

Brook Developed Markets Fund

BROOK
ASSET MANAGEMENT

Portfolio Manager Report

Introduction

Markets had another strong year in 2021 with the MSCI World USD (Total Return) index up +21.82% as fiscal and monetary stimulus outweighed the dominant macro challenges of supply chain disruption, inflation and COVID. The Fund was -0.82% in Q4-21 and had a disappointing year returning +11.75% overall as it underperformed the market by 10%. The fund's top six long positions delivered a material negative return in aggregate. Statistically – based on what is now a reasonably significant data set – there is much evidence to demonstrate that our larger long positions are where our 'edge' is greatest. We typically have a good track record in sizing positions and recycling capital efficiently into names where we believe the forward-looking opportunity is greatest. The fact that our top six long positions performed poorly in 2021 and that we used this weakness to add to these positions is a source of material excitement to us looking ahead to 2022. Suffice to say, we are continuously learning from mistakes and seeking to improve our process and 2021 was an important year in this regard. We move into 2022 feeling the franchise's process, energy and focus is in its strongest position yet. Furthermore, having just come off the Odey Executive Committee, I welcome the extra time it will give me to focus on the funds.

Macro

Generally, equity market returns were very strong in 2021, driven by easy financial conditions, record low real rates and strong nominal GDP growth amongst other things. Although stock picking is the primary driver of our portfolio construction, our macro view for last year of inflation and nominal GDP growth coming in above expectations broadly played out. Where we were too optimistic was on the normalisation of consumer activity post COVID. Global nominal GDP growth in 2021 was c.10% given the bounce-back from the trough of COVID and high inflation levels.

Exhibit 1: Goldman Sachs US Financial Conditions Index, 1990 – Jan 2022



Source: Goldman Sachs, Bloomberg.

Performance

-0.8% Quarterly performance

11.8% Year-to-date performance

12.7% CAGR since inception

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

Fund details¹

\$ I Class	279.47
\$ R Class	257.07
£ I Class	323.06
£ R Class	271.70
£ LI Class	98.85
€ I Class	310.15
€ R Class	166.14
Fund Size	\$215 million
Strategy AUM	\$506 million
Fund Inception	06 Jun 2013
Class Inception	06 Jun 2013
Fund Type	Irish Long Only UCITS

Portfolio Managers

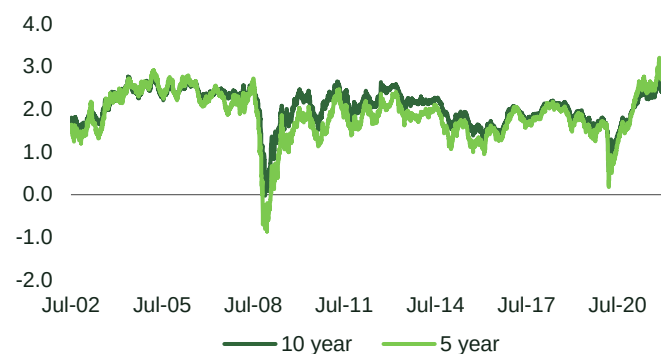
James Hanbury

Jamie Grimston

For full bios visit brookam.com

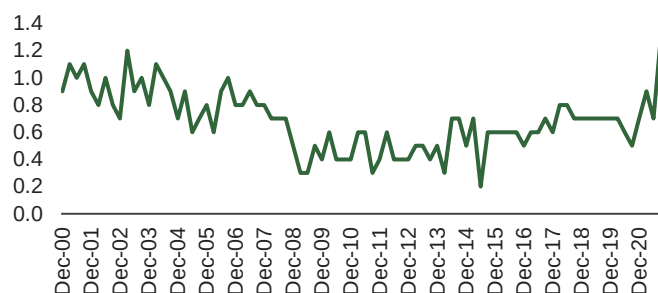
Company revenues are reported in nominal terms yet sadly so are costs and this has created issues across many sectors. Higher than expected inflation is an area we have been flagging for several quarters and this helped add to our bottom-up conviction on banking and commodity related positions which were positive contributors in 2021. Our view on inflation has not changed and we feel it is more embedded than the market is pricing-in. Inflation expectations and wage inflation are key to how transitory or not inflation is, and both climbed steadily in 2021.

Exhibit 2: US 5- and 10-year inflation breakeven rates, 2002 – Jan 2022



Source: Bloomberg.

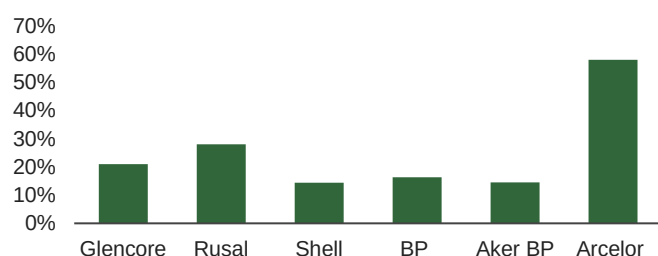
Exhibit 3: US employment cost index Dec 2000 – September 2021, quarterly % change, seasonally adjusted



Source: Bloomberg, BLS.

A lot of our conviction on inflation comes from talking to companies about their expectations for price and wage increases and the lack of investment in key capital-intensive business. At the risk of sounding like broken records we find there to be an extraordinary paradox in the market where most people are worried about inflation yet the equities that offer the best protection are the cheapest. We continue to be holders of high-quality commodity companies which are on cash flow multiples of 1.7x-7x and have a high percentage of that cashflow being returned back to shareholders.

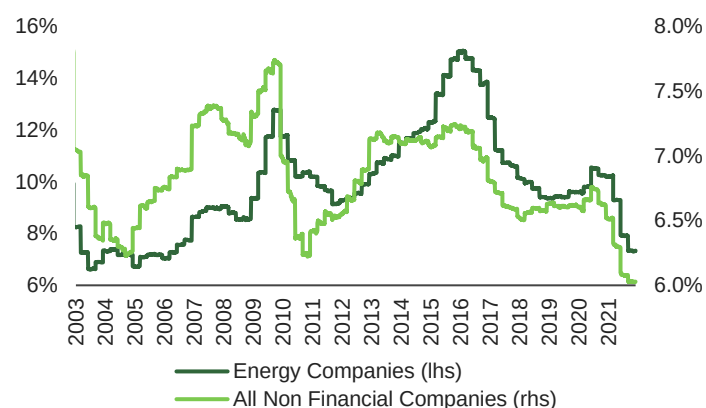
Exhibit 4: Estimated 2022 FCF yields for Glencore, Rusal, Shell, BP, AkerBP and ArcelorMittal.



