

ALDER CAPITAL™

Insight Currency Fund Quarterly Report for Q2 2010

Table 1

Short-term Performance Summary

Year-to-date return	5.8%
Q2 2010 return	0.4%

The Insight Currency Fund was launched on 01/03/2001. Please refer to the notes to tables 1 and 2 below.

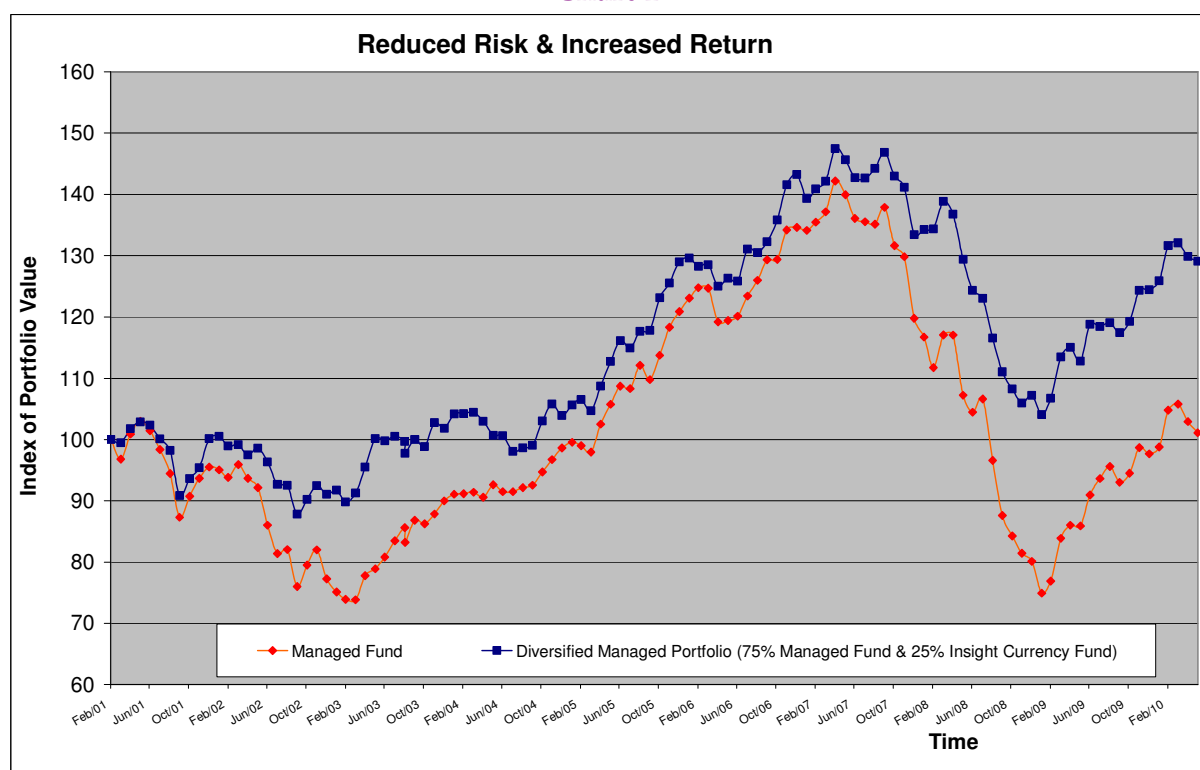
Table 2

Long-term Performance Summary

Time Period	Return to end June 2010
Since Launch	8.4% p.a.
9 Years	8.2% p.a.
8 Years	6.7% p.a.
7 Years	4.5% p.a.
6 Years	9.3% p.a.
5 Years	9.8% p.a.
4 Years	9.7% p.a.
3 Years	9.4% p.a.
2 Years	4.3% p.a.
1 Year	10.2%

Diversification Benefits of the Insight Currency Fund

Chart 1



Warning: Past performance is not a reliable guide to future performance.

Warning: The value of your investment may go down as well as up.

Warning: The income you get from this investment may go down as well as up.

