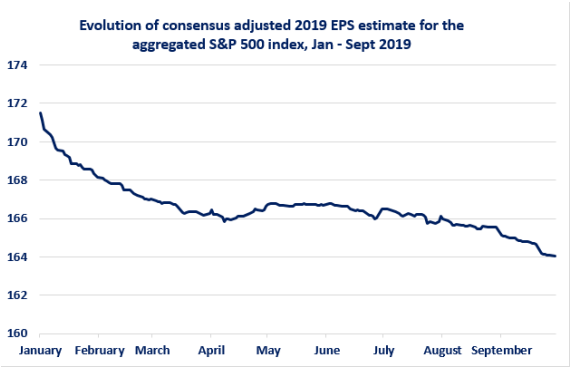
Odey Allegra Developed Markets

ODEY
ASSET MANAGEMENT

Fund Manager Report

Recent themes continued in the third quarter with the global economy remaining weak but with falling discount rates providing enough protection for asset prices. Earnings estimates continue to trend down gently as an expected calendar second half pickup in economic activity has not yet transpired.

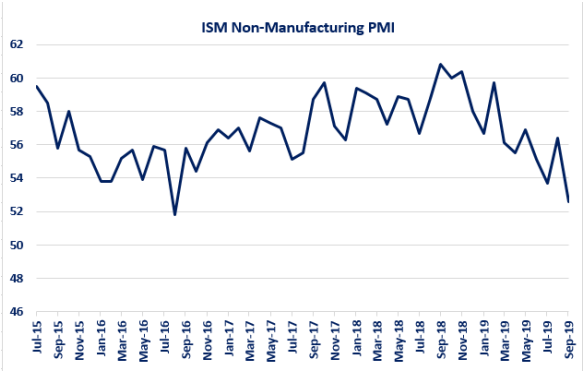
Exhibit 1: Change in the consensus S&P 500 2019 EPS forecast, January – September 2019:



Source: Bloomberg

Equity markets were broadly flat in the quarter. As global economic weakness broadened from the manufacturing sector to the services sector central banks tried to stimulate their respective economies, with the Fed, ECB, PBOC and RBA all cutting interest rates.

Exhibit 2: ISM Non-Manufacturing PMI



Source: Bloomberg

The issue central banks now have is that the traditional relationship between falling interest rates and the saving ratio has broken down. Normally one would expect that lower interest rates would lead to a lower saving ratio by making saving less attractive and borrowing more attractive and also via wealth effects. In the past couple of years this has not occurred as the saving ratio in developed markets has remained elevated.

Performance

3.7% Monthly performance

3.8% Year-to-date performance

5.9% CAGR since inception

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

Fund details[1]

$ I Class	143.88
$ R Class	130.93
£ I Class	181.12
£ R Class	154.20
€ I Class	165.95
€ R Class	88.73
Fund Size	$101 million
Strategy AUM	$290 million
Fund Inception	06 Jun 2013
Class Inception	06 Jun 2013
Fund Type	Irish Long Only UCITS

