and other financial institutions that are affiliated with us. Furthermore, the bank and other financial institutions that are affiliated with us may provide services (such as trustee, custodial or administrative services) to issuers of securities. Because of their affiliation with us, our ability to purchase securities of such issuers and to take advantage of certain market opportunities may be subject to certain restrictions and in some cases, prohibited.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, PERSONAL TRADING

Code of Ethics

Insight has adopted a Code that is made up of two parts and is available to any client, or prospective client, on request:

The BNY Mellon Code of Conduct and Interpretive Guidance (the 'Code'); and the BNY Mellon Personal Securities Trading Policy (the 'PSTP').

The Code provides employees with the framework and sets the expectations for business conduct. In addition, it clarifies our responsibilities to clients, suppliers, government officials, competitors and the communities we serve and outlines important legal and ethical issues:

Conflicts of Interest: gifts, entertainment and other payments; personal conflicts of interest; fiduciary appointments and bequests; outside affiliations, outside employment and certain outside compensation issues; and disclosure of relationships and transactions;

Proper Use and Care of Information and Proper recordkeeping: proprietary information and intellectual property; data integrity and corporate information; use of e-mail and internet; accurate accounting and internal controls; use of non-public or 'inside' information; talking to the media; and document retention;

Dealing with Customers, Prospects, suppliers, and Competitors: business relationships with customers, prospects, suppliers, and competitors; business decisions; exploitation of relationships and use of the company's name, letterhead or facilities; knowing your customer; and recognizing and reporting illegal, suspicious, or unusual activities;

Doing business With the Government: complying with government contracts, government contracting laws and regulations; integrity in the sales and marketing process; truthful, accurate statements and recordkeeping; safeguarding government information and property; cooperating with government audits and investigations; and meeting employment and labor obligations;

Personal Finances: personal investments; personal brokerage accounts; political campaign contributions; contributions to not-for-profit entities; and individual employees' regulatory requirements; and

Compliance with the Law: among other matters illegal or criminal activities; investigations; and protection of company assets.

The PSTP is designed to reinforce our reputation for integrity by avoiding even the appearance of impropriety and to ensure compliance with applicable laws in the conduct of our business. The PSTP sets procedures and limitations that govern the personal securities transactions of our employees in accounts held in their own names as well as accounts in which they have indirect ownership. We, and our related persons and employees, may, under certain circumstances and consistent with the PSTP, purchase or sell for their own accounts securities that we also recommend to clients and may, from time to time, invest in products managed by us or our related persons.

The PSTP imposes different requirements and limitations on employees based on the nature of their business activities for Insight. Each of our employees is classified as one of the following:

1. Investment employee ('IE'): IEs are employees who, as part of their responsibilities, have access (or are likely to be perceived to have access) to non-public information regarding any advisory client's purchase or sale of securities or non-public information regarding the portfolio holdings of any Proprietary Account, or are involved in making securities recommendations to advisory clients or have access to such recommendations before they are public.
2. Access Decision maker ('ADM'): ADMs (generally portfolio managers and research analysts who make or participate in recommendations or decisions regarding the purchase or sale of securities for Mutual Funds and other accounts/funds) are subject to the most extensive procedures under the PSTP.

PSTP Overview:

