Odey Absolute Return (IRL) Fund

ODEY ASSET MANAGEMENT

Portfolio Manager Report

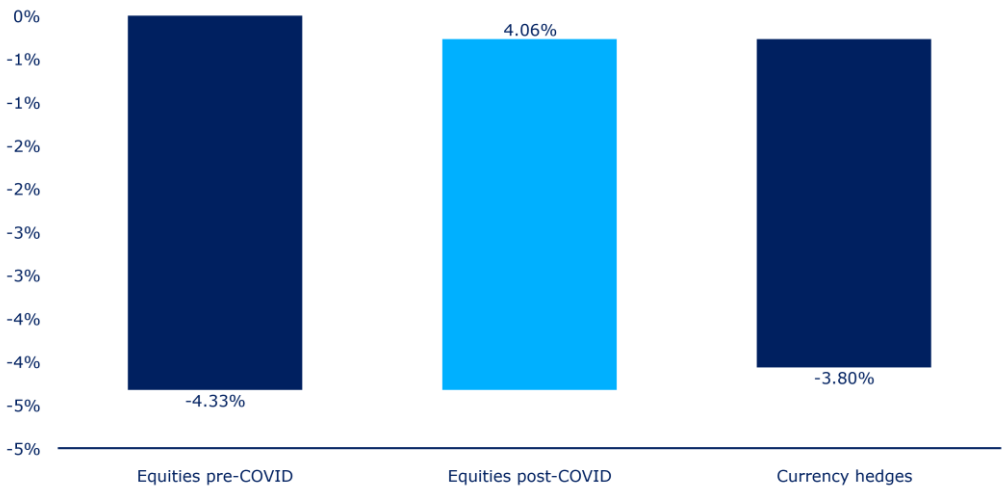
Introduction

The second quarter of the year was almost a mirror image of the first quarter. Concerns about COVID-19 receded, economies were heavily supported through monetary and fiscal stimulus and markets bounced back strongly with the MSCI Daily TR Net World GBP Index up +19.8%. The Fund also had a good quarter being up +21.2%. This was driven by a long book which contributed +40.4%, helped by positive alpha of +17.6% and offset by a short book that detracted -17.6% albeit which performed in line with the market (no alpha). Overall, the fund benefited from our decision to add to long names which had sold off excessively in Q1 and from the decision to reduce the short book after a good first quarter.

Fund performance

To a certain extent the exceptional performance of the second quarter should be viewed in context of the year as a whole. After a tough start to the year when many of our UK long positions saw profit taking after the election bounce, we started the COVID crisis already down over -4%. We have subsequently had a reasonable COVID crisis with the fund flat since then. Given the weakness of sterling, the fund's currency hedge also cost the fund -3.8%. The chart below breaks down the fund performance for H1 2020.

Exhibit 1: Contributors to IAR performance in H1 2020



Note: Pre-Covid period defined as Jan 1st -22nd Feb 2020.
Source: Odey unaudited internal data.

Performance

2.2%	Monthly performance
-4.6%	Year-to-date performance
-2.1%	CAGR since inception

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

Fund details[1]

£ I Class	96.80
£ R Class	101.53
$ I Class	99.57
€ I Class	95.10
€ R Class	99.35
Fund Size	£15 million
Strategy AUM	$669 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 odey.com

Source: All sources, unless otherwise stated, are Odey internal unaudited data and refer to the £ I share class. All data shown as at 30 June 2020. [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.

Long book

"*Bad companies are destroyed by crisis, good companies survive them, great companies are improved by them.*"

Andy Grove

The last few months have been particularly reassuring in terms of highlighting the quality of our long book. The strong owner-manager bias that we have in our long names has undoubtedly helped these companies be obsessive, focused, pragmatic, innovative and opportunistic. Ultimately, we expect our long book names to be relative winners from the events of H1-20.

AO World was our top contributor (+5.66%) in the quarter after its share price was inexplicably down materially in Q1. This was a business that was picking up operationally anyway coming into COVID though undoubtedly the UK and German lockdowns have accelerated structural change in the company's favour. The big challenge with AO has always been winning new customers quickly enough yet when customers use them the reported experience is very high, leading to repeat business. What has been very encouraging over COVID is that even with extremely high sales growth (we estimate c.70% in the main business, AO.com) customer satisfaction scores have been at record high levels. We like buying 'new world' companies valued on 'old world' multiples. AO is an online only business that should grow sales above 20% and structurally win market share for many years to come and trend towards 7/8% EBIT margins and yet the business trades on less than 50% of sales.

The valuation dichotomy between those stocks considered to be new world stocks versus those considered to be 'old world' is extreme at present. The widening of the EV/Sales spread between the MSCI World Value Index and the MSCI World Growth Index is one way of illustrating this:

Exhibit 2: MSCI World Value index EV/Sales vs MSCI World Value Index EV/Sales:



Sources: Bloomberg, MSCI.

We feel we have many examples in the portfolio of owning new world stocks on old world multiples. If FANG stocks, cloud computing, autonomous driving and data continue to grow then a decent fibre infrastructure is required. It appears from recent OFCOM papers that **BT** should be able to achieve a low double-digit return on invested capital from investment into this utility-like infrastructure and the newly proposed regulatory framework suggests the potential for the company to return to profit growth, following a number of years of declines. Returns of newly deployed capital are substantially above the cost of capital even before we contemplate the eventual benefits of the switch off of legacy copper networks. We believe BT is very well-placed to benefit from the 'technology revolution' and yet it trades on a cash PE of 5x, implying an assumption of no ability to show a return to growth. Put another way, if we conservatively value Openreach at 1x Capital Employed, the remaining part of the business looks to be trading on a multiple of less than 1x sales and 3x EBITDA.

