Brook Absolute Return (IRL) Fund

BROOK ASSET MANAGEMENT

Portfolio Manager Report

Introduction

Q3-21 saw growth expectations hit a speed bump in the form of supply chain bottlenecks, labour shortages, Chinese credit issues and spiking energy prices. This made for a more difficult environment for equities although in sterling the MSCI World total return was up +2.47%. Given this was not an ideal macro environment for the Fund it was pleasing to see it make +9.51% in the quarter with positive contributions and alpha on both the long and short books.

Long book

The long book made +9.60% in Q3-21 and generated positive alpha of +3.35%. Our top contributor was **Oxford Nanopore** (+2.91%) which has been a private position in the Fund for 8 years and has gone up c.4.5x since we made the initial investment. Despite a strong debut on the market we still see significant upside to fair value and to consensus growth over the next few years. Our key observation is that after years of improvement and optimisation Nanopore has by far the cheapest and arguably the highest quality solution for DNA sequencing. This latter point is currently a minority view but we believe it is justified by accuracy improvement to Nanopore's platform that now approaches the best in the market coupled with the much richer data the platform delivers. The DNA sequencing market is large, high growth and has the potential to expand multiple times as reading the code for life is applied more widely across medical and industrial applications. Our confidence in Nanopore's technology advantage allows a reasonably confident forecast of long duration rapid growth driven by share gains in a non-cyclical market that itself is growing. Therefore, perhaps unusually for us, we view a business on 18x EV/sales for 2023 as fundamentally cheap albeit we recognise the shares would be vulnerable to a market rotation away from longer duration assets. However in that event the portfolio as a whole should do well, as indicated in the "Nasdaq sell-off" scenario in our factor risk analysis.

The Fund's energy and commodity names performed well in the quarter , helped by rising oil and gas prices. Our top contributors in this space were **Royal Dutch Shell** (+0.86%), **Thungela** (+0.85%), **Rusal** (+0.77%), **Glencore** (+0.71%) and **Valaris** (+0.37%). Although they nearly all had different drivers in the quarter the common theme was rising commodity prices. Rusal for example benefited from the continued rise in aluminium prices. The rise in aluminium prices is consistent with our thesis that China, which is short clean energy, continues to constrain its aluminium production to focus on higher margin, less energy-intensive industries. The rise in the price of aluminium was fuelled by the military coup in Guinea which makes up 25% of bauxite global production. Whilst we claim no insight into the situation in Guinea, tight commodity markets with high prices make these kind of events more likely to our mind. Rusal ticks a lot of boxes for us: the valuation is attractive, trading on 0.6x times 2021 EV/cash EBIT, 100% of its energy comes from hydroelectric power and we like its exposure to Russia where we can see reasons why the cost of equity could fall from its currently extremely high levels in the short to medium-term.

Performance

9.5% Quarterly performance

14.8% Year-to-date performance

15.4% CAGR since inception

These figures refer to the past. Past performance is not a reliable indicator of future results.

Fund details[1]

£ I Class	149.59
£ R Class	111.02
$ I Class	154.17
€ I Class	146.74
Fund Size	£154 million
Strategy AUM	$1,104 million
Fund Inception	11 Dec 2018
Class Inception	11 Dec 2018
Fund Type	Irish Long Short UCITS

Portfolio Managers

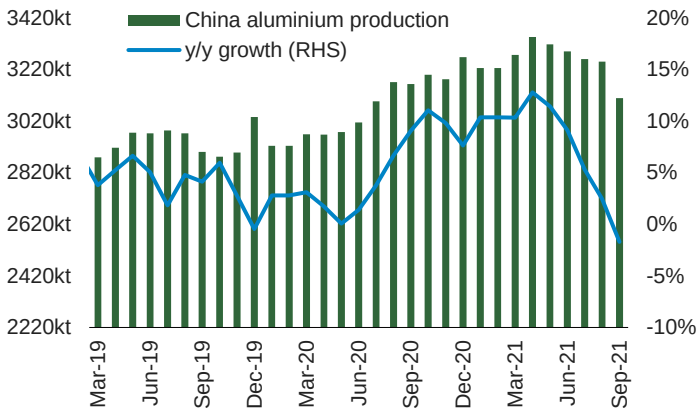
James Hanbury

Jamie Grimston

For full bios visit brookam.com

Source: All sources, unless otherwise stated, are Brook internal unaudited data and refer to the £ I share class. All data shown as at 30 September 2021. [1]U.S. Bank Global Fund Services (Ireland) Limited and Bloomberg, calculation on a NAV basis with net income reinvested – the share class prices refer to NAV per share.

Exhibit 1 – China Aluminium production

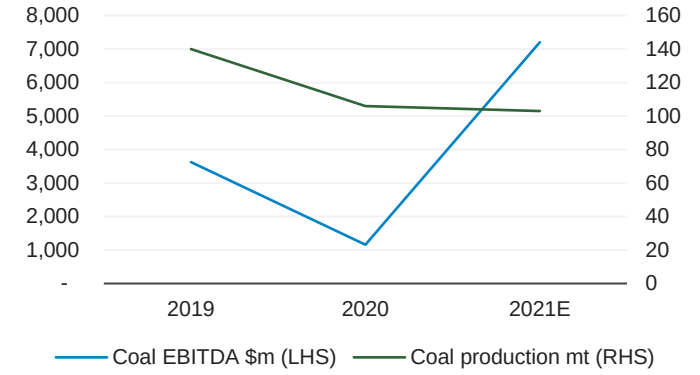


Source: Wind, Goldman Sachs Global Investment Research.

Shell beneffited from high oil and gas prices during Q3-21 though the key development for us was increased evidence of value accretive capital allocation decisions. We described in our Q2-21 newsletter how many of our commodity focused companies have an opportunity to 'arbitrage the market' with their current valuations and return a significant percentage of their market caps back to shareholders through dividends and buy backs. After an encouraging meeting with the Shell Chairman on exactly this topic the company has exceeded our base case. Firstly Shell announced at the beginning of the quarter what should be a continuous capital return program given it has now reached desired net debt levels. Secondly at the end of the quarter the company announced that it was disposing an asset in the Permian for $9.5bn and returning $7bn of this cash back to shareholders with the rest being used to reduce debt; this transaction helps allay fears that excess cash will be recycled into renewables regardless of returns.