1. IEs and ADMs are subject to preclearance and personal securities reporting requirements, with respect to discretionary accounts in which they have direct or indirect ownership;
2. Transaction reporting is not required for non-discretionary accounts, transactions in exempt securities or certain other transactions that are not deemed to present any potential conflicts of interest;
3. Preclearance is not required for transactions involving certain exempt securities (such as open-end investment company securities that are not proprietary funds or money market funds and short-term instruments, non-financial commodities; transactions in non-discretionary accounts (approved accounts over which the employee has no direct or indirect influence or control over the investment decision-making process); transactions done pursuant to automatic investment plans; and certain other transactions detailed in the PSTP which are either involuntary or deemed not to present any potential conflict of interest;
4. BNY Mellon has a 'Preclearance Compliance officer' who maintains a 'restricted list' of companies whose securities are subject to trading restrictions. This list is used by the Preclearance Compliance officer to determine whether or not to grant trading authorization;
5. The acquisition of any securities in a private placement requires prior written approvals;
6. With respect to transactions involving BNY Mellon securities, all employees are also prohibited from engaging in short sales, purchases on margin, option transactions (other than employee option plans), and short-term trading (i.e., purchasing and selling, or selling and purchasing BNY Mellon securities within any 60 calendar day period);
7. With respect to non-BNY Mellon securities purchasing and selling, or selling and purchasing the same or equivalent security within 60 calendar days is discouraged, and any profits must be disgorged; and
8. No covered employee should knowingly participate in or facilitate late trading, market timing or any other activity with respect to any fund in violation of applicable law or the provisions of such fund's disclosure documents.
9. A copy of our Code of Ethics will be provided upon request to any client or prospective client.

The PSTP also includes a general restriction on 'spread betting' and considers that such transactions constitute transactions in securities for the purposes of the Policy and are subject to all of the provisions applicable to other non-exempted transactions

Interest in Client Transactions

While each of the following types of transactions present conflicts of interest for us, as described below, we seek to manage our accounts in a manner consistent with applicable law, and we follow procedures that are reasonably designed to treat our clients fairly and to prevent any client or group of clients from being systematically favored or disadvantaged.

Principal Transactions

'Principal transactions' are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys any security from or sells any security to any client, we do not effect such principal transactions. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated fund and another client account.

When an investment adviser engages in a principal transaction, it may have an incentive to favor its own interests over the interests of its client.

It is our policy that neither we nor any of our officers or directors shall, as principal, buy securities for itself from or sell securities it owns to any client. However, we are part of a large diversified financial organization, which includes banks and broker-dealers. As a result, it is possible that a related person other than our officers and directors, may, as principal, purchase securities from, or sell securities to our clients. Insight does not engage in principal transactions.

Cross Transactions

From time to time securities to be sold on behalf of a client may be suitable for purchase by another client. In such instances, if we determine in good faith that the transaction is in the best interest of each client, then we may arrange for the securities to be transferred between the client accounts at an independently determined fair market value (a 'cross trade'). In determining the fair value, the Trader obtains three (where possible) mid-market quotes/spreads. Where three quotes are not available for particular instruments, the Trader will evidence available prices using published market mid quotes. The Trader calculates the average price/quote and then transacts with an approved counterparty both the buy and sell trades. The counterparty will usually charge a nominal fee to ensure there is a change of beneficial owner. Internal transfers should be (where possible) executed with a counterparty that has a flat or long position in the security to help facilitate settlement.

Cross trades present conflicts of interest, as there may be an incentive for us to favor one client to the cross trade over the other. For example, if one client account pays performance fees to the Firm, while the other client account pays only asset-based fees, we would have a financial incentive to favor the performance fee paying account in the cross-trade. We do not receive fees or commissions when making these trades. However, note that cross trades are subject to Advisers Act restrictions, certain other regulatory requirements, certain client specific restrictions and will only be undertaken by us as permitted under applicable law and regulation.

Transactions in Same Securities

We or our affiliates may invest in the same securities that we or our affiliates recommend to clients. When we or an affiliate currently holds for our own benefit the same securities as a client, we could be viewed as having a potential conflict of interest. For example, we or our affiliate could be seen as harming the performance of the client's account for our own benefit if we short-sell the securities in our own account while holding the same securities long in the client account, causing the market value of the securities to move lower.