Source: JP Morgan, Goldman Sachs, Brook Research.

Our base case is that we have a period where blue collar (and IT) wage inflation runs ahead of CPI (an important rebalancing) and the onus will be on firms to grow sales fast enough (pricing power or market share gains) to leverage costs or show productivity gains to offset cost increases. It is our belief that most firms will fail at this challenge and it would not surprise us to see overall margins falling in the medium term. Higher wage inflation will force firms to invest more in productivity gains and this should generate a multi-year pick-up in investment spending from the low levels we are seeing today. Investment spending is a volatile part of GDP growth but an important one and it helps give us a more bullish view on GDP growth than consensus going forward.

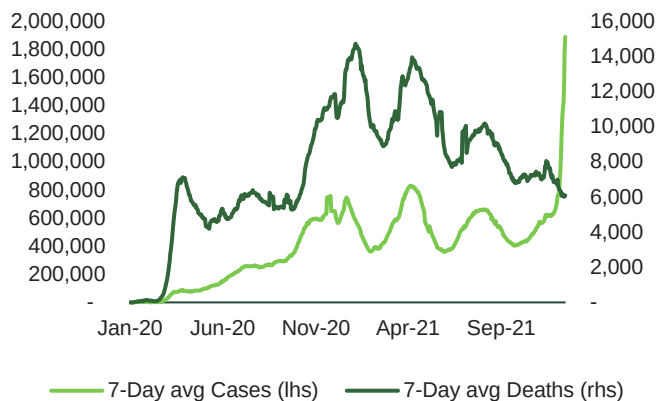
Exhibit 5: Developed market companies' capex/sales



Sources: Exane, DataStream, Worldscope.

COVID – It is fair to say that we have been too optimistic about how long it would take for things to normalise in 2021 and have been overweight companies considered to be in the 'reopening basket' driven primarily by stock fundamentals. Fortunately, we have been protected to a certain extent by owning what we believe are the highest quality companies in the 'reopening' space, where they do well if restrictions are lifted but their relative positives will only strengthen with any backward COVID steps. There is so much daily noise on the coronavirus it is easy to miss the point about how much progress has been made, as we stand at the beginning of January daily cases are hitting an all-time high and yet daily deaths are hitting a 14-month low. As Omicron sweeps across the globe like wildfire it is expected that 40% of the global population will be infected within 2 months by this mild variant. Put another way 40% of the global population will have an inoculation by the end of February on top of the ongoing vaccine program. Whilst the next couple of months will undoubtedly be bumpy from a news flow and healthcare perspective there is also a strong light at the end of the tunnel. Markets and policy makers are much better at behaving rationally when there is greater clarity over a timeframe of a negative event. The fact that the South African Omicron wave took six weeks to peak (Gauteng less than a month), and that studies suggest that the virus is materially less severe and also offers protection against Delta is cause for optimism. Although new variants will undoubtedly appear and the virus has surprised so many experts with its intricacies, so far the very broad path it has taken has been one that was common consensus, that the virus will become more transmissible but less severe over time. With further twists and turns with regards to COVID, one thing is clear – humanity is much better prepared to react quickly and counter the threat. Overall, we remain in the more optimistic COVID camp albeit we are constantly assessing our factor risks in case we are wrong.

Exhibit 6: Global daily Covid cases vs. daily Covid deaths



Source: JP Morgan, John Hopkins, Worldometer

There were many naysayers in 2020 who never believed that the extraordinary response to COVID was possible, as epitomised by the rapid development of high-efficacy vaccines followed by the administration of circa 9.3 billion vaccine doses globally to date. Our expectation is that a similar dynamic will play out around supply chain volume issues. There are many pieces being written about supply chains issues not easing in 2022 but mankind is good at solving problems. We suspect rather than being a silver bullet a combination of many micro and macro factors will alleviate the pressure during the year. This is not an exhaustive list but covers some key areas: more spending shifting from the goods to service sector, air travel picking up helping air cargo, isolation rules easing for key workers, COVID cases dramatically dropping by the end of the first quarter, improvement in work rostering, double shifts and employee number increases at logistic bottlenecks. Whilst we expect the volume issue will ease, the logistics costs will undoubtedly be higher than pre COVID although off from their peak. In the December PMI surveys all major regions other than Japan reported easing supply chain issues. Although supply chains have large amounts of fixed capital in them (ports and ships) which are hard to increase quickly we believe there are enough intangible wins for the supply chain to go after. The same cannot be said for many commodity producers like oil, aluminium, and steel where the output is much more heavily linked to capital investment.

Additionally, the barriers to entry with regards to cost and quantum of capital, ESG factors and regulation make the supply side look very constrained for these commodity producers. What we find encouraging is that steel prices held up in Europe at close to multi-year highs despite major cut backs on auto production, mining and oil capex spend being at low levels and before major announced government infrastructure spending projects have actually started yet (EU Recovery fund and Build Back Better Act in the US). The other noticeable thing about 2021 was that commodity prices previously correlating strongly with Chinese property activity decoupled. Copper for example was strong in the year near multi-year highs at a time when the Chinese property market was struggling. This is very much in line with our thesis that copper becomes more dependent on western property and infrastructure spend, a general increase in the electrification of things including cars, and an increase in green energy production.

Exhibit 7: LME 3 month rolling forward copper price (Sept 2016 = 1) vs MSCI China real estate index (Sept 2016 = 1)

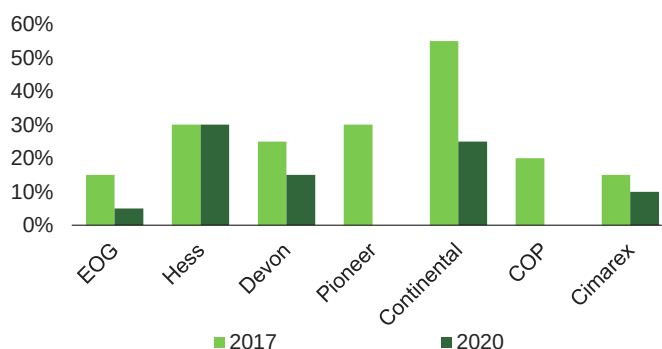


Source: Bloomberg, LME, MSCI.