The standout capital allocator in the commodity space in our view is **Glencore** and we continue to be impressed with how thoughtful management are in this regard. Glencore has been quite clear on its ESG stance with regards to coal, it does not want to invest in greenfield production but believes it is a good steward of running down existing assets and remediating them. Unlike fellow producers BHP and Anglo American, Glencore also do not see value in simply disposing of their coal assets given how the current market values them, rather it is happy to buy out JV partners. Even with coal production down materially this year, Glencore, by holding onto its assets, has not given value away to private equity buyers. On spot prices Glencore is on a c.30% FCF yield to the equity for 2022.

Exhibit 2: Glencore coal production (RHS) vs Glencore coal EBITDA (LHS)



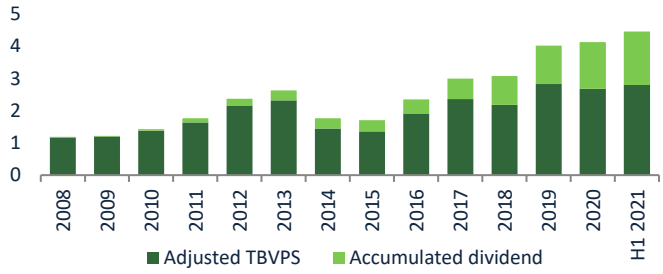
Source: Goldman Sachs.

Although our names in the commodity space tend to have many different idiosyncratic drivers, as a basket we believe they will be beneficial to the Fund in a reflationary or stagflationary environment.

Despite concerns over economic growth in the quarter, the low valuations of European banks and a slightly higher yield curve meant we had positive contributions from our bank holdings. Our top contributors were **Banca Ifis** (+0.61%) **Sberbank** (+0.24%) and **Barclays** (+0.24%).

Sberbank trades on circa 1.8X tangible book, but less than 7x this year's earnings. The balance sheet is underleveraged as loans are only c.4.6x equity. The bank offers a 1-year forward dividend yield of over 8%, has an ability to grow its lending book, especially in retail, and is gradually diversifying its revenue base. Furthermore, it owns fintech innovation rather than being threatened by it and also has an excellent long-term track record of value creation. In fact, its real return on average tangible equity in 2008-21 averaged c.13% despite the great financial crisis and the 2015 oil price slump. Tangible book value per share plus accumulated dividends have grown at a cumulative compounded annual growth rate of 16% in USD since the start of 2015, the bank has shifted to payout ratios of 50%+ and the share count today is essentially the same as in 2008. We also note that Sberbank's re-rating this year has been minimal, while the multiple of Tinkoff has increased by a factor of almost 3x, although we acknowledge that the two banks have important differences. We always believed that the fact that Russia runs a current account surplus greatly helps the country manage the impact of sanctions. On top of this, the recent strength of energy prices improves the geopolitical position of Russia.

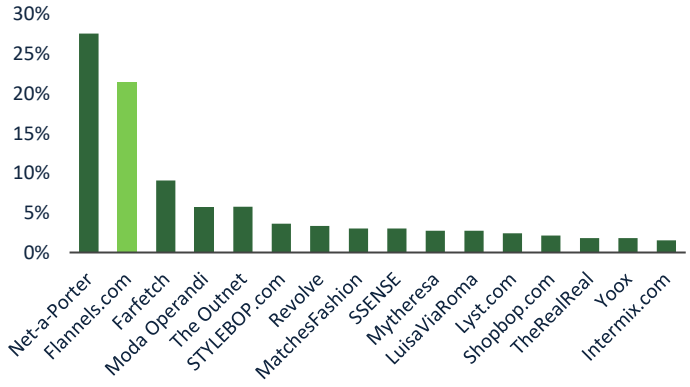
Exhibit 3: Sberbank Tangible Book value Per Share plus accumulated dividend in USD



Source: Brook Research

Frasers Group, the sports and luxury goods retailer, contributed +0.97% during the quarter. We are always looking for new insights into our key names and to this end we have just completed an extensive survey to try and improve our understanding of Flannels, its main luxury goods brand. The survey was offered to 16,000 people and taken up by 3,400 with 1,826 being classified as relevant. The results surprised us positively, particularly with regards to the strength of the brand and satisfaction levels, and again unexpectedly not just in the UK which has been its overwhelming focus up until now. We will go through more details on our quarterly conference call but the chart below shows that they are second only to Net-a-Porter in the UK as the preferred luxury fashion destination among online luxury consumers that participated in our survey. We continue to believe Flannels is worth considerably more than the entire value of Frasers Group (as only the latter's second biggest division), the company meanwhile continues to buy back shares.

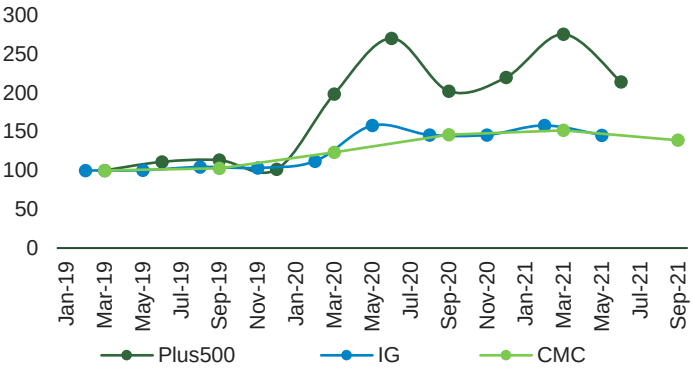
Exhibit 4: excerpt from Brook commissioned consumer survey: ***Which of the following UK online high-end/luxury fashion retailers do you prefer the most?***



Source: Brook Research

During the third quarter CMC markets came out with a profit warning implying a 25% -39% downgrade to revenues to its second half. Four weeks later **Plus500**, a direct competitor, came out with a statement saying it sees '2021 revenues and EBITDA ahead of analyst expectations'. This situation continues to highlight that Plus500 is one of the highest quality operators in the CFD space and yet it trades at a significant discount to the wider sector. The chart below shows how effective it is at harvesting beneficial market environments whilst then being able to take the business to the next level when conditions 'normalise'. Given the proven high return on investment that Plus500 gets from its growth spend we actually believe it would make sense for the company to sacrifice some short term margin to become an even higher growth business and take more share.