Interest in Recommended Securities and Products

We or our affiliates may recommend securities to clients, or buy or sell securities for client accounts, at or about the same time that we or one of our affiliates buys or sells the same securities for our (or the affiliate's) own account. This practice may give rise to a variety of potential conflicts of interest, particularly with respect to aggregating, allocating and sequencing securities being purchased on both our (or its affiliate's) behalf and our clients' behalf. For example, we could have an incentive to cause a client or clients to participate in an offering because we desire to participate in the offering on our own behalf, and would otherwise be unable to meet the minimum purchase requirements. Likewise, we could have an incentive to cause our clients to participate in an offering to increase our overall allocation of securities in that offering, or to increase our ability to participate in future offerings by the same underwriter or issuer. On the other hand, we could have an incentive to cause our clients to minimize their participation in an offering that has limited availability so that we do not have to share a proportionately greater amount of the offering to the client. Allocations of aggregated trades might likewise raise a potential conflict of interest as we may have an incentive to allocate securities that are expected to increase in value to ourselves. See Item 12 for a discussion of our brokerage and allocations practices and policies.

On occasion, we may recommend the purchase or sale, or purchase or sell, securities that are issued by our parent company, BNY Mellon, or underwritten by its affiliate, BNY Mellon Capital markets, LLC, for client accounts if such recommendation or purchase or sale is in accordance with the client's guidelines and applicable law. In addition, we or a related person may recommend the purchase of securities in certain Private Funds which we manage and for which we may serve as sole director or managing member or collective investment funds maintained by the bank (which are managed by our Firm personnel in their roles as dual officers of the bank and for which we receive a fee and the bank may receive a custodial fee for custody services). Insight, its employees, and our related persons currently invest in certain Private Funds or collective funds that may also include client assets managed by us, and we and such related persons will receive proportional returns associated with our investment. Additionally, we may receive an investment management fee in our capacity as investment adviser or sub-adviser and related persons (including affiliated broker-dealers) may receive certain amounts associated with placement agent fees, custodial fees, administrative fees, loads, or sales charges.

Investments by Related Persons and Employees

We and our existing and future employees, our board members, and our affiliates and their employees may from time to time invest in products managed by us. We have developed policies and procedures to address conflicts of interest created by such investment. We are part of a large diversified financial organization that includes banks and broker-dealers. As a result, it is possible that a related person may, as principal, purchase securities or sell securities for itself that we also recommend to clients. We permit our employees to invest for their own account within the guidelines and restrictions of the Code, as described above. For more information, please see 'Interests in recommended securities/Products' in this Item 11, and 'Affiliated Underwriters' in Item 10 with regard to purchases of securities in an offering where an affiliate acts as underwriter or a member of the underwriting syndicate.

Agency Transactions Involving Affiliated Brokers

Neither we nor any of our officers or directors, acting as broker or agent, effects securities transactions for compensation for any client. We are part of a large diversified financial organization that includes broker-dealers. As a result, it is possible that a related person, other than our officers and directors, may, as agent, effect securities transactions for our clients for compensation. Please also see Items 10 and 12 for additional information relating to affiliate arrangements and with regard to purchases of securities in an offering where an affiliate acts as underwriter or a member of the underwriting. Please also see schedule D, section 7A of our Form ADV Part 1 for a list of broker-dealers which are our affiliates.

Insight has a fiduciary duty to manage all client accounts in a fair and equitable manner. We strive to provide the best execution of all securities transactions, aggregate orders and then allocate securities to client accounts in a fair and timely manner. To accomplish this, we have developed policies and procedures designed to mitigate and manage the potential conflicts of interest that may arise. Please see Item 6 for further information on conflicts specifically relating to side by side management.

Conflicts of Interest Relating to 'Proprietary Accounts'

We, our affiliates, and our employees from time to time manage and/or invest in, propriety accounts or pooled investment vehicles for our own benefit, including 'seeded' funds or accounts for the purpose of developing new investment strategies and products (collectively 'Proprietary Accounts'). Investment by Insight, our affiliates, or our employees in Proprietary Accounts may create conflicts of interest.

We may have an incentive to favor these Proprietary Accounts by, for example, directing our best investment ideas to these accounts or allocating, aggregating or sequencing trades in favor of such accounts, to the disadvantage of other accounts. We also have an incentive to dedicate more time and attention to our Proprietary Accounts and to give them better execution than our other client accounts. Insight does not have a proprietary trading account and does not engage in speculative trading for its own account but may trade instruments for hedging FX and other exposures relating to its own revenue and expenses. When Insight executes these hedging trades for its account, compliance controls are in place intended to manage any potential conflict of interest that could arise.

