

CURRENCYSHARES BRITISH POUND STERLING TRUST

Form FWP

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Currencies as

Currencies as

an Asset Class

an Asset Class

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Next Investments

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The slides set forth below were presented in connection with the First Annual Alternative Strategies conference in Chicago, Ill

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Applications for Currency ETPs
Applications for Currency ETPs
Buying
international
stocks
and

bonds
inherently
introduces
some
exposure
to
fluctuating currency values, which can significantly impact returns for U.S. investors.
International
Hedging
Equipped
with
currency
ETPs,
investors
can
make
calls
on
the
future
value
of
any
given
pair of currencies. For example, an investor who believes the U.S. dollar will weaken
compared
to
the
euro
may
choose
to
go
long
the
CurrencyShares®
Euro
Trust,
while
an investor who thinks the euro is relatively overvalued may choose to short the trust
instead.
Speculation
i.e.
Popular
Carry
Trade,
where
investors
profit
on

the
interest
rate
differential

between two currencies. A simple version of the trade can be achieved by purchasing a high-yielding currency ETP and shorting a low-yielding one.

Alpha
Strategies

Just as investors diversify their international stock and bond portfolios to reduce risk, investors can also diversify their cash allocations.

Diversifying
Cash

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Benefits of Currency in an ETP Format
Benefits of Currency in an ETP Format

Accessibility

Transparency

Cost-effectiveness

Flexibility

Choice

Liquidity

Shares

of

each

CurrencyShares

Trust

may

not

be

suitable

for

all

investors.

The

value

of

the

shares

of

each

CurrencyShares

Trust

relates

directly

to

the

value

of

the

foreign

currency

held

by

the

particular

Trust.

This

creates

a

concentration

risk

associated

with

fluctuations
in
the
price
of
the
applicable
foreign
currency.
Accordingly,
a
decline
in
the
price
of
that
currency
will
have
an
adverse
effect
on
the
value
of
the
shares
of
the
particular
CurrencyShares
Trust.
Factors
that
may
have
the
effect
of
causing
a
decline
in
the
price
of
a
foreign

currency
include
national
debt
levels
and
trade
deficits,
domestic
and
foreign
inflation
rates,
domestic
and
foreign
interest
rates,
investment
and
trading
activities
of
institutions
and
global
or
regional
political,
economic
or
financial
events
and
situations.
Shares
of
each
CurrencyShares
Trust
can
be
bought
and
sold
through
a
broker;
as
such,

investors
may
be
required
to
pay
brokerage
commissions
in
connection
with
a
purchase
or
sale.
There
can
be
no
assurance
that
an
active
trading
market
for
the
shares
of
any
CurrencyShares
Trust
will
develop
or
be
maintained.
For
a
more
complete
discussion
of
risk
factors
applicable
to
each
CurrencyShares
Trust,

carefully
read
the
particular
Trust's
prospectus.

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Source data: Charts created by Rydex\SGI

using data from Standard & Poor's, Bloomberg and FactSet.

This information is intended to be general in nature and should not be construed as investment advice nor a recommendation of

Correlations

displayed

are

based
on
past
performance,
which
is
no
guarantee
of
future
results.

The
indices
are
unmanaged
and
not
available
for
direct
investment.

*Rydex|SGI

offers funds with investment strategies similar to the referenced asset classes. However, performance presented is that of the re
index

or
indicator

and

not

that

of

any

Rydex|SGI

fund.

Correlation

(1/1/2000 through 6/30/2010)

Correlation

Correlation

1.00

0.14

-0.08

-0.04

Bloomberg 1-Month CD Index (cash)

1.00

-0.24

-0.22

Barclays Capital U.S. Aggregate

Bond Index

US Dollar

Index

S&P 500

Barclays
Capital U.S.
Aggregate
Bond Index
Bloomberg 1-
Month CD
Index (cash)
US Dollar Index
1.00
S&P 500
-0.02
1.00

Currency has historically offered a low correlation to other asset classes like stocks and bonds, which in turn helps lower portfolio risk and boost overall returns.

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Important Disclosure

Important Disclosure

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be

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by
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current
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read
the
prospectus
carefully
before
investing.
The
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Trusts
are
not
investment
companies
registered
under
the
Investment
Company
Act
of
1940
or
a
commodity
pool
for
purposes
of
the
Commodity
Exchange
Act.
The
issuer
has
filed
a
registration
statement
(including
a
prospectus)
with
the

SEC
for
the
offering
to
which
this
communication
relates.
Before
you
invest,
you
should
read
the
prospectus
in
that
registration
statement
and
other
documents
the
issuer
has
filed
with
the
SEC
for
more
complete
information
about
the
issuer
and
this
offering.
You
may
get
these
documents
for
free
by
visiting

EDGAR

on
the
SEC
web
site
at
www.sec.gov

or
by
visiting
the
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Alternatively,

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issuer,
any
Authorized
Participants
or
any
dealer
participating

in
the
offering
will
arrange

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it

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free

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read
the
prospectus

carefully
before
investing.

Each CurrencyShares®

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trust expenses are paid, if any, and is distributed to shareholders on a monthly
basis.

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of
the

CurrencyShares®

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Dollar

Trust,

CurrencySharesS®

British

Pound

Sterling

Trust,

CurrencyShares®

Canadian

Dollar

Trust,

CurrencyShares®

Euro

Trust,

CurrencyShares®

Japanese

Yen

Trust,

CurrencyShares®

Mexican

Peso

Trust,

CurrencyShares®

Russian

Ruble

Trust,

CurrencyShares®

Swedish

Krona

Trust

and

CurrencyShares®

Swiss

Franc

Trust

(each

a

Trust
and
collectively,
the
Trusts)
has
filed
a
registration
statement
(including
a
prospectus)
with
the
SEC
for
the
offerings
to
which
this
communication
relates.
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