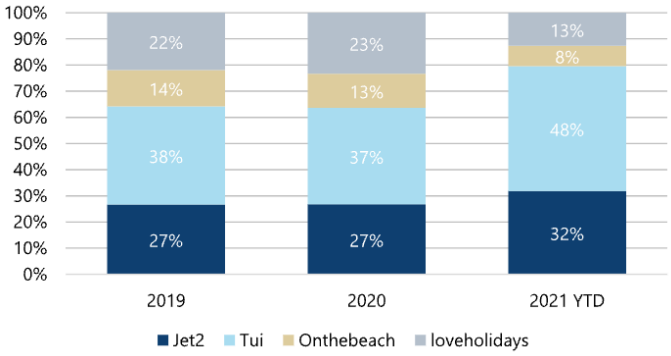
Exhibit 5: UK listed CFD platform customer numbers, indexed to 100 in March 2019



Note: Reporting periods differ. Plus500 uses calendar quarters. IG uses Feb, May Aug, Nov; CMC reports semi-annually with March Year End.
Source: Company data, Odey / Brook AM Research

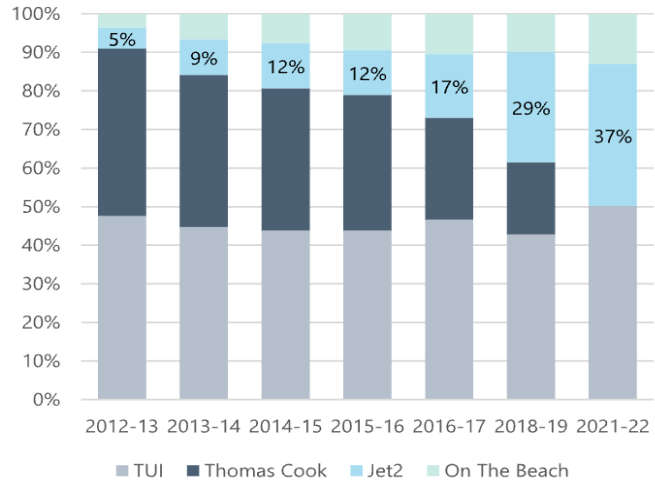
Our airline exposure, mainly through **Jet2**, has given us pretty stagnant performance this year with COVID impacts lasting longer than we and the market initially expected. However we are now beginning to see encouraging signs: the UK government has largely removed its draconian travel rules and demand is picking-up. Easyjet has increased capacity for its next quarter due to stronger-than-expected bookings and we expect Jet2 to win meaningful market share from its position of relative strength; it is encouraging for us to see the live web traffic data backing this up. With Jet2's current share of ATOL licences we expect these web visit market share gains to translate into increased revenue. On top of this Jet2 has confirmed that the mix of package holidays on a forward-looking basis is increasing and pricing is strong. We don't believe the market is pricing in the positive margin impact of either of these factors and in our view there is a good chance of witnessing this next year.

Exhibit 6: UK travel agent website visit market share



Source: SimilarWeb, Jefferies

Exhibit 7: UK share of ATOL licenses



Source: ATOL, Jefferies

At a company level much of the more negative news flow in Q3-21 came in regards to supply issues and cost inflation. **AO World** was our worst performer during the quarter, costing the fund -1.11% and has had a disappointing update at the beginning of October. Given the well-known delivery driver issues and stock shortages we thought it was a credible result for it to report 6% growth in the UK against strong COVID comparison figures from the April to September period. Management feel they have resolved their driver issues and that has given them the confidence to guide to similar growth levels in the second half despite tougher comparisons. Germany for us was the disappointing part of the update where growth has slowed down to only 3% (although 84% over a two year period); this is due to a tough competitive environment driving up the cost of online recruitment which they are not prepared to participate in at this point in time. Management are confident that this environment will pass and that they will be able to improve their product buying terms for the German market. Although our confidence on successful German execution has reduced the share price reaction has been disproportionate in our view. Even if you value Germany at zero, the UK business – which is a growing, profitable and a market leader – is valued on 50% of sales. As a strategic asset owning the 'holy grail' of the 'last mile delivery' AO also looks vulnerable as a takeover target in our view. Having sold a significant number of shares close to the highs around the turn of the year we have recently been buying again after a 60% fall.

Restaurant Group was another poor performer in the quarter (-0.54%). It announced very good half year results with strong LFL sales growth compared to 2019. Despite healthy backward-looking results the shares were weak due to the rhetoric about cost inflation and labour shortages (with chefs in particular). We do believe there will be high cost inflation in this sector but with 21% of capacity having come out we also believe the market is underestimating the pricing power of the stronger remaining offerings like Restaurant Groups brands.

We took a new position at the end of the quarter in **Vivendi**, the French entertainment and communications group. Late in the quarter the company spun-off a 60% stake in global recorded music market leader UMG. Whilst this new stand-alone listing attracted a lot of analyst and press attention to UMG, we took advantage of this process to establish a new position in Vivendi itself.

Vivendi's ongoing portfolio is very diversified, including a retained 10% stake in UMG, a string of holdings in various listed media and telecoms groups and a collection of controlled businesses active primarily in video content creation and distribution, advertising services and book publishing. Such a diversified group clearly won't appeal to every investor and therefore Vivendi currently trades at what we think is a c.40% discount to intrinsic value. This share price level implies to us a very unusual and highly attractive asymmetry of likely shareholder returns.