Fund Managers

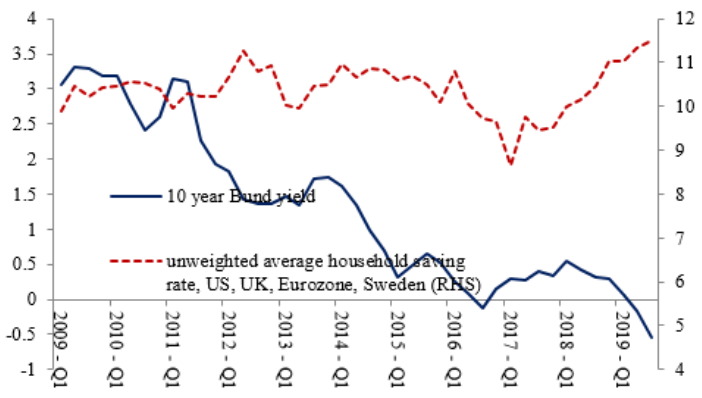
James Hanbury

Jamie Grimston

For full bios visit odey.com

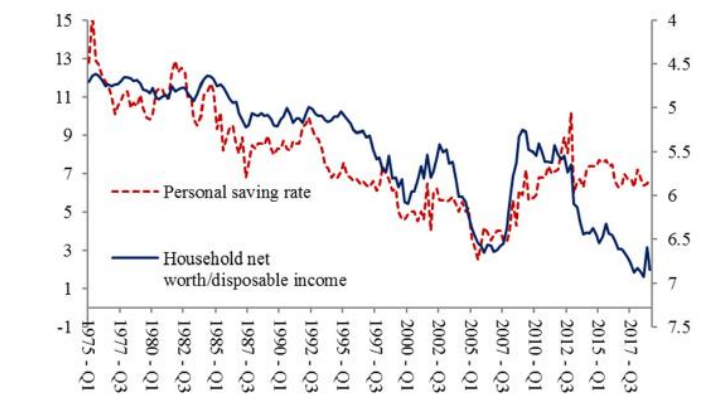
Source: All sources, unless otherwise stated, are Odey internal unaudited data and refer to the $ I share class. All data shown as at 30 September 2019. [1]RBC Investor Services and Bloomberg, calculation on a NAV basis with net income reinvested.

Exhibit 3: Unweighted average household saving rate, US, UK Eurozone, Sweden vs the 10 year Bund yield



Sources: Haver, OAM

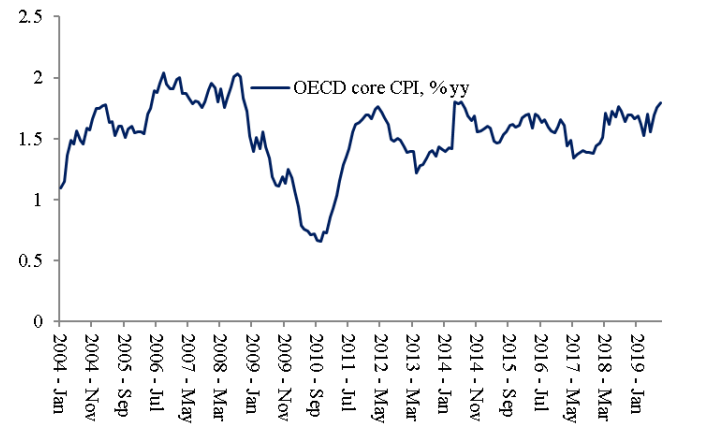
Exhibit 4: US personal saving rate (LH Axis) vs the household net worth/disposable income ratio (RH Axis, inverted)



Sources: Haver, OAM

This shift in relationship provides a challenge to traditional monetary policy and makes the continuing shift towards fiscal stimulus look more likely, particularly given how cheap it is for governments to borrow money at present. An added complication for central bankers is that despite soggy economic data OECD core inflation is picking up.

Exhibit 5: Core OECD inflation rate.

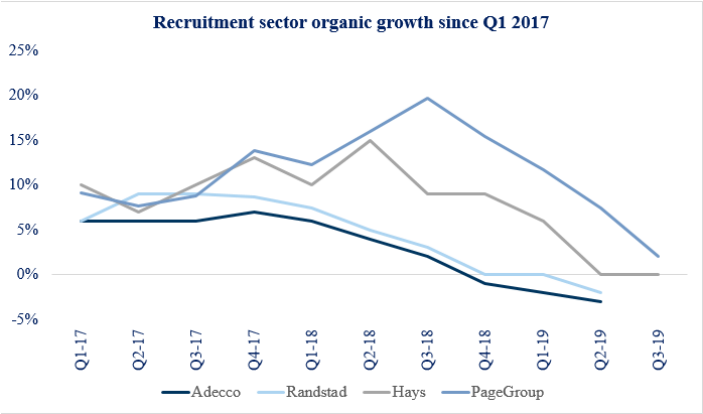


Source: Haver

With possibilities of fiscal spending picking up, inflation continuing to rise or even the global economies starting to recover the current discount rates look very vulnerable. The first two weeks of September saw a potential dress rehearsal for a 'bursting bond bubble' with the US 10 year yield increasing by 30% in 10 days. Over this period we saw dramatic outperformance of value versus growth stocks which benefitted the fund.

