

Brook Developed Markets Fund

BROOK
ASSET MANAGEMENT

Portfolio Manager Report

Introduction

The Brook Developed Markets Fund had a good first quarter of 2023 delivering +10.78% net of fees, compared to the MSCI Daily TR Net World Index return of +7.73%. We initially saw strong cyclical optimism linked to China reopening, better economic data and inflation prints. During March though the market suffered memories of the Great Financial Crisis as the banking system had well publicised issues which created a risk off environment.

Macro

We wished we had read our last quarterly newsletter a bit more closely as short term inflation expectations did continue to fall quite dramatically which helped longer duration assets in the quarter. Many of the forces driving down inflation are in the transitory camp though and we believe there are still some heavily embedded factors that can keep core inflation elevated for longer than expected. Firstly, the labour market is very tight, US unemployment fell to 3.4% in the quarter, a 53 year record low. It feels awkward to consider we are supposedly very close to peak rates when labour markets are still so strong. It remains our belief that corporate margins take more of a hit this cycle relative to employment markets. Secondly, we continue to see many examples on the supply side where reduced capacity in more capital intensive sectors (many of which we own) is leading to larger than normal pricing power. One of the factors that tempers our inflationary stance and can't be ignored is what is happening to money supply. History never repeats itself exactly and the 1970's seems like an obvious comparison yet the US money supply journey is very different now to what it was then, as seen in the chart below.

Exhibit 1: US M2 money supply YoY % Change, 1970s vs 2020s. Year 1 = 1970 or 2020



Source: Federal Reserve, Bloomberg.

Performance

-0.7% Monthly performance
10.8% Year-to-date performance
12.0% CAGR since inception

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

Fund details¹

\$ I Class	230.74
\$ R Class	210.95
£ I Class	292.19
£ R Class	244.24
£ LI Class	89.08
€ I Class	268.02
€ R Class	142.69
Fund Size	\$219 million
Strategy AUM	\$470 million
Fund Inception	06 Jun 2013
Class Inception	06 Jun 2013
Fund Type	Irish Long Only UCITS

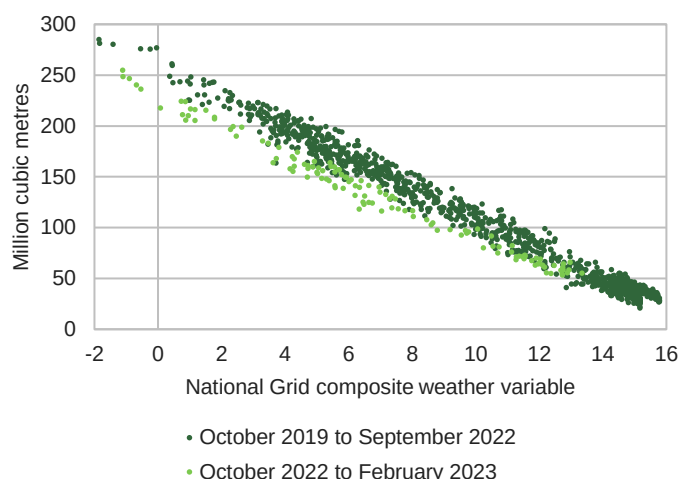
Portfolio Managers

James Hanbury
Jamie Grimston

For full bios visit brookam.com

In the space of the last 6–9 months there seems to have been a complete role reversal in terms of the economic outlooks for the two largest developed economies, Europe and the US. In the summer of last year Europe had an energy crisis, a forecast recession and record low consumer confidence. Over the last few quarters that position has improved dramatically. Companies and consumers became much more energy efficient and in combination with a mild winter, this has resulted in European gas prices being down over 80% since the peak in August. The benefits of lower energy costs results in more spending power for the consumers and greater fiscal headroom for governments. Berenberg, using data from the National Grid, found that during the energy crisis the UK consumed 15% less gas on average when adjusted for weather than prior years.

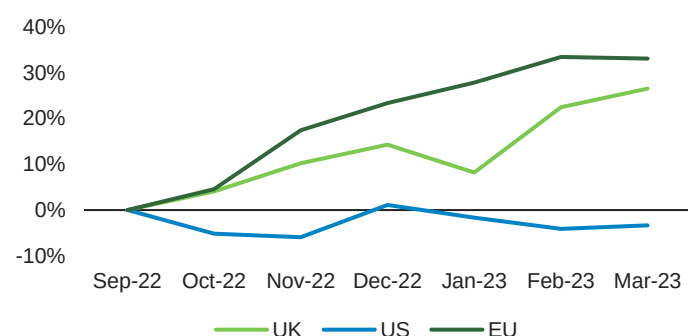
Exhibit 2: UK daily gas consumption vs weather conditions, October 2019 – February 2023



Source: BEIS, National Grid.