Glencore gives us good exposure to copper on a cash flow multiple of 5x 2022. Agricultural commodities also look highly attractive with elevated input costs leading to a negligible supply response to seemingly high prices. If we combine this with increased weather volatility linked to climate change undermining confidence in harvests and requiring higher inventory levels, the outlook is very positive.

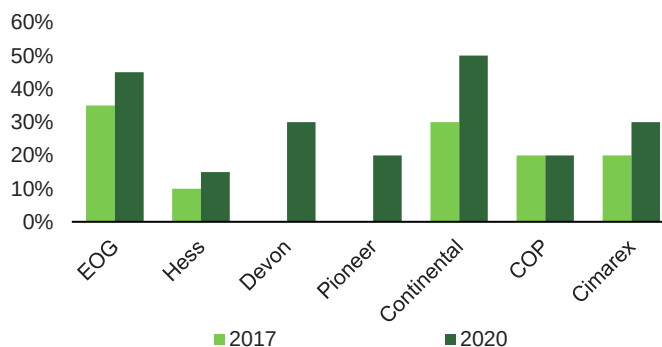
What we are now seeing in the oil markets is there is far less incentive for management teams to grow production. Whilst this has been the case for a while at many European oil majors, this is starting to filter across to the US where even shale producers are focusing less on production growth, as seen below.

Exhibit 8: Production growth weighting in annual bonus for shale CEOs



Source: BNP Paribas Exane.

Exhibit 9: Financial metric weighting in annual bonus for shale CEOs



Source: BNP Paribas Exane.

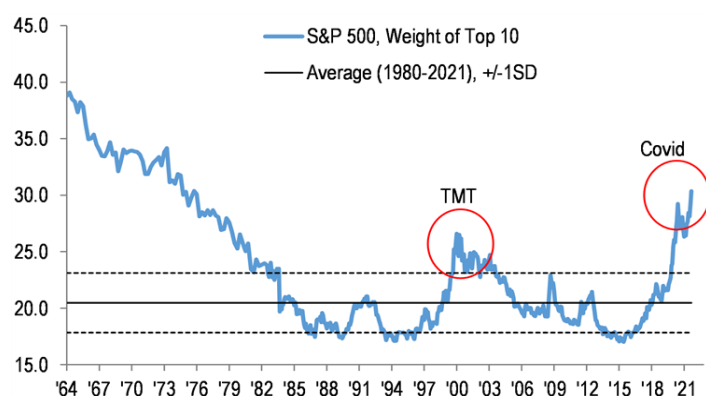
What is noticeable about the current bull market (from 2009) is that a large part of it has been driven by multiple expansion. The chart below shows that the current PE multiple and book value of the S&P 500 is top decile relative to its history. The aggregate market cap of the US stock market (Wilshire 5000) now stands at 213% of US GDP, circa 70% higher than the long term trend line and in excess of the circa 150% peak in 2000 (source: [CurrentMarketValuation](#)).

Meanwhile within the market the four largest US companies in aggregate re-rated in 2021. The concentration of the market is at a 45-year high as seen in Exhibit 11 below. Put another way the market capitalisation of the 6 largest US companies is now bigger than all stock markets in Europe combined!

Exhibit 10: S&P 500 forward PE and price to book, Jan 1990 – Dec 2021



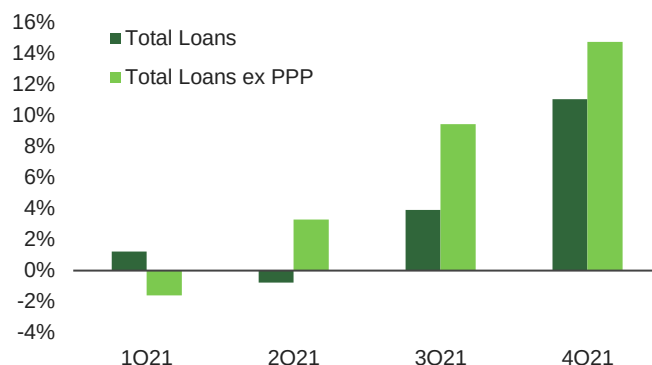
Exhibit 11: S&P 500, weight of top 10 constituents



Being heavily underweight the large US tech names has clearly been a big headwind for the Fund in the past few years yet having weathered that storm the risks on a forward-looking basis feel much lower after the huge rerating they have gone through (I wish we could have seen this comment 5 years ago!). As we saw in China last year being the largest brings additional regulatory risks and given how much government debt has grown globally a tax on the behemoths who benefited from COVID would be a very populist and profitable move. Higher multiples for the tech mega caps should demand a higher profit growth rate but with combined EBIT of \$313bn forecast for this year the law of large numbers presents challenges to percentage growth, this may force them to further move into each other's space cannibalising the combined group's profits.

As ever there are risks to growth, but when we consider the current twin stimulus, the pent-up savings of western consumers and corporates, bank lending data, our view on supply chains, the outlook for capex and the COVID data we feel the risk to growth is to the upside.

Exhibit 12: Total US loan growth, quarterly annualised, seasonally adjusted, with and without government guaranteed Covid relief loans (PPP)



This above-consensus view on growth and inflation leads us to believe that the yield curve and key discount rates are under-priced. Given where the market overall is trading in terms of its multiples, rising discount rates in a strong growth world with cost pressure may well produce negative overall market returns. In contrast we believe our book would benefit from this macro dynamic given the positions, the median P/E multiple in our long book is only 13x and that many of our companies' earnings are currently depressed.