Conflicts of Interest Relating to Performance Based Fees when Engaging in Side-by-Side Management

The Company manages accounts that are charged a performance-based fee and other accounts that are charged a different type of fee, such as a flat asset-based fee. We have a financial incentive to favor accounts with performance-based fees because we (and our employees and supervised persons) may have an opportunity to earn greater fees on such accounts as compared to client accounts without performance-based fees. Thus, we may have an incentive to direct our best investment ideas to client accounts that pay performance-based fees, and to allocate, aggregate or sequence trades in favor of such accounts. We also have an incentive to give accounts with performance-based fees better execution and better brokerage commissions. Please see Item 6 for more information on performance fees and side-by-side management.

Conflicts of Interest Relating to Accounts with Different Strategies

The Company and our affiliates manage numerous accounts with a variety of strategies, which may present conflicts of interest. For example, a long/ short position in two client accounts simultaneously can result in a loss to one client based on a decision to take a gain in the other. Taking concurrent conflicting positions in certain derivative instruments can likewise cause a loss to one client and a gain to another. We also may face conflicts of interest when we have uncovered option strategies and significant positions in illiquid securities in side-by-side accounts.

Conflicts of Interest Relating to the Management of Multiple Client Accounts

The Company and our affiliates perform investment advisory services for various clients. We may give advice and take action in the performance of our duties with respect to any of our other clients which may differ from the advice given, or the timing or nature of action taken, with respect to another client. We have no obligation to purchase or sell for a client any security or other property which we purchase or sell for our own account or for the account of any other client, if it is undesirable or impractical to take such action. We may give advice or take action in the performance of our duties with respect to any of our clients which may differ from the advice given, or the timing or nature of action taken by our affiliates on behalf of their clients.

Conflicts of Interest Relating to Investment in Affiliated Accounts

To the extent permissible under applicable law, the Company may decide to invest some or all of our investments in money market accounts advised or managed by a BNY Mellon affiliate. In addition, we may invest client accounts in affiliated pooled vehicles. We have an incentive to allocate investments to these types of affiliated accounts in order to generate additional fees for us or our affiliates.

Other Conflicts of Interest

As noted previously, the Company and our affiliates manage numerous accounts with a variety of interests. This necessarily creates potential conflicts of interest for us. For example, we or an affiliate may cause multiple accounts to invest in the same investment. Such accounts may have conflicting interests and objectives in connection with such investment, including differing views on the operations or activities of the portfolio company, the targeted returns for the transaction and the timeframe for and method of exiting the investment. Conflicts may also arise in cases where multiple Insight clients and/or affiliate client accounts are invested in different parts of an issuer's capital structure.

Material Non-Public Information

From time to time, Insight and its personnel acquire, intentionally or unintentionally, material non-public information ('MNPI'). Insight has implemented policies and procedures that it believes are reasonably designed to detect and mitigate or prevent potential conflicts of interest and prevent the misuse and inappropriate dissemination of MNPI by Insight or its personnel in compliance with applicable securities laws. In general, whenever Insight is in possession of MNPI regarding a security or its issuer, Insight's personnel will be restricted from trading in or rendering advice with respect to such security, or securities of the issuer, until such time as Insight believes the information is no longer deemed to be MNPI. Insight maintains a 'restricted list' of securities that cannot be purchased or sold. As a result, Insight may restrict the trading in client and employee accounts of certain securities for a period of time consistent with its compliance policies and procedures. These restrictions may adversely affect Insight's ability to implement its investment strategy for certain accounts. For instance, certain accounts may be delayed in purchasing a security at a lower price during a period when such security is on the restricted list (referred to as a 'black-out period') and may not be able to sell a security as quickly as it might otherwise have wanted to if such restriction were not in effect -- even when Insight believes it is in the client's interest to do so.