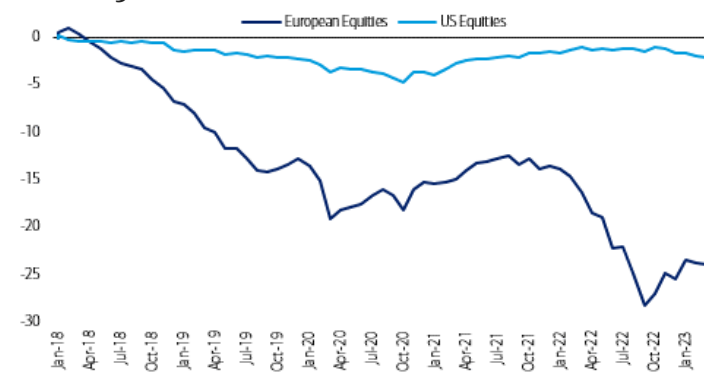
Europe avoided a recession and economic indicators have picked up dramatically. The European consumer still has unspent COVID savings sitting on its balance sheet and has a high saving ratio. As China opens post lock down, Europe is well positioned to benefit. The US on the other hand has seen the consumer saving ratio dip to a multi decade low reflective of COVID savings being spent. The US government has far less fiscal headroom and we feel the market is too relaxed about the debt ceiling. Meanwhile, and unusually, US banking regulation currently looks to be inferior relative to its European counterpart. This different macro set up is not consistent with the valuation differences in the two relative markets and could well facilitate a reversal in the relative negative flows that European funds have had versus the US over the past few years.

Exhibit 3: US, EU and UK consumer confidence change from September 2022 to March 2023 (%)



Source: Conference Board, GfK, European Commission, Bloomberg.

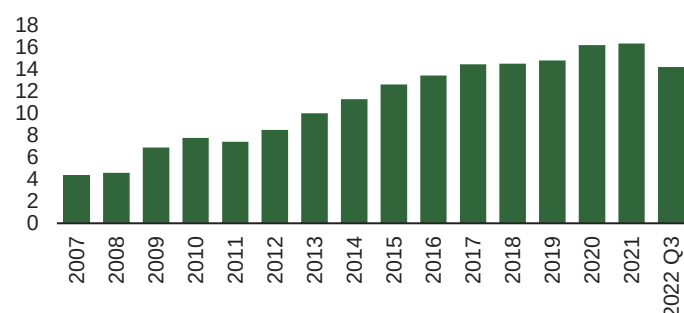
Exhibit 4: US and EU cumulative equity fund flows as % of AUM 2018–2023



Source: BofA European Equity Quant Strategy, EPFR Global.

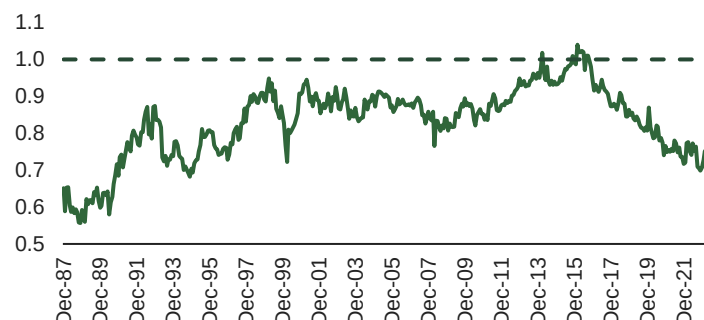
Within Europe the UK continues to be our favoured exposure. The chart below shows how well capitalised the UK banking system is in absolute terms and relative to the Great Financial Crisis. UK banks would maintain a Basel ratio above 12% in a stress test that assumes a 33% fall in UK house prices, a 41% fall in commercial real estate, unemployment doubling and interest rates rising by 400bps. In fact, UK banks could take loan losses of the same amount as the GFC and still end up with capital ratios above where they started in 2008. We believe the UK continues to offer good relative and absolute value with a P/E multiple trading at a multi-decade relative low compared to global markets. One of the phenomena we have seen in the last quarter is that several UK companies with international operations have announced a re-listing to the US, producing an immediate positive impact on share prices, partially closing the discount. We own several UK listed companies where UK revenues are a minority, that trade at a discount and have the desire to re-list in the US (IWG, Plus500 and ONT are three obvious examples).

Exhibit 5: Aggregate Common Equity Tier 1 (“CET 1”) capital ratios of major UK banks, 2007 – Q3 2022 (%)



Source: Berenberg, BofE Financial Stability Report.

Exhibit 6: UK 12-month forward P/E relative to the global index (ex-UK)



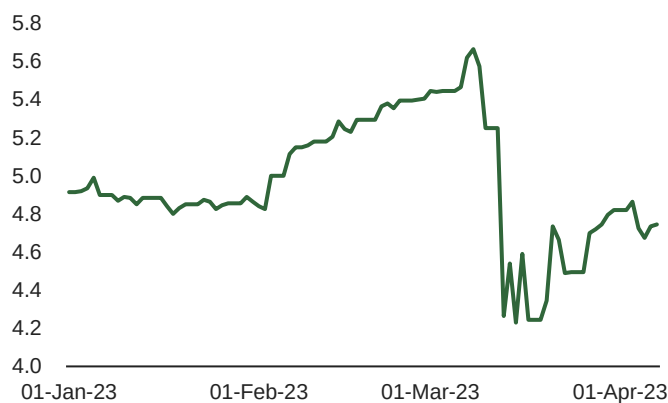
Source: Berenberg.

