

LF ODEY ABSOLUTE RETURN FUND

ODEY
ASSET MANAGEMENT

Fund Manager Report

Macro

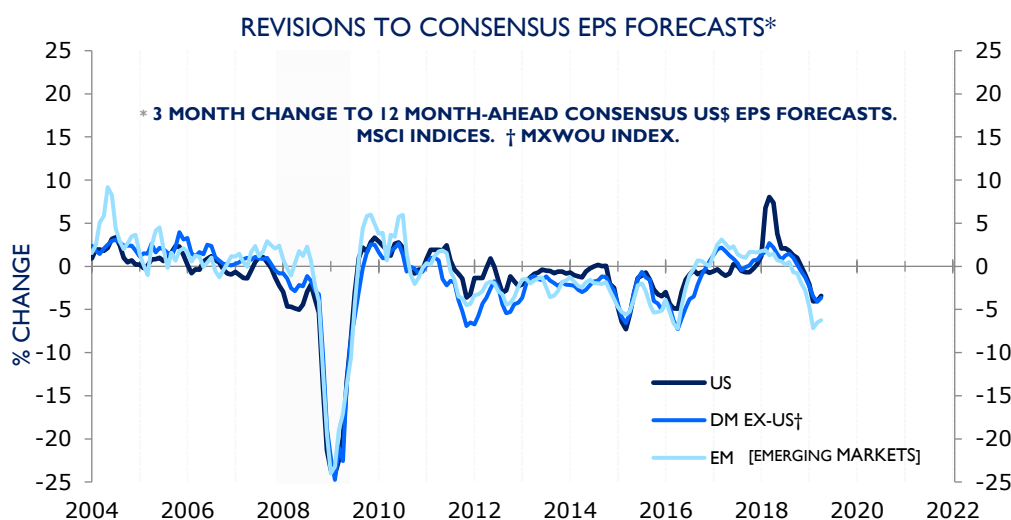
The fund was up +1.9% in Q1-19 with the MCSI Daily TR Net World up +10.0%. Most asset classes had a very strong Q1 led by oil (Brent Crude up 25%) and the Shanghai composite (up 28% in USD). The positive move in markets was driven mainly by supportive trade and monetary policy rhetoric and an improvement in sentiment rather than strong earnings or macro data.

Exhibit 1) Citi Economic Surprise Index



Source: FactSet, Citi Research

Exhibit 2) 3 Month Change to 12 Month-Ahead Consensus US\$ EPS Forecasts



Source: Minack Advisors

Performance

0.3% Monthly performance

1.9% Year-to-date performance

11.7% CAGR since inception

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

Fund details¹

£ I Class	298.28
£ R Class	283.47
\$ Class	1.63
€ Class	1.64
Fund Size	£735 million
Strategy AUM	\$1,294 million
Fund Inception	11 May 2009
Class Inception	11 May 2009
Fund Type	UK Long/Short UCITS

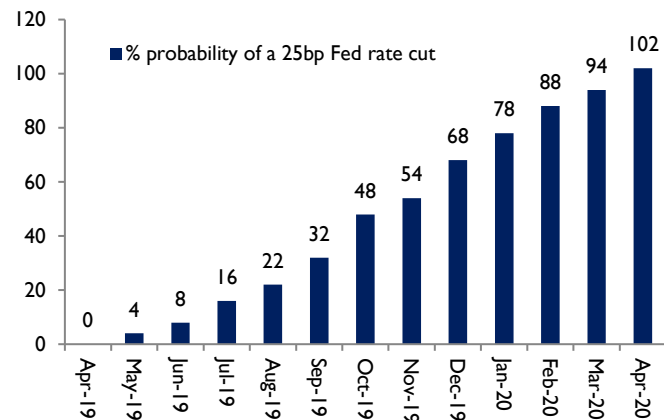
Fund Managers

James Hanbury
Adrian Courtenay
Jamie Grimston

For full bios visit odey.com

Most central banks, but particularly the Fed, came out with a much more dovish tone on future rate hikes saying they would be more balanced and short term data dependent. The Fed made it clear that it is happy for inflation to overshoot its 2% target in the short term and to greater consider its average over the cycle. In line with this the chart below shows that the market is now putting a 100% probability on a rate cut by April 2020 compared to multiple rate rises being priced in for this period for much of last year.