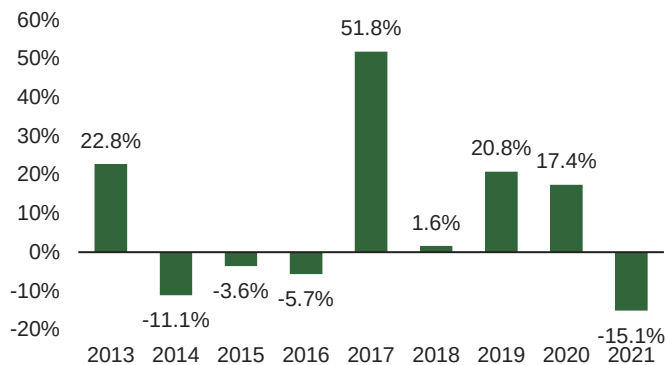
Q4-21 Performance summary

The fund lost -0.82% in Q4-21 whilst the MSCI World USD returned +7.77%. Frasers Group was our top positive contribution (+1.29%) alongside Playtech (+1.25%) after it received multiple bid approaches – our second cash offer in the fund during the year after Europcar in Q2. AO World (-2.92%) and Jet2 (-0.68%) were the biggest detractors over the quarter.

Fund review of 2021

Overall, the reported net return was the fund was +11.75%. The standout feature of our performance in 2021 was how poorly our top 6 positions did. The next exhibit illustrates it well by showing the return on the starting capital of these position for each year. Since inception in 2013 the top 6 positions have generated on average +11.8% per annum up until the end of 2020 and +8.8% including last year. Statistically they are the positions (by size) in the fund where we generate the most alpha as a percentage of the position. Clearly we have to be self-critical (and we are below) but a strength of the franchise has been the generation of good returns through adding to core positions that have had big pull backs; last year we added to all top positions that performed poorly. What this meant for 2021 was that our more focused funds (which historically have done better due to the lack of UCITS restrictions on holding sizes of top positions) underperformed the flagship funds for both long only and hedge funds.

Exhibit 13: Aggregate return on starting capital of the top 6 stocks to DEVM performance, 2013 to 2021



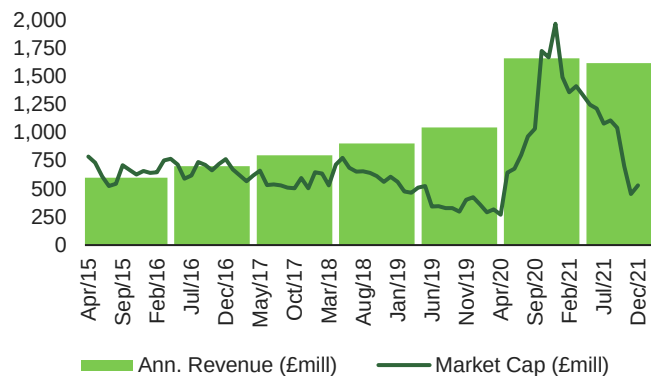
Source: Brook unaudited internal data.

Our top four positions were the worst performing which we cover below.

AO World cost the Fund -6.94% in 2021 which dominated our negative returns. This was our star performer in 2020 and although directionally we traded the stock well, selling at the highs, we obviously wish we had sold more. Small consolation for us is that over the last two years (to 31-Dec-21) the position still generated +9.16%, illustrating that we managed the position well given it has been broadly flat over this period. It was always going to be a difficult year to forecast revenue for AO in 2021 and we along with management underestimated how much demand had been pulled forward from the previous year. Adding to the base level of demand misjudgement, AO were caught in the eye of the storm in terms of supply chain issues. As a challenger moving into audio, TV's, computing, gaming and mobile they were very much second in the queue versus the incumbents. Driver and installer shortages became an issue for them mid-year which they resolved quite quickly but at a cost. Additionally, competition picked up to what management perceived to be irrational levels in Germany mid-year and all these factors conspired to create an annus horribilis.

From our perspective the good news is that the vast majority of these issues are short term and the company responded in a high quality manner. It continues to put its customers first and invest in growth, we are really excited by the progress made on the B2B side, logistics wins and the opportunity to grow in new categories in a more normal year. Furthermore, the fact that despite their travails in 2021 AO won market share in its key categories last year and retained an industry high customer satisfaction score bodes well. Whilst it is fair to say we underestimated the barriers to success in the AO business, that is clearly a double-edged sword given where they have got to now. We feel 2021 was a one-off setback year and John Roberts the founder and CEO still believes the company can grow revenues at more than 20% per annum (including last year) over 5 years. Trading at 30% of forward sales for a growth business that is profitable, with high barriers to entry and high returns on invested capital the risk-return looks very attractive to us. What is surprising to us is that we feel the company is extremely well placed relative to history and in absolute terms on a forward looking basis yet the EV/sales multiples has never been lower. We have been buying more at around these levels.

Exhibit 14: AO revenue vs Market cap (£million)



Source: Company filings, Bloomberg, Brook Research

Jet2 was the second biggest loser, costing the fund -1.05%. It is our highest conviction airline position so not one we trimmed as much when we became a bit more cautious on the space at the end of Q1-21. It did mean however that our other airline exposure combined generated a profit over the year with IAG contributing +1.00%. The issue for Jet2 is probably obvious to all: the UK had some of the most draconian flying policies globally, and worse than that the guidance was constantly changing throughout the year which was a big turn-off for consumers. As a company with one of the strongest balance sheets in the sector Jet 2 was able to place a new aircraft order at an opportune time for up to 75 new planes which will support its 5 year growth strategy. Competitors like Tui and On The Beach are struggling and will likely have to spend the next few years trying to repair their brands as well as their balance sheets. Assuming some kind of normalisation in leisure travel demand we expect package holidays to win share, we expect the most trusted brands to gain share and we expect capacity that has come out to increase pricing power for the remaining players. This all bodes well for Jet2, the shares trade on recovered EV/EBIT of 7.1x even after stripping out the customer cash. We bought more on the pullbacks in 2021.

IWG cost the fund -0.88% as the stop start restrictions impacted the speed of the recovery in its serviced office business. Once again management were too optimistic on a return to normal, post COVID. Omicron will obviously create some short-term bumps but we believe that COVID will end up being a huge positive for the business as it speeds up the shift to a more decentralised work structure for companies. As large corporates become a larger share of industry sign ups, IWG will continue to win market share as the barriers to entry with its global network are huge. We believe there is a lot of hidden value within IWG when you consider its broker division, properties it owns, technology white label offerings and the potential to develop the business towards a more capital light higher growth model. The relative value of IWG compared to Wework makes no sense to us; we believe it makes the former look vulnerable as a takeover target.

