BNY MELLON
INVESTMENT MANAGEMENT

INSIGHT EQUITY INCOME BOOSTER FUND

INVESTMENT MANAGER

Insight INVESTMENT

Insight Investment Management (Global) Limited: Insight are leaders in absolute return investing , multi-asset, specialist equity solutions, fixed income and liability driven investment.

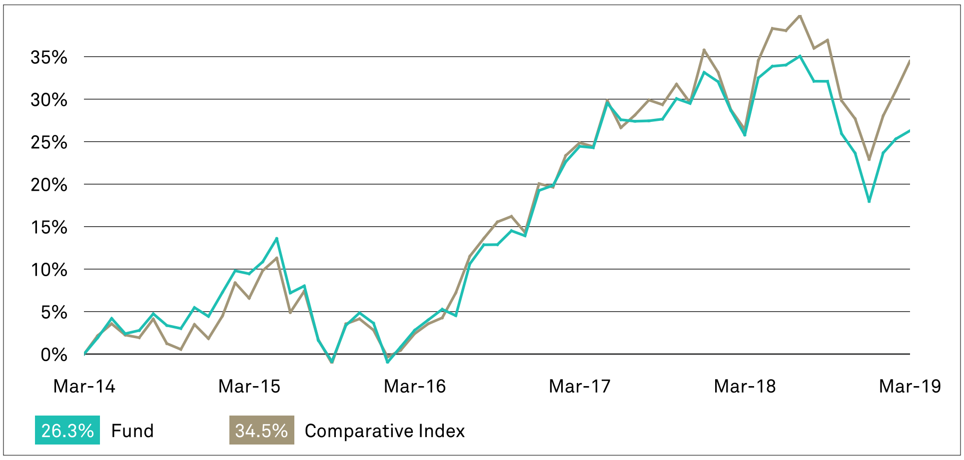
PERFORMANCE DISCLOSURE

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

QUARTERLY HIGHLIGHTS

- Performance: The Fund made a positive return over the quarter, net of fees, but underperformed its comparative index.
- Activity: Activity centred on sales with no purchases during the period.
- Outlook & Strategy: We maintain our focus on international earners despite the recent appreciation in sterling.

5 YEAR CUMULATIVE PERFORMANCE (%)



PERFORMANCE SUMMARY (%)

					Annualised		
	1M	3M	YTD	1YR	2YR	3YR	5YR
Institutional Shares W (Acc.)	0.76	7.04	7.04	0.39	0.73	7.09	4.77
Comparative Index	2.67	9.41	9.41	6.36	3.77	9.51	6.10
Sector	1.68	8.68	8.68	3.54	1.95	6.11	5.02
No. of funds in sector	88	88	88	85	82	78	74
Quartile	4	4	4	4	3	2	3

	2014	2015	2016	2017	2018
Fund	2.49	-0.77	15.08	11.65	-11.40
Comparative Index	1.18	0.98	16.75	13.10	-9.47

Source for all performance: Lipper as at 31 March 2019. Fund Performance for the Institutional Shares W (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on net asset value. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

As of 9 February 2013, the Insight Investment UK Equity Income Booster Fund and the Insight Investment Monthly Income Fund were merged into the Insight Equity Income Booster Fund. All performance data shown for periods prior to this date is that of the Insight UK Equity Income Booster Fund.

PERFORMANCE COMMENTARY

Bond yields fell steadily over the quarter as further interest rate increases were put on hold for the foreseeable future in the US, Europe and the UK. Bond prices were supported by continuing economic uncertainty related to the UK's exit from the EU given difficult Brexit negotiations; the 10-year Gilt yield actually fell below 1% at one point. Persistent fears that ongoing protectionism by the US and China might lead to increased trade tensions – despite signs of progress in talks between the two countries, and a postponement of further tariff increases - as well as continued worries about slowing global economic growth, also supported demand for 'safe haven' assets. The FTSE All-Share Index rose steadily over the quarter, similar to other markets worldwide.

THE STRONGEST PERFORMING SECTORS WERE TECHNOLOGY, BASIC MATERIALS AND CONSUMER GOODS. DEFENSIVE SECTORS UNDERPERFORMED AS THE EQUITY MARKET RALLIED

Fears of increased protectionism persist; while there were signs of progress in trade talks during the quarter when the US and China agreed to postpone further tariff increases, there are still concerns that trade tensions will escalate. The implications of recent tariff increases for slower global and US economic growth, coupled with contained core inflation, led to the 10-year US Treasury yield falling steadily over the quarter. As a result, the Federal Reserve (Fed) left interest rates on hold and said that it won't increase them again this year; it also intends to stabilise the size of its balance sheet by September. Given this backdrop, bonds rallied steadily over the quarter (with the 10-year US Treasury yield ending the year just above 2.4%).

The European Central Bank also turned more dovish and will leave interest rates on hold this year as the eurozone economy appears to be slowing, due largely to weakness in export-driven Germany, as well as Italy (which is now in a technical recession).