Potential downside risk should be substantially mitigated by the size of the current discount to intrinsic value, the breadth and low financial gearing of the portfolio, ongoing share buy-backs (Vivendi has repurchased c.3% of its share capital in recent weeks) and by Vivendi's largest shareholder Group Bollore potentially looking further to increase its 29% stake. At the same time, however, we can see multiple potential drivers of upside risk across Vivendi's portfolio, including continuing to grow its presence (and the monetisation of its content) in Francophone West Africa, continuing to grow its emerging markets pay-TV footprint both organically and via ongoing acquisitions and continuing to grow its presence in book publishing via potential in-market consolidation ahead of a step-change in content monetisation from digital audio distribution.

Short book

It was an extremely good quarter for the short book where we made +3.04% in a rising market and generated positive alpha of +6.06%. Our top contributing short was **Peloton** (+1.39%). Peloton announced it was cutting the price of its flagship bike by 21% and improving the financing offering in order to stimulate demand. Although the market has put in the gross margin deterioration in order to hold previously assumed sales numbers it has also assumed that churn will hold at these levels, we believe the pandemic has created artificially low churn numbers and this is another area for future downgrades. Our 'overpriced renewables' were also good contributors for us in the quarter; **Nel** (+1.33%), **Ballard Power** (+0.65%) and **Solaria** (+0.37%). To be clear we believe that hydrogen and solar will play a huge role in the future energy generation but we also believe that excess capital will create low returns and the weaker relative offerings will not cover their cost of capital. The Fund's renewables shorts should also offer good protection if discount rates rise materially.

Macro

Overall, we continue to hold our above-consensus view of stronger inflation, employment markets and economic growth. That said, although tight supply is a core part of our thinking, we didn't envisage the extreme to which logistics bottlenecks have transpired. These supply side issues played a large part in the negative economic data during the quarter.

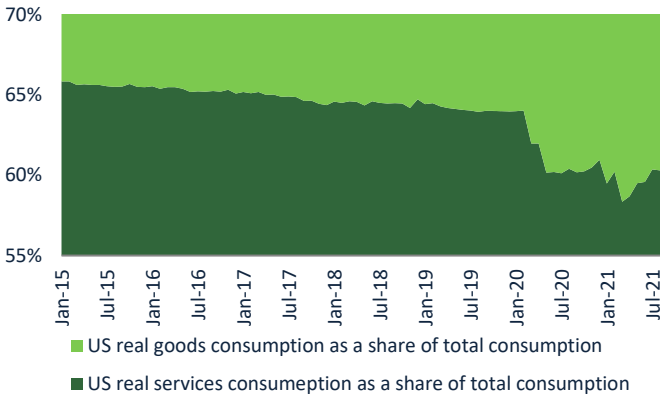
Exhibit 8: Citigroup US economic surprise index in Q3 2021



Source: Bloomberg, Citigroup Global Markets Inc

We are currently in a position where we are a bit more optimistic than consensus on shorter term supply chain issues whilst also holding a view there are more deep-rooted old economy supply issues than the market is currently considering. Firstly on the supply chain, as COVID data continues to improve we expect more of a swing into service spending taking some pressure off goods demand and as COVID cases have dropped dramatically in key manufacturing countries (e.g. Vietnam) it should allow production to get back to previous peak.

Exhibit 9: Split of spending between goods and services by US consumer, Jan 2015 – Aug 2021



Source: MacroBond, Brook Research

There are certainly some long-standing issues like port investment yet generally we see supply chain issues improving from a very challening place. This would mean that lost GDP from the second half of 2021 should, all else equal, shift into 2022, setting-up another year of strong nominal GDP growth. Our contact with companies involved in the supply chain has given us some hope that we may start to see things thaw. Simon Wolfson at Next is a commentator we respect:

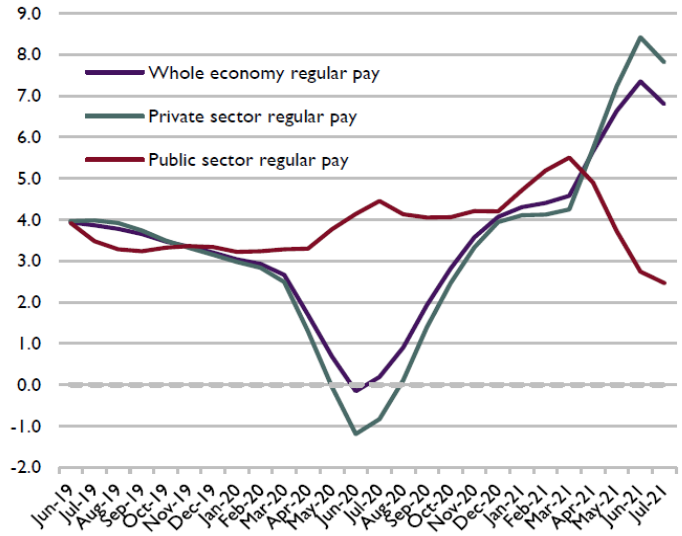
'International supply chains are steadily improving, as shipping backlogs clear and factories return to more normal levels of operation. Looking ahead to next year, the price of future shipping contracts is falling and already much lower than today's spot prices.' Source: Next half year results 29th September 2021

When we look at capital intensive businesses that are currently seeing supply/demand imbalances we see this mismatch continuing into at least the medium-term with price peaks and troughs happening at a structurally higher level. Given we have seen years, if not decades in some cases, of underinvestment in key capital intensive businesses (oil and gas, mining, steel, cement and shipping), it will take many years for this to rebalance itself, particularly when the cost of capital is unusually high for these sectors due to ESG factors and a dearth of investors drawn towards the space.

On the employment side the inflationary trends don't appear obviously transitory. Now that most furlough schemes have come off we still see evidence of pricing power for employees. For lower paid non-supervisory US workers earnings are up 6.9% annualised over the past 3 months and we see evidence of wage strength in the white-collar space as well. Bank of America just moved its minimum wage to $21 and to $25 by 2025. Meanwhile Robert Walters, the recruitment firm, put out this statement in its trading update on the 7th Oct:

'With candidate and client confidence accelerating across all recruitment disciplines and candidate shortages becoming ever more acute, the competition for talent is fierce. Significant wage inflation has emerged particularly for the most sought after skill-sets. In short, the jobs market is hot'.

