

Absolute Insight Funds Plc
Absolute Insight Credit Fund
Simplified Prospectus



Absolute Insight Credit Fund Simplified Prospectus

This Simplified Prospectus contains key information in relation to Absolute Insight Credit Fund (the Fund), a sub fund of Absolute Insight Funds plc (the Company) which is an umbrella open-ended investment company with variable capital and segregated liability between sub-funds incorporated on 5 December 2006 and authorised by the Irish Financial Services Regulatory Authority under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003, as amended (the Regulations) on 23 February 2007. The Company currently has six other sub-funds, namely the Absolute Insight Emerging Market Debt Fund, Absolute Insight Europe Equity Market Neutral Fund, Absolute Insight UK Equity Market Neutral Fund, Absolute Insight International Equity Market Neutral Fund, Absolute Insight Broad Opportunities Fund and Absolute Insight Currency Fund. Other funds may be established from time to time.

Potential investors are advised to read the Prospectus of the Company dated 2 December, 2009 and the Supplement thereto dated 2 December, 2009 in respect of the Fund (together the Prospectus) before making an investment decision on whether or not to invest in the Fund. The rights and duties of the investor as well as the legal relationship with the Company are laid down in the Prospectus.

The Fund's base currency is the Sterling.

Defined terms used in this Simplified Prospectus shall have the meanings given to them in the Prospectus.

Investment objective

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

Investment policy

The Fund's overall policy consists of three distinct elements:

1. The Fund aims to produce investment returns through direct holdings primarily of Debt and Debt-Related Securities including but not limited to debt securities, debt instruments, debt obligations, treasury bills, debentures, bonds, loan investments (see Loan Investments below), structured financial instruments (including but not limited to asset-backed and mortgage backed securities, CDO's and CLO's) and certificates of deposit, floating rate notes, short and medium term obligations and commercial paper. Such Debt and Debt-Related Securities may be fixed or floating rate and are issued or guaranteed by any sovereign government or their agencies, local authority, supranational or public international bodies, banks, corporates or other commercial issuers. The Fund may invest on a worldwide basis and may, accordingly, invest in emerging market. The Fund may also invest up to 10% of net assets in Equities and Equity-Related Securities where the Sub-Investment Manager considers any such investment to be consistent with the overall strategies of the Fund.

2. Through the use of a full range of financial derivative instruments, the Fund aims to augment these returns by generating long term capital growth, primarily from investing in a range of directional and non-directional strategies across a range of primarily fixed income markets.

3. The Fund will generally maintain a portfolio of Liquid or Near Cash Assets. This asset class will be held both as an absolute return producing asset class in its own right, and also to provide liquidity and cover for exposures generated through the use of financial derivative instruments.

A key feature of the Fund is that it is an absolute return fund in that it seeks to provide positive absolute returns in all market conditions. Investment decisions will be driven by the Sub-Investment Manager's views on a number of factors, including but not limited to, the terms structures of credit spreads and interest rates (the credit curve and the yield curve), credit spreads and identification of opportunities in global credit markets.

Examples of strategies that may be deployed from time to time by the Sub-Investment Manager include, but are not limited to, those listed below:

- Yield
- Momentum
- Long/short
- Special situations
- Capital structure arbitrage
- Market structure arbitrage
- Tactical macro
- Hedge

The above strategies, which will primarily be conducted across a range of international markets, will be implemented both by investing:

- Directly in Debt and Debt-Related Securities. Up to 50% of net assets may be invested in high yield/sub-investment grade Debt and Debt-Related Securities.
- In a range of financial derivative instruments relating primarily to credit, but also relating to interest rates, inflation or currencies. This will include credit default swaps, interest rate futures, options on interest rate futures, currency futures, options on currency futures, forward FX contracts, currency options, interest rate swaps, inflation swaps, swaptions and derivative instruments relating to equities, equity indices and property indices. For the avoidance of doubt, these exposures may be obtained through the use of derivative instruments the returns on which are referenced to the performance of indices provided the indices in question are sufficiently diversified, represent an adequate benchmark for the markets to which they refer, are published in an appropriate manner and have been cleared in advance by the Authority. All such investments will be within the conditions and limits set out in the Authority Notices. For example, the Fund may invest in derivative instruments whose returns are referenced to the performance of widely traded indices of credit default swaps, where the underlying is one of: investment grade corporate debt, sub-investment grade corporate debt, asset backed securities, senior loans or subordinated loans. In addition, in pursuit of one or more of the above strategies, the Fund may invest in derivative instruments relating to equities, equity indices and property indices.

Short positions

Although UCITS regulations prohibit the short selling of physical securities, they allow the creation of synthetic short positions (synthetic in this context meaning essentially achieving the same economic outcome without actually selling short) through the use of derivative instruments, such as credit default swaps, interest rate futures, options on interest rate futures, currency futures, options on currency futures.

