

FOR PROFESSIONAL CLIENTS ONLY.
NOT TO BE DISTRIBUTED TO RETAIL CLIENTS



What if you don't
want a *rollercoaster ride*
for your investment?

Absolute Insight
UK Equity Market
Neutral Fund

➤ A BNY MELLON COMPANYSM



Why market neutral funds?

Recent history has served to underline how volatile equity markets can be; moving from extreme lows to new highs and back again, often without warning and sometimes at great speed. While some investors are happy to take the ups and downs – to capture the highs and risk the lows – others may prefer a smoother ride which is not reliant on equity market direction.

For investors who simply do not want to take the kind of risk that comes with large potential drawdowns from traditional equity investments, an equity market neutral investment approach, that is to say an approach where returns are not correlated with equity market direction, may help them achieve their investment returns without the bumpy ride.

By eliminating unwanted market risks, genuine equity market neutral funds aim to generate consistent positive returns regardless of equity market ups and downs. This can be done efficiently by using derivatives to remove unwanted exposures and enable the fund manager to concentrate exclusively on the generation of returns through their investment selection.

There are several different ways to manage equity market exposure in a portfolio. However, we believe a 'paired' trading strategy in which every position is combined with an appropriate hedge is the best way of producing genuinely 'market neutral' returns.

About the Fund

The Absolute Insight UK Equity Market Neutral Fund seeks to deliver positive returns irrespective of equity market direction, with low volatility and low correlation with major asset classes. The Fund uses discretionary management and normally employs a range of hedging techniques. Our investment process has been designed to control volatility and downside risk.

Key features

- Aims for absolute positive returns over rolling 12-month periods in all market conditions.
- **Market neutral** – strict limits on net exposure and beta ensure that the Fund maintains minimal exposure to the direction of the UK equity market.
- **Low volatility** – a particular feature of the strategy has been to deliver low volatility and high risk-adjusted returns.
- **Paired trade approach** – the managers build the Fund from a series of paired trades. Each pair is designed to isolate the specific risks that the Fund Managers seek to profit from, while hedging out unwanted sector or broader market risks.
- **Experienced investment team** – the Fund is managed by our absolute return equity fund managers. Together with specialist analysts they form a cohesive and dynamic unit which is fully integrated within the investment infrastructure of Insight.
- **Disciplined risk management** – applied through a multi-dimensional and integrated framework.
- **UCITS III vehicle** – The Fund is a sub-fund of Absolute Insight Funds plc, an Ireland-domiciled open-ended investment company.

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



Investment Week Fund Manager of the Year Awards

Best Absolute Return Fund: Absolute Insight UK Equity Market Neutral Fund (joint winner 2011)

The Fund in more detail

The Fund's investment approach aims to capitalise on market inefficiencies which lead to certain stocks being mispriced relative to other similar stocks or the broader market. We identify those opportunities through detailed fundamental research as well as careful consideration of likely catalysts to move the share prices.

The Fund aims to profit from such opportunities through paired trades. Stop-loss review triggers aim to provide a degree of downside protection and are consistent with the Fund's aim of delivering positive returns with low volatility.

Our paired trade approach allows our managers to express views only where they have a strong conviction. We focus detailed research only on ideas which appear to offer significant performance potential; we do not have a view on every stock.

Portfolio construction

Each paired trade in the Fund generally consists of two units – a long and a synthetic short. The lead unit (which may be the long or short of the pair), is expected to drive performance, while the secondary unit provides the hedge. The objective of the secondary unit is to create a market-neutral position and isolate the potential alpha identified in the lead unit. The use of derivatives (used within a UCITS III regulated framework) enables the managers to achieve a much greater degree of precision than is available to a traditional 'long-only' manager.

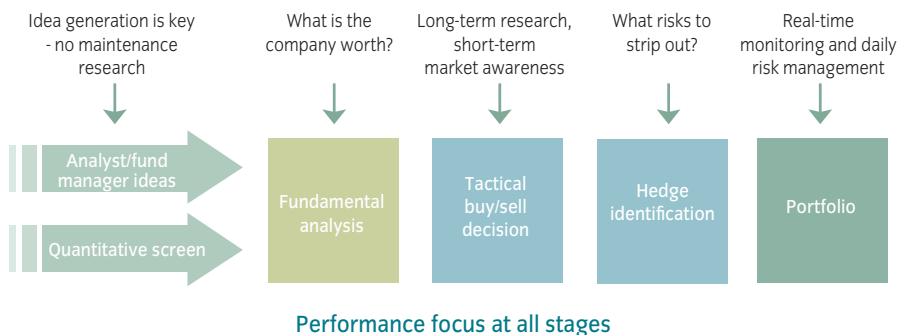
The managers typically design three types of paired-trades as shown below:

	Example trade
1. Stock vs stock	Next vs Marks & Spencer
2. Stock vs sector index	Next vs Retail Sector
3. Stock vs market	Next vs FTSE 100 or Next vs Mid 250

Investment process

This Fund's approach is centred on the concept that markets are not always efficient. In order to capitalise on these inefficiencies the UK equity market neutral team have built a process that seeks to isolate stock specific opportunities while minimising unwanted market-related risks using a technique of paired trades with the aim of providing a consistent stream of positive returns.

The investment process combines idea generation, focused research and precise implementation to achieve the Fund's performance objective.