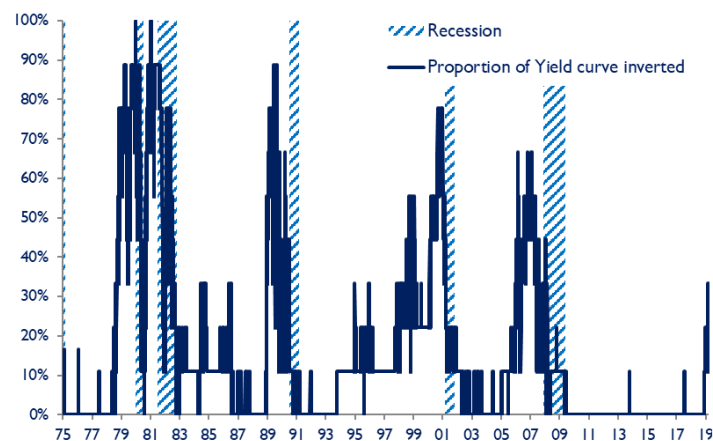
Exhibit 3) Implied Probability of a 25% Fed Rate Cut



Source: Odey Asset Management

Much was made in Q1 of the US yield curve becoming inverted at various durations and how this is a strong indicator of a recession. The chart below does show how this would be the greatest proportion of the yield curve to be inverted without a recession closely following. That said credit spreads, equity markets and commodity prices made bullish moves during Q1. It therefore slightly leaves us guessing at the real reason for this shape of the yield curve. Explanations could be the relative difference in US yields compared to other major economies, unusual supply demand dynamics in the middle of the curve and views on technological deflationary forces.

Exhibit 4) Proportion of the Yield Curve Inverted



Source: Goldman Sachs

The disappointing recent macro data has been driven by consumer spending and the manufacturing sector and more specifically industrial orders to inventory levels.

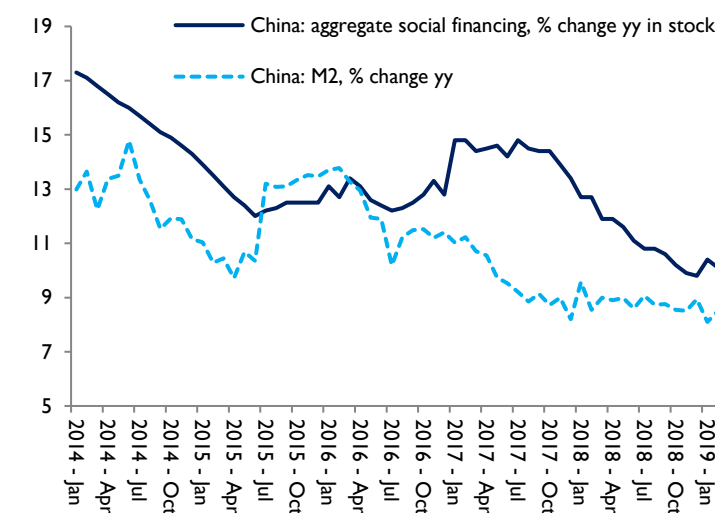
Exhibit 5) Global Marketing PMI: New Orders/ Inventories



Source: Odey Asset Management, Haver

After several quarters of being unresponsive to fiscal, monetary and regulatory stimulus the Chinese economy appears to have stabilised. The Chinese stock market has been very strong helped by the enthusiastic noises coming from both the US and Chinese trade camps. However, despite 18 months of aggressive stimulus, the growth of social financing and money supply remains very subdued. This is an area we continue to watch very closely and do not feel that China is 'out of the woods' like many market commentators have implied. The economy now has non financial debt levels hitting new highs at c.270% of GDP (now above the US) as industry profits are down 40% from their 2017 peak and urban unemployment has risen from 4.8% in November to 5.3% in February.

Exhibit 6) Growth of Chinese Money Supply and Aggregate Social Financing



Source: Odey Asset Management, Haver

Meanwhile in the UK the political Brexit disorder continues. The only thing we can be certain of is that we are closer to the end, whatever the decision and our belief is that uncertainty is probably the worst of all possible outcomes. Overall, we come out of Q1 more cautious about what the market is pricing in for the global economy given the macro data has generally disappointed and equity risk premiums have fallen.