Although headline employment markets indicators still looks strong the first derivative data is weakening. Recent updates from listed recruitment companies are unquestionably showing a deteriorating trend.

Exhibit 6: Year on year organic growth for Michael Page, Hays, Adecco, and Randstad since 2017:



Source: Goldman Sachs

With the weak economic environment the US/China trade war and Brexit discussions seem even more important; this backdrop probably increases the chances of market friendly outcomes. Our positive view of the UK continues to hold. With a Brexit deal just agreed with the EU this seems to be very positive for the Conservatives and the UK economy in general. Whether the 'deal' gets voted through parliament this weekend or not it seems that the chances of a Tory majority at the up and coming general election have now increased significantly. It feels odds on that the 'deal' will either therefore go through pre or post election and the probability of a no deal or Labour majority are very low.

The 2020 US elections represent a risk that may weigh heavily on markets over the next 12 months. On the Betfair Exchange Elizabeth Warren is priced as the clear front runner to win the Democratic Party primaries and the implied probability of a Democratic Presidential victory is currently priced at 53%. Warren's published plans, whilst unlikely to be implemented, indicate that her presidency would have an unfriendly outlook on big businesses across a number of sectors. Warren's rising odds of winning the presidency have not led to a US equity market de-rating; both the S&P500 and the Nasdaq have outperformed the world index this year and their P/Es have risen. This is because the checks and balances of the US political system make radical reform very difficult to implement and any legislation passed likely to be watered down. Specifically the staggered elections in the Senate means that even in the best possible outcome for the Democrats in the 2020 elections they will fall well short of the 60% majority in the Senate that would be required to pass controversial legislation. Furthermore there would likely be resistance to reform from moderate Senate Democrats. However

in the event of a Warren presidential victory there is a risk of a market de-rating given the medium term risk implicit in multiple congressional voting cycles over a possible 8 year anti-business presidency. It should also be noted that the main blockage for reform, that of the 60% majority threshold for new laws to pass the Senate, can be revoked to a simple majority via a rule change, the so called “nuclear option". Thus far both parties have refrained from applying this “nuclear option” for fear of losing their own minority protection when out of power.

Fund report

The fund was down -0.12% in the quarter versus the MSCI World index up +0.53%

Plus500 was our top contributor (+3.87%) after announcing a meaningful buy back with its H1 results and we have subsequently seen material insider buying from the entire management team and the most prominent founder. What we found very encouraging about the results is that our thesis on regulation appears to be playing out. Plus500 reported a record low quarter for churn, capacity is reducing from the sector and hence there are lower costs for acquiring customers, customer deposits were up 50% in the first 6 months of the year and the win loss ratio for customer improved which should help create a healthier ecosystem and improve the NPV of customers. Given it is an acyclical growth business we are very happy owning it on 3x forward EV/EBIT.

IWG contributed +0.91% in the quarter after it showed further evidence of evolving into a franchise business by selling off Taiwan and effectively using disposal proceeds to reduce the share count. At the moment it is selling assets at above 3x sales and buying its own shares at close to 1x. For these owner managed businesses we find that share buy backs can have a greater signalling aspect than the more regular mainstream buyback programs. **Colony Northstar** last year bought back c. 25% of its shares and this quarter in particular we saw good performance (+0.42%) after it sold off its industrial assets at a premium to book with the company trading at a c. 50% discount to its net assets. **Plug Power**, our holding in the hydrogen fuel cell space, contributed +0.38% after it upped medium term guidance at its capital markets day.