Warning: The returns of the Insight Currency Fund will be affected by changes in currency exchange rates.

Notes to tables 1 & 2: Source: Friends First with Alder Capital computations. The returns shown are based on the bid-to-bid performance of the Insight Currency Fund and do not relate to the returns on a policy linked to the fund. The returns shown do not relate to the returns achieved by any particular investor. The Insight Currency Fund is a fully-funded account and the returns shown include €-denominated interest income, are net of trading costs, management charges and performance fees and include the reinvestment of trading profits and losses. These returns have not been achieved without risk of loss; see table 5 below for details of variation in return from month to month. The returns on policies linked to the Insight Currency Fund will be lower than those shown because of the effects of various additional

charges applied to policies and, where applicable, exit tax. Investors may get back less than the amount invested. Income may fluctuate in accordance with market conditions and taxation arrangements. The returns shown are before taxation.

Chart 1 above covers the period from 1st March 2001 to end June 2010 (the “Period”) and shows how the Insight Currency Fund reduced risk and increased the return when combined with a managed fund. Past risk reduction and return enhancement may not be a reliable guide to future risk reduction and return enhancement.

Notes to Chart 1: Source: Friends First with Alder Capital computations. Past performance is not a reliable guide to future performance. The returns shown are based on an index of the prices of the Friends First Mixed Pension Fund and an index of the prices of a 75%/25% combination of Friends First Mixed Pension Fund and the Insight Currency Fund. The returns shown are based on the bid-to-bid performance of the funds in question and do not relate to the returns on a policy linked to the funds. The returns shown do not relate to the returns achieved by any particular investor. The Insight Currency Fund is a fully-funded account and the returns shown include €-denominated interest income, are net of trading costs, management charges and performance fees and include the reinvestment of trading profits and losses. These returns have not been achieved without risk of loss (see table 5 for the variation in return from month to month). Simulated performance may not be a reliable guide to future performance. The returns on policies linked to the Insight Currency Fund or the Friends First Mixed Pension Fund will be lower than those shown because of the effects of various additional charges applied to policies and, where applicable, exit tax. The value of a policy linked to the Insight Currency Fund or the Friends First Mixed Pension Fund can fall as well as rise and investors may get back less than the amount invested. Changes in exchange rates may have an adverse effect on the value, price or income from investments linked to the Insight Currency Fund or the Friends First Mixed Pension Fund. Income may fluctuate in accordance with market conditions and taxation arrangements. The returns shown are before taxation. Returns are not necessarily audited or independently verified.

Warning: These figures are estimates only. They are not a reliable guide to the future performance of this investment.

Risk Reduction

Table 3
Diversification Using
Two Managed Funds
March 2001 to June 2010

Month by Month Analysis	Manager A UP	Manager A DOWN
Manager B UP	54%	1%
Manager B DOWN	5%	40%

Source: Alder Capital. Past correlation may not be a reliable guide to future correlation.

Table 3 shows that in the period 1st March 2001 to end June 2010, a portfolio consisting of two balanced managers (Manager A and Manager B) showed little risk diversification.

The two balanced managers had their positive and negative months of return predominantly at the same time.

The UP-UP and DOWN-DOWN boxes account for 94% of the entries in table 3. Manager A rarely compensated for negative performance by Manager B. Manager B rarely compensated for negative performance by Manager A.

Manager A and Manager B both had negative months together 40% of the time.

Table 4
Diversification Achieved by Using a
Managed Fund & the Insight Currency Fund
March 2001 to June 2010

Month by Month Analysis	Insight Currency Fund UP	Insight Currency Fund DOWN
Manager B UP	31%	23%
Manager B DOWN	25%	21%

Source: Alder Capital. Past correlation may not be a reliable guide to future correlation.

