FACTSHEET

FTSE CURRENCY FORWARD RATE BIAS INDEX SERIES – THE FRB10 INDICES

FTSE THE INDEX COMPANY

Developed with Record Currency Management

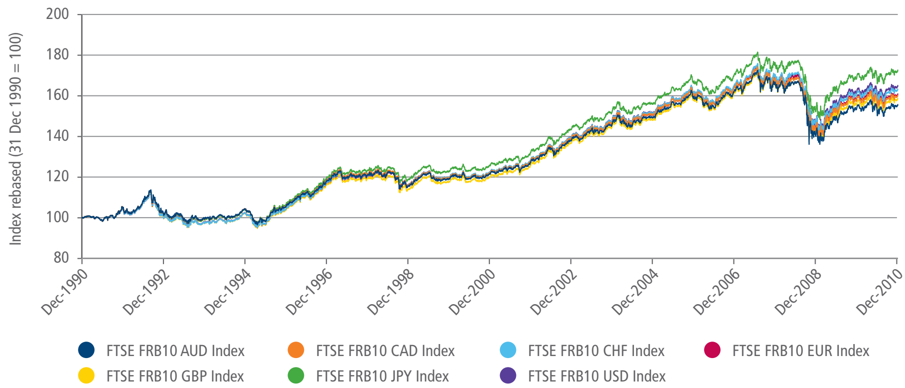
The currency forward rate bias (FRB) is the observed tendency of higher interest rate currencies to outperform lower interest rate currencies. This can be identified over a given time period as the higher interest rate currency's appreciation over and above the extent expected from currency forward contract pricing. Hence, this outperformance can be captured through a series of forward contracts.

Research by Record Currency Management, a leading currency investment manager, has demonstrated that the forward rate bias is a fundamental and sustainable return stream. With a low long-term correlation to other asset classes such as equities and bonds, it is driven by macroeconomic imbalances between economies and sustained by governmental sovereignty over short term interest rates. It can therefore be seen as an "alternative beta".

The new FRB10 Indices introduce a further five currencies (Canadian Dollar, Australian Dollar, New Zealand Dollar, Swedish Krone, Norwegian Krona) to the five currencies already featured in the FRB5 Indices.

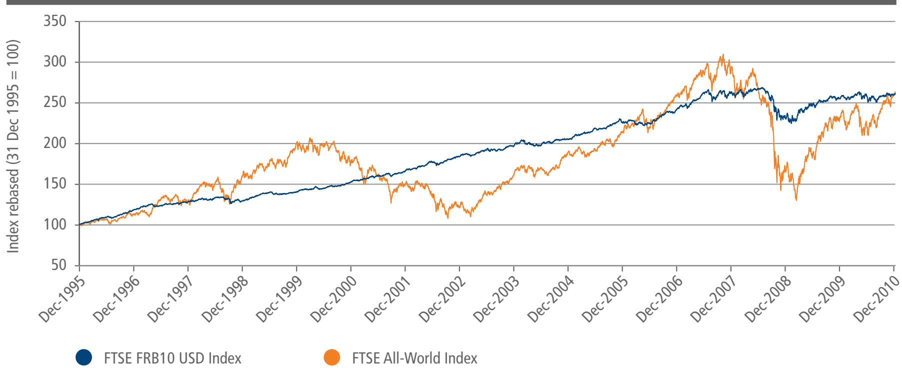
HISTORICAL INDEX PERFORMANCE

FTSE CURRENCY FRB10 INDEX 20-YEAR PERFORMANCE (EXCESS RETURNS)



SOURCE: FTSE Group, data as at 31 December 2010

15-YEAR PERFORMANCE CHART (USD TOTAL RETURN)



SOURCE: FTSE Group, data as at 31 December 2010

FEATURES

- The FRB10 Indices represent the return generated from investing, on an equally weighted basis, in all 45 currency pairs that can be derived from the following ten currencies: AUD, CAD, CHF, EUR, GBP, JPY, NOK, NZD, SEK and USD
- The indices provide investors with access to a comprehensive set of 'G10' developed market currencies
- Each month, the higher interest rate currency of each pair is bought against the lower using one-month forward contracts. Contracts are rolled at maturity or reversed if the direction of the rate differential has reversed. Interest rate differentials are indicated by forward contract pricing
- All 45 positions are re-balanced monthly to maintain equal weighting
- FX deals are fully costed, so the index is investable
- Excess return and total return index values are calculated daily
- The FRB10 indices are denominated in AUD, CAD, CHF, EUR, GBP, JPY, USD and a product file is available in each currency
- An index methodology and calculation example are freely available to the public for all FTSE forex indices

FAMILY TREE

- FTSE Global Forex Index Series (GFIS)
  - FTSE Currency FRB Index Series
    - FTSE Currency FRB5 Indices – Excess Return and Total Return
      - CHF-Denom.
      - EUR-Denom.
      - GBP-Denom.
      - JPY-Denom.
      - USD-Denom.
    - FTSE Currency FRB10 Indices – Excess Return and Total Return
      - AUD-Denom.
      - CAD-Denom.
      - CHF-Denom.
      - EUR-Denom.
      - GBP-Denom.
      - JPY-Denom.
      - USD-Denom.

