

FOR INVESTMENT PROFESSIONALS ONLY, NOT FOR ONWARD DISTRIBUTION

The Absolute Insight Currency Fund aims to provide attractive, positive absolute returns in all market conditions. The Fund forms part of the Absolute Insight range of Funds.

The focus of the Fund is to generate long term-capital growth primarily by maintaining a well diversified exposure to a wide range of global currencies, using a full range of derivative instruments including futures, forwards and options. The portfolio managers aim to maximise return while minimising risk with the ability to use a combination of qualitative and quantitative techniques. The portfolio managers will take directional views on currencies, as well as expressing a view on currency volatility. The Fund operates within a liquid, regulated UCITS III structure.

The Fund

- **Aims to provide attractive, positive absolute returns in all market conditions** – by maintaining a well diversified exposure to a wide range of global currencies.
- **Macro-discretionary Currency Fund** – the Fund makes use of a macro top down investment process with a strong money management discipline, looking to exploit short-term tactical inefficiencies in a generally efficient market.
- **Strong performance** – track record dating back to 28 February 2007, displaying low volatility and high risk-adjusted returns.
- **Investment process used to identify cyclical trade ideas** – combined with strong money management discipline to ensure optimal market timing for implementation of trade ideas.
- **Investment universe** – the Fund invests in a wide range of primarily developed market currencies, predominantly using currency forward contracts and currency options.
- **Advantageous fee structure** – the performance fee only applies when returns are over and above the cash benchmark and are subject to a high water mark.

The approach

- **Sources of alpha** – a currency rate is a price and like any other price, it is driven by the relative supply and demand for the commodity in question. The Fund focuses on determining the drivers of that relative price in order to extract alpha from the market.

Key benefits

- Macro-discretionary Currency Fund able to perform well in all market conditions
- Multi-dimensional risk management approach to protect from downside risk
- Specialist investment team supported by Insight's fixed income structure
- Irish regulated UCITS III structure for a high degree of liquidity, regulation and transparency



Insight's expertise

- **Dedicated currency team** – fully integrated within the investment infrastructure of Insight, benefiting from scale of resources.
- **Superior risk management** – applied through a multi-dimensional and integrated risk management framework.

UCITS III vehicle

- **UCITS III vehicle compliant** – The Fund is a sub-fund of Absolute Insight Funds plc, an Ireland-domiciled open-ended investment company. As a sophisticated UCITS III fund, the Fund provides a high degree of investor protection with regard to risk and liquidity management, regulation and transparency.

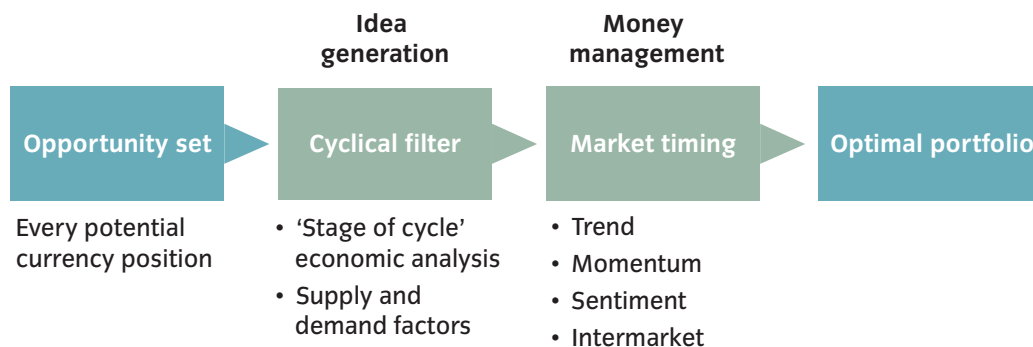
Investment approach

The currency team has adopted a macro-discretionary management approach that has been developed to exploit opportunities in the market. It provides a strong analytical framework within which the investment team can take discretionary positions and add value to the portfolio.

Our robust investment process combines long-term valuations, cyclical economic and volatility analysis, along with timing tools in a single process.

The second stage filtering of potential opportunities using technical market measures, results in an optimal portfolio of high quality currency decisions while the structured but flexible framework generates repeatable performance over the economic cycle.

Figure 1: Framework for maximising currency decisions



Opportunity set: The Fund primarily invests in a wide range of developed market currencies, using predominantly currency forward contracts and currency options, taking long and short positions with a view to maintaining a diversified portfolio.

Cyclical analysis: Currency values are driven by changes in the economic and interest rate cycles of the relevant countries. The portfolio manager identifies where different economies are in these cycles and how this will drive relative currency movements.

Market timing: Currency markets exhibit high levels of volatility around cyclical trends. Our process uses a number of proprietary market price based tools, to determine good entry and exit points for our trades.