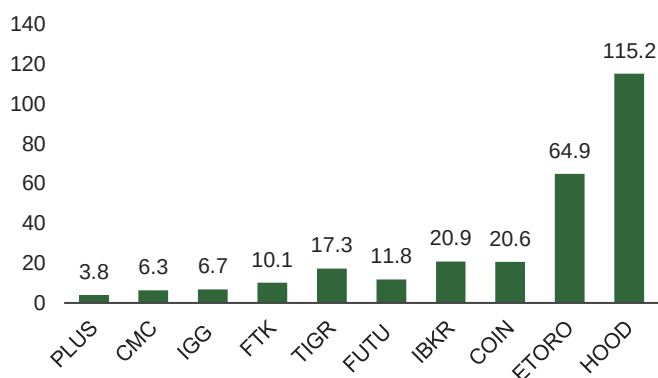
Exhibit 15: IWG and WeWork KPIs and Valuation

	IWG	WEWORK
Portfolio		
Number of Cities	1,133	150
Number of Locations	3,308	762
Occupancy (pre-2020 for IWG)	71.2%	61%
Financial metrics		
Annualised Revs Q3-21 (\$m)	2,982	2,644
EBITDA MARGIN H1-21	1%	-75%
EBITDA 2019-21 (\$m)	829	-5,160
Net Debt (\$m)	-558	-2,433
Valuation		
EV / SALES Ann Q3 Revs	1.5	3.4
MV	4,007	6,477
ND	558	2,433
EV	4,565	8,909

Source: Company filings, Bloomberg, Brook Research

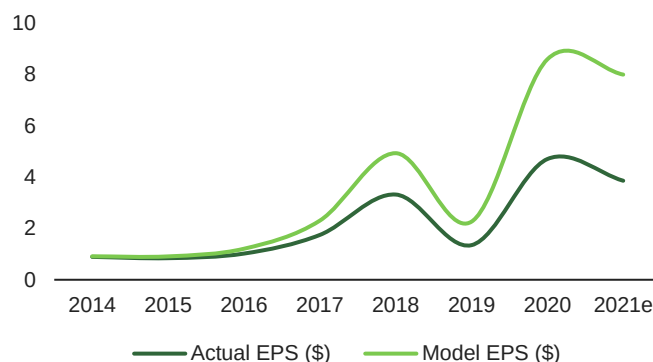
Plus500 actually generated a small positive return in the year of +0.17% but generated large negative alpha for us given it is a large position. Ironically it was a very good year operationally for Plus500 yet the shares derated significantly. Sales and profit are going to come out broadly 70% ahead of where consensus initially expected at the beginning of 2021 and the company has laid a good foundation for future growth with its investment into the US, stockbroking, the product offering and new customers. The cash continues to build up on the balance sheet too with c.\$800m today and no debt versus its market cap of \$1.8bn. When you consider that a competitor IG Group just raised 5-year unsecured debt at 3.1% fixed, the optionality for Plus500 to reduce its own share count or buy other businesses is huge. We personally think both make sense but given the low multiple it is amazing how accretive a more material buyback is. The charts below show its relative multiple despite being middle of the pack in terms of growth rate and it also shows how accretive a more meaningful buyback would have been historically. As a reminder Plus500 is a growth business generating a high ROIC and yet trades on a FCF yield of 20% for 2021. We are about 70% ahead of consensus for 2022 and continue to believe the risk/return is very attractive.

Exhibit 16: Forward EV/EBIT multiples of Plus500 and selected peers



Source: Company filings, Bloomberg, Brook Research

Exhibit 17: Actual PLUS500 EPS vs. model assuming 80% annual returns deployed as buyback at '75th centile price' since 2014



Source: Company filings, Brook Research

EPS CAGR over 3, 5 & 7 years – actual vs. model

	7 Yr CAGR	5 Yr CAGR	3 Yr CAGR
Actual	23%	31%	5%
Model	36%	46%	17%

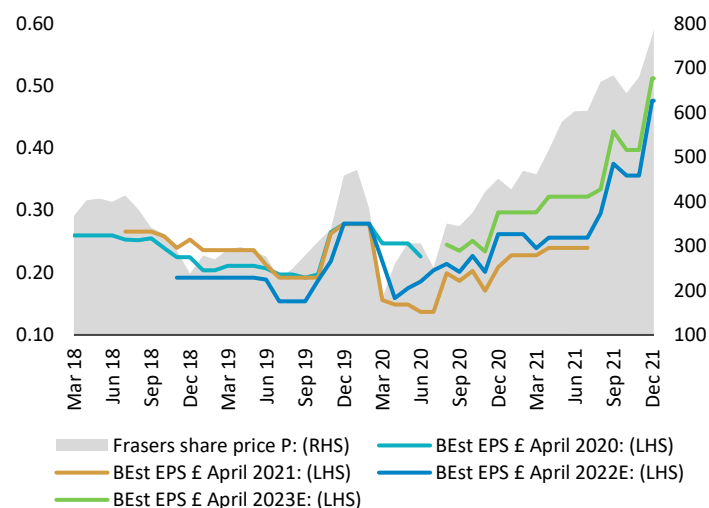
Source: Company filings, Brook Research.

Oxford Nanopore (“ONT”) was a top contributor (+1.51%) following its successful IPO at the end of September. On 15th October ONT effectively upgraded H2 21 core (Life Science Research Tools) revenue guidance by c.60% at the midpoint. This has been followed by a further guidance upgrade on 7th January 2022 that means H2 2021 revenue will be circa 120% higher than implied at the IPO on a currency neutral basis. The key to the longer-term perspective is a recognition of the formidable barriers to entry protecting Nanopore’s technology advantage coupled with mounting evidence that Nanopore has both the cheapest and the highest quality solution for DNA sequencing. Consequently, it is likely that ONT will take significant share in a very high growth market for a number of years; on a discounted basis Nanopore looks cheap on our growth scenarios. On the 1st of December ONT’s Chief Technology Officer gave an update to users in which he announced a next generation portable sequencer embedded in the keyboard of an iPad Pro. Whilst the extent of the collaboration with Apple was not disclosed, the development of a deep relationship would not be surprising to us given Apple’s focus on healthcare sensing and Nanopore’s previously announced medium term ambition of integrating a DNA sequencer into a phone.

