

FOR PROFESSIONAL CLIENTS ONLY.
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How do you
target *absolute returns* in
emerging market debt?

Absolute Insight
Emerging Market
Debt Fund

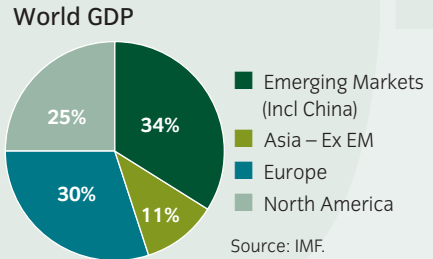
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Why emerging market debt?

Wide opportunity set

The total size of the emerging debt market (both government and corporate) is approximately \$9 trillion. In terms of economic power (i.e. in GDP terms), emerging market countries are collectively larger than either North America or Europe and account for 35% of global trade.



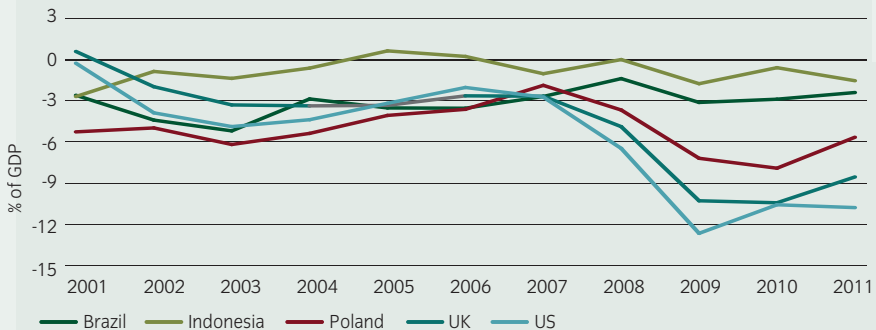
Low correlations

In contrast to the past, emerging debt markets are not currently in tandem with each other, neither are they highly correlated with developed bond markets. In addition, current volatility compared to the world's major equity markets is typically lower.

Healthier economies than developed markets

Developed markets are currently suffering from anaemic economic growth and rapidly deteriorating fiscal conditions. However, emerging market economies have proved to be relatively resilient, when compared to developed economies, in the face of the global credit crisis, generally enjoying robust growth and healthier fundamentals.

Deteriorating UK and US fiscal deficits



Source: IMF.

About the Fund

The Absolute Insight Emerging Market Debt Fund aims to provide attractive, positive absolute returns in all market conditions through discretionary management and may employ a range of hedging techniques. It does this by investing primarily in a broad range of emerging market debt securities and financial derivative instruments. The Fund sits within our broader emerging market debt capability (which includes segregated accounts, income funds and pension fund pooled vehicles) and also forms part of our Absolute Insight range of absolute return funds.

Key features

- A multi-strategy fund targeting 'best ideas' in emerging market debt with the ability to express both positive and negative views through the use of a range of derivatives.
- Aims for absolute positive returns over rolling 12 month periods in all market conditions.
- The absolute return approach seeks to reduce the volatility normally associated with investing in emerging markets.
- Large specialist investment team supplied by Insight's Fixed Income structure
- Investors in the Fund have access to daily liquidity.
- Benchmarked against cash, and is therefore not constricted to investing within the limits of a traditional emerging market debt index.

Please note, that the value of investments and any income from them will fluctuate and is not guaranteed (this may be partly due to exchange rate fluctuations). Investors may not get back the full amount invested.

Rating



The Fund in more detail

Investment universe

Offers investors access to opportunities in a market worth approximately US\$9 trillion. Using a base of cash and near cash instruments, the Fund invests in external and local government debt, external and local corporate debt, currencies and derivatives across the emerging market universe.

UCITS III vehicle

The Fund is a sub-fund of Absolute Insight Funds plc, an Ireland-domiciled open-ended investment company.

Free from index constraints

The Fund is benchmarked against cash, not an emerging market debt index. This frees the portfolio from being tied to particular weightings or exposures. In addition, because the Fund aims to generate performance in any market environment, it makes use of derivatives to give the portfolio's managers the ability to express negative views as well as positive ones.

