

## CURRENCY SPECIALIST

### Fusion Asset Management

The currency market is very specific and every client needs a specialist who fully understands FX markets and manages currency products.

- Fusion has a top performing currency strategy, Fusion LIBOR+, in the top three performing carry-style strategies (on a risk adjusted basis) in 2009 and 2010, according to Bloomberg
- Fusion flagship multi-asset investment product, Fusion Long Volatility, is among the best-performing funds in the long volatility space since 2007 and has a currency sub-portfolio
- Fusion launched an innovative new FX service in 2010: FX Liquidity Hedge, first implemented for multi-billion dollar Fund of Funds

### FX Hedging

Corporates, financial institutions and individuals with operations and/or assets in more than one currency often have a need to use FX hedging to offset movements in exchange rates.

*Example: A European manufacturer (operating in EUR), wants to sell its products in Malaysia and accept payment in local currency (MYR) to be competitive on the market. There are business risks for the company in having a MYR-nominated contract, as opposed to a EUR-nominated contract:*

- EUR/MYR fluctuation between the bid and signing of contract
- EUR/MYR fluctuation during duration of contract

### What we do

- Fusion offers tailored hedging solutions for each client's specific currency needs
- Fusion conducts market research, calculates the risks, identifies optimal financial instruments and executes the trades (sets up credit lines on the client's account and provides all trade support)

### FX Liquidity Hedging

Corporates and financial institutions that use forwards to hedge their currency risk may face liquidity problems if large adverse currency moves occur, facing collateral calls on the forwards (eg. funds of funds) or threats to their credit lines (eg. corporates).

*Example: A fund invests in USD assets but has obligations to investors in EUR. To hedge currency risk, the fund sells EUR/USD and buys EUR/USD forwards. However, there is a liquidity risk created by FX forwards:*

- EUR goes down and cash is required to settle the maturing forward
- Redemptions on underlying investments are gated/suspended and the fund has a liquidity crisis, facing cash breaks and potential liquidation

### What we do

- Fusion constructs active trading programmes to protect client's liquidity and provide long-term return
- These bespoke trading programmes are made up of a combination of long vanilla and exotic options (1-6 month maturities)

## FUSION LIBOR+

### Investment Strategy: "Intelligent Carry"

Fusion LIBOR+ is a carry-style strategy that manages cash balances in G10 currencies, the most liquid market in the world.

- Suitable for financial institutions, corporates and private individuals
- Available at a range of target returns (LIBOR+ 100 to LIBOR+ 2000)
- Provides daily liquidity, full transparency
- Utilises a quantitative trading system, which analyses interest rate dynamics and FX momentum and is overlaid with volatility forecasting
- Offered to investors in managed account format and also via off-shore fund and UCITS fund investment

### Fusion LIBOR+ 450

#### Fusion Fund

Bloomberg Ticker Code	FUSCMP1 KY Equity
Management Fee	0.5%, monthly
Performance Fee	<O/N LIBOR: 0% >O/N LIBOR: 10% , semi annually
High Watermark	Yes
Subscription/Redemption	Daily
Capital Structure	Class C1-USD, Class C2- EUR, C3-GBP, C4-CHF
Fund Jurisdiction	Cayman Islands
Prime Broker	UBS AG
Administrator	Citi Hedge Fund Services (Ireland), Limited
Legal Adviser	Dechert LLP / Walkers
Investment Manager	Fusion Asset Management LLP

### Fusion LIBOR+ 800

#### SEB Prime Solutions-Fusion LIBOR+ 800 Currency UCITS Fund

Bloomberg Ticker Codes	USD institutional: SFLCIUA LX Equity EUR institutional: SFLCIEA LX Equity
Management Fee	1% for institutional classes 1.5% for retail classes
Performance Fee	<O/N LIBOR: 0% >O/N LIBOR: 10%, semi annually
High Watermark	Yes
Subscription/Redemption	Daily
Capital Structure	Institutional share classes: Class EUR-1 (acc), Class USD-1 (acc), Class GBP-1 (acc), Class CHF-1 (acc) Retail share classes: Class EUR-R (acc), Class GBP-R (acc)
Fund Jurisdiction	Luxembourg
Prime Broker	Skandinaviska Enskilda Banken
Administrator	European Fund Administration S.A.
Legal Adviser	Elvinger, Hoss & Prussen
Management Company	SEB Fund Services S.A.
Investment Manager	Fusion Asset Management LLP

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