Fraser’s Group was our largest contributor in 2021 generating a return to the fund of +3.62%. Its results in December showed what good health the business is in with sales growth of 24% and profit growth of more than 70%. As ever its cash generation was stronger than earnings due to its incredibly conservative accounting. One of the policies management use is to impair all buildings and leases to the value that they would be if they were vacant. This ignores the factor that a major healthy retailer is in that site and almost certainly generating a good cash return. All adjusted results are reported after property and lease impairments (not something we see elsewhere) meanwhile property profits on sale are reported in exceptionals! All divisions are performing well but the one we feel is most misunderstood and undervalued is Flannels, the company’s luxury good division. We estimate sales

at Flannels grew at c.50% and it is generating margins above 20%. This strength in demand was consistent with what our extensive primary consumer survey told us in Q3-21. Flannels sales will be c.£550m for the year April 2022. The group is well on track to reach its target of £2bn by 2025 which would give this division alone a value multiple times higher than that of the whole group. The interims also showed for the first time in 3 years, decisive evidence that the sales line of the core UK Sports Retail Franchise was responding positively to the elevation strategy and greater access to branded product. This is critical as it means the core chain will not be locked into the bottom end of the market so the cash engine of the group will continue to deliver looking forward.

Exhibit 18: Frasers consensus earnings forecast over time vs. share price



As discussed earlier our commodity exposure ex-oil and precious metals generated good returns for us during 2021 (+4.34%) with **Glencore** (+1.84%) being the top contributor. The oil exposure in our portfolio also generated good returns (+2.37%). It was pleasing to see our two drillers having positive developments in the 4th quarter. **Maersk Drilling** was bid for by **Noble** in an all share merger which we believe will be good for the industry. **Valaris** saw Jon Fredriksen building a 6% stake in the last few days of the year. This is both a significant vote of confidence from one of the major investors in the space over the last 20 years, as well as improving Valaris' position to acquire the residual Seadrill assets and consolidate the industry further.

Our banking exposure also generated good returns (+2.75%) in 2021 with our top contributor being **Barclays** (+0.71%). One of the positive aspects of the European banking results has been how the gap between reported earnings and statutory earnings has closed considerably (less exceptionals). This has meant that capital has been building and there is more scope to return it back to shareholders. Banks have withstood a major economic crisis without having to resort to direct capital injections by governments or capital increases by the market, and this means that regulators are more inclined to let them distribute capital and decrease regulatory burden. Banks have also been penalized by an environment characterized by low nominal rates, low volatility, and low inflation, and to the extent that these factors reverse they are well positioned. The sector has also benefited from positive earnings revisions. Despite European banks performing well last year we still believe they are materially undervalued particularly given how much lower leverage is and cleaner the balance sheets are compared to history. Exhibit 21 below shows their forward price to book versus the forward ROE.

Exhibit 19: Barclays adjusted vs reported EPS

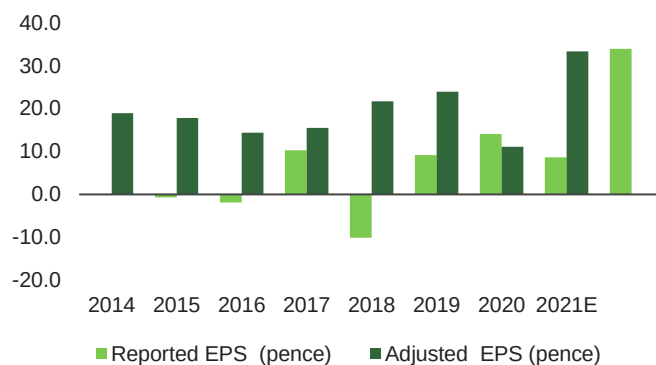


Exhibit 20: Natwest adjusted vs reported EPS

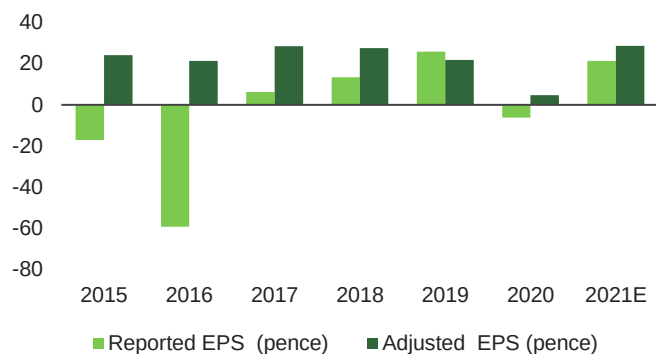
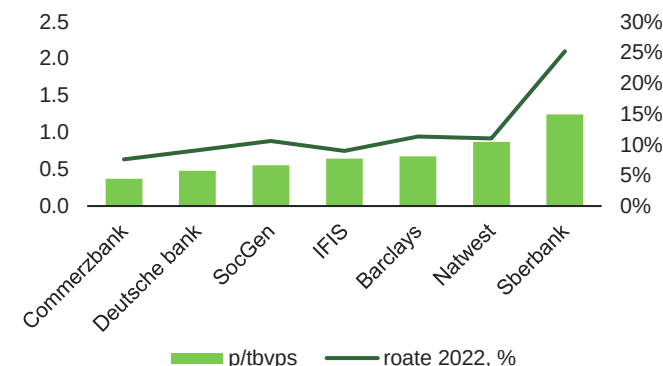


Exhibit 21: Bank Price to book ratios vs 2022 Return on tangible equity (assuming 100 bps shift in yield curve)



The **UK construction** sector performed well for us (+1.60%) with our names significantly outperforming the sector. We believe the names we own are much better placed to deal with cost inflation that the market is implying and we expect that to become evident during the year.