Post quarter end we have seen **Flutter** bidding for **Stars Group**. We owned both stocks but have a materially bigger position in Stars Group. The deal highlights how cheap Stars Group was; after minimal synergies and a 40% premium the all share deal is expected to be 50% EPS accretive in year one. If there were any cash involved in this transaction we would not be voting for the deal but as we see it we get to participate in the dream combination of assets and management. We can't rule out a counter bid for Stars from GVC but we do find the subsequent move in Flutter's share price perplexing; we believe the deal will be 70-80% accretive to EPS after 2-3 years and that there is a 90% plus chance that the deal gets through the competition hoops. Flutter is now down since the deal was announced! There are many powerful bits of evidence that the company should be able to show the competition authorities in the UK but none more so than a public comment from the CEO of GVC its largest UK competitor; '*the prospective deal that was announced last week, doesn't really change our plans for the UK in terms of investment, it has zero impact for us*'. We have subsequently been adding to our Stars Group position.

What we have been enjoying recently about stock picking are the opportunities in the UK domestic/linked space. We have been able to buy high quality growth companies on single digit P.E.s where we believe they will benefit from a last man standing theme if the macro deteriorates. A good example of this is **Dart Group**. We have written about Dart Group previously as an owner managed online travel agent and budget airline with the brand Jet2.com. Its business model is fairly unique in the UK space and we were already expecting them to grow profits for the next few years but with Thomas Cook going bust it will probably be the biggest beneficiary. Already in October it has issued a positive trading update due to the capacity that has come out. Despite now performing well this year the shares still trade on an EV/EBIT of 5.3x for March 2021 or at roughly the same value as its fleet for a business which generates a c. 25% ROIC.

Another cheap UK company with the 'last man standing theme' is **Sports Direct**. Although it was flat in the quarter our conviction on the position only increased after its half year results and meetings with management. There is no company we look at that has more conservative accounting policies which often distorts the true underlying picture. In the year to April 2019 it effectively grew profits at c.15% and we believe it will continue to grow underlying profits this year, despite annualising against the World Cup. Despite the media headlines we see logic and value being created in its recent acquisitions and opportunities will continue to present themselves in this retail environment. With their approach to property, having a brands division, excellent logistics, a wide spectrum of facia offerings and excellent cost control it can extract value from acquisitions in a manner that it is hard for others hard to match. In general the elevation strategy is working well; the company’s luxury goods division (Flannels) is growing sales and profits like a weed and we believe that House of Fraser is on a trajectory to become profitable in the foreseeable future. Mike Ashley has never taken a dividend or salary out of the business since it listed more than 12 years ago, therefore buybacks are a strong indicator of his view of value.

Already this year the company has bought back more than 7% of the free float. Assuming that House of Fraser just gets back to break even Sports Direct trades on c. 6x EV/EBIT March 2021 when adjusted for property and investments.

Although the market was broadly flat over the quarter there was a large dispersion in performance between sectors and geographies which allowed us to add 5 new positions to the portfolio; **CK Hutchison**, **IAG**, **Ryanair**, **Pearson**, and **William Hill**. We acquired Pearson after its profit warning in the quarter. Over its 175 year history, Pearson has held interests across construction, news publishing, entertainment and even vineyards. Over the last 20 years, however, the group’s portfolio has been radically rationalised and refocused on just one activity: education.

Today, Pearson is “the world’s learning company”, supplying courseware, assessment and related services to roughly 100m users across schools, universities and in professional learning environments worldwide. This focus on learning makes sense to us strategically in a world where people are generally working

longer and changing career more often. However, it is in the ongoing digitisation of education that we see the real long-term opportunity for Pearson.

Digital courseware can offer the learner a much more engaging and personalised experience whilst offering the teacher unprecedented access to learner performance data at both an individual and aggregate level. From Pearson's point of view, digital courseware is cheaper to supply and distribute and easier to update whilst the data generated by its market-leading user base should ensure the superiority of its products. At the same time, digital coursework reduces the amount of revenue shared with distributors and make Pearson's business less volatile and more predictable. Finally, high levels of second hand and rental activity in physical textbooks mean that Pearson currently significantly under-monetises the existing usage of its courseware. All this means that Pearson should be able with digital courseware to offer its existing users a far superior experience at a lower retail price whilst at the same time growing its own revenue and profit and moving toward a higher quality business model.

