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NOT FOR ONWARD DISTRIBUTION

How do you
target opportunities
in credit *strategically*?

Absolute Insight
Credit Fund

➤ A BNY MELLON COMPANYSM



Why take a strategic approach in credit

Taking a strategic, unconstrained approach in credit targets the most attractive opportunities at the best times:

- At various times in the credit cycle, there is value to be found in high yield, asset-backed securities, loans, credit default swaps and other credit instruments. We believe that only a strategic, unconstrained approach can enable access to all these opportunities at the most appropriate time.
- A relative return approach may not give an allocation to those parts of the corporate market that are most attractive. In addition, this approach may over-allocate to areas that are less attractive. For instance, tracking an index forces exposure to the larger names within the index. These are naturally the most indebted companies, which may not be the most appropriate area to take exposure.

About the Fund

The Absolute Insight Credit Fund aims to provide positive absolute returns in all market conditions by following a multi-strategy investment approach searching for opportunities across the credit spectrum.

The Fund's broad investment universe includes investment grade and high yield corporate debt, structured credit such as asset-backed securities (ABS), loans and cash instruments, along with a full range of derivatives such as credit default swaps on single names and indices, interest rate and inflation swaps, futures, forwards and options.

Key features

- The Fund identifies idiosyncratic credit opportunities and exploits pricing anomalies in the market, and may take long or short directional views.
- The range of strategies which might be used by the portfolio managers include carry, momentum (long or short credit), special situations, capital and market structure arbitrage, tactical macro and basis trades, as well as risk hedging techniques.
- Targets high risk-adjusted returns predominantly from alpha with the ability to apply a 'beta tilt' to the portfolio to capture market upside.
- The Fund is benchmarked against cash, and is therefore not constrained to investing within the limits of a traditional corporate bond index.
- Superior risk management – applied through a multi-dimensional and integrated risk management framework.
- Large specialist investment team supported by Insight's fixed income structure.
- UCITS III compliant – providing a high degree of investor protection in regard to risk and liquidity management, regulation and transparency.

Investment approach

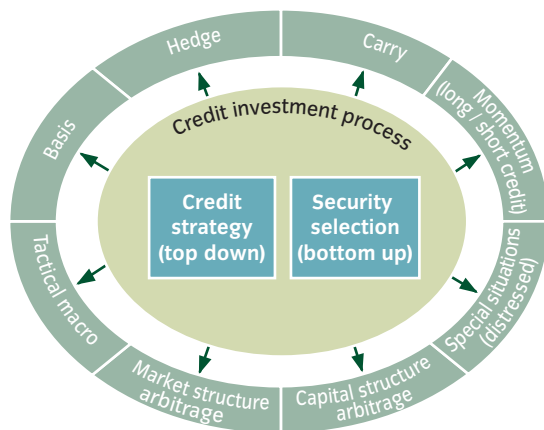
The Absolute Insight Credit Fund utilises a multi-strategy approach to create a portfolio of 'best ideas' from across the credit spectrum.

This multi-strategy approach allows the Fund to make use of a broad range of strategic and tactical credit opportunities to generate superior returns from both alpha and beta opportunities. The Fund employs a broad range of credit trading strategies such as carry, momentum (long or short credit), special situations, capital and market structure arbitrage, tactical macro and basis trades, as well as risk hedging techniques.

When managing the Fund, we measure the success of our strategies against a cash benchmark. Therefore, we are not constrained to an index benchmark and this means the Fund does not have to track a falling index.

The cornerstone of this multi-strategy approach is an investment process that is focussed on in-depth credit analysis and rigorous risk management.

Investment approach



Investment process

The investment process combines a top-down **credit strategy** with bottom-up **security selection** which is driven by our 20-strong credit team. Each specialist has their own focused area of market expertise, which gives us the skills and resources to analyse the broad range of investment opportunities available to us.

Credit strategy

This is a top-down approach which combines both long-term strategic forecasts and shorter-term tactical views with sector strategy decisions. Our long-term strategic views takes into account our outlook for the market over the next 12 months, while our shorter-term view focuses on our market forecasts over the next three months.

Our sector allocation recommendations are based on the collective views of the analyst team. These views are then each assigned a rating of under/neutral/over-weight.

Security selection



The Fund's universe covers four main areas: investment grade credit, high yield, loans and asset-backed securities. Within these areas we also consider the merits of cash bonds versus the derivative alternative.