The UK 10-year government bond yield also fell steadily over the quarter, in line with those of other advanced economies. This was triggered by mounting signs of an economic slowdown, both in the UK and globally. The Bank of England (BoE) remains concerned about the UK's protracted negotiations to leave the European Union; the risk of a hard Brexit – or even a no deal scenario – had increased towards the end of the quarter, but now looks less likely due to the extension of the Article 50 deadline granted by the EU to 31 October 2019. UK inflation continued to trend back and dipped below the BoE's target rate of 2% which, along with ongoing Brexit uncertainty, led to reduced expectations of more rate rises in the near future. The recent robustness of the UK Gilt market has slightly increased demand for higher yielding equities (sometimes referred to as 'bond proxies') and any further strength in bond markets could continue that trend.

The FTSE-All Share Index rose steadily over the quarter, in line with other global markets. The oil price also trended higher over the quarter – with the price of Brent crude approaching US$70– the increase came as production from OPEC members and other countries such as Russia was cut and was in spite of growing concern over the impact of a possible global trade war on world economic growth.

In terms of cyclical sectors, basic materials rallied on signs of progress in trade talks between the US and China, with stimulus measures in the latter and higher commodity prices also helping. The technology sector performed strongly, supporting growth stocks. However, industrials, and consumer services, have continued to underperform given heightened concerns about the UK economy and the global economy. The oil and gas sector also rose less than the market, despite the oil price increase, given longer-term concerns about slowing global demand. More defensive sectors, such as health care, utilities and telecommunications lagged the overall market in the first quarter.

The Fund made a positive return over the quarter, net of fees, but underperformed the FTSE All-Share Index. In aggregate, the main positive contributors were financials, basic materials, health care, and oil and gas. The main detractors were consumer services, industrials, consumer goods, utilities, and telecommunications. The Fund's small cash position also had a slightly negative effect as the market rose, while the call option strategy detracted too. The Fund's underperformance was mainly due to asset allocation, with stock selection also negative. In terms of asset allocation, the only positive was our underweight in industrials; the main negatives were our underweights in consumer goods and technology, and our overweight in telecommunications. In terms of stock selection, the main positives were financials, basic materials, consumer goods, and health care; the main negatives were consumer services, industrials, utilities, and telecommunications. The Fund's focus on companies with sustainable dividend yields means that, given the low yield on most technology stocks, it will typically be underweight the technology sector.

Positive individual contributors to performance included Rio Tinto, HSBC, 3i Group, Legal & General, and Dixons Carphone. Rio Tinto has been lifted by recent progress on US-China trade talks, the tax cuts in China, and higher commodity prices. Being underweight HSBC was beneficial as the banking group, and the financials sector in general, underperformed the UK equity market. Private equity company 3i Group is on track to meet its full-year dividend guidance following further portfolio diversification and accretive acquisitions. Legal & General also reported good results, supported by strong sales of bulk annuities, and the shares were also helped by the overall rise in the UK equity market.

Among the detractors to performance were International Consolidated Airlines, Centrica, British American Tobacco, GVC Holdings, and Pearson. International Consolidated Airlines, which owns British Airways, underperformed as a no-deal Brexit could jeopardise some of its airlines' flying rights due to EU ownership rules, and higher fuel costs. Centrica, which owns British Gas, underperformed given fears of another dividend cut in the future, with the utilities sector in general also lagging the UK equity market. The underweight position in British American Tobacco was detrimental, given the outperformance of the stock over the quarter (due to strong sales of e-cigarettes). Betting group GVC Holdings saw its shares slump after the company's chairman and CEO sold £20m worth of equity between them; it also reported a full-year loss because of stricter regulation in its UK market and an investment in the growing US sports betting market.

ACTIVITY REVIEW

The focus of activity was on reducing positions across a variety of sectors.

ACTIVITY CENTRED ON SALES; THERE WERE NO NEW PURCHASES DURING THE QUARTER

During the quarter, we reduced positions across a variety of sectors. These included pharmaceutical company AstraZeneca, miner Rio Tinto, media company Pearson, aerospace and defence company Rolls Royce, and contract caterer Compass Group, among others.

INVESTMENT OUTLOOK

There remain many uncertainties that stem from the UK's decision to leave the EU, although the revised 31 October 2019deadline means that a variety of outcomes are possible. Closer economic ties with the US, if and when Britain's exit from the EU does complete, could prove positive in the longer term. Global economic growth appears to be starting to slow, and there are persistent strains surrounding increased protectionism; this has led to central banks becoming more dovish. Concerns about a potential slowing of the Chinese economy and the political landscape in Europe are also likely to subdue investors' appetite for risk.