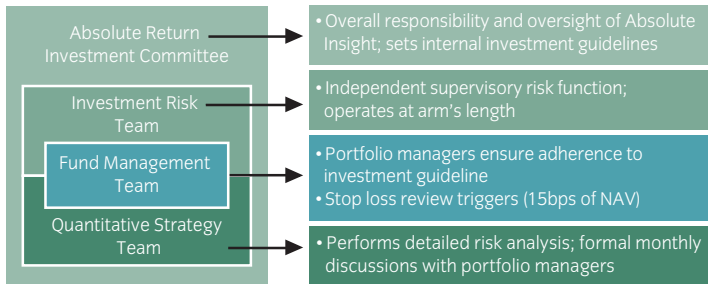


In seeking opportunities to generate alpha the fund managers follow a research-led investment process based on detailed fundamental analysis and regular contact with company management. Once an investment opportunity has been identified, a range of flexible investment strategies allow the managers to target the alpha while hedging out unwanted risk.

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.

Rigorous and holistic approach to risk management



- 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.
- The **Fund Management Team** is responsible for running the strategy within set limits. These limits include gross and net exposure, beta and value-at-risk (VaR).

Downside protection

Stop-loss review triggers are applied to each open paired trade in the Fund.

A stop-loss message is triggered when a paired trade registers a loss of 15 basis points (bps) of the Fund's net asset value (NAV) and are monitored independently by both the portfolio manager and risk management team.

About Insight Investment

Insight Investment is a specialist asset manager at the forefront of designing investment solutions to meet our clients' needs. Insight is responsible for assets under management of £137.3 billion¹ across fixed income, liability driven investment, cash management, multi-asset, absolute return and specialist equity strategies.

The Fund is managed by our absolute return equity fund managers who are directly supported by two analysts who focus exclusively on generating ideas for the Funds.

Andrew Cawker

Portfolio Manager,
Head of Specialist Equities

Andrew joined the UK equity team at Insight in April 2003 and is responsible for the management of UK equity long/short portfolios. Prior to Insight, Andrew was an Associate Partner at Invesco Global Asset Management (Amvescap plc) where he was involved in developing specialist UK equity business alongside the management of a range of UK and global equity portfolios. He was also responsible for pan-European analysis for the retail, food, beverages and tobacco sectors. Andrew began his investment career at Prudential Portfolio Managers in 1988, ultimately becoming a Director, with responsibility for UK equities. He holds a BA honours degree in Business Studies from the City of London Polytechnic.

Iain Brown

Portfolio Manager, Specialist Equities

Iain joined the UK equity team at Insight in July 2002 and is responsible for the management of UK equity long/short portfolios. Before joining Insight, he spent six years at Norwich Union Investment Management, latterly as Head of Institutional Investment. Prior to this he spent eight years at CIN/Goldman Sachs as a portfolio manager. Iain began his career as an investment analyst with Credit Lyonnais in 1987. Iain holds a MA degree in Geography from Fitzwilliam College, Cambridge University.

Richard Howarth

Portfolio Manager, Specialist Equities

Richard joined the UK equity team at Insight in January 2002 and is responsible for the management of UK equity long/short portfolios. Prior to Insight, he held a fund management role at Brewin Dolphin for five years. He began his career as trainee portfolio manager with Capel-Cure Myers Capital in 1994. Richard holds a BA honours degree in Economics from the University of Nottingham and is an Associate of the CFA Society of the UK.

David Headland

Portfolio Manager, Specialist Equities

David joined the UK equity team at Insight in August 2010. This followed a brief spell with a European equity research boutique after his previous role at Insight from 2002 to November 2009 as co-portfolio manager for a European equity market neutral fund. David started his career at Norwich Union in 1998 and later became a highly successful portfolio manager at Morley Fund Management.

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

Fund specifics

Objective	To deliver attractive, positive absolute returns in all market conditions
Investment universe	UK equity and equity-related securities and their derivatives
Investment strategy	Equity market neutral fund, aims to deliver low volatility and high risk adjusted returns
Scheme type	Open Ended Investment Company, UCITS III
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	28 February 2007 (Strategy inception - 2005)
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	Aegon Scottish equitable, Ascentric (FundsDirect), Aviva, Axa, Cofunds, Hargreaves Lansdown (Vantage), Novia, Nucleus, Skandia, Transact, Winterthur Life

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

For further information please contact:

Institutional Business Development

business.development@insightinvestment.com
020 7321 1547

Wholesale Business Development

brokersupport@bnymellon.com
0500 66 00 00

International Business Development

internationalsales@bnymellon.com
+44 (0)20 7163 2367

Consultant Relationship Management

consultantrelations@
insightinvestment.com
020 7321 1209

Client Relationship Management

cddirect@insightinvestment.com
020 7321 1499

www.insightinvestment.com

Telephone calls may be recorded.
Call charges may vary by provider.

FOR PROFESSIONALS CLIENTS ONLY.

This document is only directed at investors resident in jurisdictions where our funds are registered. It is not an offer or invitation to persons outside of those jurisdictions. Insight Investment reserves the right to reject any applications from outside of such jurisdictions. Issued by Insight Investment Funds Management Limited. Registered office 160 Queen Victoria Street, London EC4V 4LA. Registered in England and Wales. Registered number 1835691. Authorised and regulated by the Financial Services Authority.