Digitisation also offers Pearson two further opportunities. First, by facilitating online delivery, it allows higher education courses to be offered at lower retail prices and on a part-time basis. That could unlock a step change in courseware demand at Pearson's current developed market customer institutions both domestically also on an export basis. In order to capture this volume opportunity, however, these institutions would need to establish and maintain an online presence. This gives Pearson a further opportunity as it can offer them access to the superior economies of scale of its own shared online service platform whilst itself building an incremental per student revenue stream that can be substantially larger than its current courseware opportunity.

In addition to these structural opportunities, Pearson should also have a counter-cyclical opportunity to grow profit from current levels. Historically, there has been a strong positive correlation between unemployment and higher education enrolments in Pearson's key US market. As US unemployment is currently at a 50 year low level, Pearson should at some point start to benefit from an enrolment growth tailwind.

Given these various opportunities for Pearson to grow profit, in addition to its leading market positions and superior balance sheet, we find its 2019 EV/EBIT multiple of c.10x very attractive. Pearson has been a weak performer in recent years but we can see past the current structural textbook and cyclical enrolment pressure to a much more attractive digital future.

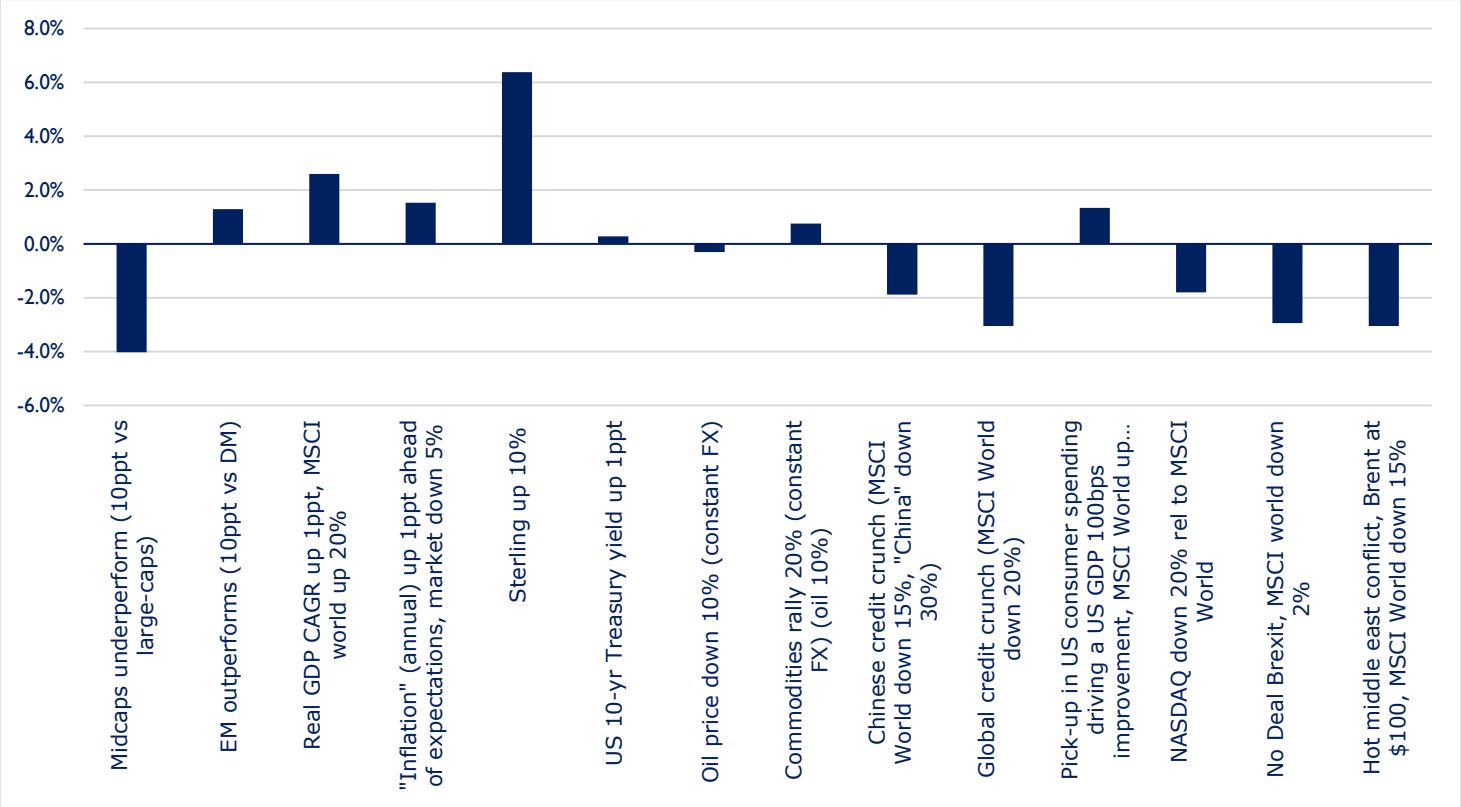
Valaris, the offshore oil driller, was our top detractor (-2.30%) on the long book as oil prices fell and it reduced guidance. We reduced our position but still believe the shares offer incredibly attractive risk return. Given the company has no secured debt, but should do, we believe it will have a balance sheet with 5 years of 'runway' to get a recovery in the day rates. With day rates recovering to mid cycle levels the shares would be on a c. 150% FCF yield to the equity. The company is the biggest potential near term winner from an Elizabeth Warren presidential victory that we can identify. Warren's stated intention to "ban fracking everywhere" would, even if only partially effected, increase greatly the demand for offshore oil exploration and production.