The March banking 'crisis' was in our view a different story on either side of the Atlantic. The problems experienced by regional banks in the US, started by the failure of Silicon Valley Bank, were a systemic issue and highlighted that many of these institutions were too large to only have light touch regulation. In Europe we feel that Credit Suisse was more idiosyncratic and is not representative of a generally much lower risk and well-regulated banking sector. In general, there are important structural differences between European banks and US regional banks in terms of the upfront capital recognition of unrealized losses on bonds; the size of the money market funds industry, which is much smaller in Europe than in the US; the fact that it is more difficult for money markets funds in Europe to drain deposits off the banking system because, unlike in the US, they cannot utilise reverse repos; the pace of quantitative tightening; and the matching of duration of assets and liabilities.

The regional US banks will undoubtedly have to tighten up their lending standards and offer higher deposit rates, this will have the effect of tightening financial conditions. At a top down level this should be offset by the fact that peak rates expectations have fallen nearly 100bp since the beginning of March. At a more granular level we expect private equity and commercial real estate to suffer as regional banks were disproportionate funders of these sectors and the crisis has shut leveraged lending primary markets for the time being.

We believe events of Q1-23 will act as a further stress test of the balance sheet resilience of European banks and the robustness of the regulatory model. This will, in time, we believe lead to re-rating of the European banking sector.

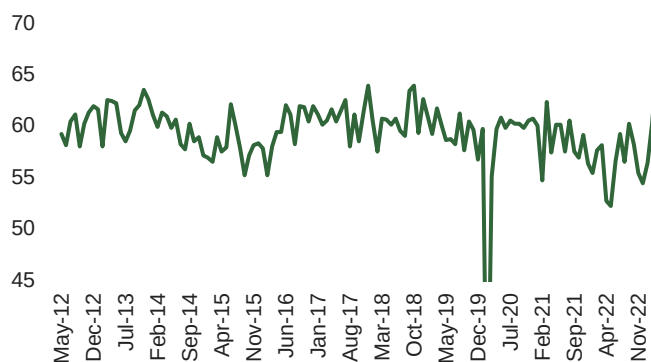
Exhibit 7: Yield to Maturity (%) of the August 2023 Federal funds future (30 Day), 1st Jan – 7th April 2023



Source: Chicago Board of Trade, Bloomberg.

Elsewhere, in our view the recovery of the Chinese economy from the COVID lock downs looks genuine with regards to the high frequency and broader macro data. The latest print of China's construction PMI saw it reach a record high. Although this recovery will probably be less commodity intensive relative to previous upcycles it will still add inflationary pressure to a world economy where there are already many areas of limited spare capacity.

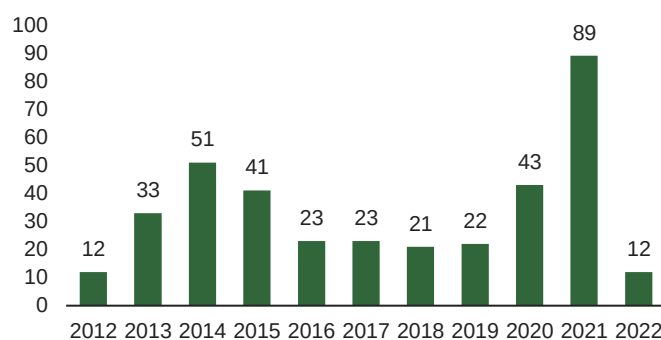
Exhibit 8: China Construction Business Activities PMI, May 2012 – March 2023



Source: China Federation of Logistics and Purchasing, Bloomberg.

We observe that when private market valuations are falling there is a lag for the valuers to arrive at a fair market price. With debt and covenants to consider, investors to keep happy and with the owners of the assets being important clients of the independent valuers, there is no obvious incentive to mark down values quicker than needed. This overvaluation of private assets is part of the reason that private equity exits have dried up so much recently as the bid ask spread is too wide.

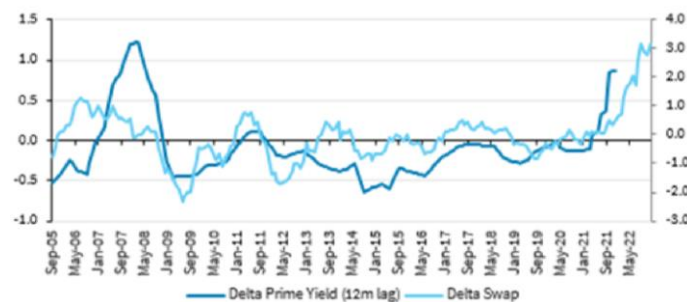
Exhibit 9: US private equity exits via IPO, 2012–2022 (\$bns)



Source: JP Morgan, Pitchbook.

In the commercial property world prices are generally tethered to the 5 year swap rate with a spread. When we look at the CBRE prime office monthly valuations versus the 5 year swap rate we get the highest correlation when we lag the prices by 12 months, shown in the chart below.

