

May 2012



MONTHLY FUND UPDATE

ABSOLUTE INSIGHT CURRENCY FUND

Fund performance as at end April 2012

	1 month return (%)	YTD return (%)	1 year return (%)	3 year return (% p.a.)	Since inception return (% p.a.) ¹
Currency Fund	-0.13	-0.35	-1.31	2.28	4.47
Benchmark: 3 month Libid	0.07	0.31	0.84	0.71	2.55

¹ The inception date for the Fund is 28 February 2007.

All figures sourced from Insight and Bloomberg. Returns are sterling, share class B1p and net of 1% annual management charge and 10% performance fee.

Past performance is not a guide to the future.

MARKET BACKDROP

Risk asset performance was broadly flat in April following weakness in March. This resulted in stabilisation in the euro and flat performance in the US dollar. Sterling was strong, as the UK's absence of apparent sovereign debt worries relative to the eurozone and the lack of future quantitative easing attracted investors. More cyclical currencies such as the Australian dollar and emerging market currencies generally weakened slightly, however, as growth forecasts for developing countries including China continued to be lowered.

PERFORMANCE AND ACTIVITY

The Fund slightly underperformed the benchmark over the month. A short position in the euro versus the US dollar was held throughout April. This was based on our view that moderating global growth would lead to an economic slowdown in Europe, and that this would lead to a fall in interest rate expectations, thereby weakening the currency. At the same time, we believed that ongoing sovereign debt tensions were also likely to be a negative for the currency. The position worked well initially, but these gains were lost as the euro stabilised mid month and subsequently strengthened.

We also held short positions in European currencies outside the eurozone that we believed were likely to suffer as a result of a eurozone slowdown. These included the Hungarian forint,

the Polish zloty and the Swedish krona. These positions performed well and we took profits early in the month. Later in the month we broadened out the short euro position from being only versus the US dollar to being versus a basket of currencies including sterling and the Canadian dollar. These positions were successful and added to performance.

As a result of economic data holding up better than expected we also added a limited amount of exposure to cyclically-sensitive currencies such as the Mexican peso, Canadian dollar and Australian dollar. These made a small positive contribution. Lastly, we closed out the short Swiss franc versus euro position. Although the Swiss National Bank continued to stress that it would defend its 1.20 floor for the euro/franc exchange rate, there was no sign of a more aggressive move to weaken the franc. As a result we decided to close the position.

OUTLOOK

The Fund retains a significant short position in the euro as a hedge against further worries about the eurozone given the region's sovereign debt problems and the political uncertainty brought about given the recent change in power in both Greece and France following elections in these countries. This short position is held primarily versus a long position in the US dollar but also versus other currencies which are likely to benefit from relative strength in the US economy such as the Canadian dollar and Mexican peso.

Please note 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.

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