



Item 1 – Cover Page

Absolute Return Strategies Ltd.
Attn: Corporate Filing Services
4th Floor, Harbor Centre PO Box 613,
George Town, Cayman Islands KY-1107
(345) 949-4244
www.ars-alpha.com

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Form ADV, Part 2; our “Disclosure Brochure” or “Brochure” as required by the SEC under the Investment Advisers Act of 1940 is a very important document between Clients (“you”, “your”) and Absolute Return Strategies Ltd. (“ARS”, “us”, “we”, “our”). ARS’ IARD firm number is 153202.

This Brochure provides information about the qualifications and business practices of ARS. If you have any questions about the contents of this brochure, please contact us at (345) 949-4244. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

We are a registered investment adviser with the Securities and Exchange Commission. Our registration as an Investment Adviser does not imply any level of skill or training.

Additional information about Absolute Return Strategies Ltd. also is available on the SEC's website at www.adviserinfo.sec.gov (click on the link, select "investment adviser firm" and type in our firm name). Results will provide you with both Parts 1 and 2 of our Form ADV.

Item 2 – Material Changes

There have been no material changes to report since the last filing of our Form ADV Part 2 or “Disclosure Brochure” dated September, 2011. This document was developed in response to new requirements adopted and imposed by the SEC under the Investment Advisers Act of 1940 (“Advisers Act”).

1. For future filings, this section of the Disclosure Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) at www.adviserinfo.sec.gov.
2. We may, at any time, update this Disclosure Brochure and send to you an updated copy including a summary of material changes, or a summary of material changes that includes an offer to send you a copy (either by electronic means (email) or in hard copy form).
3. If you would like another copy of this Disclosure Brochure, please download it from the SEC website as indicated above or you may contact our Director, Americas, Allen G. Zaring IV, at (513) 762-7642.

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Item 4 – Advisory Business

Absolute Return Strategies Ltd. (ARS, us, we, our) is a Limited Company organized in the Cayman Islands in 2008. We are registered as an investment adviser with the U. S. Securities and Exchange Commission since May 5, 2010. As of December 31, 2011 we have 3 clients with \$2.7 Billion of assets under management managed on a discretionary basis.

We offer investment advisory services to banks, pension funds, family offices, and investment companies. This Disclosure Brochure provides you with information regarding our qualifications, business practices, and the nature of advisory services that should be considered before becoming our advisory client.

Please contact John Dean, Chief Compliance Officer, if you have any questions about this Brochure.

Individuals associated with us will provide our investment advisory services. These individuals are appropriately licensed and qualified to provide advisory services on our behalf. Such individuals are known as Investment Advisor Representatives (IARs).

Investment Advisory Services

ARS manages assets in the area of Foreign Exchange (currencies/FX). Our current products are a single manager FX Alpha and Alpha Blend, a multi-strategy FX Alpha program offered in conjunction with CitiFX.

Item 5 – Fees and Compensation

Standard fees for the single-manager FX Alpha program are: an annual management fee payable monthly in advance of 2% of the notional investment amount is charged plus 20% of new profits, payable monthly in arrears. Fees for Alpha Blend are an annual management fee payable monthly in advance of 1.75% of the notional investment amount is charged plus 20% of new profits, payable monthly in arrears. No refunds are payable.

ARS allows for daily liquidity and redemption at your request, either directly to us or to your custodian. Upon redemption, management and performance fees will be charged on a pro-rated basis.

We will deliver a current brochure before or at the time we enter into an advisory contract with you.

Item 6 – Performance-Based Fees and Side-By-Side Management

Performance fee or incentive fee is a fee paid to an investment manager based on the performance of your portfolio. If the value of your portfolio declines during a year, no performance fee will be payable to the investment manager.