Certain areas of Insight may seek access to MNPI as part of the management of their accounts. For example, loan and distressed debt teams within Insight may seek to lawfully utilize MNPI in the management of their accounts. Insight's MNPI procedures set forth the steps that must be taken before MNPI may be acquired intentionally by Insight. In determining whether to acquire MNPI, Insight will seek to balance the interest of its clients and may consider factors including, but not limited to, whether the issuer also issues public securities, the size of the existing position in such public securities across Insight-managed accounts, and whether other areas of the Insight anticipate buying or selling public securities of the same issuer in the foreseeable future.

Additional potential conflicts of interest arise whenever Insight intentionally acquires MNPI because doing so may restrict Insight from providing advice with respect to the other securities of such issuer and thereby limiting the universe of securities Insight may purchase or sell. Conversely, where Insight declines to accept MNPI which it would otherwise be entitled to receive, Insight may be at a disadvantage because it will only have access to public information when evaluating the purchase or sale of such private investments.

ITEM 12. BROKERAGE PRACTICES

Broker Selection

In most cases the Company has the authority to direct transactions on behalf of a client to broker-dealers we select from an Approved Counterparty (broker) List (ACL) which is reviewed regularly by the Counterparty Credit Committee (CCC). Insight normally deals through counterparties from the ACL and counterparties are subject to an approval process. The full approval process includes sponsorship from the relevant Investment Division and a cross-functional due diligence review before being presented to the CCC for consideration and formal authorization where appropriate. The CCC considers whether there are any conflicts of interest before authorization. For certain other types of trades there is also a fast track process in place to allow for trades where limited broker coverage is in place but we do not intend to use the counterparty on a regular basis. Insight checks the credit ratings of counterparties at initial approval and monitors the credit rating regularly after approval.

In executing trades, Insight seeks best execution of such transactions. When seeking best execution, we consider the full range and quality of a broker-dealer's services including the price, cost, speed, likelihood of execution and settlement and the size and nature of the order. In addition when choosing brokers we consider the broker's trading expertise, reputation and integrity, facilities, financial services offered, reliability both in executing trades and keeping records, fairness in resolving disputes, value provided, execution capability, financial responsibility and responsiveness to Insight.

Transactions in fixed income securities recommended by Insight do not involve brokerage commissions. Insight may receive research or other products or services other than execution from a broker-dealer or third party in connection with client securities transactions but does not pay higher commissions or spreads thereafter for fixed income securities. Reasonableness of compensation for a particular transaction is determined by reference to competitive bid and ask quotations on particular transactions being executed.

As described in Item 10, Insight operates coordinated trading desks between London and New York, whereby investment decisions made by one Insight entity may be delegated to another Insight entity for execution. This arrangement allows the firm to operate across two time zones, thereby extending the daily trading hours for the firm and facilitating access to a greater number of markets. The use of an affiliate to execute trades under this delegation arrangement does not alter or change the entity that makes, and is accountable for, the investment decisions for the account.

Soft Dollars and Commission Sharing Agreements

Insight currently operates under Commission Sharing Agreements (CSAs) for equity and equity swap transactions.

CSAs allow Insight to re-allocate their research commission to research providers other than the executing broker. Under these arrangements the commission from client transactions is split into execution and research commission. Insight's arrangements allow the portfolio managers and analysts to vote for the research service and product providers that add the greatest value to the investment process. Depending on the outcome of the vote, all brokers with which Insight has entered into CSAs may pay commission away to, or receive research commission from, other brokers. Insight may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services rather than on its clients' interest in receiving best execution. Insight's trading function is focused entirely upon obtaining best execution and is not involved in evaluating research services.

All use of CSAs undertaken for US clients will be in compliance with Section 28(e) of the US Securities Exchange Act of 1934.