Exhibit 10: CBRE European Prime Office Yield YoY Change lagged 12 months (LHS), vs 5yr Euro Swap Rates (RHS)

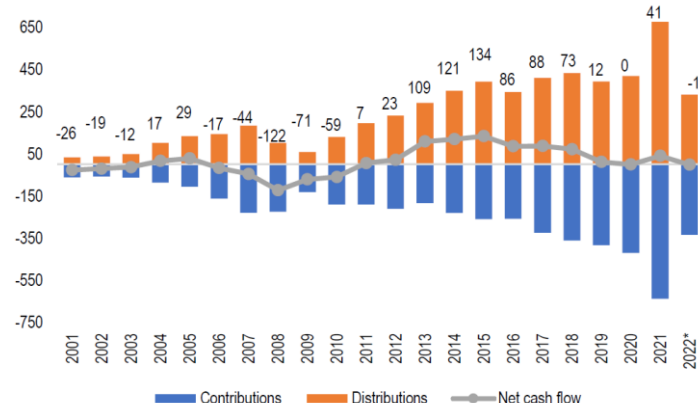


Source: CBRE, Bloomberg, Barclays Research; Note: Delta Prime Yield on left axis, Delta Swap on Right Axis.

This chart would also suggest that property prices have further to fall to catch up with where market rates are (note the axes are on different scales).

In the UK for example the 5 year swap rate rose by c.300bp in 2022 and yet listed commercial real estate companies with exposure to the UK shifted their implied yields by a fraction of this over the year. In Private equity the system is very circular, exits are required to return cash to limited partners and they then invest in another fund vintage. With private equity funds being unable to sell assets at their marked price at present, it means that limited partners are now seeing net cash calls for the first time since 2010 which we expect will slow down new fund raises.

Exhibit 11: Aggregate Limited Partner cash flows 2001– 2022 (\$bn)

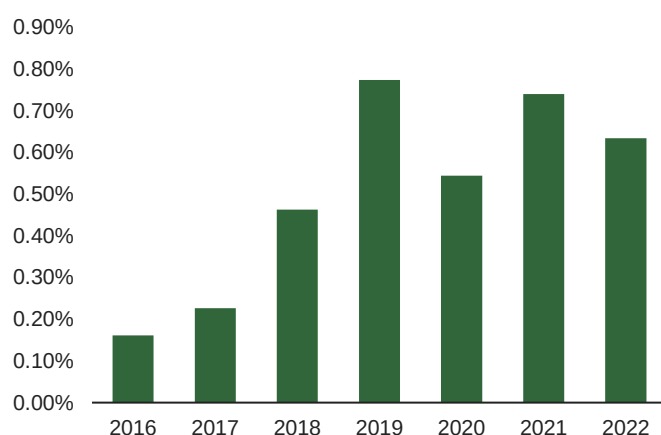


Note: *As at 30-Jun-22

Source: JP Morgan, Pitchbook.

The additional problem that private equity currently has is that time is not on their side, as the hurdle rate for which they charge their performance fees (carry) typically compounds at c. 8% per annum. Given that European private equity firms accrue for performance fees before they have been locked in, this means that revenues are lower quality. Partners Group, for example, has close to record level of performance fees accrued on its balance sheet. Given where we are in the cycle, we believe this comes with a heightened risk that they are not achieved and they could even have to record 'negative revenues'.

Exhibit 12: Partners Group accrued revenues as a % of AUM



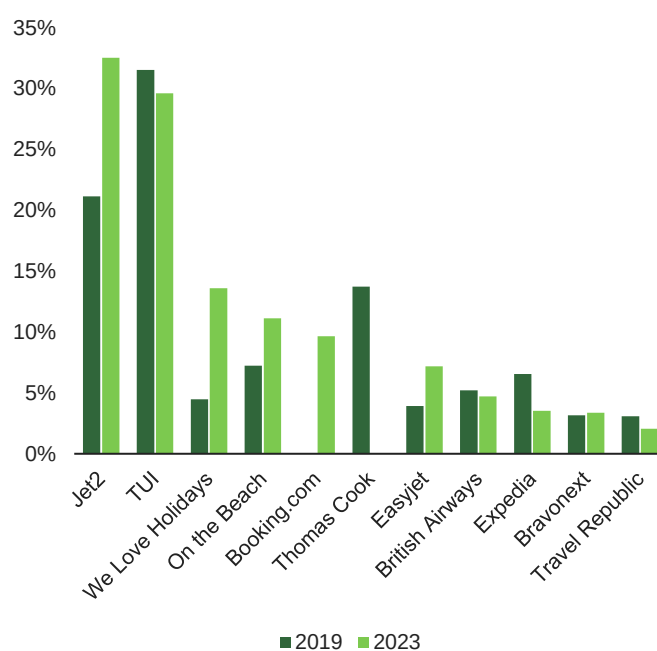
Source: Company filings, Brook Research.

Performance and position review

Overall the fund generated a positive return of +10.78% in the quarter. 90% of the positive performance of the MSCI Daily TR Net World Index came from the 7 largest Nasdaq stocks and that the fund didn't own any of them. This was also in the context of being overweight the oil and gas sector, with Brent down -7.1% and European gas prices down -37.3% and being overweight the banking sector which suffered a loss of faith from investors in March.