Fund positioning

The fund is currently overweight value as a style and geographically is overweight the UK and underweight the US; this is driven by looking for opportunities from the bottom up. Our factor risks can be seen in the chart below.

From an internal organisation perspective, Adrian Courtenay is going to launch his own fund at Odey but we will continue to communicate with him on ideas as before.

Exhibit 7: DEVM estimated factor return as at 15th October 2019



Note: Assumes no overall market beta; 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: Odey internal unaudited data.

—
James Hanbury

Odey Allegra Developed Markets

ODEY ASSET MANAGEMENT

Performance

	1-month	3-month	1-year	3-year	5-year	YTD	Since inception	CAGR since inc.
Fund	3.7	-0.1	-14.6	10.5	23.8	3.8	43.9	5.9
MSCI Daily TR Net World	2.1	0.5	1.8	33.9	41.5	17.6	69.4	8.7
Relative	1.6	-0.7	-16.4	-23.3	-17.6	-13.8	-25.5	-2.8

DISCRETE YEARLY PERFORMANCE

1-year to	30 Sep 15	30 Sep 16	29 Sep 17	28 Sep 18	30 Sep 19
Fund	8.7	3.1	20.5	7.4	-14.6
MSCI Daily TR Net World	-5.1	11.4	18.2	11.2	1.8
Relative	13.8	-8.2	2.3	-3.9	-16.4

MONTHLY PERFORMANCE SINCE INCEPTION

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Index YTD[2]
2019	11.7	-1.5	-0.1	1.5	-5.1	-1.8	-0.4	-3.3	3.7				3.8	17.6
2018	6.8	-4.1	-2.3	5.9	0.6	0.4	2.1	-3.2	0.6	-6.2	-0.5	-11.8	-12.5	-8.7
2017	1.5	3.2	2.4	5.3	3.8	-0.1	4.6	3.8	4.6	0.3	0.7	-0.1	34.4	22.4
2016	-11.1	4.3	5.8	-1.7	2.4	-3.1	5.2	0.8	-1.5	-8.3	0.5	-1.7	-9.4	7.5
2015	-2.2	6.0	-1.4	2.9	-1.5	-0.3	2.6	-5.9	-2.2	7.4	-0.9	-3.2	0.6	-0.9
2014	-3.5	5.3	-1.9	-3.1	3.7	-1.7	-2.3	2.0	-4.7	4.4	5.0	1.6	4.0	4.9
2013						-1.7	7.9	-2.0	8.5	4.0	2.9	3.1	24.4	15.2