The use of client commissions to obtain research services is cost-effective for Insight because Insight does not have to produce or pay for the research itself. Because research is shared throughout Insight, all clients may benefit from the research paid for under CSAs not merely the clients whose transactions in securities generated the research. Because the voting process is across Insight's investment teams as research is shared; it is possible that client commission may be used to pay for research that was not in fact used for the client account whose commissions contributed to the payment. Insight may cause clients to pay commissions higher (paying up) than charged by other brokers to receive soft commission benefits which benefits all clients because we do not have to produce or pay for the research, products or services. .

Corporate Access

Corporate Access is the service of arranging or bringing about contact between Insight and an issuer of securities or potential issuer of securities where permitted by regulation. Insight will not use client commissions for the payment of Corporate Access. Insight will only use client commissions to pay for research from brokers and research providers under CSA arrangements described above. Where payment is required for Corporate Access, an assessment takes place prior to this Access and if deemed appropriate, the Access will be paid for by Insight.

Other Brokerage Practices Conflicts of Interest

The following brokerage practices may lead to an actual or potential conflict of interest when selecting broker-dealers to execute client trades:

Compensation for Client Referrals

We do not provide compensation to any broker-dealer in exchange for referral of investment management clients.

Brokerage for Client Referrals

We do not direct securities transactions to any broker-dealer in exchange for referral of investment management clients.

Affiliated Broker-Dealers

Where we select the broker to effect purchases or sales of securities for client accounts, we may use either an affiliated or unaffiliated broker (unless otherwise restricted by an agreement, law or regulation). We may have an incentive to enter into transactions with an affiliated broker-dealer, in an effort to direct more commission dollars to an affiliate. Please see Item 10 for more information regarding the Company's practices with respect to affiliated broker-dealers.

Directed Brokerage

We may accept direction from a client to place trades for a client's account with a particular broker-dealer. At times, a client will instruct us to execute certain trades in their portfolio with a specified broker-dealer. In the event that such direction occurs, we may have limited capability to negotiate prices or obtain volume discounts. In addition, in meeting the client's brokerage directive, we may not be able to aggregate these transactions with transactions we effect for other accounts we manage and we may delay placing the orders for directed accounts until our orders for other accounts have been completed. As a result, the net price paid or received by the directed account may be different from the price paid or received by our other accounts, as we may be unable to achieve the most favorable execution. Therefore, directing brokerage may cost clients more money.

Trade Aggregation

Insight may execute transactions, including IPOs and New Issues, on an aggregated basis, subject to best execution, and only to the extent that it believes aggregation will result, overall, in more favourable execution. All execution of aggregated orders will be pre-allocated in accordance with the original intended allocation at the time of the trade. In the event of an order being scaled back, the executed order will generally be allocated on a pro-rata basis. However, there may be circumstances where a pro-rata allocation may be inappropriate, for instance, where the total allocation is significantly scaled back, which could leave certain clients with holdings that are either uneconomic or below the normal market size for subsequent trading.

Where the initial application is significantly scaled back resulting in the circumstances described above, the order will be reverted back to the Fund manager who will then re-allocate and re-approve the order based on the scaled back allocation. This will constitute a new investment management decision and as a result it may not include all of the clients who were included in the initial allocation.

The aggregations may include orders for funds in which Insight may invest and we may aggregate client trades with trades for our affiliates.

Please refer to Item 10 for information on Insight's trading arrangements.

ITEM 13. REVIEW OF ACCOUNTS

The investment teams are responsible for implementing the strategy, portfolio construction and on-going management and monitoring of the portfolio. As part of this function, the investment teams, including the respective portfolio managers, review each client account frequently. In the course of review the performance of an account is compared with the mandate objectives and stated risk tolerances.

Responsibility for the portfolio ultimately lies with the investment teams at all times, and is monitored by other areas of Insight on a regular basis. Investment teams review all positions formally regularly, seeking to ensure that all portfolios comply with Insight's investment policy and individual client guidelines.