THE GLOBAL DEMAND OUTLOOK IS SLOWING AND, DESPITE SIGNS OF SOME EASING IN TENSIONS BETWEEN THE US AND CHINA, CONTINUES TO BE THREATENED BY PROTECTIONISM

With inflation – as measured by the CPI – falling slightly below the BoE's 2% target, UK government bond yields have trended back (though another rate rise cannot be ruled out). This interest rate environment is positive for the relative attractiveness of equity valuations in terms of yield. The twin influences of US tax reform and higher infrastructure spending have underpinned US economic growth to a degree, proving especially beneficial to those UK-listed companies that are exposed to the country. However, the influence of these fiscal measures is now dwindling.

Consumer confidence has been supported by higher employment, but continued Brexit uncertainty has weighed on consumer spending, which has fed through to lower business investment. However, the recent appreciation in sterling against both the US dollar and the euro could weigh on UK-based exporters.

We remain positive regarding the depth, diversity and largely international nature of the companies that represent the UK equity market, especially with regard to the companies that constitute the Fund's portfolio. The Insight Equity Income Booster Fund is designed to appeal to those investors who want an equity investment with the potential to enhance the level of income generated beyond that available from a typical equity income fund. It does so by combining a traditional equity portfolio approach with an income generating call-option strategy to enhance the overall yield.

Over this quarter, the strategy had a negative effect on performance but over the longer term, the strategy has proved instrumental in boosting yield and reducing portfolio volatility. While the strategy can enhance income generation, it can nevertheless reduce the Fund's capital growth potential in rising markets. The manager's investment style will typically demonstrate a bias towards large-cap stocks when compared with most equity income funds.

Our focus remains on owning stocks that offer the potential for sustainable long-term dividend increases. In the current environment, we are finding most such opportunities among large-cap stocks with internationally diversified earnings.

TOP 10 HOLDINGS (%)

	Fund
Royal Dutch Shell Plc	9.2
BP Plc	6.2
Rio Tinto Plc	5.4
Astrazeneca Plc	4.4
Glaxosmith Plc	4.1
HSBC Holdings Plc	4.1
Prudential Plc	3.1
Compass Group Plc	2.6
Imperial Brands Plc	2.6
Lloyds Banking GP Plc	2.5

INDUSTRIAL ALLOCATION (%)

	Fund
Financials	27.7
Consumer Services	16.9
Oil & Gas	15.4
Industrials	10.2
Health Care	8.6
Basic Materials	7.9
Utilities	5.1
Consumer Goods	4.1
Telecommunications	3.7
Equity Derivatives	-0.6
Cash & Short Term Deriv.	1.1

Source: BNY Mellon Investment Management EMEA Limited
Portfolio holdings are subject to change, for information only and are not investment recommendations.

KEY RISKS ASSOCIATED WITH THIS FUND

- There is no guarantee that the Fund will achieve its objectives.
- The Fund primarily invests in a single market which may have a significant impact on the value of the Fund.
- Derivatives are highly sensitive to changes in the value of the asset from which their value is derived. A small movement in the value of the underlying asset can cause a large movement in the value of the derivative. This can increase the sizes of losses and gains, causing the value of your investment to fluctuate. When using derivatives, the Fund can lose significantly more than the amount it has invested in derivatives.
- The Fund takes its charges from the capital of the Fund. Investors should be aware that this has the effect of lowering the capital value of yourinvestment and limiting the potential for future capital growth. On redemption, you may not receive back the full amount you initially invested.
- The insolvency of any institutions providing services such as custody of assets or acting as a counterparty to derivatives or other contractual arrangements, may expose the Fund to financial loss.
- A complete description of risk factors is set out in the Prospectus in the section entitled "Risk Factors".

INVESTMENT OBJECTIVE

To provide an enhanced level of income with potential for capital growth. The policy of the Fund is to invest primarily in UK listed equity and equity related securities.

GENERAL INFORMATION

Total net assets (million)	£ 109.72
Historic yield (%)	8.13
Comparative Index	FTSE All-Share TR
IA Sector	UK Equity Income
Lipper sector	Equity UK Income
Fund type	ICVC
Fund domicile	UK
Fund manager	Tim Rees
Alternate	Takis Anastassopoulos
Base currency	GBP
Currencies available	GBP
Fund launch	09 Feb 2013
Distribution dates	The second last business day of each month

DEALING

09:00 to 17:00 each business day
Valuation point: 12:00 London time

INSTITUTIONAL SHARES W (ACC.) SHARE CLASS DETAILS

Inception date	09 Feb 2013
Min. initial investment	£ 10,000,000
ISIN	GB00B8SFP070
Bloomberg	IEIBOWA
Sedol	B8SFP07
Registered for sale in:	GB

INSTITUTIONAL SHARES W (ACC.) COSTS AND CHARGES (%)

Ongoing Costs	0.84
Management fee	0.75
Other costs & charges	0.09
Transaction costs ex ante	0.10

Source: BNY Mellon Investment Management EMEA Limited

Any views and opinions are those of the investment manager, unless otherwise noted.

IMPORTANT INFORMATION

MIS0067-300619
MIC034-300619
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