We may charge on the basis of a share of capital gains or capital appreciation of the funds or any portion of funds of an advisory client must comply with SEC Rule 205-3 (17 Code of Federal Regulations §275.205-3), which prohibits the use of such fee unless the client is a "qualified client." In general, a qualified client may include:

- (1) a natural person or company who at the time of entering into such agreement has at least \$750,000 under the management of the investment adviser;
- (2) a natural person or company who the adviser reasonably believes at the time of entering into the contract:
 - (A) has a net worth of jointly with his or her spouse of more than \$1,500,000; or
 - (B) is a qualified purchaser as defined in the Investment Company Act of 1940, §2(a)(51)(A) (15 U.S.C. 80a-2(51)(A)); or
- (3) a natural person who at the time of entering into the contract is:
 - (A) An executive officer, director, trustee, general partner, or person serving in similar capacity of the investment adviser; or
 - (B) An employee of the investment adviser (other than an employee performing solely clerical, secretarial, or administrative functions with regard to the investment adviser), who, in connection with his or her regular functions or duties, participates in the investment activities of such investment adviser, provided that such employee has been performing such functions and duties for or on behalf of the investment adviser, or substantially similar function or duties for or on behalf of another company for at least 12 months.

All material information concerning the proposed advisory arrangement is made to you prior to entering into an advisory contract including the following:

1. That the fee arrangement may create an incentive for the advisor to make investments that are riskier or more speculative than would be the case in the absence of a performance fee;

2. Where relevant, that the advisor may receive increased compensation with regard to unrealized appreciation as well as realized gains in the client's account;
3. The time period which will be used to measure investment performance throughout the term of the contract and its significance in the computation of the fee;
4. The nature of any index which will be used as a comparative measure of investment performance, the significance of the index, and the reason the advisor believes the index is appropriate; and
5. Where an advisor's compensation is based on the unrealized appreciation of securities for which market quotations are not readily available, how such securities will be valued and the extent to which the valuation will be independently determined.

Our compensation structure is disclosed in detail in Item 5 above.

Item 7 – Types of Clients

Absolute Return Strategies Ltd. offers investment advisory services to banks, pensions, and family offices. ARS requires a minimum account balance of \$10,000,000 if the account is fully funded or the equivalent if a client pledges other assets to obtain a credit line.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

We offer actively managed single and multi-strategy FX Alpha programs. FX Alpha strategies seek to provide positive total return by investing assets through currency forwards and other currency transactions. We have developed proprietary mathematical tools for analysis of all asset classes. In the area of FX Alpha, many of these proprietary tools have been automated in the form of quantitative models.

Also, ARS uses third party research providers for trading signals relating to its multi-strategy program.

There are inherent risks involved for each investment strategy or method of analysis we use and the particular type of security we recommend. Investing in foreign exchange involves risk of loss which you should be prepared to bear.

Item 9 – Disciplinary Information

We do not have any legal, financial or other “disciplinary” item to report. We are obligated to disclose any disciplinary event that would be material to you when evaluating us to initiate a Client / Adviser relationship, or to continue a Client /Adviser relationship with us.

Item 10 – Other Financial Industry Activities and Affiliations

Neither ARS nor any of our management persons are registered (except as stated below), or have an application pending to register as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of the foregoing entities.

In addition, neither ARS nor any of our management persons have any relationship or arrangement that is material to its advisory business or to our clients with an affiliated person that is a:

- Broker-dealer, municipal securities dealer, or government securities dealer or broker,
- Investment company or other pooled investment vehicle,
- Futures commission merchant (or commodity pool operator or commodity trading advisor),
- Banking or thrift institution,
- Accountant or accounting firm,
- Lawyer or law firm,
- Insurance company or agency,
- Pension consultant,
- Real estate broker or dealer or
- Sponsor or syndicator of limited partnerships.

