

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



Can you afford  
to ignore opportunities  
in *the world's largest,  
most liquid market?*

Absolute Insight  
Currency Fund

➤ A BNY MELLON COMPANY<sup>SM</sup>



# Why currency?

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 macro-economic themes, as currencies tend to move together with changes in their countries underlying economic conditions.

The market is driven by macro-players which means active managers can exploit inefficiencies to generate alpha.

Due to the volume of the foreign exchange market, this leads to lower transaction costs, suited to an active currency trading strategy, meaning costs are lower compared to other active asset trading strategies.

## 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	Correlations
FTSE All Share	-0.23
S&P 500	-0.31
Corporate bonds	-0.20
UK Gilts	-0.03
Commodities	-0.17
IPD All Property Index	-0.22
JPM EMBI Global	-0.36

Source: Insight, Rimes and Bloomberg, as at July 2011. Correlations are calculated using monthly returns since inception of the Fund apart from UK Property and Emerging Market Debt indices which are calculated using monthly returns. Fund inception date: 28.02.07.

# About the Fund

The Absolute Insight Currency Fund seeks to provide an uncorrelated source of alpha by exploiting opportunities created by the impact of relative supply and demand for global currencies. The focus of the Fund is to generate long-term capital growth primarily by maintaining well-diversified exposure to a wide range of global currencies, using a full range of derivative instruments including futures, forwards and options.

## Key features

- **Aims for positive absolute returns over rolling 12-month periods in all market conditions.**
- **Macro-discretionary approach** - 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.
- **Dedicated currency team** - fully integrated within the investment infrastructure of Insight, benefiting from a wider pool of resources.
- **Superior risk management** - applied through a multi-dimensional and integrated risk management framework.
- **Advantageous fee structure** - the performance fee only applies when returns are over and above the cash benchmark and subject to high water mark.

**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.**

# The Fund in more detail

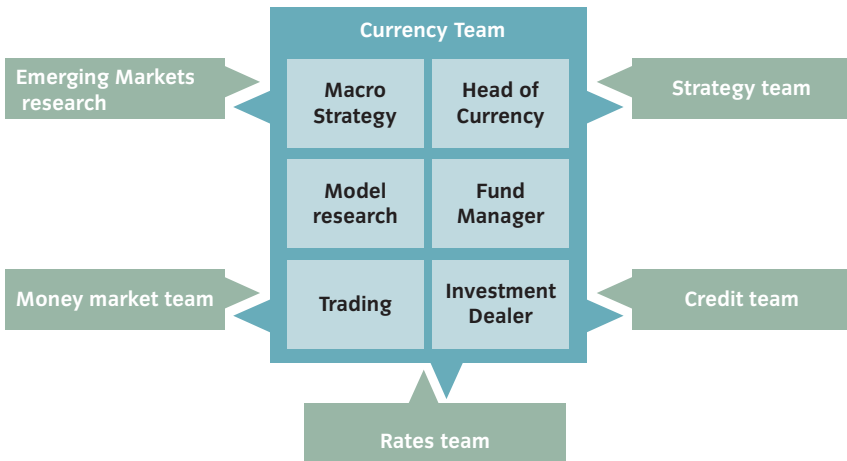
## Investment universe

Using a base of cash and near cash instruments, the Fund invests in a diversified range of global currencies, using a full range of derivative instruments including futures, forwards and options.

## Drawing on resources from Insight's investment teams

The Currency Team is part of the wider Fixed Income Team. The most important aid to decision-making is ensuring effective communication between the fixed income analysts, portfolio managers and traders, to capture opportunities for the Fund.

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



## UCITS III vehicle

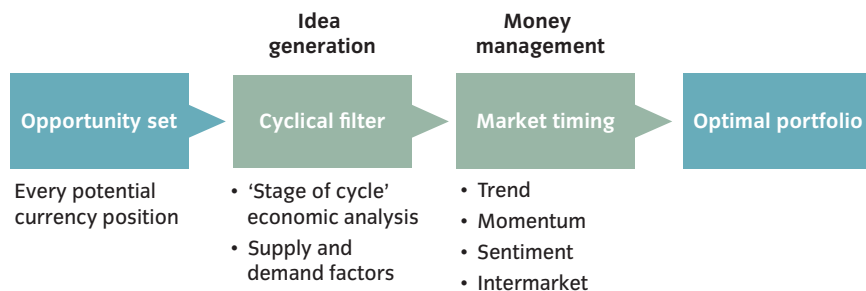
The Fund is a sub-fund of Absolute Insight Funds plc, an Ireland-domiciled open-ended investment company.

# Investment process

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

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

## Framework for maximising currency opportunities

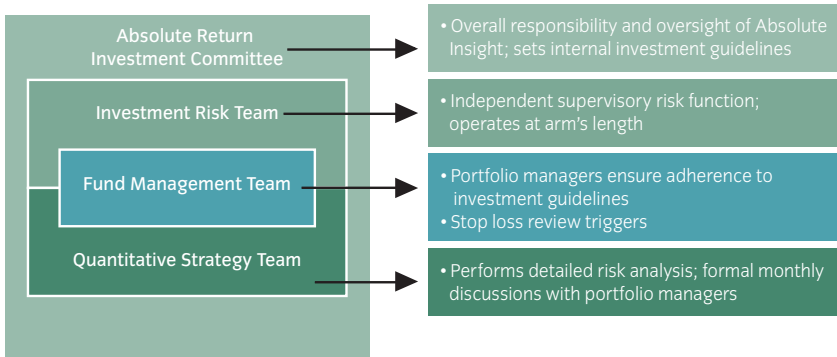


**Cyclical analysis:** Currency values are driven by changes in the economic and interest rate cycles of the relevant countries. The portfolio manager aims to identify where in these cycles different economies are and how this will drive relative currency movements.

**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.

# 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 £137.3 billion<sup>2</sup> across fixed income, liability driven investment, cash management, multi-asset, absolute return and specialist equity strategies. We manage money for pension funds, sovereign wealth funds, insurance groups, local government, charities, private investors and other financial institutions.

Dale Thomas and Max Wahl are jointly responsible for the management of the Fund, supported by Insight's wider Fixed Income team.



## 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.



## 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.

<sup>2</sup> As of 30 June 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	Exposure to global currencies via a full range of derivative instruments and or liquid or near cash assets
Investment strategy	Macro-discretionary approach, looking to exploit short term tactical inefficiencies in a generally efficient market
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
Share classes	Accumulation shares
Currency denomination	Sterling, euros, US dollars and yen
Annual Management Charge (AMC) <sup>2</sup>	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, 7im

<sup>2</sup> 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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