Plus500 (+2.29%) is a disruptive fintech business that has a material lead over it competition in digital marketing, proprietary technology, and analytics. This is evident through its better KPI's and consistent market share gains. The shares trade on a 2020 P/E of 3-4x, a material discount to Plus500's more 'analogue' competitors.

TCS (+1.71%) is a Russian bank and fintech business that operates without a branch network. A majority of employees are IT professionals. TCS blends "old world" lending revenues with innovative credit-light offers (e.g. broking, payments, SME deposits, merchant acquiring and lifestyle digital banking). Increasingly high value customers are using it as an app to purchase services beyond credit and traditional banking and even before COVID, customers were buying 370,000 cinema tickets per month, making 50,000 hotel reservations per month and making 19,000 restaurant bookings per month through the TCS app. It trades just below 7X 2021 earnings (still impacted by COVID) and has produced a revenue CAGR of 35% in the last 5 years. Next year it should also pay a dividend yield of c.5% in spite of delivering growth. Relative to other fintech innovators the company can fall back on a strong core set of lending revenues, which it can use to fund innovation.

We also argue that despite some well-publicised blunders that Masayoshi Son, the founder and CEO of **Softbank,** has a phenomenal long-term track-record of successful investing in technology. Despite this, his holding company, with world leading technology assets like Alibaba and ARM, trades at a 50% discount to its NAV. Please do not take this section as us whining about market pricing but rather as our expression of gratitude.

Plug Power contributed +3.62% in the quarter. It has been helpful for Plug that during the COVID crisis its two biggest customers, Amazon and Walmart, have been exceptionally busy. Also, during the quarter Plug Power announced the acquisitions of United Hydrogen Group and Giner ELX. The company is now evolving in the hydrogen space to becoming more vertically integrated which removes bottles necks to growth and opens up the addressable markets. Previously the company was market leading in the design, construction and operation of customer facing fuelling stations and cells, now it has capabilities in generation, liquefaction and distribution of hydrogen.

The gaming space has been productive for the fund again this year, adding +3.63%, albeit our exposure has reduced significantly in the second quarter after we took profits and recycled capital into what we considered to be more attractive investments. The merger of The Stars Group and Flutter Entertainment closed earlier than consensus was expecting, and recent trading has been stronger. We still retain exposure to the sector via positions in **William Hill** and **Playtech,** which contributed +1.76% and +3.53% respectively in the quarter.

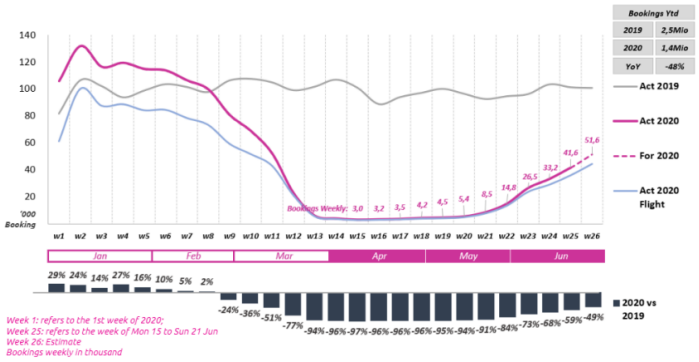
Dart Group (+3.24%) has become a bigger position in the fund after we added on the back of extreme weakness in the stock – mostly as part of an equity placing in May. Dart, which we have written about recently, is a leading tour operator and budget airline in the UK run by its 27% shareholder and founder Phillip Meeson. While we do not believe demand for holidays has been structurally impaired – unlike what one could argue for business travel – unquestionably we are seeing material capacity withdrawal from competitors. Dart already had the strongest balance sheet in the sector and after the equity raise it is in an incredibly good position with numerous options to drive growth. Dart is one of those companies in our portfolio where if the name were covered up and the simple KPI's were shown then a high multiple would be suggested. Instead, due to Dart's industry exposure, we are given the opportunity to own the shares at what we think will be 6x earnings for 2022. The recent crisis has reassured us how conservatively Dart is run and how it has used the COVID shock to drive home the advantages it has with its balance sheet, customer service and unique hybrid model. The early signs from the industry is that demand is bouncing back quickly.

Dart Group 5-year KPI's

Sales growth CAGR	25%
EBIT growth CAGR	43%
EPS growth CAGR	40%
ROE	28%
Current price to book	1.85x

Source: Company accounts, Bloomberg, Odey unaudited internal data.

Exhibit 3: Chart from Lastminute.com – a European Online Travel Agent – showing rebound in holiday bookings during June



Source: Lastminute.com.