Disclosures on particular asset classes

The Fund may fully invest in Debt and Debt-Related Securities (including, for these purposes, term and call deposits with a deposit taking institution) issued or guaranteed by any government, local government authority, supranational body or any other entity whether incorporated or unincorporated, which is based in an emerging market country or in circumstances where the debt issue concerned provides exposure to an emerging market country issuer. Such securities may be denominated in one of the G7 Currencies or in emerging market currencies.

The Fund can also pursue its objectives and policies by taking positions in collective investment schemes, subject to a maximum of 10% of the net assets of the Fund.

Loan Investments

Subject to paragraph 2.1 of Appendix 1 (Investment Restrictions) to the Prospectus, the Fund may invest up to 10% of net assets in loan participations and/or loan assignments provided such instruments constitute money market instruments normally dealt in the money market, are liquid and have a value that may be accurately determined at any time.

The loan participations or assignments in which the Fund intends to invest may not be rated by any internationally recognised rating service.

The Fund may engage in transactions in derivative instruments whether transactions are for investment purposes or for the purposes of the efficient portfolio management of the Fund. Such instruments will include credit default swaps, interest rate futures, options on interest rate futures, currency futures, options on currency futures, forward FX contracts, currency options, interest rate swaps, inflation swaps, swaptions, equity derivatives and property derivatives.

The Class Ap Euro Shares, Class B1p Euro Shares, Class B2p Euro Shares, Class B3p Euro Shares, Class B4p Euro Shares, Class S Euro Shares and Class Sp Euro Shares (individually a "Hedged Share Class", collectively the "Hedged Share Classes") are denominated in a currency other than the Base Currency, namely the Euro. It is the Directors' current intention to seek to hedge to the Euro the currency exposure of holders of the Hedged Share Classes. The Company may utilise a variety of financial instruments such as derivatives, options, swaps, futures and forwards to seek to hedge against changes in currency values which may affect the value of the Hedged Share Classes.

For full details on the Fund's investment policy, please refer to the Prospectus.

Risk profile

The investments of the Fund in securities are subject to normal market fluctuations and other risks inherent in investing in securities. The value of investments and the income from them, and therefore the value of, and income from, Shares relating to the Fund can go down as well as up and investors may not get back the amount invested. Changes in exchange rates between currencies or the conversion from one currency to another may also cause the value of investments to diminish or increase.

A description of the risk factors applying to the Fund is set out in full in the Prospectus.

Performance data

No performance history is available as the Fund has been in operation for less than 12 months.

Profile of the typical investor

Investment in the Fund is suitable for investors seeking capital growth, who are willing to set aside capital for at least five years and who are prepared to accept a moderate level of volatility from time to time.

Distribution policy

Class Ap Euro Shares, Class B1p Euro Shares, Class B2p Euro Shares, Class B3p Euro Shares, Class B4p Euro Shares, Class S Euro Shares and Class Sp Euro Shares are Accumulation Shares and therefore carry no right to any dividend. The net income attributable to the relevant class of Shares shall be retained within the Fund and will be reflected in the value of relevant class of Shares.

Class Ap Sterling Shares, Class B1p Sterling Shares, Class B2p Sterling Shares, Class B3p Sterling Shares, Class B4p Sterling Shares, Class S Sterling Shares and Class Sp Sterling Shares are Re-Investment Shares in respect of which the Directors intend to pay a quarterly dividend out of profits available for purpose attributable to the relevant class of Shares. Such dividends are expected to be paid and re-invested within two months of each accounting year end of the Fund and be paid and re-invested in accordance with the procedure set out in Part 5 of the Prospectus.

Fees and expenses

Shareholders transaction expenses

The Investment Manager is permitted to make a preliminary charge on the sale of Shares of the Fund to investors. The percentage rates of charge are shown in the table overleaf.

Share Class	Preliminary Charge
Class Ap Euro Shares	4%
Class Ap Sterling Shares	4%
Class B1p Euro Shares	4%

Class B1p Sterling Shares	4%
Class B2p Euro Shares	None
Class B2p Sterling Shares	None
Class B3p Euro Shares	None
Class B3p Sterling Shares	None
Class B4p Euro Shares	4%
Class B4p Sterling Shares	4%
Class S Euro Shares	None
Class S Sterling Shares	None
Class Sp Euro Shares	None
Class Sp Sterling Shares	None

The preliminary charge described above is in each case counted as a percentage of the Initial Issue Price/Net Asset Value per Share of the relevant class.

The Directors may waive, in their absolute discretion, the preliminary charge applicable to each class of Share and may distinguish between applicants accordingly.