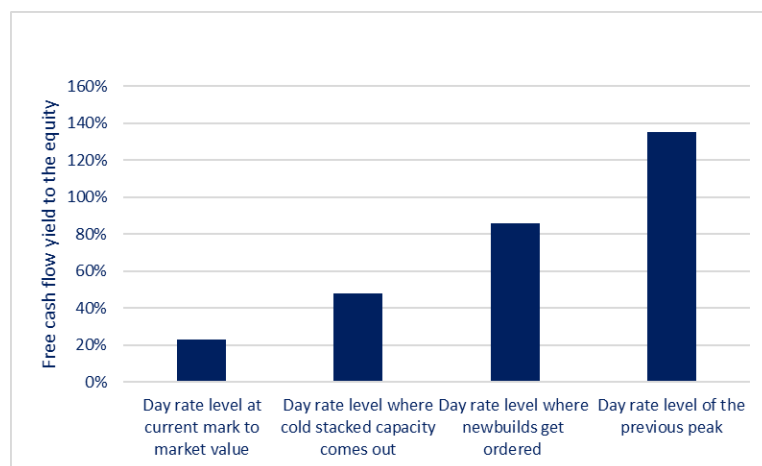
Fund Report

The fund was broadly market neutral in the quarter and made +1.90%. Despite this relatively dull but positive performance there was a lot going on under the surface which we will go into in more detail. In an exceptionally strong market the long book made +10.40%, our short book lost -9.17%, our currency hedge made +1.24% and our short oil hedge lost -0.79%.

Overall we generated small positive alpha in the long book where there was a broadening of performance in the portfolio. We saw good reporting and operational performance from a host of our names which significantly outweighed the two stand out poor performers in the quarter, Plus500 and LeoPalace. We felt for much of last year that many of our long names were on the cusp of getting market recognition for very good operational performance, and with **Viasat** (+2.36%), **Softbank** (+2.34%) and **Serco** (+1.35%) it was pleasing to see the stock market starting to reward these companies for continued good reporting in the quarter. After the setback of the ViaSat-2 satellite having launch delays and then some antenna issues 18 months ago the company is now beginning to show the considerable economic potential it has as its next generation of satellites begin their trajectory to full capacity over the next few years. Revenues and profits once again came out ahead of market expectations with good book to bill. It is notable that ViaSat is electing to drive its highest business growth in the areas (Government/military, In-flight WiFi and Community WiFi) that are trending to monopolistic and have margins well above the trailing business model (US residential broadband). **Softbank** (+2.34%) came into the year trading at a 65% discount to its NAV and remains at a greater than 50% discount to NAV today. Still, the equity repricing seen in the quarter stemmed first from the successful IPO of SoftBank's Japanese Telecom asset, further deleveraging the parent company. This was followed by SoftBank subsequently announcing a \$5.5bn equity buyback. Whilst the NAV calculation stated includes SoftBank's own capital in its \$100bn Vision Fund, the calculation omits the perpetuity-like management and performance fee income streams from this vehicle. The Vision Fund is leveraged (non-recourse to SoftBank) and where 51% of the equity NAV attributes to SoftBank and 100% of fees, offering upside scenarios to our valuation methodology. The Vision Fund investments have so far done well and an Uber IPO should be further catalyst in the coming months. Whilst there is a large amount of scepticism at some of the valuations in the Vision Fund it is worth remembering we effectively own them at half price.

Our position in **Rowan Companies** generated returns of +0.85%. This came after we played a material role, on behalf of the funds, in negotiating up the share exchange ratio with EnSCO (for their merger) by 24% but in fairness we would have expected a stronger performance given the strength of oil in the quarter. The merger closed on the 11th April and we expect this to be a catalyst for investors to revisit the investment case. The day rates that are being reported for new 2020 onwards offshore drilling contracts are materially higher than the trough pricing of last year and all regions are showing positive momentum. We do not believe we are close to seeing pricing resistance restricting demand and it is simply natural supply and demand factors creating a tighter market. As you can see in the chart below the valuations for anything but an extremely bearish scenario are very compelling.