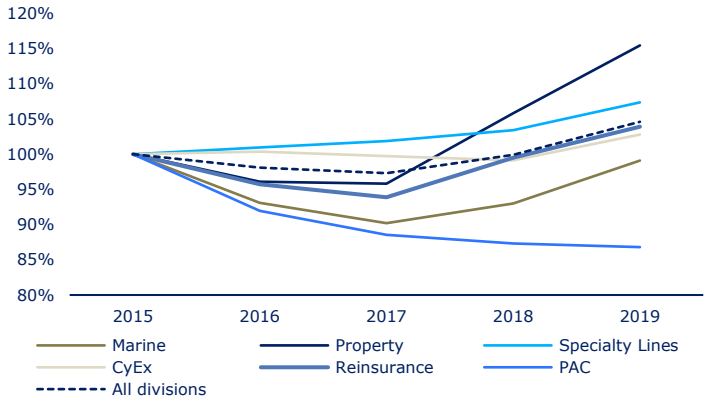
There is divided opinion as to how the COVID crisis will affect **IWG** (+2.15%), the serviced office company. We believe IWG will be a beneficiary and the early signs are encouraging, very much playing to our long book thematic of the strong getting stronger. The company raised equity recently not because it needed to but because it saw so many good opportunities to invest and grow by buying distressed assets or companies. It raised £300m and Mark Dixon the founder feels the company can invest this within 6 months and get a 20-30% return off it. Mark Dixon certainly put his money where his mouth is by investing nearly £100m of his own money into the equity placing. Stressed competitors are falling by the wayside and structurally the company feels it can take out £50-100m of costs, a material number when compared to last year's EBIT of £138m. Compared to competitors like WeWork, IWG is benefitting from having grown in a more controlled manner. Whilst of course there are some sectors where working from home will become more common there is also going to be a large amount of decentralising of work forces by larger companies. IWG should benefit from this decentralisation given the large network of office spaces it has in secondary cities and towns. There will of course be an element of a J-curve as lockdowns come off and as economies pick up though we feel IWG will come out of this crisis in a better position than it started it.

Serco (+1.07%) has demonstrated what a strong position it is in relative to UK outsourcing peers like Babcock and Capita. It looks to us as if profits for the year will now be above where they were estimated to be prior to COVID. This is partly down to Serco's mix of business but also down to the quality of the management and how it has dealt with their customers and positioned the business. The company's pre close statement has just shown that revenues were 23% higher in the first half of 2020 with organic growth of 14%. Operating profits will be about 50% higher. The most exciting part though is that the market seems to have missed how well Serco's margins are progressing. To generalise, where Serco got bumper revenues from COVID it was with lower margins and where it lost revenues due to COVID it was in higher margin areas. Our confidence that it can trend towards 7% margins in the next 2-3 years is increased and with a good ROIC and organic growth we feel that 1x sales is a very achievable price target which offers c.80% upside.

We took two new positions in the P&C insurance space during the quarter. **Hiscox** and **Beazley** are two companies we have been following for a long time and owned them both over 10 years ago. The P&C insurance cycle has been difficult over the last few years with Hiscox having a particularly tough time. Hiscox has been exposed to inflation of claims through escalation of jury awards in the US and for the industry there has been a bad run of natural catastrophes. This year COVID will drive a big pay-out to policyholders. Whilst there is clarity over Hiscox's COVID exposure in areas like events the debate is how exposed it is to business interruption with its retail policies. The wording in its policies could have been tighter and we forecast a bad outcome despite the company's insistence that their policies do not cover most of these claims. With a return on equity that had climbed above 20% in 2016 it has been low/mid-single digits for the past 3 years and this year will likely be negative. However, after an equity raise and taking out more reinsurance, Hiscox now has a strong balance sheet. The capital destruction for the industry this year is multiples of the money it has raised so far. We can also see good reason why some of the more peripheral money that came into the market may not return for a while after a bad multi-year experience.The combination of these factors should lead to a hardening market across most lines for a few years and we are already seeing good evidence of that. On top of this half of their premiums are now written in their retail business which benefits from the strong Hiscox brand due to marketing investment and a focus to give their customers a better experience. This means that the retail side of the business can command a material pricing premium and the investments made over the past few decades provide a large barrier to entry. Hiscox traded as high as 2.9x book value a couple of years ago and we recently acquired our new position just above book value. We

love buying high quality compounders but the market environment has made these hard to pick up at the right price. In this context, we are delighted to be owners of Hiscox again.

Exhibit 4: Insurance rates hardening – cumulative rate changes since 2015



Source: Beazley.

Exhibit 5: Hiscox price to book 2001-2020



Source: Bloomberg.

A key part of being able to add to our long positions on weakness during the quarter was having a strong understanding of our companies' balance sheets. This was possible due to some sound analysis of cash flow, debt levels, covenants, working capital, eligibility for government schemes and having a reasonable understanding of how industry dynamics should play out on the supply and demand side. We have had several equity raises in our long book but almost without exception they have been done from a position of strength. Huge credit goes to our inhouse research team for putting us in this position.