Fund details[1]

$ I Class	143.88
$ R Class	130.93
£ I Class	181.12
£ R Class	154.20
€ I Class	165.95
€ R Class	88.73
Fund Size	$101 million
Strategy AUM	$290 million
Fund Inception	06 Jun 2013
Class Inception	06 Jun 2013
Fund Type	Irish Long Only UCITS
Comparators	Primary: MSCI Daily TR Net World USD
Base Currency	$

Live fund dashboard

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

View dashboard on odey.com >

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 USD 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

FUND MANAGERS

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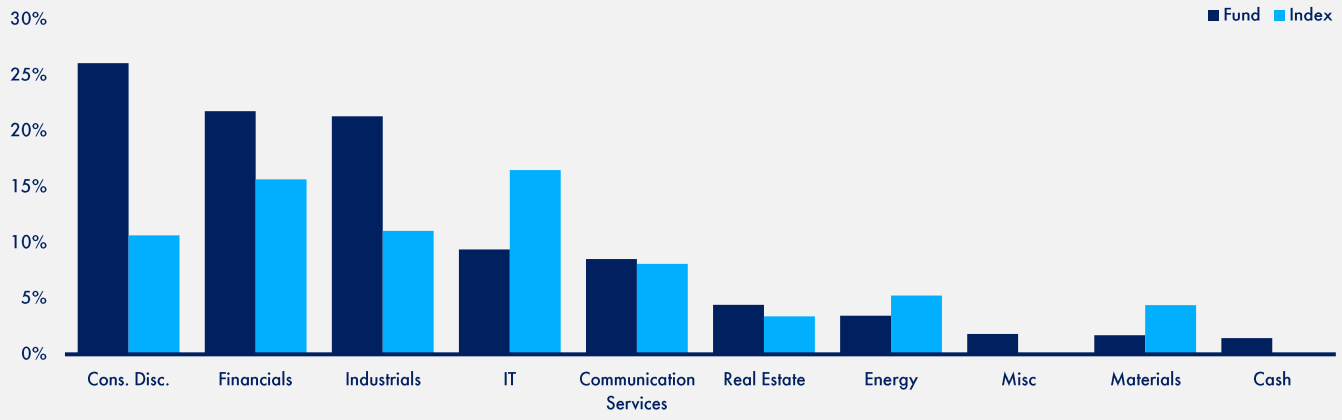
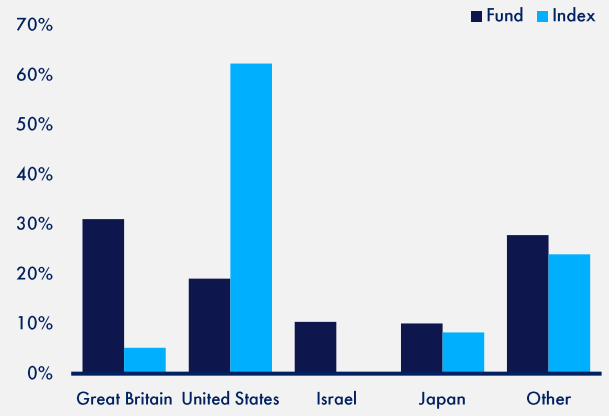
Note: Equity exposure includes all equity related instruments. Currency exposure relates to exposure of all assets held by the fund, including any forward currency positions. Past performance is net of fees and other charges and includes the reinvestment of dividends. Equity exposure as classified by GICS.
Source: All sources, unless otherwise stated, are Odey internal unaudited data and refer to the $ I share class. All data shown as at 30 September 2019. [1]RBC Investor Services and Bloomberg, calculation on a NAV basis with net income reinvested – the share class prices refer to NAV per share. [2]MSCI Daily TR Net World.