Exhibit 7) Free Cash Flow Yield of Rowan/Ensco at Various Day Rate Assumptions



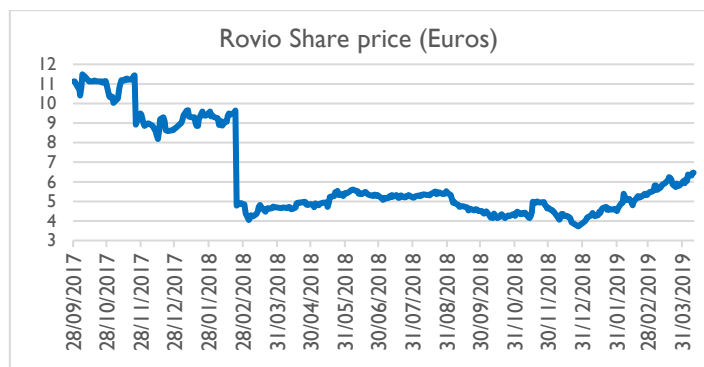
Source: Odey Asset Management Estimates

Sports Direct bounced back from its depressed December levels, contributing +1.15%, as it became clear that November trading was extremely poor for all U.K. clothing retails and demand has recovered since then. Sports Direct is one of the few incumbent companies in the European retail world proactively adapting to an Amazon world. It is using the weakness in competitors (often in administration) to acquire brands and companies that it believes it can run profitably and extract synergies from. Specifically, such businesses come with an exceptionally low customer acquisition cost. Sports Direct has a core business which generates c. £300m of free cash flow and it then decides how to use it either through M&A or share buy backs. What it has yet to do as a public company is to pay a dividend or pay Mike Ashley a salary. We continue to back Mike Ashley as a capital allocator and believe we are well aligned given his 56% shareholding. We see many examples of retail companies 'retreating up the beach' in the new world where they look at cost cutting to try and protect profits and a standard online offering as a means to hold sales. The problem, as we have highlighted before, is that online sales comes with a host of variable costs and meanwhile your fixed costs in the bricks and mortar business remain. We have a spread of shorts in the physical retail world across the US, Europe and Australia where we believe the structural issues are not reflected in the share prices.

Rovio contributed +0.45% during the quarter. We acquired these shares after they materially disappointed post the IPO. At the time of purchase we felt that the underlying value of Angry Birds offered material upside on its own. What has happened since is that Rovio is positioning itself to be a big beneficiary in the game streaming space (a Netflix for gaming) via Hatch Entertainment, Rovio's 80% owned subsidiary. There are economic advantages we see, although threats for traditional incumbents, but it should also benefit the quality of games offered as they can be created without in-game monetisation in mind. Hatch has by now signed up agreements with Samsung, Sprint, Deutsche Telekom and Docomo and it is looking to sell off over 30% of the business to strategic partners. Just valuing Hatch at capital employed (and excluding this year's expenses) suggests that the underlying business is trading on 8x this year's EV/EBIT. As the internet giants move into the game streaming space we believe that Rovio becomes a very attractive strategic asset as the NPV of the latter's

core existing franchises is understated with additional optionality in the streaming platform.

Exhibit 8) Share Price Chart of Rovio Since IPO



Source: Bloomberg

Plug Power (+0.69%) turned into a more material position during the quarter after we fully funded a primary placing. Following more than a decade of losses as a public company, Plug Power is finally cementing and de-risking its position as the emergent leader in the fuel cell industry and during 2018 reported quarters of both positive cashflow and positive EBITDA. Plug Power's vertically integrated leadership position in fuel cells is successfully addressing the multi-billion dollar opportunity presented by the materials handling industry (forklift trucks) where it has a 95% market share. By offering a complete solution for customer needs, Plug Power has achieved success at large scale with numerous blue-chip companies including Amazon and WalMart, who have also acquired warrants in the company. An important part of our Plug Power assessment is that the significantly higher energy density of hydrogen fuel cells compared to competing technologies, primarily lead acid batteries and lithium batteries, hands a growing competitive advantage to fuel cells (in excess of 30% cost saving over the ownership lifetime) in the high intensity use cases that define Plug Power's addressable markets. Plug Power's success is inevitably creating momentum behind fuel cells, which in turn further reinforces a route to greater penetration levels both in materials handling and in new business verticals. Plug Power's revenues are growing at c. 40% per annum, and a valuation of below 8x PE 2022 at the primary issuance price can be implied from the combination of Plug Power's existing order backlog and conservative financial inputs (no new major business wins). The primary placing conducted by our funds was additionally coincident with share buying from Plug Power's CEO and Chairman.

Plus500 was a large negative contributor in the quarter (-4.38%) after the company released its full year results. The results were good and came in ahead of market expectations, the sell off in the shares was for two main reasons; the weak guidance and the breakdown of revenues. The guidance came in below market expectations but we take it with a pinch of salt given our internal forecasts of what the business is actually reporting and the track record of conservative guidance. Deposits for Plus500 are growing and are at extremely high levels, we believe this is the best indicator of what future revenues will be. As a reminder the company upped guidance 5 times in 2017 and 7 times in 2018. Now that the company has a full listing it is giving greater breakdown of how its revenues are generated between the spread and market P&L. Given the business has the balance sheet and