Short book

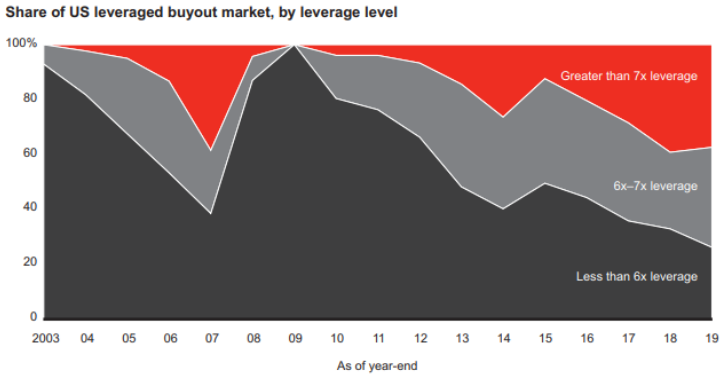
Having made +29.6% on the short book in Q1-20 it was pleasing to only lose -17.6% in Q2-20. This was achieved as we reduced the short book in size and the positive alpha that we generated in Q1 did not unwind. The latter point is key as whilst we had some painful absolute loses on the short book with names likes **Tesla** (-1.76%), **Partners Group** (-1.43%) and **Dunkin Brands** (-1.01%) we also had some big winners in absolute terms. **Hertz** made +1.59% after it filed for Chapter 11 and the position is now closed. **Wirecard** meanwhile made +0.98% when the shares collapsed after its auditor could not confirm that €1.9bn of cash existed and later nor could the company. **Metcash** made +0.68% after an equity raise which was a big surprise given it is in the food retail space.

The revelation of the fraud at Wirecard has bought mixed emotions. Whilst we have made good money on the trade this year we feel extremely let down by the auditors, E&Y. Last year we had a maximum short position going into 2018 accounts filing as we did not believe that E&Y could sign the accounts off given the multiple red flags that we outlined in our March 2019 fund newsletter. We wrote to E&Y prior to the sign off to share our concerns. Unfortunately it appears that E&Y not only failed to carry out enhanced due diligence despite the warning signs including a police investigation and extensive whistle-blower allegations, but it reportedly failed even the low bar of a standard audit by failing to obtain direct verification of cash balances from banks. After a KPMG report that Wirecard itself had commissioned and controlled failed to exonerate the company in April we tried to increase our position, however the short borrow was by then not available. We have written and spoken extensively of our concerns about Wirecard over the past five and a half years and it is reassuring for our process to see our research conclusion vindicated. Short sellers are often lambasted as being a negative influence. We think Wirecard is an interesting example where it was banks and long equity and bond investors that gave a fraudulent company billions of euros over the last decade that has allowed it to grow and cause genuine damage to the German financial system and beyond. Meanwhile we argue that short sellers and other sceptics have reduced the amount of time Wirecard was able to entangle itself into the global financial system and have ultimately reduced the damage it was able to cause. Price discovery has to be a good thing.

We have recently taken new short positions in **private equity fund management companies**. In our view the last ten years have been very benign for private equity; however, we fear for a number of reasons that this favourable paradigm risks reversing, and that the coming years will be much harder.

Private equity typically finances investments with significantly higher levels of debt than public companies use. Over the last ten years this has supported private equity returns, as valuation multiples have moved up, interest rates down, and allowing private equity managers to increase leverage.

Exhibit 6: Rise in leverage of US private equity deals



Source: Bain, Thompson LPC.

Meanwhile, traditionally private equity has invested at discounted valuation multiples compared to public markets, reflecting lower liquidity. However, this valuation discount also appears to have reversed this cycle to a premium to public markets. Furthermore, industry data suggests that private equity investment is increasingly underwritten on heavily adjusted EBITDA numbers, again making private equity valuations very rich. In our view rich valuation will make it much harder for private equity to exit positions successfully in the coming years, especially when fund maturities impose rigid deadlines.

Exhibit 7: EV/EBITDA of Private equity deals vs S&P 500



Source: FT, Pitchbook, S&P Capital IQ.

Easy access to credit and expanding valuation multiples for investment companies means that private equity investments are now heavily indebted. At the start of 2020 the average private equity investment had net debt/EBITDA c.6x (source: S&P Market Intelligence) – but after a year of rising debt and falling profits this number will have climbed materially. With interest rates currently close to or below zero, even without taking a macro view, we see interest rate risk for these businesses as asymmetrically skewed.

If we do move into a world of high inflation accompanied by higher interest rates, then having more debt would become a disadvantage as valuation multiples would probably fall and refinancing would probably become more expensive. Meanwhile, much of the government support around COVID, particularly in Europe, has favoured investment grade companies, whereas private equity owned companies are rarely investment grade. As such, private equity owned companies would see a much tougher competitive environment, competing against companies with less debt, cheaper debt, and more government support.

From a company-specific perspective, European private equity fund managers earn performance fees by beating a rolling IRR benchmark of c.8% through a fund's life. Arguably, industry performance fees were already faltering before COVID. However, we see COVID as particularly disruptive for performance fees, as generally it means that the operational performance of portfolio companies will have gone backwards, against a performance benchmark that continues to rise c.8% per year. When the market forecasts stable performance fees at 20-30% revenues per year, and values them on a high multiple, this poses a problem for the listed shares in our view. We also regard the accounting and capital intensity of listed private equity fund managers as complex and signalling potential cyclical issues.

