

Absolute Insight Fund

August 2011



With extremely high levels of volatility in equity markets, investors are increasingly looking at alternative asset classes which have the capacity to grow capital without reliance on underlying market direction. Sonja Uys, Portfolio Manager of the Absolute Insight Fund, describes how the Fund is navigating the current turbulent market conditions.

Why absolute return?

Absolute return funds differentiate themselves from traditional long-only funds by having the capacity to take both long and short positions in the market and individual securities. This means they have the potential to generate positive returns in both rising and falling markets. Furthermore, they are not benchmark constrained, meaning the Fund Managers have the freedom to invest wherever the best opportunities in their asset class are.

How does the Absolute Insight Fund differentiate itself?

The Absolute Insight Fund offers investors access to a specialist range of 'alpha' strategies in one single fund. As a result, investors stand to benefit from greater portfolio diversification and risk-adjusted returns than a single absolute return strategy. In addition, the Fund does not duplicate fees as can so often be the case with 'fund of fund' solutions.

What has recent performance been like?

Performance has been strong and resilient to recent market turmoil. The Fund is up 1.8%* net of fees so far this year (as of 11 August 2011), compared to equity markets which are now down just over 10%*.

All of the underlying strategies have played their respective roles. The UK Equity Market Neutral strategy has delivered positive returns with low volatility, thereby providing stability to overall Fund returns. Year to date, the Credit strategy has been a key contributor to the performance, whilst in July, the Emerging Markets Debt strategy stood out as a 'safe haven' against the debt concerns in more developed economies such as the eurozone and USA. The Absolute Return Equity strategy has introduced a new source of alpha through its ability to take more directional views than the Equity Market Neutral strategy. And finally, the Currency strategy has provided positive returns during periods such as the last week, where some of the other strategies have had short periods of negative returns, thereby reducing overall Fund volatility.

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.

This interview is available online on our audio and video library.
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UCITS Hedge Awards

Best performing Fund over 2 years
(Absolute Insight Multi-Strategy Fund) 2010

¹ Source: Lipper. Returns are net of fees and GBP.

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