

# Absolute Insight Emerging Market Debt Fund

Sub fund of the Absolute Insight Funds Plc

FACTSHEET - 31 December 2009  
FOR INVESTMENT PROFESSIONALS ONLY

Insight  
INVESTMENT



## INVESTMENT OBJECTIVE

The investment objective of the Fund is to seek to provide attractive, positive absolute returns in all market conditions.

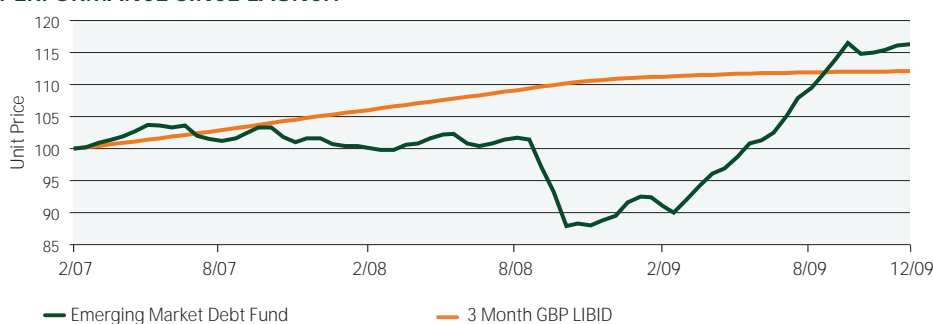
## INVESTMENT APPROACH

The Fund aims to generate long term capital growth by producing investment returns which display low volatility and low correlation to other markets.

The manager seeks to meet the investment objective by investing primarily in the debt, interest rate, and exchange rate instruments that relate to emerging market countries, combining long and/or short (synthetic) positions for hedging/ investment gain strategies.

Further details on the components of the investment policy can be found in the prospectus.

## PERFORMANCE SINCE LAUNCH



## PERFORMANCE %

|                                     | 1 mth | 3 mths | YTD  | 1 year | 3 years | Since Inception (p.a.) |
|-------------------------------------|-------|--------|------|--------|---------|------------------------|
| Fund (gross)                        | 0.8   | 2.0    | 29.9 | 29.9   | -       | 5.5                    |
| Fund (net)                          | 0.6   | 1.5    | 28.1 | 28.1   | -       | 4.3                    |
| Benchmark                           | 0.0   | 0.1    | 1.1  | 1.1    | -       | 4.1                    |
| JPM EMBI Global Diversified Index   | 0.4   | 1.6    | 29.8 | 29.8   | -       | 6.5                    |
| JPM GBI-EM Global Diversified Index | -0.4  | 2.8    | 22.0 | 22.0   | -       | 11.4                   |

\*Performance is shown net of fees and expenses in GBP.  
Past performance is not a guide to future performance.  
Net returns are after 1% annual management charge and 10% performance fee above benchmark.

## MONTHLY RETURN (GROSS %)

|      | Jan  | Feb  | Mar  | Apr | May | Jun  | Jul  | Aug  | Sep  | Oct  | Nov  | Dec | YTD   |
|------|------|------|------|-----|-----|------|------|------|------|------|------|-----|-------|
| 2009 | 3.4  | -1.7 | 1.5  | 4.1 | 2.7 | 2.6  | 3.8  | 4.1  | 4.2  | 0.7  | 0.5  | 0.8 | 29.9  |
| 2008 | -1.2 | -0.2 | -0.4 | 1.0 | 1.4 | -1.4 | 0.0  | 1.0  | -4.5 | -9.5 | 0.1  | 1.8 | -11.9 |
| 2007 | -    | -    | 0.9  | 1.0 | 1.7 | -0.3 | -1.3 | -0.8 | 1.2  | 0.8  | -2.1 | 0.6 | 1.6   |

Source: Insight and Bloomberg.  
Fund benchmark: 3 Month GBP LIBID (gross of UK tax).

## MAIN CONTRIBUTORS TO MONTHLY RETURN

| Regional breakdown       | Contribution (bps) | Top 5 countries | Contribution (bps) |
|--------------------------|--------------------|-----------------|--------------------|
| 1 Europe                 | +47                | 1 Mexico        | +23                |
| 2 Latin America          | +52                | 2 Ukraine       | +22                |
| 3 Middle East and Africa | -1                 | 3 Argentina     | +22                |
| 4 Asia                   | +2                 | 4 Kazakhstan    | +17                |
| 5 Market hedges          | -22                | 5 Venezuela     | +16                |

FUND SIZE: £162.2m

## ROLLING VOLATILITY (20 day)



Basis: Calculated using 20 rolling data points, from 08/10/07.  
Source: Insight

## RISK STATISTICS

|  | 1 year volatility |
|--|-------------------|
| Absolute Insight Emerging Market Debt (Gross)                  | 3.9%              |
| JP Morgan Emerging Market Bond Index Global Diversified        | 5.2%              |
| JP Morgan Govt Bond Index - Emerging Market Global Diversified | 12.9%             |