No redemption charge or exchange charge shall be imposed in respect of an exchange of Shares in the Fund.

Dilution Adjustment

The Company may, in the event of there being net subscriptions on any Dealing Day, make an adjustment to the Net Asset Value per Share as set out in Part 4; "Pricing and Valuation" of the Prospectus under the heading Issue and Repurchase Prices.

Annual operating expenses

Administrator's Fee

The Administrator shall be entitled to receive an annual fee out of the net assets of the Fund charged at commercial rates as may be agreed from time to time up to a maximum fee of 1% of the Net Asset Value (the NAV) of the Fund accrued and calculated on each Dealing Day and payable monthly in arrears. The Administrator is entitled to be repaid all of its reasonable expenses agreed upon transaction and other charges (which will be at normal commercial rates) and other out-of-pocket expenses out of the assets of the Fund (plus Value Added tax (VAT thereon, if any).

Custodian's Fee

The Custodian shall be entitled to receive an annual fee out of the net assets of the Fund charged at commercial rates as may be agreed from time to time up to a maximum fee of 0.5% of the NAV of the Fund accrued and calculated on each Dealing Day and payable monthly in arrears (plus VAT thereon, if any).

The Custodian is also entitled to sub-custodian's fees which will be charged at normal commercial rates as well as agreed upon transaction charges (which will be at normal commercial rates) and other out-of-pocket expenses out of the assets of the Fund (plus VAT thereon, if any).

Investment Management Fee

Share Class	Fee
Class Ap Euro Shares	1.50% per annum of the Net Asset Value of the Fund attributable to the Class Ap Euro Shares
Class Ap Sterling Shares	1.50% per annum of the Net Asset Value of the Fund attributable to the Class Ap Sterling Shares
Class B1p Euro Shares	1.00% per annum of the Net Asset Value of the Fund attributable to the Class B1p Euro Shares
Class B1p Sterling Shares	1.00% per annum of the Net Asset Value of the Fund attributable to the Class B1p Sterling Shares.
Class B2p Euro Shares	0.85% per annum of the Net Asset Value of the Fund attributable to the Class B2p Sterling Shares.
Class B2p Sterling Shares	0.85% per annum of the Net Asset Value of the Fund attributable to the Class B2p Sterling Shares.
Class B3p Euro Shares	0.75% per annum of the Net Asset Value of the Fund attributable to the Class B3p Euro Shares
Class B3p Sterling Shares	0.75% per annum of the Net Asset Value of the Fund attributable to the Class B3p Sterling Shares
Class B4p Euro Shares	0.65% per annum of the Net Asset Value of the Fund attributable to the Class B4p Euro Shares
Class B4p Sterling Shares	0.65% per annum of the Net Asset Value of the Fund attributable to the Class B4p Sterling Shares
Class S Euro Shares	No investment management charge
Class S Sterling Shares	No investment management charge
Class Sp Euro Shares	No investment management charge
Class Sp Sterling Shares	No investment management charge

Class S Euro Shares, Class S Sterling Shares, Class Sp Euro Shares and Class Sp Sterling Shares are only available to investors who have entered into a separate investment advisory mandate with Insight or any of its subsidiary companies or its related companies. The above fees will be payable monthly in arrears and be calculated with reference to the daily Net Asset Value of the Fund.

Performance Fee

No performance fee is payable by the Fund in respect of the Class S Euro Shares and Class S Sterling Shares.

The Performance Fee is payable in respect of the net assets attributable to Class Ap Euro Shares, Class Ap Sterling Shares, Class B1p Euro Shares, Class B1p Sterling Shares, Class B2P Euro Shares, Class B2p Sterling Shares, Class B3P Euro Shares, Class B3p Sterling Shares, Class B4p Euro Shares, Class B4p Sterling Shares, Class Sp Euro Shares and Class Sp Sterling Shares.

The Performance Fee is equal to 10% of the excess of the NAV per Share at the end of a Performance Period over the target NAV per Share, multiplied by the weighted average number of Shares of the relevant class in issue during the Performance Period. The target NAV per Share is equal to the NAV per Share at the end of the previous Performance Period multiplied by the Hurdle Rate, or the High Water Mark, which ever is the greater. The Performance Fee is payable one month after the end of the Performance Period. Please see the Prospectus for more details.

Other

In addition, the Investment Manager is entitled to be reimbursed for the reasonable fees and out of pocket expenses paid by the Investment Manager or the Sub-Investment Manager to external consultants as disclosed in the Prospectus.

Sub-Investment Manager's Fee

The Sub-Investment Manager's fees and expenses will be paid by the Investment Manager.

Distribution Fee

No separate fee is paid out of the assets of the Fund to the Distributor.