The Managing Director of Currency Insight Ltd. also serves as the Managing Director of Absolute Return Strategies Ltd., a federally registered investment advisor.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Absolute Return Strategies Ltd. has adopted a Code of Ethics for the purpose of instructing all our employees, officers, and directors in their ethical obligations and to provide rules for their personal securities transactions. All such persons owe a fiduciary duty to you. A fiduciary duty means a duty of loyalty, fairness and good faith towards you, and the obligation to adhere not only to the specific provisions of this Code but to the general principles that guide the Code. These general principles are:

- The duty at all times to place your interests first;
- The requirement that all personal securities transactions be conducted in a manner consistent with the Code of Ethics and in such a manner as to avoid any actual or potential conflict of interest or any abuse of any individual's position of trust and responsibility; and
- The fundamental standard that such employees, officers, and directors should not take inappropriate advantage of their positions or of our relationship with you.

It is imperative that the personal trading activities of our employees, officers, and directors is conducted with the highest regard for these general principles in order to avoid any possible conflict of interest, any appearance of a conflict, or activities that could lead to disciplinary action. This includes executing transactions through or for the benefit of a third party when the transaction is not in keeping with the general principles of this Code.

A copy of our full Code is available to you or any prospective client upon request.

We do not, nor does a related person, recommend securities to you, or buy or sell securities for your accounts, at or about the same time that we (or a related person) buy or sell the same securities for our own (or the related person's own) account.

We do not execute transactions on a principal or agency cross basis.

Item 12 – Brokerage Practices

We do not select or recommend broker-dealers for client transactions, nor receive research or other products or services from a broker-dealer or a third party in connection with client securities transactions (“soft dollar benefits”). Therefore, we do not consider whether we or a related person receive client referrals from a broker-dealer or third party. However, Citibank NA is the exclusive broker-dealer for ARS’s Alpha Blend index products. Investors in them are Citibank clients not ARS clients. Additionally, we do not routinely recommend, request or require that a client direct us to execute transactions through a specified broker-dealer, nor aggregate the purchase or sale of securities for various client accounts.

Item 13 – Review of Accounts

Reviews and Reviewers

All accounts holding assets managed by us are reviewed daily by your custodian. ARS' authority is restricted to the purchase and sale of pre-agreed asset classes. We never hold your funds or give instructions to move funds.

Custodian banks typically provide either online account reporting in real time or daily reporting. You typically make specific arrangements on a case by case basis with the custodian bank. You are encouraged to review these reports.

Item 14 – Client Referrals and Other Compensation

We do not receive an economic benefit from a non-client for providing investment advice or other advisory services to our clients. However, Absolute Return Strategies Ltd. may pay introducing intermediaries and may pay third party research providers for buy and sell recommendations. Such agreements will comply with the requirements set out in Rule 206(4)-3 of the Investment Advisers Act of 1940 and any applicable corresponding state securities law requirements. Such compensation will not result in any additional charge to you greater than the fees or costs we charge to our advisory clients.

Item 15 – Custody

We do not have custody of your funds or securities; however, we may be granted authority, upon written consent from you, to deduct the advisory fees directly from your account. The custodian will send to you, at least quarterly, an account statement identifying the amount of funds and each security in the account at the end of period and setting forth all transactions in the account during that period including the amount of advisory fees paid directly to us. You should immediately inform us of any discrepancy noted between the custodian records and the reports you receive from us.

Item 16 – Investment Discretion

Through its investment management agreements, ARS is given complete responsibility for its investment services, which allows us to make investment decisions without prior consultation with you. Such discretion would involve determinations regarding which securities and the total amount of the securities to be bought and sold for the account. However, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client. You will have the right to place reasonable restrictions on such authority. Any restrictions must be submitted in writing to us.

Selections of brokerage and custody firms are at your discretion.

Item 17 – Voting Client Securities (i.e., Proxy Voting)

We do not have, nor will we accept authorization to vote client securities. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent. Clients should contact their custodian or a transfer agent with questions about a particular solicitation.

Item 18 – Financial Information

We have no financial condition that is reasonably likely to impair our ability to meet contractual commitments to you given that we do not have custody of client funds or securities, or require or solicit prepayment of fees greater than \$1,200 per client and six months or more in advance. In addition, we are not currently, nor at any time in the past ten years been, subject of a bankruptcy petition.