Basis: Calculated using daily gross prices.  
Source: Insight

## REGIONAL EXPOSURE

|                    | Long  | Short  | DV01    |
|--------------------|-------|--------|---------|
| Latin America      | 39.7% | -21.3% | 164 bps |
| Europe             | 28.4% | -11.4% | 75 bps  |
| Middle East/Africa | 2.6%  | 0.0%   | 22 bps  |
| Asia               | 6.2%  | 0.0%   | 29 bps  |
| Total              | 76.9% | -32.7% | 290 bps |

Source: Insight  
DV01 gives an indication of the sensitivity of the market value to a 1% change in yield of underlying instruments.

## CURRENCY EXPOSURE

|                    |              |
|--------------------|--------------|
| HUF                | 0.9%         |
| COP                | 2.7%         |
| CZK                | 2.0%         |
| BRL                | 5.6%         |
| MXN                | 2.2%         |
| IDR                | 2.1%         |
| KRW                | 3.0%         |
| PEN                | 1.5%         |
| PLN                | 3.1%         |
| TRY                | 4.0%         |
| RUB                | 2.9%         |
| <b>Total Gross</b> | <b>30.2%</b> |

Source: Insight

Inception date: 28 February 2007.

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# Absolute Insight Emerging Market Debt Fund

## FUND MANAGER COMMENTARY

The Fund returned 0.78% (gross of fees) in December, compared to the 3-month sterling LIBID return of 0.04%. December was a mixed month for emerging market debt. First, there was the surprise decision by Abu Dhabi to bail out the Dubai property company Nakheel. However, positive sentiment from this was cut short amid worries after Greece's credit rating downgrade and the nationalisation of Austria's Hypo Group Adria Bank, which has large exposure to Eastern Europe. We maintained a cautious positioning ahead of year end. We favour local markets as the sub-asset class of choice, while currencies offer the best mechanism to express emerging market outperformance against the developed world. The main risk to the above scenario would be a further sharp rise in US treasury yields. Thus, we would look to hedge the interest rate exposure on the instruments most sensitive to such a move. We believe the healthy fundamentals of emerging markets offer an attractive risk-reward compared to the deteriorating fiscal environment of developed markets. Indeed, the average credit rating for emerging market external debt has reached investment grade for the first time.

## INVESTMENT PHILOSOPHY AND PROCESS

Insight's investment process is part of a strong analytical framework that aims to increase the competitive advantage of portfolio decisions taken by the investment team:

- Country macro-analysis: identify fundamental and structural trends in each emerging country
- Micro-analysis: analyse individual instruments and market depth
- Risk/reward: sizing investment decisions appropriately
- Global Insight strategy: work within analytical framework of Global Bond, High Yield, Credit, and Currency teams
- Active investment: manage risk, and take advantage of market volatility.

## KEY BENEFITS

- Investment opportunity – the global nature of asset class allows the team to select from multiple interest rate, credit and currency opportunities, through long and/or short positions
- High risk-adjusted returns – portfolios are designed to generate alpha at low levels of volatility, in all market conditions over rolling 12 month periods
- Low correlation to traditional asset classes – ensures diversification benefits within a larger portfolio
- Combines traditional fund management with advantages of hedge fund strategies
- Combines factors such as transparency and regulation with flexibility and the use of derivatives.

Past performance is not a guide to future performance.

Market movements may cause the value of investments to go down as well as up and you may not get back the amount originally invested. This document is aimed at professional investors only. It is not designed for, and should not be used or relied upon by private investors.

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## FUND FACTS

|                 |  |
|-----------------|--|
| Inception date  | 28-Feb-2007  |
| Benchmark       | 3 month GBP LIBID                                    |
| Fund manager    | Colm McDonagh  |
| Legal structure | Open-Ended<br>Investment Company (UCITS)             |
| Domicile        | Ireland  |
| Listing         | Irish Stock Exchange                                 |
| Currency        | Sterling, Euro                                       |
| Pricing         | Daily  |
| Custodian       | State Street Custodial<br>Services (Ireland) Limited |
| Administrator   | State Street Fund<br>Services (Ireland) Limited      |

## SHARE CLASS B1P

|              |              |
|--------------|--------------|
| ISIN £ (acc) | IE00B1HL8X10 |
| ISIN € (acc) | IE00B1HL8W03 |

## Need more Information?

For details on all of our fund ranges or to obtain any literature please contact:  
**Adviser Services + 353 1 242 5405**  
[www.insightinvestment.com](http://www.insightinvestment.com)