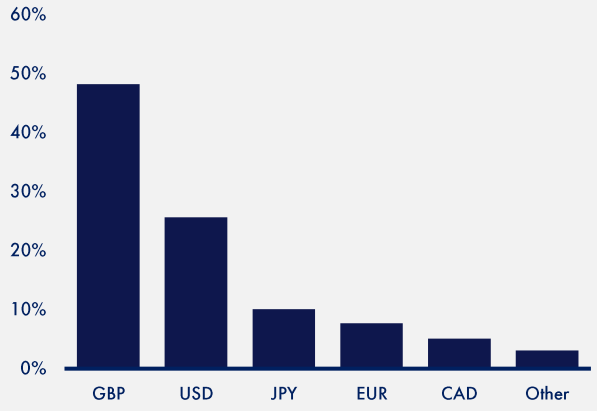
Equity exposure by sector



Equity exposure by geography



Currency exposure



Top ten equities as percentage of NAV

	Notional Exposure
Plus500	10.4%
ViaSat	8.3%
IWG	7.2%
SoftBank	6.0%
Stars Group	5.1%
Sports Direct	4.9%
Serco	4.9%
Playtech	4.9%
Ensco	3.5%
AO World	3.3%

Statistics

	1-year	3-year	5-year	Inception
Fund annual s.dev.	18.9	15.0	14.9	14.8
Index annual s.dev.	16.8	11.2	11.5	11.2
Alpha	-1.4	-0.5	-0.2	-0.2
Beta	0.9	1.0	1.0	1.1
Correlation	0.8	0.8	0.8	0.8
Sharpe Ratio	-0.9	0.2	0.3	0.4
Information Ratio	-1.4	-0.7	-0.3	-0.3
Tracking Error	11.8	9.9	9.2	8.8

Investment objective and policy

The Odey Allegra Developed Markets Fund ('The Fund') aims to achieve long-term capital appreciation through investing predominantly in equity and equity-related securities on a worldwide basis. The Fund may also invest up to 35% of its Net Asset Value in debt and debt-related securities.

APPROACH

The Fund is a concentrated global equity strategy harnessing 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 with a higher concentration in the top 10 positions.

RISK CONSIDERATIONS

The Fund has considerable latitude over its allocation; it may own sophisticated instruments such as futures and options for efficient portfolio management and investment purposes. 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 (£, €, $)	**Minimum investment**	R £5,000; I £1,000,000 (or equivalent in €/$)
Share class hedging	Non-base currency share classes are unhedged	**Dividends**	Income potentially distributed on GBP I & R
Trade date (T)	Daily	**Administrator**	RBC Investor Services Ireland Ltd
Dealing	By 12pm T-1	**Auditor**	Deloitte & Touche, Ireland
Valuation	Close of business T-1	**Depositary**	RBC Investor Services Bank, Ireland
Front end fee	Up to 5%	**Price reporting**	Prices published daily on www.odey.com, Bloomberg and by other third party data providers.
Annual management fee	($R. € R, £R) 1.20% ($I. €I, £I) 0.70%	**ISIN**	$I: IE00BB0RGZ49, €I: IE00BB0RGR64, £I IE00BB0RGW18, $R: IE00BB0RH062, €R: IE00BB0RGT88, £R: IE00BB0RGX25
Performance fee	20% of the relative outperformance of the benchmark, the MSCI Daily TR Net World index. Fees crystallise annually, and on redemption. Relative underperformance is carried forward.	**SEDOL**	$I: BB0RGZ4, €I: BB0RGR6, £I: BB0RGWI8 $R: BB0RH06, €R: BB0RG T8, £R: BB0RGX2
Anti-dilution fee	May apply to subs/reds if net subs/reds >0.5% of NAV		

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: Odey Allegra Developed Markets 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.