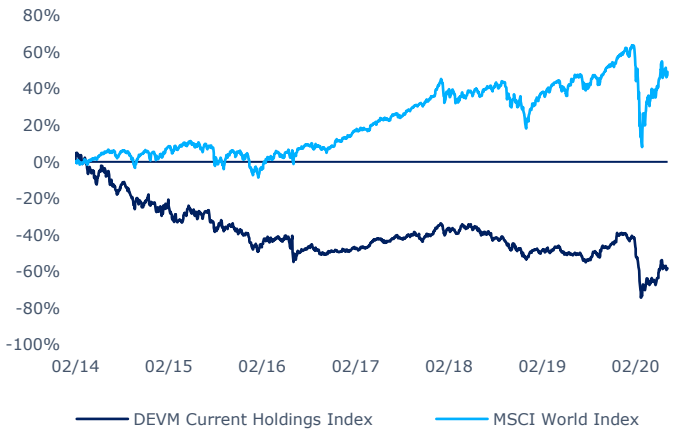
Despite the tough outlook we expect for private equity fund managers, the market has resorted to muscle memory: the shares have bounced back strongly with very positive expectations for fund raising and underlying performance in the years to come. Our two shorts are **Partners Group** and **EQT AB** which trade on 2020 price/earnings multiples of 34x and 80x respectively, and 2021 multiples of 26x and 37x if consensus estimates for recovery in growth and profitability come through.

Positioning

As we outlined in our last newsletter, Q1-20 was about reducing gross via covering many of our shorts which had performed well and with our longs naturally falling with the market. The strong performance of our short book, although less in absolute terms than the long book losses in Q1, gave us the cushion to add to some of the long names that offered the best risk-adjusted returns and become more net long equities at fund level. As the market has rallied and the fog over COVID has lifted somewhat and as market volatility has fallen, our gross equity exposure has climbed back to the middle of our targeted range. We have now also been slowly adding shorts back into the portfolio, sometimes in the same names and sometimes in new ones. The valuations and macro backdrop have meant we have been finding more interesting shorts in the US of late.

A few clients have observed that it is odd to see the fund's net long exposure back at 2011 levels when the global markets are close to their highs after a 10-year bull market. The answer for us is that under the bonnet of the market sector performance and valuation have rarely been so polarised. Looking at the long book that we now own, using the Odey Allegra Developed Markets fund as a proxy, when we run the numbers to show how it would have performed as an index over the last 6 years it shows just how depressed our stocks are. Clearly this is not how our actual long book (or the Allegra Developed Markets Fund) has performed, as we have traded and recycled winners into losers, but it is reflective of what we own today.

Exhibit 8: DEVM current holdings index vs MSCI World Index, Feb 2014 to July 2020



Source: Bloomberg, Odey unaudited internal data.

The fund is built on a bottom-up basis and that has led us to have a bias today in the long book to what we perceive to be value. When you combine the level of stimulus being thrown at economies with liquidity fuelling financial markets it feels like good quality value stocks should be a reasonable place to at least

protect capital. Although our two biggest positions, Plus500 and AO World, are beneficiaries of lockdowns, on balance our portfolio would be long a more benign COVID outcome. We also continue to be net long the UK as stocks continue to be on 'sale' due to Brexit uncertainty and a perception that we are poorly positioned in regards to COVID.

We feel the UK is well placed now coming out of COVID and it finds itself in a position where it is probable that 5% - 15% of the population have been immunised who are, by definition, the most susceptible. Although the testing was slow to ramp-up we have now tested more than any other major economy and the UK has good options for 'track and trace'. There were undoubtedly some poor political decisions and statements, mainly around care homes but economically the speed and level of support that UK businesses received was as good as any developed economy.

We feel the UK is one of the best placed to close its output gap over the next few years. The advantages of having a strong Conservative majority in the UK, that ultimately has total autonomy, is becoming more evident when political progress is viewed elsewhere. It is representative that in Europe the details of the Recovery Fund are proving harder to nail down and in the US we see the tensions for Congress of doing the optimal thing for the US economy versus the optimal thing for each party's presidential candidate. With regards to Brexit we find it encouraging that the UK government are showing willingness to compromise in areas like fisheries and level playing field and although we see the likelihood of a true no deal with the EU as a small probability it is something we feel is quite well discounted in most of the long UK names we own.

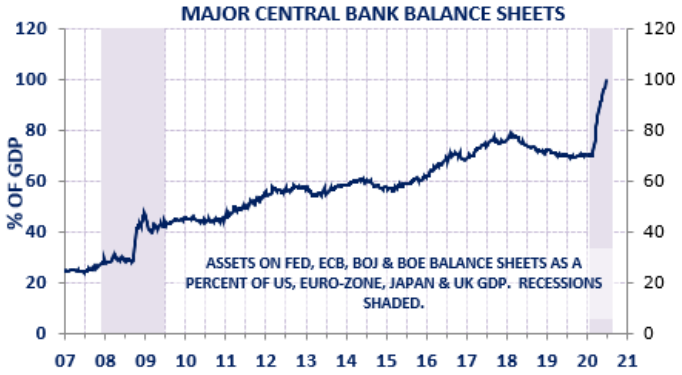
In summary we continue to have significant exposure to idiosyncratic equities, we are net long equities overall, we have a bias to value, we are underweight the US and overweight Europe, particularly the UK, and we are fully hedged back to sterling.