market leading number of trades on its platform it is one of the few companies in the sector which can internalise its hedging. Client results do not vary from competitors but Plus500 will have slightly more short term volatility in their results and higher margins. In the medium term the P&L losses and gains will be close to zero with close to 100% of revenues coming from spread (and funding) revenues. Due to crypto interest 2017 and 2018 showed unusually high levels of losses and then gains to clients. The market has implicitly said that market P&L gains in 2018 were one offs and it is stripping them out of forecasts. We totally disagree and believe you have to look at P&L movements and spreads as one. To put it simply when clients lose money they trade less, when they make money they trade more. The historic data backs this up as seen in the chart below. The regulatory environment is playing out as we expected with the weaker companies struggling and capacity coming out of the market, the larger stronger operators are taking share (mainly Plus500). It is a particularly exciting time for Plus500 to use their balance sheet in value accretive M&A which they flagged on their investor call. The most important driver of revenues for Plus500 and the sector is market volatility; Q1 has been weak in line with the rest of the industry. We assess that the underlying business remains strong and that a return of market volatility will drive an upward reversion in earnings.

Exhibit 9) Plus500 Spread Revenues as a % of Deposits.

	2017	2018	5 year
Spread revenues	540	548	1938
Market P&L	-103	172	52
Reported revenue	437	720	1990
Cumulative deposits	1000	1300	
Spread revenues vs deposits	54%	42%	

Source: Odey Asset Management

LeoPalace, a Japanese renter of residential properties, cost the fund -1.71% after it discovered further partition walls and insulation that was not in line with regulation. The remedies have involved taking material impairments and have been disruptive to business. We believe the shares are extremely cheap once it is business as usual but the board needs to take measures to regain the confidence of tenants before we add to our position.

The short book not surprisingly had a big negative contribution (-9.17%) in a strong market. **JustEat** was the top detractor (-0.77%) as it rallied on M&A hopes, with competition and a move into delivery we believe that UK order growth will slow more than the market expects over the next few quarters and that profits will surprise to the downside. **Ashmore** rallied (-0.66%) strongly as the market got more comfortable with emerging market risk after the low sentiment of Q4. We did have some shorts which made money in the quarter; Tesla (+0.57%) Royal Mail (+0.45%) and Wirecard (+0.41%).

We first wrote bearishly about **Wirecard** in our September 2014 newsletter. We highlighted our concerns over the company's accounting, weak cashflow, very unusual and risky acquisition structuring and high valuation. We were much too early; even as our concerns deepened Wirecard grew from a €3.6 bn German mid cap of niche interest to a €24.6 bn market cap Dax constituent at its peak last year. The company's accounting and deal structuring had not improved; we reinitiated the short when the details of the involvement of an opaque and undisclosed Mauritian intermediary

in Wirecard's 2015 Indian acquisition emerged in public filings in late 2017.

Since January 30th this year Wirecard has faced allegations, published by the Financial Times, of fraud in its Asia Pacific division. This division contributed 47% of the company revenue and 66% of incremental growth as at Q3 2018. As a result of these allegations the Company is under investigation by the Commercial Affairs Department of the Singapore Police and has attempted and failed to limit the scope of this investigation. The publication of Wirecard's annual report has been delayed by 3 weeks putting the company in breach of the Frankfurt exchange reporting recommendations; a further delay would put the Company in breach of the exchange reporting deadline. The Company's responses to the unfolding allegations has been flat-footed at best and misleading at worst. We find particularly egregious the Wirecard CEO's bullish tweet on 8th March 2019 which the market, with the help of an anonymous leak to Bloomberg, took as a signal that the company was about to be exonerated, driving the share price up 15%. However prior to this communication the company, according to court documents cited by the Straits Times on 13th March, had been raided three separate times by the Singapore police, had told the police that "it had not been able to contact" the executive at the heart of the fraud allegations, and was attempting to block the scope of the police investigation.

Wirecard on the 26th March disclosed that a 3rd party review commissioned by the company had found evidence to date of malfeasance in its Asian subsidiaries including: "wrongful accounting", "evidence of contracts being created for IFRS audit purposes" and that "criminal liability may be attributable to a few local employees in Singapore". Wirecard has stated that this malfeasance has no material impact on its financial reports; the only restatement affects €2.5m of revenue for 2017 "which is compensated by other positive restatements". However the company has admitted that the 3rd party review "could not correlate certain payments made between business partners and Wirecard entities with agreements between them". A further FT investigation published on the 29th of March referenced up to €210m of receivables that as at March 2017 were due to Wirecard from highly questionable partner businesses, and had in aggregate been labelled "special items" in a Wirecard internal document