Insight would typically expect to meet with clients formally on a semi-annual basis and informally on an ad-hoc basis, as required. We provide written investment reports on either a monthly or quarterly basis as required by our clients. These reports are highly tailored and typically include strategy ideas as well as regular progress reports on performance and risk analysis.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

The Company has entered into solicitation arrangements with one or more third parties for the referral of prospective clients to the firm. Each of these arrangements is pursuant to a written contract describing the terms of the engagement, including provisions for the supervision of the solicitor by Insight and a description of the fees to be paid to the solicitor. Each solicitor retained by the Company must provide all persons solicited with a written statement disclosing the solicitor's capacity, compensation arrangements and other required information and must also furnish the Company's Form ADV Part 2A. In addition, the solicitor must obtain from each successfully referred client a written acknowledgement of receipt by the client of the Form ADV Part 2A and of the solicitor's disclosure statement.

Unaffiliated Solicitors and Placement Agents

The Company may hire third parties to solicit new investment advisory clients. The commissions or fees, if any, payable to such solicitors (also referred to as placement agents) with respect to solicitation of investments with us will be paid solely by the Company. Clients will not pay fees for these solicitations. These solicitors have an incentive for the client to hire us because we will pay the solicitor for the referral.

The prospect of receiving solicitation/placement fees may provide such placement agents and/or their salespersons with an incentive to favor these sales over the sale of interests of other investments with respect to which the placement agent does not receive such compensation, or receives lower levels of compensation. In addition, to the extent permitted by law, certain placement agents and their respective affiliates may provide brokerage and certain other financial and securities services to us or our affiliates. Such services, if any, will be provided at competitive rates.

Some clients may retain consulting firms to assist them in selecting investment managers. Insight and/or its affiliates might have business relationships with consulting firms that recommend us to their clients. Some consulting firms provide services to both those who hire investment managers and to investment management firms. We may pay to attend conferences sponsored by consulting firms and/or purchase services from consulting firms where we believe those services will be useful to us in operating our investment management business. Neither Insight nor its affiliates pay do not pay referral fees to consultants unless we have appointed them as placing agent or, subject to law and regulation, pursuant to an arrangement between the consulting firm and the client or prospective client.

Affiliated Solicitors and Placement Agents

We may pay referral fees to our affiliates (and/or their employees) for referrals that result in additional investment management business. Please see the discussion of affiliated placement agents in Item 10, above.

Our ultimate parent, BNY Mellon, has organized its lines of business into two groups: Investment Management and Investment Services (collectively 'Groups'). Insight is part of the Investment Management Group. A sales force has been created to focus on developing new customer relationships and developing and coordinating large complex existing customer relationships within those Groups.

In certain circumstances, Investment Management sales representatives are paid fees for sales. The fees may be based on revenues and may be a one-time payment or paid out over a number of years. In addition, our sales representatives and sales representatives of our affiliates within the Investment management Group are paid for intra-Group referrals to Group counterparts. Those fees are based on the first year's revenue for the Group counterpart.

Sales of any alternative investment products (such as Private Funds) may be made through a broker-dealer affiliate. Only registered representatives of such broker-dealer receive compensation for sales of alternative investments. Some of the employees of Insight are registered representatives of our affiliated broker-dealer, MBSC, for the purposes of soliciting clients for Mutual Funds and Private Funds that are sub-advised or managed by Insight.

We may pay a fee to an affiliate (or directly to employees of the affiliate) that has a pre-existing relationship with a new client for Insight introduced by the BNY Mellon Investment Services Group. The fees may be based on revenues and may provide for a one-time payment or payments over a number of years.

We and our affiliates also participate in the BNY Mellon Incentive Compensation Plan, which presents certain conflicts of interest; these are described in Item 10, above.

Insight North America LLC (INA) and Cutwater Investor Services Corp. (CISC)

CISC and INA are both part of Insight and both market Insight's (including the Company's) strategies and provide client servicing for Insight's North American clients.

Insight remunerates INA and CISC by way of reimbursement of the costs and expenses of their operations plus an additional percentage of those costs and expenses and/or other amount for their benefit.

ITEM 15. CUSTODY

Rule 206(4)-2 under the Advisers Act (the 'Custody Rule') defines custody to include a situation in which an adviser or a related person holds, directly or indirectly, client funds or securities or has any authority to obtain possession of them, in connection with advisory services provided by the adviser.