Macro

In western economies there seems to be very little appetite for austerity from either governments, central banks or consumers. If this starting point is accepted, then there seems to be a put option on nominal GDP growth. 'Nominal GDP' is carefully chosen rather than real GDP as to our minds the big question is do we end up with stagflation or good inflation (where I plagiarise Ray Dalio's definition of below 5%). To our minds, there seems a reasonable chance that inflation picks up in due course for the following reasons;

1. High levels of monetary stimulus
2. High levels of fiscal stimulus
3. Incentives for central banks and governments to be behind the curve
4. Short term disrupted supply chains
5. Medium term de-globalisation of supply chains
6. Lack of investment in many capital intensive industries for a multiyear period
7. Consolidation in key sectors creating more pricing power
8. Increase in cost of production linked to green regulation

Exhibit 9: Unprecedented speed and scale of monetary stimulus

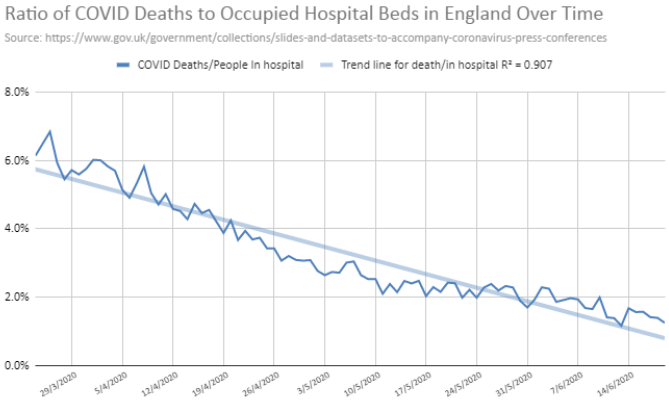


Source: Minack Advisors.

Clearly the initial aim of the extraordinary levels of stimulus is to negate deflation due to the demand shock we have seen with lockdowns across most developed economies. There are also very credible arguments to as why technology will be able to keep inflation in check due to greater price transparency. As ever we never take a binary view on the macro, but it seems that the odds of inflation picking up are considerably higher than the market is pricing. We are doing a huge amount of work internally to see how different companies and sectors fared in a higher inflationary environment. One of the things that the COVID crisis has taught us, through the indiscriminate share price moves in the first few weeks, is that when a new challenge to the market arrives the market has not done the work in advance. Given the imbalances in the global economy and society at present a period of higher inflation could partially help redress this. For authorities making the key decisions they would far rather risk being behind the curve on higher inflation and achieving escape velocity than falling into a deflationary depression.

We continue to be constructive relative to consensus on how COVID-19 progresses from here. What is evident from the data is that the death rate in hospitals is falling quite dramatically. A recent study found that the Covid-19 death rate in English hospitals has fallen from 6% at the end of March to 1.5% as at mid-June.

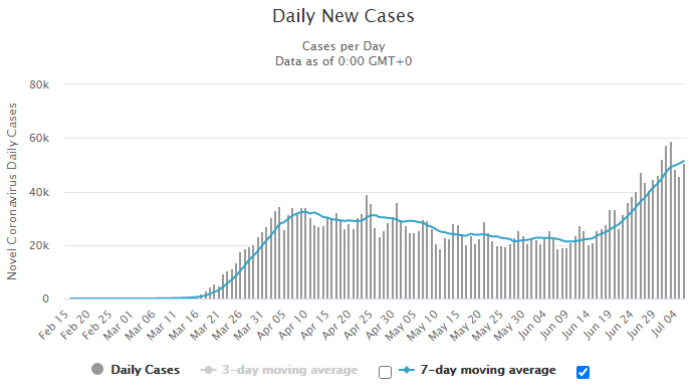
Exhibit 10: Falling Covid-19 death rate in English hospitals, end of March to mid-June 2020



Source: The Centre for Evidence-Based Medicine, June 24th 2020 (Mahon and Heneghan)

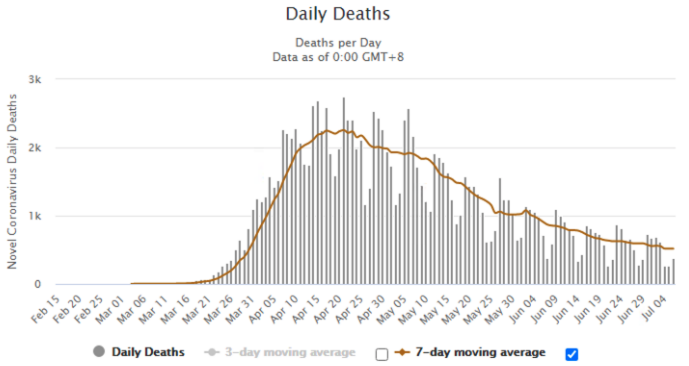
As for the US the two charts below show the stark difference between new cases and deaths.