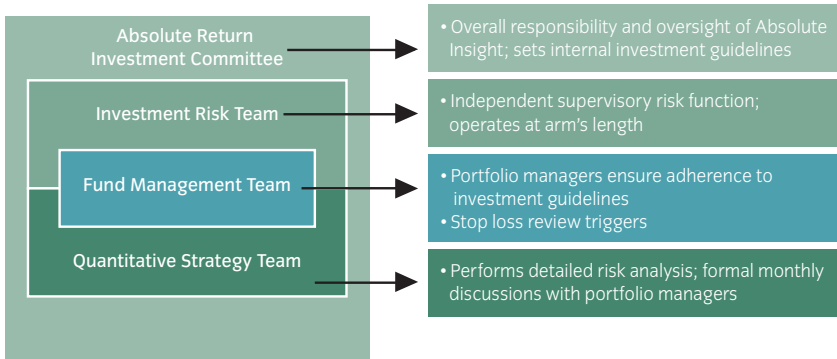
To identify value we screen from two perspectives:

- Where an edge can be gained from fundamental analysis.
- By seeking tradable issues to provide relative value opportunities.

We conduct a regular credit analysis to evaluate the likelihood of future changes in a company's credit rating and also the potential for a sudden change in credit quality.

Monitoring risk

Insight has developed a robust and integrated risk management process for the Absolute Insight fund range. Overall responsibility and oversight lies with the Absolute Return Investment Committee (ARIC), chaired by Reza Vishkai, Head of Specialist Investments.



- The **ARIC** is responsible for setting internal risk and investment guidelines. This committee meets monthly to review performance, risk levels and policy within the Fund.
- Insight's **Risk Management Team** has a supervisory function. The Team is responsible for ensuring compliance with the relevant risk limits and for initiating action in the case of a breach.
- The **Quantitative Strategy Team** analyses non trivial biases and sensitivities at the portfolio level, risk concentrations, and ad-hoc measures depending on the market environment using a wide range of quantitative approaches.
- Each of the **Fund Management Teams** is responsible for running their underlying strategies within their set limits. These limits include (where appropriate) gross and net exposure, beta, modified duration and value-at-risk (VaR).

About Insight Investment

Insight Investment is a specialist asset manager at the forefront of designing investment solutions to meet our clients' needs. Launched in 2002, Insight is a leading asset manager, with £88.1 billion in assets under management¹ across fixed income, liability driven investment, cash management, multi-asset, absolute return and specialist equity strategies. We manage money for private investors, pension funds, sovereign wealth funds, insurance groups, local governments, charities and other financial institutions.

The fund is managed by Alex Veroude, supported by the Insight Credit Team, part of the wider Fixed Income Team. The Fixed Income Team is fully integrated into the investment infrastructure of Insight, benefitting from the scale of resources.



Alex Veroude

Head of Credit

Alex joined the fixed income team at Insight in July 2007 as Head of Credit, overseeing all fixed income credit activities. Alex began his career at Gulf International Bank in 1997, first as a high yield analyst before managing structured product portfolios. Alex was previously Head of Structured Products then was appointed as Head of Credit in 2005 and was responsible for managing a range of long-short credit portfolios. He holds a first class equivalent MSc in Quantitative Economics from Tilburg University in The Netherlands, is fluent in English, Dutch, German, Swedish and French, and is a CFA charterholder.

¹ As at 31 December 2009.

Fund specifics

Objective	To provide attractive, positive absolute returns in all market conditions
Investment universe	Global investment grade and high yield corporate debt, structured credit such as asset backed securities (ABS), loan debt and cash instruments; along with a full range of derivatives such as credit default swaps on single names and indices, interest rate and inflation swaps, futures, forwards and options
Scheme type	Open Ended Investment Company, UCITS III
Umbrella scheme	Absolute Insight Funds plc
Domicile / Listing	Ireland / Irish Stock Exchange
IMA classification	Absolute Return
Benchmark	Sterling 3-month LIBID (defined as LIBOR minus 0.125% per annum)
Inception date	2 June 2009
Share classes	Institutional and retail share classes are available in sterling and euro, with different minimum investment amounts and annual management charge (AMC)
Fee schedule	<ul style="list-style-type: none">• Annual management charge 1% per annum²• 10% of any performance in excess of the benchmark return and net of AMC (subject to high water mark)
Base currency	Sterling
Pricing/dealing	Twice monthly NAV calculation and dealing

² 1% AMC is for the B1p share classes, other classes are available upon request. For full product details please refer to the Funds Prospectus, available on our website.

Find out more

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Telephone calls may be recorded.

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