Active currency management

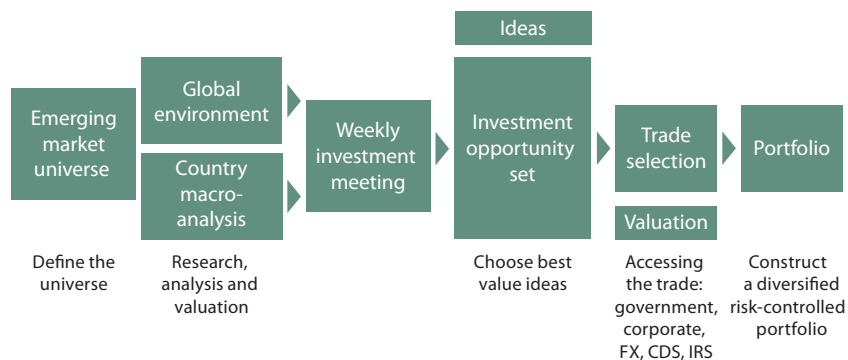
We view the management of local emerging market currencies as an important source of alpha within the Fund. When we are holding a local market bond, the decision to hedge or not to hedge is an active decision. We may also take direct currency exposures to express a negative or positive view on the direction of a currency.

Investment process

The Fund's investment process is built around a strong analytical framework designed to increase the competitive advantage of the portfolio decisions taken by the emerging market debt investment team. The team:

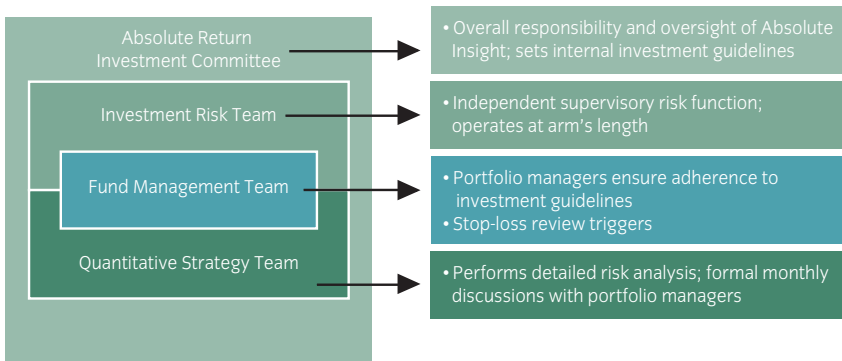
- aims to identify key fundamental and market themes through individual country macro-analysis
- carries out micro-analysis of instruments and market depth, evaluating the best mechanism to express those themes
- selects and sizes risk/reward investment ideas in the context of security and portfolio characteristics
- incorporates global asset class trends by working within the strong analytical framework of the credit, currency, global bond and high yield teams
- actively manages portfolio risk and takes advantage of market volatility

Defining the investment universe through portfolio construction



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.

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 responsible for assets under management of £151.3 billion¹ 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 government, charities and other financial institutions.

The Fund is managed by Colm McDonagh, supported by the Insight Emerging Market Debt Team, part of the wider Fixed Income Team. The Fixed Income Team is fully integrated into the investment infrastructure of Insight, benefiting from a wider pool of resources.



Colm McDonagh

Head of Emerging Market Debt

Colm joined Insight in October 2008 as Head of Emerging Market Fixed Income. Prior to Insight, Colm was a partner at Hydra Capital Management Ltd, an emerging market fixed income boutique he joined in January 2006, where he managed both alternative and traditional emerging market strategies. He was Head of Global Emerging Market Debt at Aberdeen Asset Management until November 2005, responsible for total return and income funds for institutional and retail clients. Colm began his investment career as an Emerging Market Eurobond trader in 1996 at Bank of America. He graduated with a Bachelor of Business and Legal Studies honours degree in Finance and Law from University College Dublin.

¹ As of 30 September 2011 represented by the value of physical securities and liability benchmarks.

Fund specifics

Objective	To provide attractive, positive absolute returns in all market conditions
Investment universe	Interest rate and exchange rate strategies across a range of emerging market bond markets, using a full range of emerging market debt securities and financial derivative instruments, alongside other instruments when deemed appropriate
Investment strategy	Multi-strategy fund targeting best ideas in emerging market debt
Scheme type	Open Ended Investment Company, UCITS III
Domicile/Listing	Ireland/Irish Stock Exchange
IMA classification	Absolute Return
Benchmark	3-month US LIBID (defined as 3-month US LIBOR minus 0.1% per annum)
Inception date	28 February 2007
Share classes	Accumulation shares
Currency denomination	Sterling, Euros and US Dollars
Annual Management Charge (AMC) ²	Institutional (B1p) 1%, Retail (Ap) 1.5%
Performance fee	10% of any performance in excess of the benchmark return and net of AMC (subject to high water mark as defined in the prospectus)
Dealing frequency	Daily
Valuation basis	Swinging single price
Platforms	Ascentric (FundsDirect), Aviva, Axa, Cofunds, Hargreaves Lansdown (Vantage), Novia, Nucleus, Transact

² AMC for other share classes may vary. For full product details please refer to the Funds Prospectus, available on our website.

Find out more

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