We took three meaningful new positions in the fourth quarter in **ABF**, **Flutter** and **Altice USA**. We continue to have a strong value bias amongst the individualistic names. The median EV/sales and P/E multiples in the fund are 1.4 x and 10.0x respectively.

Fund volatility- the daily and monthly volatility of the fund is higher at present than we would normally expect. This is to do with our positions and the attitude of the market. The market has been incredibly schizophrenic over the past few quarters swinging from COVID optimism to COVID pessimism on an almost daily

basis. With that stocks have been bundled into baskets and treated as such rather than the market being too thoughtful about the individual stock fundamentals. Whilst we accept there have and will be some short-term operating challenges with many of our 'reopening' positions, given the strength of their balance sheets we are, to some extent, prepared to 'look across the valley' and value them accordingly. We do not believe the short-term market swings in value is reflective of the risk we are taking on with these positions. Therefore, as we have flagging over the past few quarters, given we feel the upside in many of these positions more than warrants the increased short-term volatility we have been knowingly accepting this higher volatility in the fund. As COVID (hopefully) becomes less of a topic we would expect our fund volatility to reduce accordingly and hopefully to have harvested some of the outsized returns we can see.

Process – we are constantly trying to look at mistakes, be self-critical and improve our process. There will always be mistakes sadly but what we are interested in is where we can learn from our mistakes and where we can reduce mistakes through improved process. In 2021 we spent a lot of time focusing on improving our process and these were the main areas covered:

1. Improving how we manage our gross and systematic risk.
2. How we try and reduce 'noise' in decision making with regards to the investment process.
3. Identifying the characteristics of those positions which are a drag on performance and how we can address that.

4. Understanding which measure of beta best reflects our future correlation to the market.
5. Outsourcing the history of our 13 years of trades in the Brook Absolute Return fund to a third party firm who picks up on patterns of mistakes and outsized returns.

Summary

Our base case macro views have not altered much in the past few quarters where we are optimistic about global growth and continue to feel inflation will be more embedded than expected going forward. This leaves us believing that discount rates could move higher in 2022 which could challenge the higher multiple equities and that cost pressures will be hard to offset for many businesses.

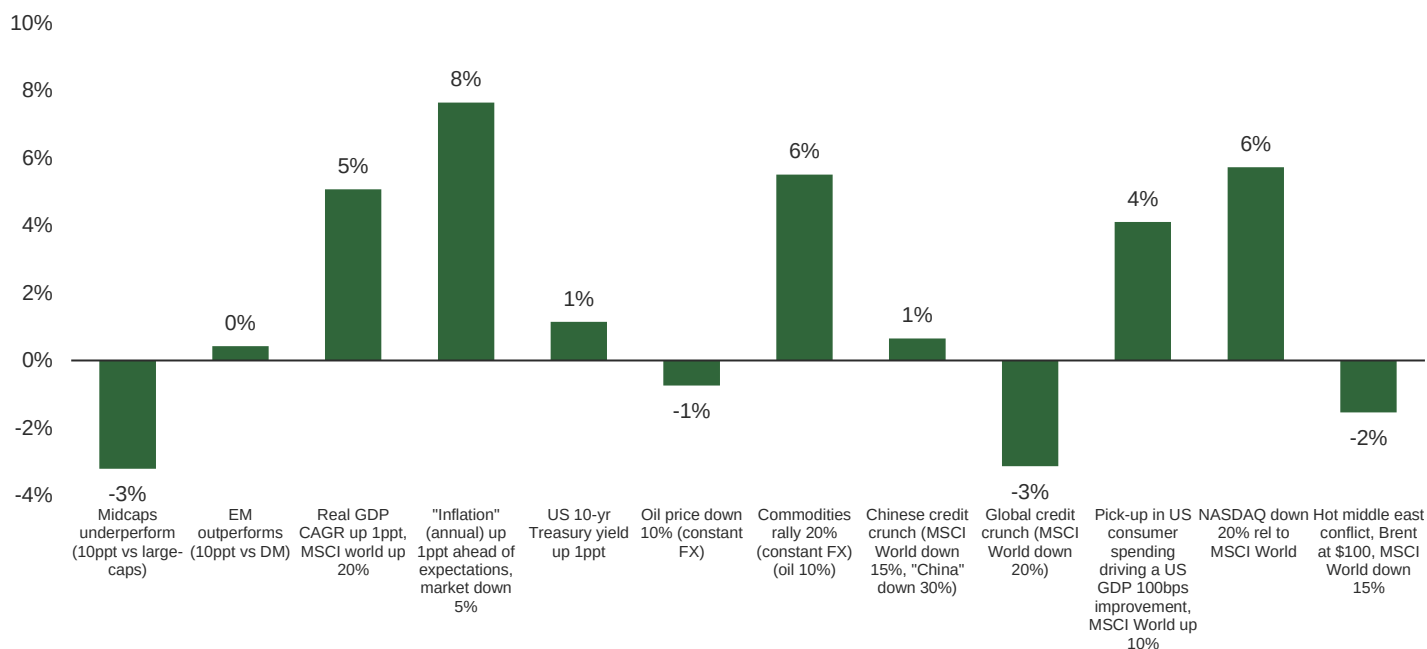
Although there are some highly idiosyncratic stocks in the portfolio we are generally overweight value. The fund is also materially underweight the US and overweight Europe (in particular the UK). Thank you very much for the support in 2021 and we look forward to updating you in 2022.

Exhibit 22: Median multiples

	Forward PE	Forward EV/EBIT	Forward EV/Sales
DEVM	10.0	11.4	1.4

Source: Bloomberg, Brook Research.

Exhibit 23: 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-Jan-22.