Exhibit 10: UK regular pay growth (% change on year, 3 month average)



Source: Lazarus Economics & Strategy, ONS

One of the symptoms of quantitative easing is the huge gap created between asset owners and salary earners. On top of the natural supply demand dynamics we sense politicians, companies and central banks are trying to go 'above and beyond' to rebalance things. We therefore think a reasonable scenario is one where blue-collar wage inflation runs ahead of CPI in the short to medium term. This is good for the purchasing power of consumers but it can also create a margin squeeze for companies. We are thus very focused on this cost/revenue mismatch as a risk factor for our holdings.

General positioning

Although we have re-weighted our positions on the back of relative market moves, the profile of our portfolio is largely unchanged since the start of the year. We continue to have a skew towards value in our long book with the divergence of our long and short book PE and EV/sales multiples shown below –

Exhibit 11: Median forward multiples in the fund's long and short books

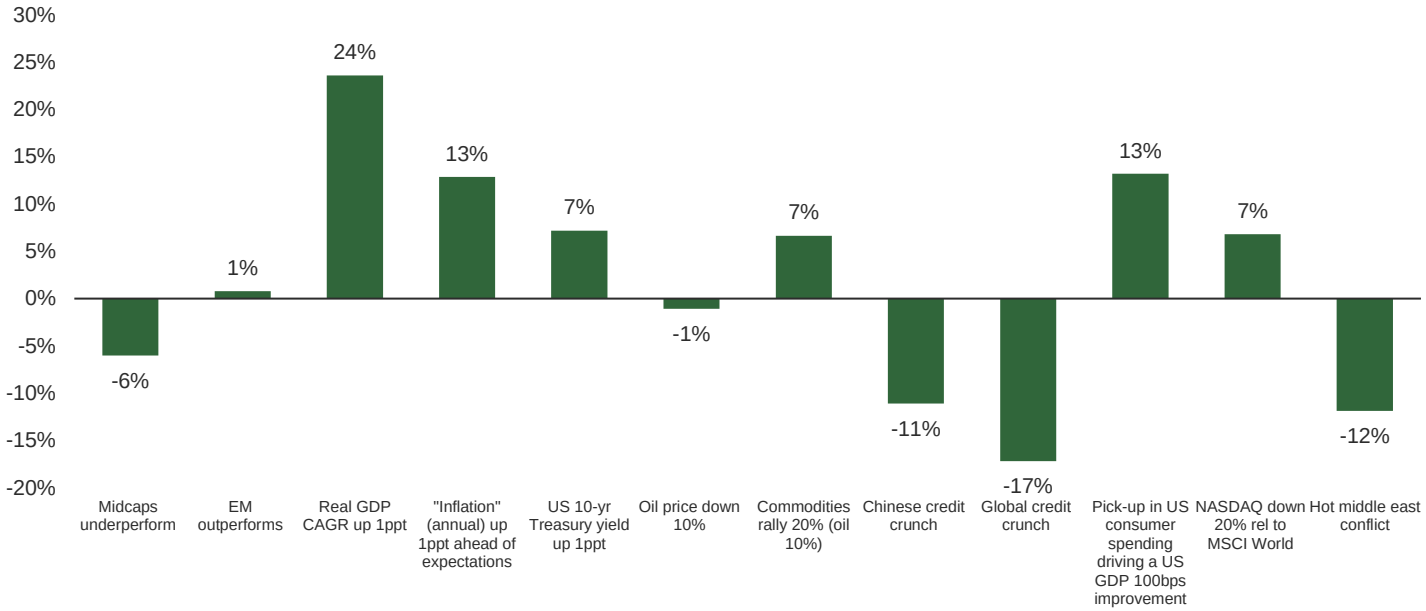
	Forward PE	Forward EV/EBIT	Forward EV/Sales
Long book	11.6	12.3	1.5
Short book	29.7	23.4	5.0

Source: Bloomberg, Brook Research.

The 'beta adjusted'* exposure of the book is c.30%, although as we have previously flagged with our idiosyncratic names the reliability of our beta is quite low. Pan Europe and in particular the UK continues to be a conscious overweight for us with the portfolio being fully hedged back to sterling. The factor risk analysis shows that the book has a factor bias to stronger macro growth and a more inflationary environment. Overall we continue to be very excited by what we see as an attractive risk return asymmetry. Thank you as ever for your support in the fund.

Note: *Average of accounting net exposure, 2 months and 6 months beta adjusted net exposure.

Exhibit 12: Factor risks



Note: Assumes current currency hedging; The information above is an estimation of the expected factor return; Brook may make investment decisions that are inconsistent with these views expressed in this communication. The chart above presents projections of future performance. These projections are based on a number of assumptions that may or may not prove to be accurate. Future performance is subject to a wide range of significant risks. As a result, there can be no assurance that the projections in the chart above will prove to be accurate.
Source: Brook unaudited internal data as at 13-Oct-21.