Directors' Fees

The Directors will be entitled to remuneration from the Company for their services as Directors but it is expected that the Directors remuneration for each accounting period should not exceed €50,000. For further details, please see the Prospectus.

Other expenses and establishment expenses

Establishment expenses and other expenses will also be payable out of the assets of the Fund. Please see the Prospectus for more details.

Soft commissions

It is not currently intended that any soft commission arrangements will be made in respect of the Company.

Please refer to the Prospectus under the heading **Fees and expenses** for further details of the fees and expenses payable out of the assets of the Fund.

Taxation

The Fund will only be subject to Irish tax in respect of shareholders who are taxable Irish persons (generally being persons who are resident or ordinarily resident in Ireland for tax purposes) on certain chargeable events. Shareholders who are neither resident nor ordinarily resident in Ireland, subject to receipt of appropriate declaration, will not be subject to any Irish tax including any deductions from any payments made.

Shareholders and prospective Shareholders should familiarise themselves with and where appropriate take tax advice on the tax treatment of their holdings of Shares.

Publication of Share Price

Details of the most recent Net Asset Value per Share of each class may be obtained from the Administrator. These prices are also published on the website www.insightinvestment.com.

How to buy or sell Shares

Instructions to buy, sell and switch Shares in the Fund should be addressed to the Administrator during normal business hours (9am to 4pm) on days (excluding Saturdays and Sundays) on which banks are open for normal business in Dublin.

Minimum Initial Subscription

The minimum initial subscription amounts are as follows:

Class	Minimum
Class Ap Euro Shares	€3,000
Class Ap Sterling Shares	£3,000
Class B1p Euro Shares	€3,000
Class B1p Sterling Shares	£3,000
Class B2p Euro Shares	€10,000,000
Class B2p Sterling Shares	£10,000,000
Class B3p Euro Shares	€50,000,000
Class B3p Sterling Shares	£50,000,000
Class B4p Euro Shares	€50,000,000
Class B4p Sterling Shares	£50,000,000
Class S Euro Shares	None
Class S Sterling Shares	None
Class Sp Euro Shares	None
Class Sp Sterling Shares	None

Minimum Additional Subscription

The minimum additional subscription amounts are as follows:

Class	Minimum
Class Ap Euro Shares	€1,500
Class Ap Sterling Shares	£1,500
Class B1p Euro Shares	€1,500
Class B1p Sterling Shares	£1,500
Class B2p Euro Shares	€5,000
Class B2p Sterling Shares	£5,000
Class B3p Euro Shares	€5,000
Class B3p Sterling Shares	£5,000
Class B4p Euro Shares	€5,000
Class B4p Sterling Shares	£5,000
Class S Euro Shares	None
Class S Sterling Shares	None
Class Sp Euro Shares	None
Class Sp Sterling Shares	None

Minimum Holding

The minimum holding amounts are as follows:

Class	Minimum
Class Ap Euro Shares	€2,000
Class Ap Sterling Shares	£2,000
Class B1p Euro Shares	€2,000
Class B1p Sterling Shares	£2,000
Class B2p Euro Shares	€10,000,000
Class B2p Sterling Shares	£10,000,000
Class B3p Euro Shares	€50,000,000
Class B3p Sterling Shares	£50,000,000
Class B4p Euro Shares	€50,000,000
Class B4p Sterling Shares	£50,000,000
Class S Euro Shares	None
Class S Sterling Shares	None
Class Sp Euro Shares	None
Class Sp Sterling Shares	None

Additional important information

Directors of Company: Paul Dellar
John Fitzpatrick
Michael Boyce
Barry McGrath
Charles Farquharson

Distributor: Insight Investment Funds Management Limited

Investment Manager: Insight Investment Funds Management Limited

Promoter: Insight Investment Funds Management Limited

Sub-Investment Manager: Insight Investment Management (Global) Limited

Custodian: State Street Custodial Services (Ireland) Limited

Administrator: State Street Custodial Services (Ireland) Limited

Auditors: KPMG Chartered Accountants

Supervisory Authority: Irish Financial Services Regulatory Authority

Listing: It is anticipated that all Classes of Shares in the Fund (save for the Class S Sterling Shares and the Class S Euro Shares) will be listed on the Irish Stock Exchange once issued.

Copies of the Prospectus and the latest periodic reports and accounts may be inspected at the offices of the Administrator and the Investment Manager during usual business hours on weekdays, except Saturdays and public holidays:

Additional information may be obtained from the Investment Manager at:

Insight Investment Funds Management Limited
33 Old Broad Street,
London EC2N 1HZ,
England
Fax: +44 20 7150 0612
Tel: +44 20 7321 1446

Complaints concerning the operation of the Company may be submitted to the Investment Manager.