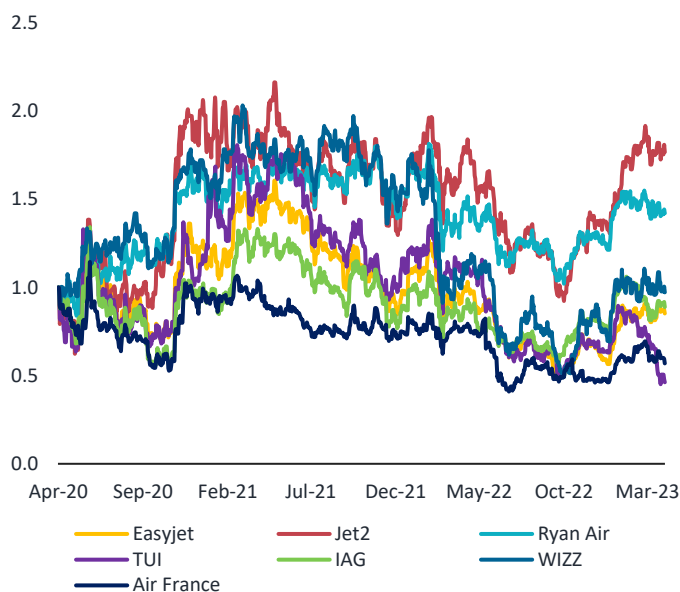
Our strongest sector performance came from our airline positions **Jet2** (+2.55%), **Easyjet** (+0.99%) and **Ryanair** (+0.76%), who all upgraded their profit forecasts during the period. In line with what we have been discussing for a few quarters the airlines are seeing the benefit of capacity coming out and demand returning strongly. Summer pricing for 2023 looks set to be up 10-15% for the short-haul carriers in Europe and while airline investments have not been an easy ride over the past few years it has helped that our largest holding, Jet2, has been the best performing stock in the sector. The operating momentum at Jet2 is strong and it has arguably overinvested in staff this year to ensure continued good customer service and brand strength. During the quarter Jet2 became the market leading ATOL holder – the license required to sell a package holiday. We see Jet2 and Ryanair as structural market share winners. Jet2 trades on 4x EV/EBIT for March 2024 only giving credit for half of the customer cash.

Exhibit 13: Share of top 10 ATOL licenses in 2019 and 2023



Source: ATOL, Civil Aviation Authority, Brook Research.

Exhibit 14: Selected airline share price performance April 2020 – April 2023 (all rebased to 1 as at 12th April 2020)



Source: Bloomberg.

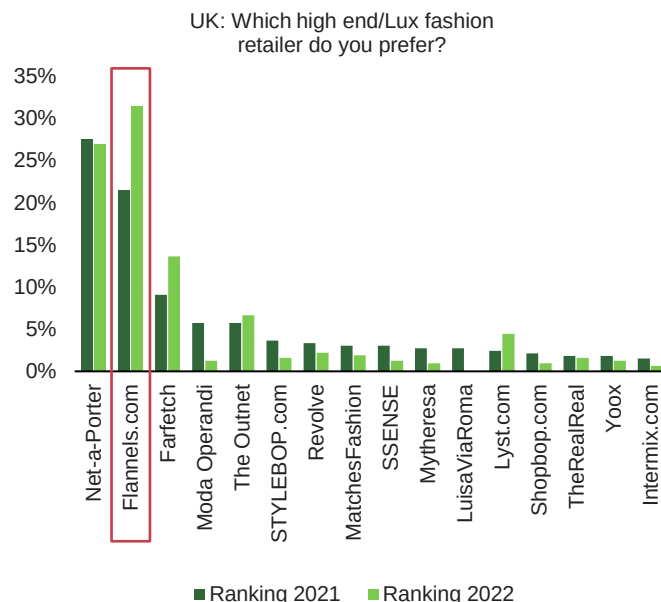
AO World generated positive performance of +1.54% as it upgraded profit guidance twice during the quarter. What is noticeable to us is that if one just takes the exit EBIT margin from this year (March 2023) and extrapolates it for next year (we believe it will actually be higher) then operating profits for March 2024 should be more than 60% ahead of consensus.

BT generated +0.97% of positive performance in Q1-23 as there continued to be good news on alternative network providers cutting costs or slowing their growth ambitions on the back of the higher cost of capital and the inflationary cost environment.

Conduit, our main exposure in the reinsurance space, generated +0.39% of positive performance as there continued to be good evidence of a hardening cycle. This should set Conduit up well to generate high teens ROE in the medium term. The shares currently trade just above book value which, in our view, makes the company look vulnerable as a takeover target.

JD Sport generated +0.15% as the shares re-rated after positive trading and a well-received capital market day. We sold the shares in the quarter as they had doubled in just over three months, close to the period over which we had owned them. **Frasers Group** (+0.97%) which is a much larger holding for us has lagged materially in relative performance over the quarter for no obvious reason. We completed a proprietary survey on Flannels, the luxury fashion division of Frasers, at the end of the quarter and the results were extremely encouraging. Having the comparable results to the same survey we did in 2021 made it even more valuable. We will go through the survey in more detail on our call but the question which we believe shows the highest propensity for future purchases is 'which do you prefer the most' and as seen in the chart below Flannels UK has now moved above Net-a-Porter into the number 1 spot. Our conviction on the value offered in Frasers shares appears to be shared by the company and the largest shareholder. The company announced a new share buyback in the quarter of c.8% of the free float in just over two months and Mike Ashley purchased £8m of shares in the open market.