Our investment process is designed to maximise return while minimising risk using these key building blocks. Market timing filters based on a consistent set of variables are used to identify opportune entry and exit points for discretionary currency management trades. The portfolio manager has full discretion on selecting the optimal instrument to express a view.

Low correlations to other asset classes

One of the main advantages of a discretionary approach to active management of currency is that it has a proven lack of correlation with global bonds, equities, commodities and property, making it an excellent diversifier within a portfolio.

Absolute Insight Currency Fund	Correlation
FTSE All Share	-0.30
S&P 500	-0.41
Corporate bonds	-0.25
UK Gilts	-0.06
Commodities	-0.26
IPD All Property Index	-0.15
JPM EMBI Global (Hedged into GBP)	-0.41

Source: Insight, Rimes and Bloomberg, as at January 2010. Correlations are calculated using twice-monthly returns since inception of the Fund apart from IPD Property and Emerging Market Debt indices which are calculated using monthly returns.

Highly liquid market

The foreign exchange market is the most heavily traded market in the world, with currency being the single most liquid asset class. Investing in foreign exchange is one of the purest ways to play macroeconomic themes, as currencies tend to move together with changes in underlying economic conditions. The Fund is predominantly invested in developed market currencies.

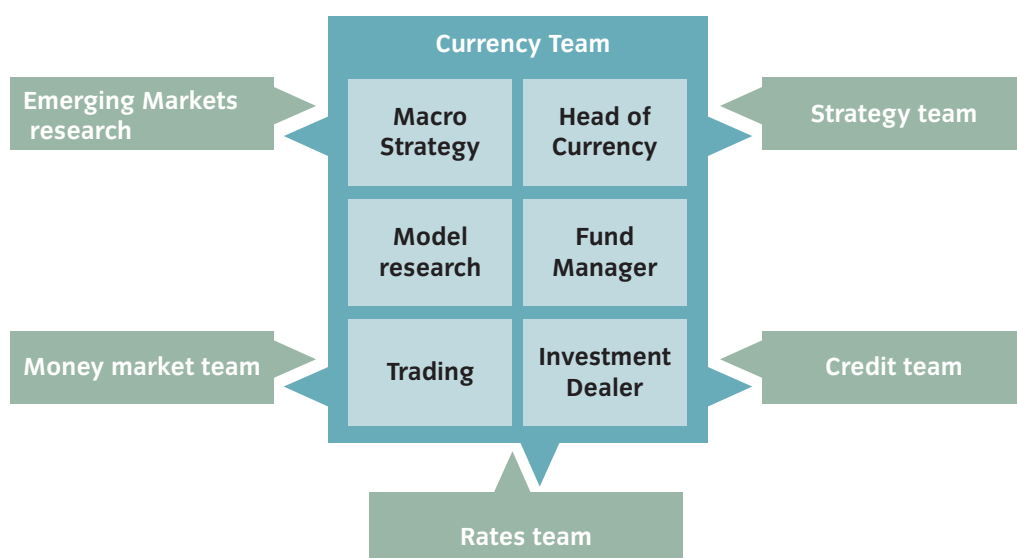
Due to the large volumes of the foreign exchange market, transaction costs tend to be relatively low, making this more suited to an active currency trading strategy.

Specialist currency team

The Currency Team is part of Insight's wider Fixed Income Team. The most important aid to decision-making is ensuring effective communication between our fixed income analysts, portfolio managers and traders. In addition to constant informal interaction, a formal structure of daily, weekly and monthly meetings has been designed specifically to allow individuals to express their investment views in a structured and process-led environment.

The below chart demonstrates the input that the Currency Team receives from other areas of Insight's Investment platform.

Figure 2: Drawing on resources from Insight's investment teams:

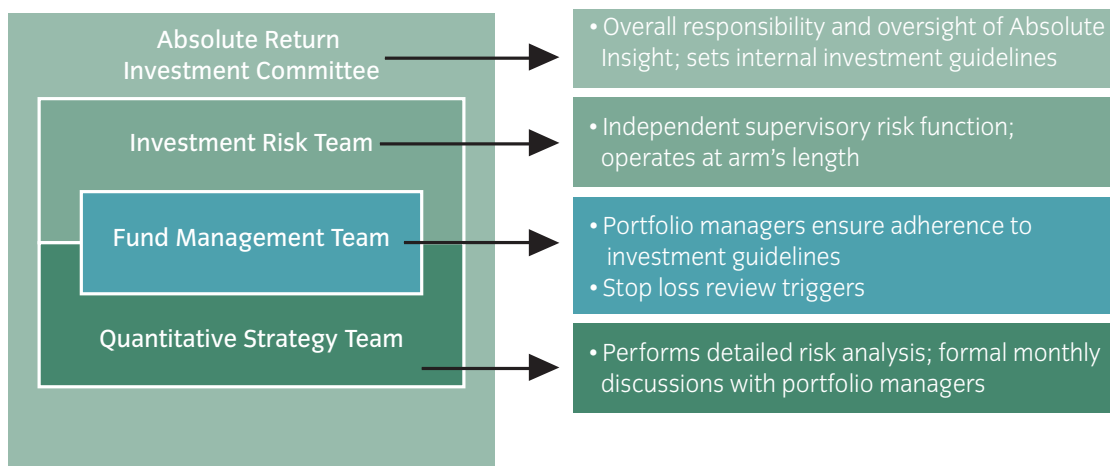


The Currency Team is part of the wider Fixed Income unit and is therefore fully integrated within the investment infrastructure of Insight, benefiting from scale of resources.

Risk management

Multi-dimensional risk management

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 **Investment Risk 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 includes (where appropriate) gross and net exposure, beta, modified duration and value-at-risk (VaR).

Risk parameters

As a sophisticated UCITS III fund, the Fund is subject to a series of criterion as required by the regulator. In addition, we have imposed a series of constraints and limits which are consistent with the Fund's investment objective. The Fund is constrained by the following:

- gross exposure
- VAR
- stress tests

Counterparty risk

Insight's **Risk Management Team** monitor and ensure compliance with all aspects of business risk including the use of derivatives. We have a clear process for the selection of approved counterparties. We apply credit guidelines and maintain a list of approved counterparties, which is continually monitored and formally reviewed on a regular basis.

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 government, charities and other financial institutions.

UCITS III vehicle

The Fund complies with UCITS III regulations in regard to liquidity, transparency, diversification and risk management. Under these UCITS III risk regulations, it is recommended to use the VaR methodology to monitor risk and our portfolio managers have to measure the VaR on a daily basis. The VaR is calculated using a five year time horizon, based on the maximum drawdown over a five day holding period with a 99% confidence. In addition, internal UCITS III guidelines also require stress testing on at least a quarterly basis. However, we do not use VaR in isolation but as part of our multi-dimensional risk management approach. This is supported by our risk teams, internal guidelines and regular stress tests, as outlined in the section above.

Fund specifics

Objective	To provide attractive, positive absolute returns in all market conditions
Investment universe	Exposure to global currencies via a full range of derivative instruments and or liquid or near cash assets
Scheme type	Open Ended Investment Company, UCITS III
Umbrella scheme	Absolute Insight Funds plc
Domicile	Ireland
Listing	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
Share classes	Institutional and retail share classes are available in sterling and euro, with different minimum investment amounts and annual management charges (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	Daily NAV calculation and dealing
Platforms	Ascentric (FundsDirect), Cofunds, Hargreaves Lansdown (Vantage), Novia, Nucleus, Transact

¹ 1% AMC is for the B1p share classes, other classes are available upon request.

² As at 31 December 2009.

Our team

Dale Thomas

Head of Currency

Dale joined Insight in April 2003 following the acquisition of Rothschild Asset Management Limited (RAM). He is Head of Currency Management within the fixed income team with responsibility for currency allocation. He is also responsible for research on the US economy. Dale joined RAM in 1995 where he was responsible for Japanese research, overseeing currency research and the management of non-dollar bond portfolios. Before joining RAM he spent six years at the Bank of England, where as a Manager in foreign exchange his brief included the monetary and fiscal policy implications of exchange rate movements, the inter-relationship between currency and bond markets, and credit issues associated with currency markets. Dale holds a BA honours degree in Mathematics from Kings College, Cambridge University, a MSc in Operational Research from Lancaster University and a Post-Graduate Certificate in Economics from London University.

Max Wahl

Portfolio Manager, Absolute Insight Currency Fund

Max joined Insight in April 2003 following its acquisition of RAM. Within the fixed income team, he is a member of the currency team which is responsible for currency allocation across ex-UK funds. Max joined RAM in 1998 as a graduate trainee within their international bond team. Max holds a BSc honours degree in Economics from the London School of Economics and Political Science and is an Associate Member of the CFA Society of the UK

Richard Nibloe

Portfolio Manager, Investment Dealer, Fixed Income

Richard joined Insight in April 2003 following the acquisition of Rothschild Asset Management Limited (RAM) as both a foreign exchange portfolio manager and dealer within our currency team. Richard's investment career began in 1985 when he joined the treasury division of NM Rothschild and Sons where he spent 13 years trading in a variety of areas, including foreign exchange and precious metals. He transferred to RAM's trading team in 1998 and progressed to be Assistant Director of foreign exchange dealing. He has considerable experience in trading differing instruments, including running options books and trading metals products.

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

www.insightinvestment.com

Telephone calls may be recorded.