FRB 10 indices are only denominated in seven out of the 10 currencies included in the indices.

FRB10 INDEX CONSTITUENT CURRENCY PAIRS

	Currency Pair	Long		Currency Pair	Long		Currency Pair	Long
1	AUDCAD	AUD	16	EURCAD	CAD	31	GBPUSD	GBP
2	AUDCHF	AUD	17	EURCHF	EUR	32	NOKJPY	NOK
3	AUDJPY	AUD	18	EURGBP	GBP	33	NOKSEK	NOK
4	AUDNOK	AUD	19	EURJPY	EUR	34	NZDCAD	NZD
5	AUDNZD	AUD	20	EURNOK	NOK	35	NZDCHF	NZD
6	AUDSEK	AUD	21	EURNZD	NZD	36	NZDJPY	NZD
7	AUDUSD	AUD	22	EURSEK	SEK	37	NZDNOK	NZD
8	CADCHF	CAD	23	EURUSD	EUR	38	NZDSEK	NZD
9	CADJPY	CAD	24	GBPAUD	AUD	39	NZDUSD	NZD
10	CADNOK	NOK	25	GBPCAD	CAD	40	SEKJPY	SEK
11	CADSEK	SEK	26	GBPCHF	GBP	41	USDCAD	CAD
12	CHFJPY	JPY	27	GBPJPY	GBP	42	USDCHF	USD
13	CHFNOK	NOK	28	GBPNOK	NOK	43	USDJPY	USD
14	CHFSEK	SEK	29	GBPNZD	NZD	44	USDNOK	NOK
15	EURAUD	AUD	30	GBPSEK	SEK	45	USDSEK	SEK

SOURCE: FTSE Group, data as at 31 December 2010

SUMMARY PERFORMANCE STATISTICS (TOTAL RETURN - USD)

CALENDAR YEAR ANNUAL PERFORMANCE 1988-2010 (USD TOTAL RETURN)

Year	0	1	2	3	4	5	6	7	8	9
1980s	-	-	-	-	-	-	-	-	19.97%	12.62%
1990s	11.08%	11.33%	0.81%	0.26%	9.08%	7.69%	18.86%	8.08%	0.74%	8.90%
2000s	8.32%	9.27%	10.52%	7.41%	3.83%	10.35%	7.23%	7.68%	-11.11%	10.58%
2010s	1.56%									

SOURCE: FTSE Group, data as at 31 December 2010

SUMMARY PERFORMANCE STATISTICS (EXCESS RETURN - USD)

CALENDAR YEAR ANNUAL PERFORMANCE 1988-2010 (USD EXCESS RETURN)

Year	0	1	2	3	4	5	6	7	8	9
1980s	-	-	-	-	-	-	-	-	11.18%	2.62%
1990s	2.30%	5.12%	-2.75%	-2.76%	4.56%	1.54%	12.68%	2.28%	-4.60%	3.57%
2000s	1.71%	5.04%	8.68%	6.19%	2.42%	6.85%	2.00%	2.32%	-12.86%	10.41%
2010s	1.38%									

SOURCE: FTSE Group, data as at 31 December 2010

ABOUT RECORD CURRENCY MANAGEMENT

Record Currency Management is a leading currency management firm, managing USD 31 billion in assets (data as of 30/09/2010). Record has been providing currency management services to institutional investors and corporations in the UK, US, Canada and Europe without interruption since the firm's inception in 1983. Services include passive and dynamic currency hedging as well as currency for return strategies, in both segregated and pooled formats.

INFORMATION

Index Launch
October 2010

Base Date
30 December 1998

Base Value
1000

Index Calculation
The indices are calculated on an end-of-day basis

End-of-Day Distribution
Indices available at 17:30 local UK time, via FTP

Currency
AUD, CAD, CHF, EUR, GBP, JPY, USD

Interest Rates
Total Return indices use overnight rates from the following: IOCR-RBA, CORRA, TOIS, EONIA, SONIA, TONAR, and FED FUNDS

Review Dates
Monthly

Historical Data
Available from 1988

Index Rules
Available at www.ftse.com/forex

RECORD

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