Exhibit 11: Daily new COVID-19 cases in the USA



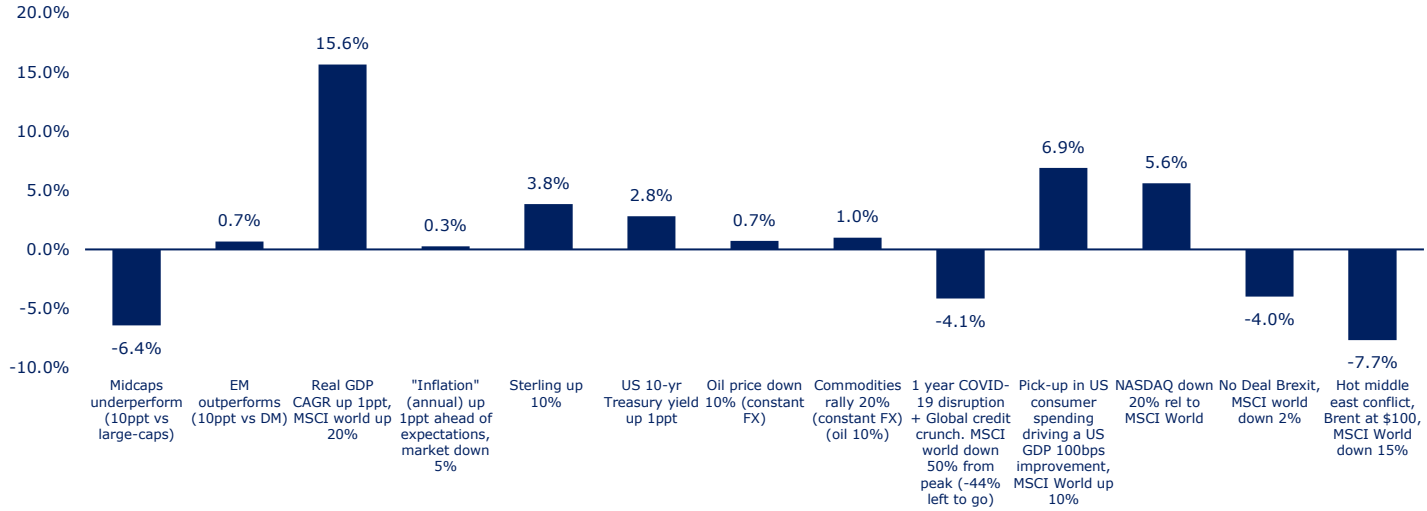
Source: Worldometer

Exhibit 12: Daily New COVID-19 Deaths in the USA



Source: Worldometer

Exhibit 13: IAR factor risks



Note: Assumes full currency hedging; The information above is an estimation of the expected factor return; Odey 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: Bloomberg; Odey internal unaudited data; All data as at 07-Jul-20.

The reasons behind this are probably a combination of hospitals becoming better at treating patients, generally faster diagnosis, treatments such as Remdesivir and Dexamethasone reducing the death rate, a healthier demographic now going into the hospital and possibly in some areas the virus is mutating into a less dangerous version. The outlook for vaccines also looks encouraging with 14 in human trials, promising phase 1/2 results from the Pfizer study reported at the beginning of July and 178 candidates in various stages of development according to Statnews. Given the wide diversity of approach, the unprecedented R&D effort and regulatory facilitation we consider it unlikely that they all fail.

Conclusion

What is exciting for us is that the bottom up names that we have high conviction in are also the ones that would particularly benefit from a period of looser fiscal and monetary stimulus. The debate on how strongly inflation comes through is currently a second order one but one we want to be fully prepared for. The non-systematic risk in the fund is currently 14.9%, we are 53% net long (74% beta adjusted), there is a value and UK bias and we are fully hedged back to sterling. As ever thank you for your support and we look forward to updating you in due course

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James Hanbury

ODEY ABSOLUTE RETURN (IRL) FUND

ODEY ASSET MANAGEMENT

Performance

	1-month	3-month	1-year	YTD	Since inception	CAGR since inc.
Fund	2.2	21.2	6.3	-4.6	-3.2	-2.1
MSCI Daily TR Net World	2.7	19.8	5.9	1.0	17.7	11.0
Relative	-0.5	1.4	0.3	-5.7	-20.9	-13.1

DISCRETE YEARLY PERFORMANCE

	1-year to 30 Jun 20
Fund	6.3
MSCI Daily TR Net World	5.9
Relative	0.3

MONTHLY PERFORMANCE SINCE INCEPTION

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2020	-5.7	-4.2	-12.9	9.5	8.3	2.2							-4.6
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

Fund details[1]

£ I Class	96.80
£ R Class	101.53
$ I Class	99.57
€ I Class	95.10
€ R Class	99.35
Fund Size	£15 million
Strategy AUM	$669 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	£

Live fund dashboard

Get the latest fund information on the odey.com fund dashboard (registration required)

View dashboard on odey.com >

Top ten equities as percentage of NAV

	Strategy	Notional Exposure
AO World	Long	9.4%
Plus500	Long	9.3%
Dart	Long	8.0%
IWG	Long	7.0%
Partners Group Holding	Short	-4.7%
Plug Power	Long	4.6%
Serco	Long	4.6%
Playtech	Long	4.6%
SoftBank	Long	4.5%
ArcelorMittal	Long	4.5%

Statistics

	1-year	Inception
Fund annual s.dev.	21.9	19.9
Index annual s.dev.	17.7	15.8
Alpha	0.2	-0.6
Beta	0.9	0.7
Correlation	0.7	0.6
Sharpe Ratio	0.4	0.2
Information Ratio	0.0	-0.8
Tracking Error	14.9	17.7

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 odey.com. The performance calculation shown is based on the GBP 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