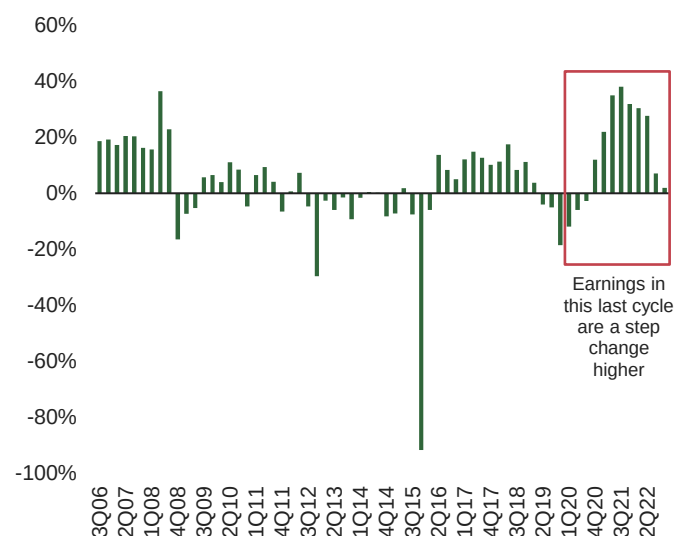
Exhibit 15: proprietary UK luxury consumer survey



Source: Brook Research.

Arcelor Mittal contributed +0.61% in Q1-23 as European cyclicals rallied on an improved outlook. Of more interest to us though were comments made by management at the full year results that they felt they had seen the trough of the latest steel cycle in Q4-22. For the past few years there has been reduced capacity in the sector, a more constructive approach from China, structural cost saving from the company, higher barriers to entry with green steel investments and European carbon border taxes to come. Although we have high conviction it takes time for a cyclical sector such as steel to prove to the market it is in a structurally better place. History shows that most cycles result in Arcelor going heavily loss making at the trough but the last cycle would imply that the average return on equity has moved higher and that trough earnings can be profitable. We can see how the average ROE for Arcelor could be c.20% going forward; this makes the shares look extremely cheap as they are trading at 50% of book value with low levels of debt.

Exhibit 16: Arcelor Mittal return on equity – quarterly annualised ROE



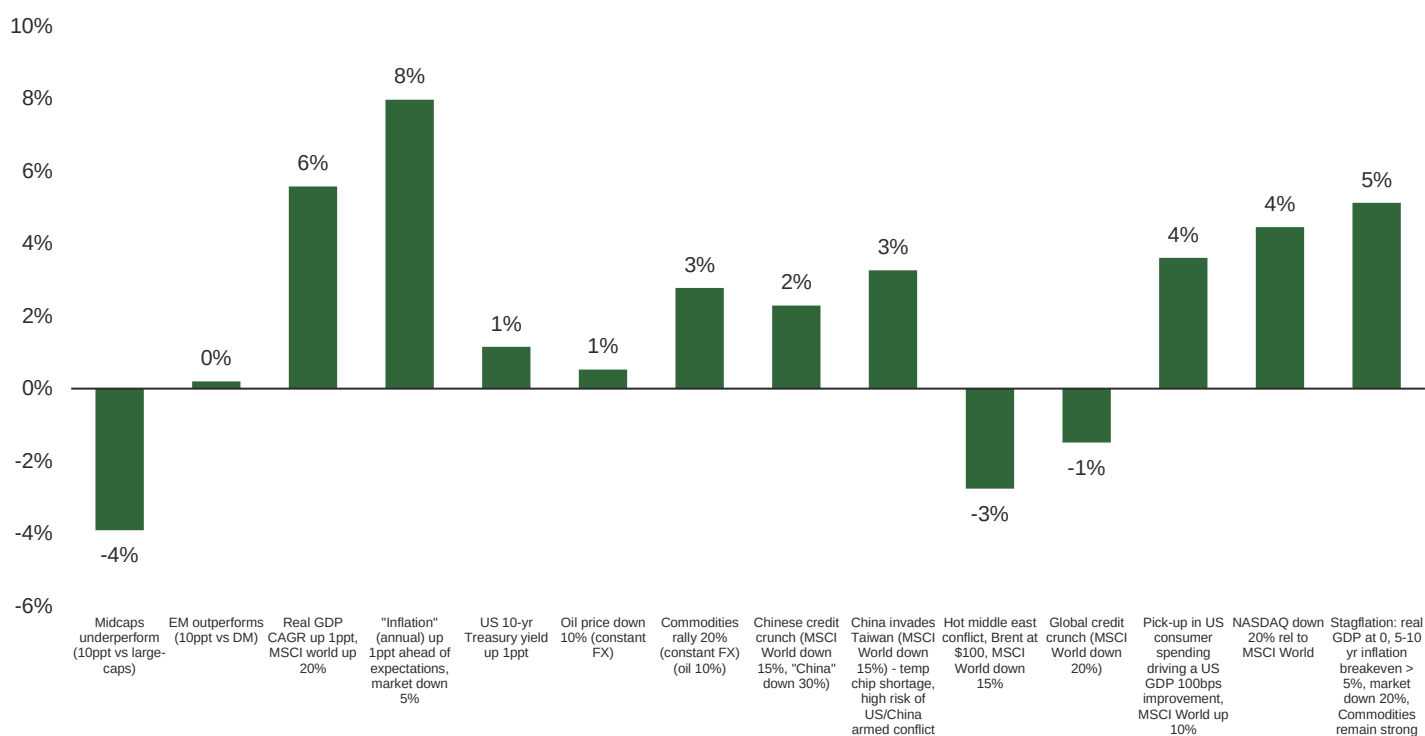
Source: Exane.