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James Hanbury

Brook Absolute Return (IRL) Fund

BROOK ASSET MANAGEMENT

Performance

	1-month	3-month	1-year	YTD	Since inception	CAGR since inc.
Fund	9.1	9.5	49.1	14.8	49.6	15.4
MSCI Daily TR Net World	-2.2	2.5	23.5	14.6	49.9	15.5
Relative	11.3	7.0	25.6	0.2	-0.3	-0.1

DISCRETE YEARLY PERFORMANCE

1-year to	30 Sep 20	30 Sep 21
Fund	14.1	49.1
MSCI Daily TR Net World	5.2	23.5
Relative	8.9	25.6

MONTHLY PERFORMANCE SINCE INCEPTION

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	-12.4	19.3	1.5	4.0	3.7	-8.4	-1.5	1.8	9.1				14.8
2020	-5.7	-4.2	-12.9	9.5	8.3	2.2	-7.3	14.3	-2.2	4.7	20.4	3.0	28.3
2019	6.1	-4.9	0.6	-1.8	3.0	-6.0	-4.0	0.4	0.2	4.7	2.1	8.0	7.5
2018												-5.6	-5.6

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$ I Class	154.17
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Fund Size	£154 million
Strategy AUM	$1,104 million
Fund Inception	11 Dec 2018
Class Inception	11 Dec 2018
Fund Type	Irish Long Short UCITS
Comparators	Primary: Cash Secondary: MSCI Daily TR Net World GBP
Base Currency	£

Top ten long equities as percentage of NAV

	Notional Exposure
Plus500	9.1%
JET2	8.0%
Frasers Group	7.3%
Oxford Nanopore Technologies	6.5%
IWG	6.3%
AO World	6.2%
Royal Dutch Shell	4.7%
Glencore	4.5%
Shaw Communications	3.9%
ArcelorMittal	3.9%

Statistics

	1-year	Inception
Fund annual s.dev.	31.5	26.5
Index annual s.dev.	11.7	14.0
Correlation	0.3	0.4
Sharpe Ratio	1.4	0.8
Information Ratio	0.8	0.0

Important information

These figures refer to the past. Past performance is not a reliable indicator of future results.

This document is a marketing communication. Before subscribing please read the prospectus and the KIID, available at brookam.com. The performance calculation shown is based on the GBP I share class. If the past performance is shown in a currency which differs from the currency of the country in which you reside, then you should be aware that your performance may increase or decrease as a result of currency fluctuations.

Fund team and contact details

PORTFOLIO MANAGERS

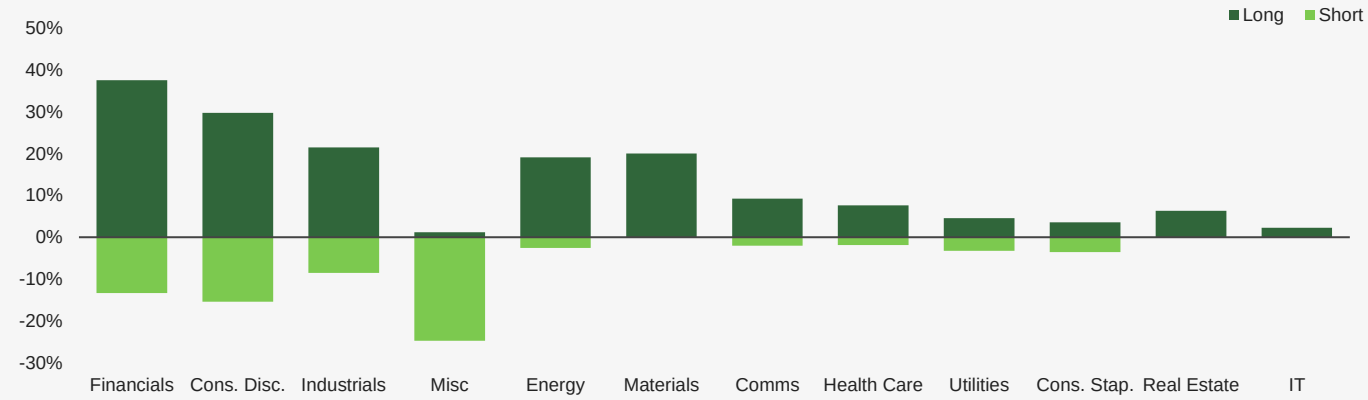
James Hanbury
Jamie Grimston
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ENQUIRIES

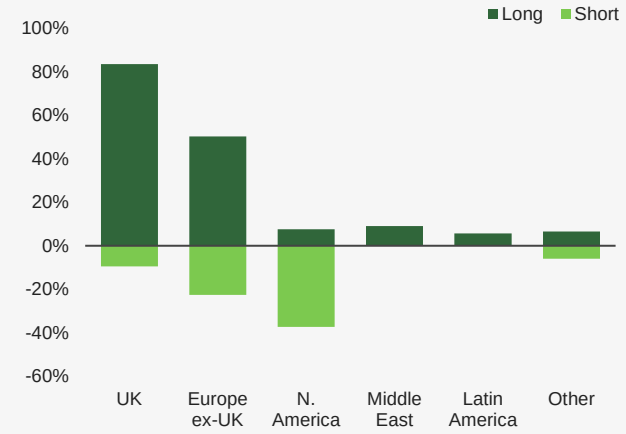
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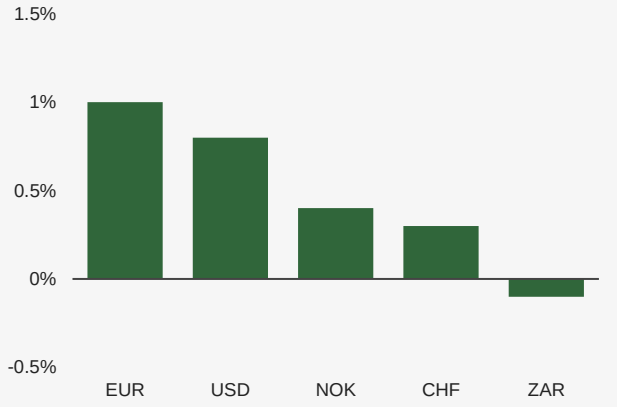
Equity exposure by sector