James Hanbury

Brook Developed Markets Fund

BROOK

ASSET MANAGEMENT

Performance

	1-month	3-month	1-year	3-year	5-year	YTD inception	Since inception	CAGR since inc.
Fund	9.6	-0.8	11.8	101.7	137.1	11.8	179.5	12.7
MSCI Daily TR Net World	4.3	7.8	21.8	80.3	101.4	21.8	159.6	11.8
Relative	5.4	-8.6	-10.1	21.4	35.7	-10.1	19.9	1.0

DISCRETE YEARLY PERFORMANCE

	1-year to	29 Dec 17	31 Dec 18	31 Dec 19	31 Dec 20	31 Dec 21
Fund		34.4	-12.5	27.9	41.1	11.8
MSCI Daily TR Net World		22.4	-8.7	27.7	15.9	21.8
Relative		12.0	-3.8	0.2	25.2	-10.1

MONTHLY PERFORMANCE SINCE INCEPTION

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Index YTD ²
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	11.8	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	279.47
\$ R Class	257.07
£ I Class	323.06
£ R Class	271.70
£ LI Class	98.85
€ I Class	310.15
€ R Class	166.14
Fund Size	\$215 million
Strategy AUM	\$506 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

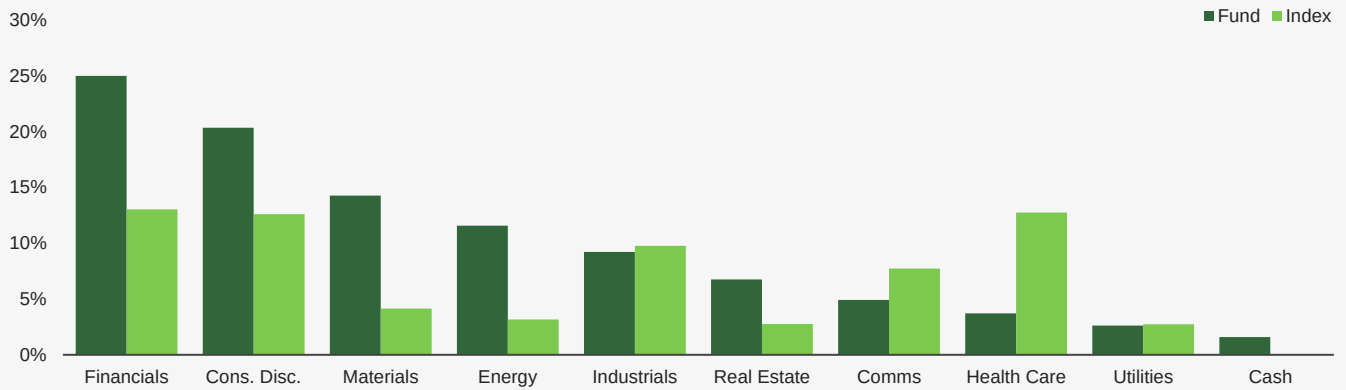
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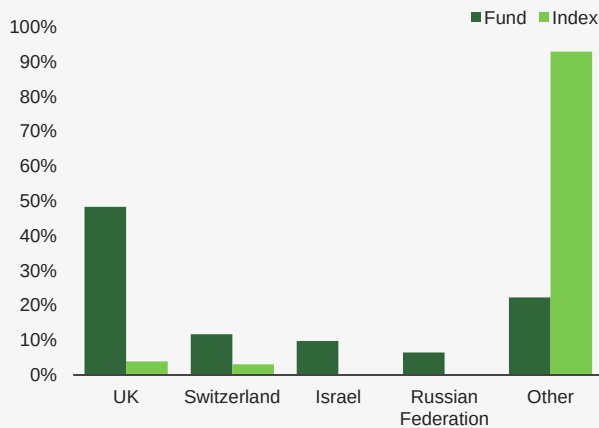
Note: Equity exposure includes all equity related instruments. Currency exposure relates to exposure of all assets held by the fund, including any forward currency positions. Past performance is net of fees and other charges and includes the reinvestment of dividends. Equity exposure as classified by GICS. The fund was renamed effective 8 February 2021 from Odey Allegra Developed Markets Fund to Brook Developed Markets Fund.

Source: All sources, unless otherwise stated, are Brook internal unaudited data and refer to the \$ I share class. All data shown as at 31 December 2021. 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.

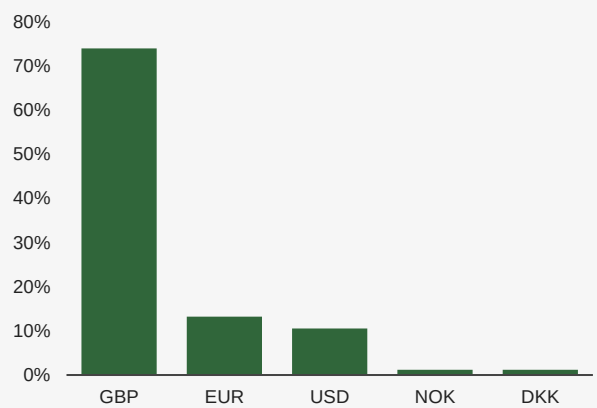
Equity exposure by sector



Equity exposure by geography



Currency exposure



Top ten equities as percentage of NAV

	Notional Exposure
Plus500	9.7%
Frasers Group	9.7%
IWG	6.7%
AO World	5.3%
Glencore	5.0%
JET2	4.6%
ArcelorMittal	4.3%
Royal Dutch Shell	3.7%
Oxford Nanopore Technologies	3.7%
Sberbank of Russia PJSC	2.4%

Statistics

	1-year	3-year	5-year	Inception
Fund annual s.dev.	19.9	31.0	25.7	22.0
Index annual s.dev.	9.6	17.1	14.9	13.5
Correlation	0.5	0.8	0.8	0.8
Sharpe Ratio	0.7	0.9	0.8	0.6
Information Ratio	-0.6	0.2	0.2	0.1

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
Trade date (T)	Daily	Administrator	U.S. Bank Global Fund Services (Ireland) Limited
Dealing	By 12pm T-1	Auditor	Deloitte & Touche, Ireland
Valuation	Close of business T-1	Depository	RBC Investor Services Bank, Ireland
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: IE00BB0RGZ49, €I: IE00BB0RGR64, £I IE00BB0RGW18, \$R: IE00BB0RH062, €R: IE00BB0RGT88, £R: IE00BB0RGX25, \$LI: IE000T5VYLR2, €LI: IE000IUVVH77, £LI: IE000TPMQTH2
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: BB0RGZ4, €I: BB0RGR6, £I: BB0RGW18, \$R: BB0RH06, €R: BB0RGT8, £R: BB0RGX2, \$LI: BN7FPM5, €LI: BN7FPH0, £LI: BN7FPL4
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 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.