Our banking positions (-0.12%) were close to flat overall which was a reflection of our decision to have all our exposure in Europe. The US banking index on the other hand was down nearly 20% in Q1-23. As alluded to above we feel there is a good chance that this wobble will benefit the rating of the sector and our positions. We thus added to our banking exposure on weakness and also bought some AT1 debt after the Credit Suisse announcement.

Alibaba (+0.33%) performed well as the company announced it would be splitting up the business to help value to be recognised. Alibaba is also currently conducting a buyback which would reduce its share count by c.15%.

Glencore was our worst contributor, costing the fund -0.45%, the shares came off with cyclical concerns at the end of the quarter and also with the falling coal price. We added more as the Free Cash Flow yield is now in the mid to high teens when using spot prices and we now feel there is asymmetrical upside risk to the coal price. **Plus500** (-0.29%) was also a poor contributor as rivals put out poor trading updates, however we firmly believe 2023 will be another year where Plus500 can differentiate itself from the competition and we added to the position.

Exhibit 17: Factor risks



Note: Assumes current currency hedging; The information above is an estimation of the expected relative 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 7-Apr-23.

James Hanbury & Jamie Grimston

Overall fund positioning

Driven by bottom up stock picking we continue to have a strong value bias in the fund; the median PE of the fund's holdings is <10x and the Median EV/Sales is less than 0.8x. Our factor exposures can be seen in exhibit 17 below.

Conclusion

Overall it was a good quarter for the fund, particularly as it navigated a potentially tricky period. Although the market is pricing close to peak rates we believe that there is a good chance that core inflation will be above target for a while. Our positions are performing well operationally, and we find the valuations very compelling. We look forward to updating you at the end of the next quarter and as ever thank you for your support.

Brook Developed Markets Fund

BROOK

ASSET MANAGEMENT

Performance (USD)

	1-month	3-month	1-year	3-year	5-year	YTD inception	Since inception	CAGR since inc.
Fund	-0.7	10.8	-3.6	102.8	45.5	10.8	130.7	8.9
MSCI Daily TR Net World	3.1	7.7	-7.0	57.7	47.1	7.7	128.9	8.8
Relative	-3.8	3.1	3.4	45.1	-1.6	3.1	1.8	0.1

DISCRETE YEARLY PERFORMANCE

	1-year to	29 Mar 19	31 Mar 20	31 Mar 21	31 Mar 22	31 Mar 23
Fund		-3.9	-25.3	134.4	-10.3	-3.6
MSCI Daily TR Net World		4.1	-10.4	54.0	10.1	-7.0
Relative		-8.0	-14.9	80.4	-20.4	3.4

MONTHLY PERFORMANCE SINCE INCEPTION

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Index YTD ²
2023	12.7	-1.0	-0.7										10.8	7.7
2022	-0.6	-10.6	-3.6	-4.3	4.4	-16.8	6.0	-6.9	-13.6	10.6	14.8	-3.3	-25.5	-18.1
2021	-4.6	11.1	0.7	4.4	4.4	-6.2	0.4	1.7	1.2	0.1	-9.6	9.6	11.7	21.8
2020	-4.3	-10.5	-25.0	20.3	12.6	3.0	0.2	18.0	-5.1	6.7	22.4	7.3	41.1	15.9
2019	11.7	-1.5	-0.1	1.5	-5.1	-1.8	-0.4	-3.3	3.7	7.2	3.9	10.6	27.9	27.7
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	-11.0	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	-5.8	-2.1	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 details¹

\$ I Class	230.74
\$ R Class	210.95
£ I Class	292.19
£ R Class	244.24
£ LI Class	89.08
€ I Class	268.02
€ R Class	142.69
Fund Size	\$219 million
Strategy AUM	\$470 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	\$

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 USD 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
 For full bios visit brookam.com