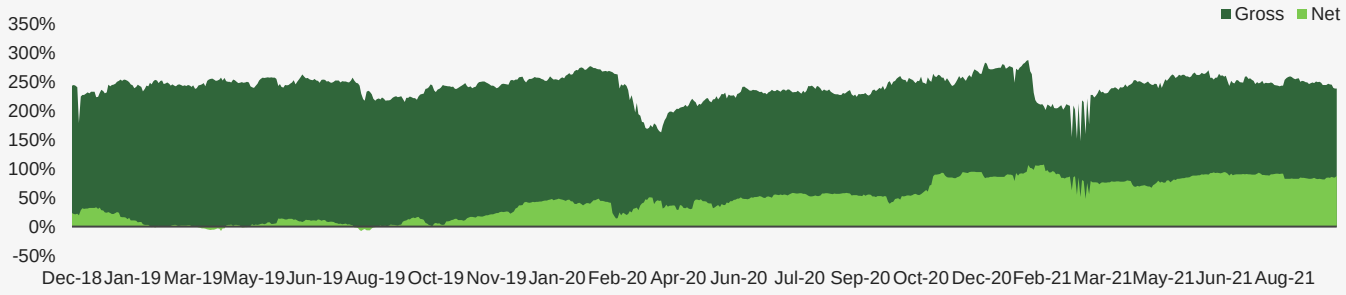
Equity exposure by geography



Non-base currency exposure



Equity exposure



ASSET ALLOCATION AS PERCENTAGE OF NAV

Long Equity	162.5	**Net Equity**	87.2
Short Equity	-75.3	**Gross Equity**	237.9
Corporate Bonds	1.1	**Beta adjusted net exposure (2yr)**	68.9
Foreign Exchange	2.6		

Note: Equity exposure includes all equity related instruments. Any exposure to fixed income, bond futures or interest rate futures is provided on a ten-year adjusted basis. Currency exposure shows non-base currency through forward currency contracts and portfolio holdings. Equity exposure as classified by GICS. Commentary is provided on a quarterly basis. The fund was renamed effective 8 February 2021 from Odey Absolute Return (IRL) Fund to Brook Absolute Return (IRL) Fund.
Source: All sources, unless otherwise stated, are Brook internal unaudited data and refer to the £ I share class. All data shown as at 30 September 2021. [1]U.S. Bank Global Fund Services (Ireland) Limited and Bloomberg, calculation on a NAV basis with net income reinvested – the share class prices refer to NAV per share.

Investment objective and policy

The investment objective of the Fund is to provide a positive absolute return and capital appreciation independent of market conditions over the medium to long term. The Fund aims to achieve its investment objective by investing in a portfolio of global equity and equity related securities, debt securities and currencies.

APPROACH

The Fund is a concentrated, return-seeking global equity-long short strategy. It harnesses the experience and judgement of James Hanbury, his investment team and the significant research resource at Brook. The portfolio managers are opportunistic in scope and, while not a prerequisite, are attracted to owner-managed companies and situations where, in their view, the perceived risk is higher than the actual risk, which often occur during reorganisations or complex restructurings. The team invest for the medium to long term though continuously resize positions to ensure the portfolio remains focused on their highest conviction ideas. The Fund is built without formal reference to an index and typically contains 30-50 positions both long and short with a higher concentration in the top 10 positions.

RISK CONSIDERATIONS

The Fund has considerable latitude over its allocation both long and short equities and it may employ leverage and own sophisticated instruments such as futures and options. The Fund may hold a large weighting in a small number of investments and may therefore be subject to larger than normal swings in its value. The performance stream is likely to be volatile and the Fund is suitable only for investors who have a long time horizon (>5 years) and can tolerate high risk. Investors may not get back all the money invested and an investment in this Fund should only form part of an investor's total portfolio. Investors should discuss the suitability of this Fund with their professional adviser.

Investor information

Share classes	I (£, €, $), R (£, €, $).
Share class hedging	Non-base currency share classes are hedged.
Trade date (T)	Daily.
Dealing	By 2pm T-1.
Valuation	Close of business T-1.
Front end fee	Up to 5%.
Annual management fee	I 0.75%, R 1.25%.
Performance fee basis	20% of the increase in absolute outperformance of the share class during a performance period. Fees crystallise annually, and on redemption. Losses carried forward.
Anti-dilution fee	Applies to subs/reds if net subs/reds >5% of NAV.

Minimum investment	I £1,000,000; R £5,000; or equivelant in EUR or USD.
Dividends	Reporting and accumulation share classes available.
Administrator	U.S. Bank Global Fund Services (Ireland) Limited.
Auditor	Deloitte LLP Dublin.
Depositary	J.P. Morgan Bank (Ireland) Plc.
Price reporting	Prices published daily in Financial Times.
ISIN	£I: IE00BF7JHD63, €I: IE00BF7JHG94, $I, IE00BF7JHJ26, £R: IE00BF7JHF87, €R: IE00BF7JHH02, $R, IE00BF7JHK31.
SEDOL	£I: BF7JHD6, €I: BF7JHG9, $I, BF7JHJ2, £R: BF7JHF8, €R: BF7JHH0, $R, BF7JHK3.

Important information

This is a marketing communication and it is not intended to be viewed as a piece of independent investment research.

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Glossary of terms

Please refer to the fund's prospectus for detailed information. Some terms listed are not relevant for every fund. This document is intended for use by individuals who are not familiar with investment terminology. Please contact Brook if you need an explanation of these terms.

Absolute return: The return that an asset/fund achieves over a period of time looking at the appreciation or depreciation (expressed as a percentage) that the asset/fund achieves.

Acc/Accumulation class: A share class which accumulates and reinvests net investment income and net realised capital gains and does not pay dividends.

Active currency exposure: The percentage of a fund's assets which are invested in a particular currency.

Administrator: The specialist entity who maintains the register of shares, provides fund valuation and accounting services.

AIF: Alternative Investment Fund as regulated by the Alternative Fund Management Directive.

Alpha: A measure of performance on a risk-adjusted basis, often seen as the active return on an investment.

Anti-dilution fee/levy: A fee levied by a fund on investors buying/selling shares to protect current shareholders from the dealing costs incurred when paying out or taking in clients.

Asset class: A group of securities that exhibits similar characteristics, behaves similarly in the marketplace and is subject to the same laws and regulations. The three main asset classes are equities (or stocks); fixed income, or bonds and cash equivalents, or money market instruments.

Base currency: Each fund has a base currency and this is the currency which the fund uses to calculate its net asset value.

Beta: A measure of the fund's volatility in comparison to its benchmark.