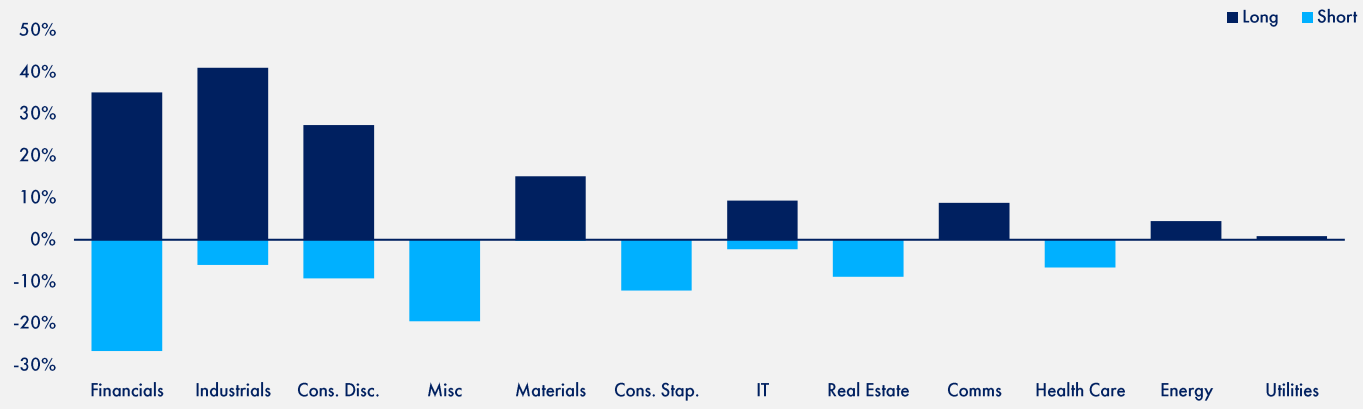
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ENQUIRIES

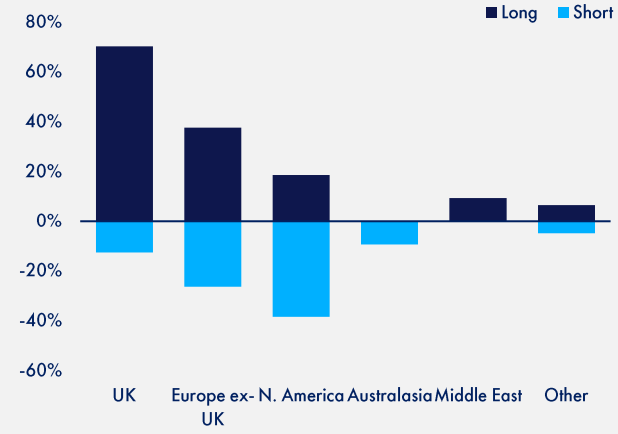
T: +44 (0)20 7208 1400
E: marketingteam@odey.com
W: odey.com

Odey Asset Management, 18 Upper Brook Street, London W1K 7PU

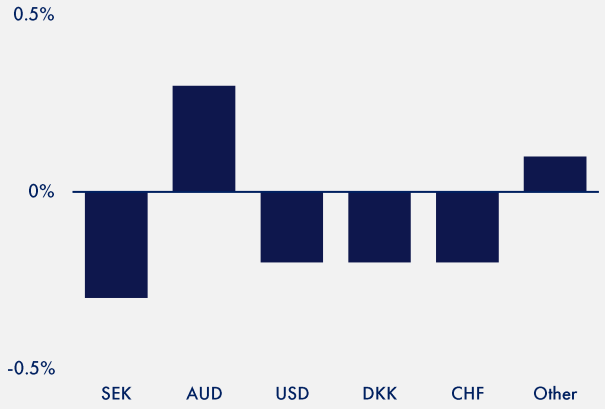
Equity exposure by sector



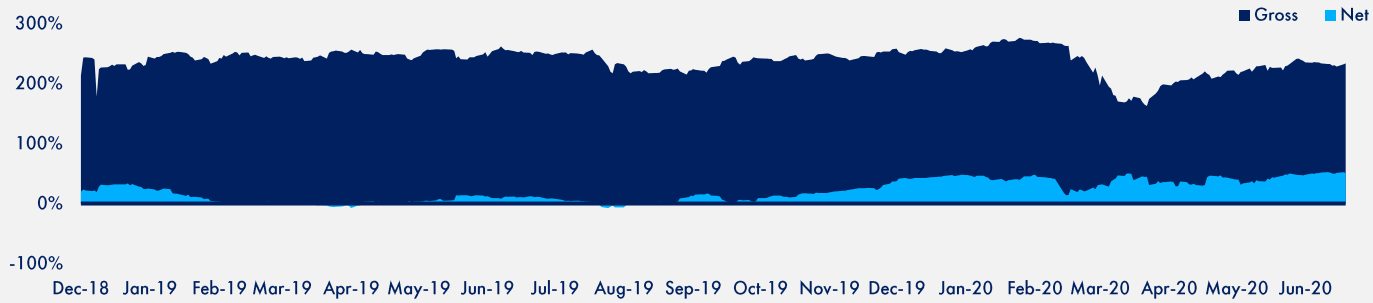
Equity exposure by geography



Non-base currency exposure



Equity exposure



ASSET ALLOCATION AS PERCENTAGE OF NAV

Long Equity	142.3
Short Equity	-91.3
Foreign Exchange	0.9

Net	51.0
Gross	233.7
Beta adj net equity (2Y)	23.6

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.
Source: All sources, unless otherwise stated, are Odey internal unaudited data and refer to the £ I share class. All data shown as at 30 June 2020. [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 Odey. 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 Odey 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.

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

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: LF Odey 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 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.