ENQUIRIES

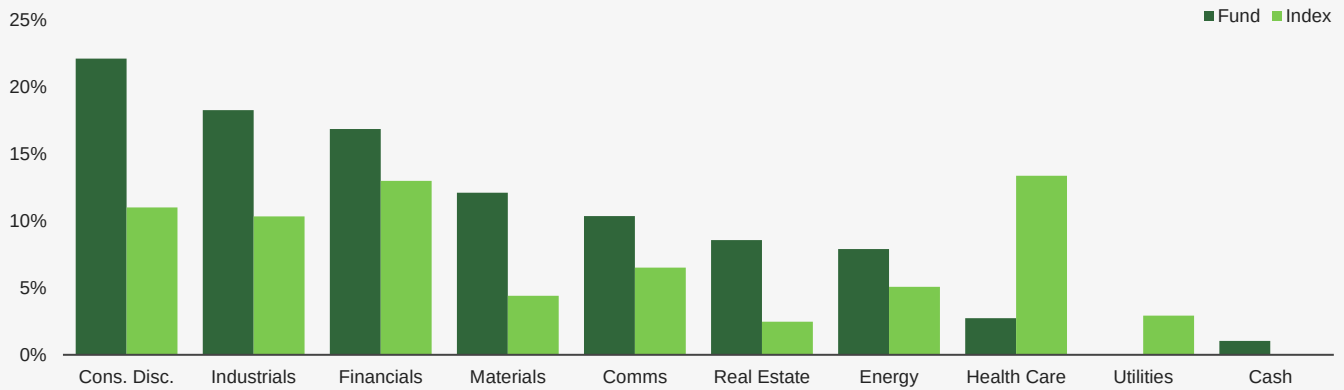
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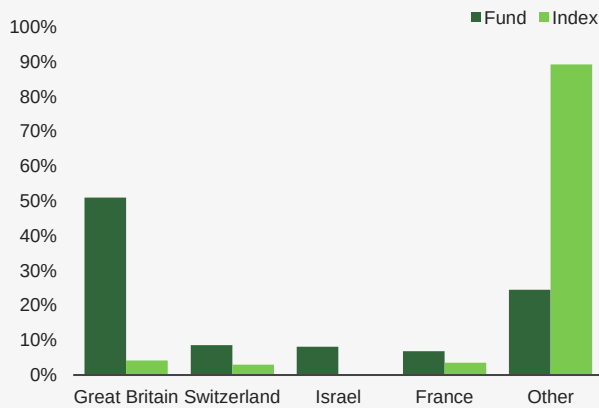
Note: Equity exposure includes all equity related instruments. Currency exposure relates to exposure of all assets held by the fund, including any forward currency positions. Past performance is net of fees and other charges and includes the reinvestment of dividends. Equity exposure as classified by GICS. The fund was renamed effective 8 February 2021 from Odey Allegra Developed Markets Fund to Brook Developed Markets Fund. The fund was renamed effective 8 February 2021 from Odey Allegra Developed Markets Fund to Brook Developed Markets Fund. Effective 28 January 2022 the Brook Developed Markets Fund, a Sub-Fund of Odey Investment Funds Plc, merged into Brook Developed Markets Fund a Sub-Fund of Odey Investments Plc. All performance in USD.

Source: All sources, unless otherwise stated, are Brook internal unaudited data and refer to the \$ I share class. All data shown as at 31 March 2023. ¹U.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. ²MSCI Daily TR Net World.

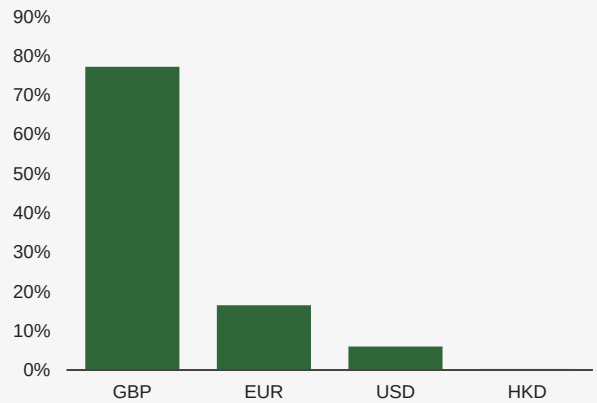
Equity exposure by sector



Equity exposure by geography



Currency exposure



Top ten equities as percentage of NAV

	Notional Exposure
Frasers Group	8.9%
IWG	8.6%
Plus500	8.2%
JET2	7.6%
AO World	6.1%
BT	4.5%
Glencore	4.2%
ArcelorMittal	4.0%
Ryanair	3.5%
Vivendi	3.4%

Statistics

	1-year	3-year	5-year	Inception
Fund annual s.dev.	33.1	31.4	29.9	23.5
Index annual s.dev.	22.2	18.4	18.0	14.7
Correlation	0.9	0.8	0.8	0.8
Sharpe Ratio	-0.1	0.9	0.3	0.4
Information Ratio	0.2	0.5	0.0	0.0

Investment objective and policy

The Brook 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 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 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 (£, €, \$), LI (£, €, \$)	Minimum investment	R £5,000; I £1,000,000, LI £100,000,000 (or equivalent in €/£)
Share class hedging	Non-base currency share classes are unhedged	Dividends	Income potentially distributed on GBP I, R, LI; EUR LI; USD LI
Trade date (T)	Daily	Administrator	U.S. Bank Global Fund Services (Ireland) Limited
Dealing	By 2pm T-1	Auditor	Deloitte & Touche, Ireland
Valuation	Close of business T-1	Depository	J.P. Morgan Bank (Ireland) Plc.
Front end fee	Up to 5%	Price reporting	Prices published daily on brookam.com, Bloomberg and by other third party data providers.
Annual management fee	(\$R, €R, £R) 1.20% (\$I, €I, £I) 0.70% (\$LI, €LI, £LI) 1.00%	ISIN	\$I: IE0000L9CVF8, €I: IE0008B67KL6, £I IE000QZFOHT6, \$R: IE0003XZMX97, €R: IE00040AEQV0, £R: IE0006EP7X69, \$LI: IE000WPTQHL8, €LI: IE000JAUOKV0, £LI: IE000F5XHN28
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. No performance fee on LI share classes.	SEDOL	\$I: BM90BJ0, €I: BM909X0, £I: BM90B90, \$R: BM90BK1, €R: BM909W9, £R: BM90BF6, \$LI: BM90BL2, €LI: BM90BG7, £LI: BM909Y1
Anti-dilution fee	May apply to subs/reds if net subs/reds 5% of NAV		

Important information

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Glossary of terms

Please refer to the relevant fund 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 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 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 assets 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.