CAGR: Compound Annual Growth Rate (CAGR) is the rate at which the fund/benchmark has grown on an annual basis to reach the current performance since inception.

Capital growth/appreciation: Capital growth is measured on the basis of the current value of the asset or investment, in relation to the amount originally invested in it.

Commodity: A physical substance (such as food, grain, metal) which investors buy and sell through futures contracts.

Comparative/Index/Benchmark (e.g. MSCI): A comparator the fund has used to compare its performance to or for its performance fee calculation.

Contribution: Used to explain the breakdown of a fund's absolute performance.

Correlation: A statistic that measures the degree to which two securities move in relation to each other.

Dealing: Arranging the sale and purchase of shares in a fund.

Delta: A ratio comparing the change in the price of an asset to the corresponding change in the price of its derivative.

Derivatives (futures, options, swaps and contracts for difference): A financial contract based on an underlying asset or financial index with its value determined by fluctuations in the underlying asset/index. Derivatives may be used to manage risk in portfolios, for greater flexibility to lower costs, to gain leverage and to enhance returns.

Dist/Distributing Class/Inc/Income: A share class which pays dividend distributions.

Dividends: A sum of money paid regularly (typically annually) by a company to its shareholders out of its profits (or reserves).

Equity/Security: The percentage of the fund that is currently invested in the equity market.

Exposure: The amount invested in a particular type of security, market sector or industry, usually expressed as a percentage of the total portfolio holding.

Fixed income security: A type of investment which pays out periodic income of a fixed amount on a fixed schedule e.g. a bond is a fixed-income security.

Forward currency contracts: A foreign exchange contract that locks in the exchange rate for the purchase or sale of a currency on a future date.

Front end fee: The initial fee/sales charge applied at the time of an initial purchase of an investment.

Fund: Brook Absolute Return (IRL) Fund.

Global Industry Classification Standard (GICS): A standardized classification system for equities developed jointly by Morgan Stanley Capital International (MSCI) and Standard & Poor's.

Government bond: A bond issued by a government to support government spending, often issued in the country's domestic currency.

Gross: The total rate of return on an investment before the deduction of any fees or expenses.

Hedged class: A share class giving exposure to assets denominated in foreign currencies without the currency risk of the fund's base currency. Techniques and instruments are used to limit the currency risk between the hedged class and the base currency.

Hedging: Hedging against investment risk means strategically using financial instruments in the market to reduce the risk of adverse price movements.

High water mark: The highest value that an investment fund or account has reached over a specified period of time.

Information ratio: A measure of the fund's returns above the returns of the benchmark to the volatility of those returns.

Investment management fee: The fee payable by the fund to the investment manager to cover expenses associated with running the fund.

Investment Manager: Odey Asset Management LLP.

ISIN: An ISIN (International Securities Identification Number) uniquely identifies a security.

KIID: A KIID (Key Investor Information Document) must be provided to anyone who invests in a UCITS.

Leverage: An investment strategy of using borrowed money and/or financial instruments to increase the potential return of an investment.

Long: The practice of buying securities with the expectation the asset will rise in value.

NAV: The NAV (net asset value) of a fund is the value of the fund's assets less its liabilities. NAV per share is the value per share and is calculated by dividing the total NAV of the fund by the total number of shares.

Net: The total rate of return on an investment after the deduction of any fees or expenses, including annual management fee and performance fee where applicable.

Notional Exposure: The total value of a fund's leveraged assets.

Ongoing Charges Figure (OCF): A figure showing all annual charges and other operational expenses payable by a fund.

Performance attribution: A set of techniques that are used to explain why a fund's performance differs from a benchmark.

Performance fee: A fee payable to the investment manager on returns that, subject to a High Water Mark, the fund achieves either in absolute terms or relative to a performance fee benchmark. Please refer to fund prospectus for details.

Portfolio: A group of financial instruments such as shares, funds, bonds, cash and cash equivalents held by an investor and managed by a financial professional.

Proprietary currency positions: Foreign exchange contracts entered into by the fund for investment rather than hedging purposes.

Quoted securities: A quoted or listed security is a financial instrument that is traded through an exchange, such as the LSE, NYSE or Nasdaq.

Rebased method: Used to illustrate a fund's performance against comparative benchmark on a chart whereby they both start at the same point.

Rel/Relative: Calculates how much the fund has out/underperformed its comparative benchmark.

SEDOL: A SEDOL (Stock Exchange Daily Official List) is a unique number assigned by the London Stock Exchange and used in the UK and Ireland to identify securities.

Share class: A designation applied to a specified type of security such as shares in a fund. Each share class has its own rights.

Sharpe ratio: A measure for calculating risk-adjusted performance; the higher the ratio, the better risk-adjusted performance.

Short: The practice of selling borrowed securities with the expectation that the asets will decrease in value whereupon they will be repurchased and returned to the lender.

Since inception/Since inc.: Inception date is the date on which the fund launched.

Sortino: A variation of the Sharpe ratio that differentiates harmful volatility from total overall volatility by using the asset's standard deviation of negative asset returns, called downside deviation. The Sortino ratio takes the asset's return and subtracts the risk-free rate, and then divides that amount by the asset's downside deviation.

Standard deviation/Sta. dev.: Measures the degree of variation of returns around the mean (average) return. When applied to the annual rate of return, it shows the historical volatility.

Statistics: Statistical measurements used to analyse historical fund data such as performance, volatility etc.

Strategy AUM: The total assets of the funds managed by the Investment Manager to a similar investment mandate.

Ten-year adjusted basis: Shows any exposure to Fixed Income, Bond Futures or Interest Rate Futures on a 10-year duration basis.

Tracking error: A risk measure showing how closely a fund's performance follows a particular benchmark.

Treynor: Treynor ratio, also known as the reward-to-volatility ratio, is a metric for returns that exceed those that might have been gained on a risk-less investment, per each unit of market risk.

UCITS: Undertakings for the Collective Investment of Transferable Securities (UCITS) is an EU regulatory framework creating a harmonized regime throughout EU for the management and sale of funds.