Table 4 shows that in the period 1st March 2001 to end June 2010 a portfolio consisting of Manager B and the Insight Currency Fund had fewer months where the two funds went down together compared with Table 3. In the period covered by table 3, the two balanced managers had negative months together 40% of the time. By contrast, in the same period, Table 4 shows that the Insight Currency Fund and Manager B had negative months together only 21% of the time. In 25% of months, Manager B’s negative performance was accompanied by a positive performance from the Insight Currency Fund. Likewise, in 23% of months in the period, negative returns on the Insight Currency Fund were accompanied by positive returns from Manager B.

Trading Report – Q2 2010

In Q2, 2010, the Insight Currency Fund posted a positive return against a backdrop of losses for many of the equity funds and managed funds listed in MoneyMate. In the past, the Insight Currency Fund has demonstrated an ability to make money even when equity markets are falling. This quarter was another example of diversification in action as the Insight Currency Fund made money even as many of the equity funds listed in MoneyMate lost value.

The Insight Currency Fund's most profitable position during this quarter was buying the Australian dollar and the Canadian dollar predominantly against the Euro. This theme of strength in the commodity currencies (Australian dollar and Canadian dollar) had been in place for much of Q1, 2010 and again proved profitable this quarter. The Insight Currency Fund's other main position was to sell Sterling against a basket of currencies. This position lost money as the British pound strengthened against the basket of currencies.

The net effect of these positions was a small gain for the Insight Currency Fund in Q2, 2010.

Insight Currency Fund Month-by-Month Performance

Table 5

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Annual Return
2001	-	-	7.56%	-3.04%	-1.72%	2.55%	0.19%	3.93%	-7.28%	0.86%	-1.68%	13.39%	14.10%
2002	2.51%	-2.22%	-4.70%	-0.07%	8.27%	7.92%	-0.56%	-2.10%	-0.42%	-0.75%	1.25%	6.89%	16.15%
2003	6.83%	-2.93%	4.37%	3.61%	10.32%	-4.37%	-3.33%	-6.36%	-0.45%	-1.15%	-2.14%	7.88%	11.27%
2004	-6.86%	4.56%	-0.07%	0.01%	-2.34%	-10.80%	2.39%	-7.94%	0.15%	0.51%	7.89%	3.99%	-9.74%
2005	-9.98%	3.46%	4.28%	-3.39%	1.97%	4.86%	3.55%	-2.47%	-0.51%	5.67%	6.63%	-2.59%	10.66%
2006	4.18%	-2.72%	-7.12%	0.99%	1.84%	3.15%	-2.77%	7.67%	-6.41%	-1.98%	9.86%	5.43%	11.09%
2007	3.38%	-8.35%	1.37%	0.06%	3.92%	-0.40%	-0.11%	0.87%	4.65%	1.23%	2.02%	-1.18%	7.03%
2008	-0.39%	7.06%	8.35%	0.94%	-4.07%	0.03%	-6.08%	-6.45%	2.42%	2.78%	-0.55%	-0.44%	2.49%
2009	5.02%	1.63%	2.44%	3.01%	-0.01%	-4.32%	4.63%	-4.70%	-1.71%	0.59%	1.57%	3.95%	12.17%
2010	1.73%	1.24%	2.38%	-0.59%	-0.10%	1.08%							5.85%

Notes to Table 5

Source: Friends First. The returns shown are based on the bid-to-bid performance of the fund and do not relate to the returns on a policy linked to the fund. The returns shown do not relate to the returns achieved by any particular investor. The Insight Currency Fund is a fully-funded account and the returns shown include €-denominated interest income, are net of trading costs, management charges and performance fees and include the reinvestment of trading profits and losses. The returns on a policies linked to the Insight Currency Fund will be lower than those shown because of the effects of various additional charges applied to policies and, where applicable, exit tax. These returns have not been achieved without risk of loss as evidenced by the variation in return from month to month. The value of a policy linked to the Insight Currency Fund can fall as well as rise and investors may get back less than the amount invested. Changes in exchange rates may have an adverse effect on the value, price or income from investments linked to the Insight Currency Fund. Income may fluctuate in accordance with market conditions and taxation arrangements. The returns shown are before taxation. The returns shown are not necessarily audited or independently verified.

Warning: Past performance is not a reliable guide to future performance.
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