The Company does not act as custodian for client funds or securities.

For purposes of the Custody Rule, the Company is deemed to have 'custody' of certain client assets because certain client funds or securities are held by qualified custodians owned and controlled by The Bank of New York Mellon who are Related Persons of the Company.

Generally, an adviser that is deemed to have custody of a client's funds or securities, among other things, is required to arrange for an annual independent verification of such funds or securities in accordance with the Custody Rule (the "Surprise Exam Requirement"). However, the Custody Rule contains an exception from the Surprise Exam Requirement provided the adviser and the Related Person are 'operationally independent'." The Company has determined that our operations are independent from those of the qualified custodians holding Insight client funds and securities. Furthermore, under the terms of the agreements between our clients and the qualified custodians, the Company does not have any authority over the assets and funds within the account beyond discretionary trading authority.

Discretionary investment advisory clients contract directly with the Company should regularly receive from their appointed bank, broker-dealer or other qualified custodian an account statement, identifying the amount of funds and each security in the account at the end of the period and setting forth all transactions in the account during that period. Please review these statements carefully.

Clients will also receive account statements separately from Insight. Clients are strongly urged to compare the account statements received from Insight with those received from your qualified custodian.

ITEM 16. INVESTMENT DISCRETION

The Company typically accepts discretionary investment authority over client assets and exposures for separate accounts. Clients must grant this discretionary authority to us in writing via a contract, usually an Investment Management Agreement (IMA). In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives and guidelines for the particular client account.

When making investment decisions we will adhere to investment guidelines and restrictions set out in client agreements.

The Company has full discretionary investment authority over pooled investment vehicles, including Mutual Funds and Private Funds. Each Fund has an investment objective and set of investment policies and/or guidelines. Therefore we cannot tailor the investment advisory services or impose individual investment restrictions for underlying investors in these Funds.

ITEM 17. VOTING CLIENT SECURITIES

Given the nature of our strategies and the type of financial instruments that we typically invest in, we do not vote proxies for the majority of client portfolio holdings. This is because we generally deal in derivatives and fixed income securities rather than physical equity.

However, for the small number of portfolio holdings whereby share ownership would require proxy voting and we are mandated to provide that service, the following process applies:

Voting Process

Insight routinely votes on behalf of our clients with regard to the companies in which they have a shareholding. Insight retains the services of Manifest Information Services ('Manifest') for the provision of proxy voting services and votes at all meetings where it is deemed appropriate and responsible to do so. When a proxy is received, Manifest analyzes the resolution against Insight specific voting policy templates (guidelines) that will indicate the direction of the vote. This is then considered by Insight who then determine the direction of the vote. If contentious issues are identified, these are also escalated to Insight for further review.

With regard to voting, the conflicts of interest policy is that Insight will always seek to act in the best interests of its clients when casting proxy votes on their behalf. Where BNY Mellon, Insight or the clients themselves have business relationships with investee companies, these will be disregarded by Insight in making its proxy voting decisions. With respect to the potential for personal conflicts of interest, our Code of Conduct requires that all employees make business decisions free from conflicting outside influences. Under this Code, employees' business decisions are to be based on their duty to Insight and to their clients, and not driven by any personal interest or gain. All employees are to be alert to any potential for conflict and to identify and mitigate or eliminate any such conflict.

Generally our IMAs provide us with the authority to vote proxies on equity securities for our client separate accounts subject to any specific instructions from the client.

For clients who are interested in a pooled fund arrangement, Insight typically does not have authority to exercise underlying voting rights and the exercise of proxy voting may differ.

On an annual basis Insight publishes a report titled 'Putting Principles into Practice', available on our website, which includes a description on how we have exercised voting powers. Insight's Voting Policy is also available on our website.

ITEM 18. FINANCIAL INFORMATION

This item is not applicable. Insight has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has never been the subject of a bankruptcy proceeding.