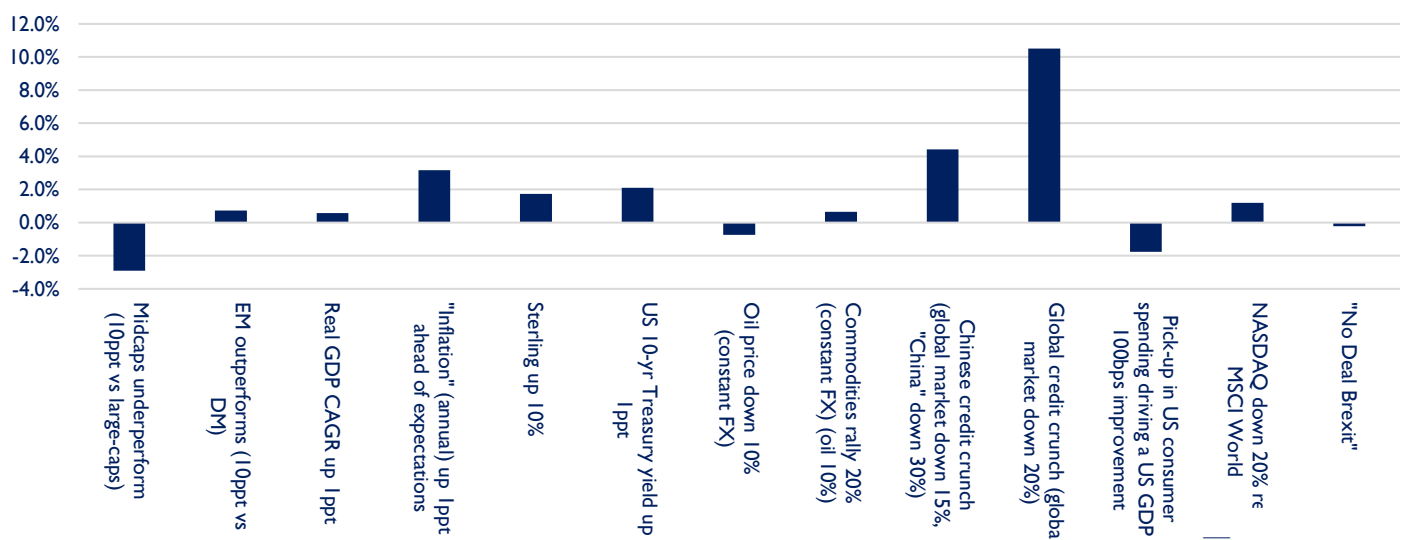
A key allegation made by the FT is that Wirecard has engaged in "round tripping" transactions that falsely boost revenue and profit; the drop through "profitability" of such transactions could be very high. This would lead to an outsized impact on profit if more fraudulent revenue were discovered and restated. Given the significant malfeasance that has come to light from the Wirecard commissioned and possibly incomplete third party review we believe that there is a material risk that a full investigation that is not commissioned by Wirecard discovers much greater malfeasance.

There is now a wide range of possible outcomes for Wirecard. One possibility is that auditor Ernst and Young is unable to sign off on the accounts on 25th April 2019 as re-scheduled. This is due to the complexity and multi-jurisdictional nature of the detailed allegations against the company now in the public domain. If the accounts are signed off we believe that the ongoing Singaporean Police investigation into Wirecard will present an overhang on the stock. We believe that there is considerable downside risk to consensus earnings forecasts that predict 35% compound annual growth 2018- 2020 for Wirecard, both from possible incremental malfeasance discovery and also from the operational headwinds of employee departures, the police investigation and the potential impact of the negative press on customers and partners. We do not believe that Wirecard's current valuation of 26 x un-downgraded 2019 consensus earnings represents an efficient pricing of risk. This inefficiency likely has been exacerbated by the banning of new short positions in Wirecard by BaFin on 18th Feb 2019. This ban is scheduled to expire on midnight on the 18th April 2019.

Summary

Given how much demand has been pulled forward over the past 10 years with low interest rates quantitative easing and fiscal stimulus we believe it is important to be in businesses that can justify their valuation in a environment of slower growth. We feel very good about positions on both side of the book and are currently broadly market neutral after the strong market rally in the quarter. Non systematic (stock) risk represents 72% of the risk and we are fully hedged back to sterling. Factor risks are reflected in the chart below.

Exhibit 10) OAR: Estimated Factor Return (excluding return from net equity exposure)



James Hanbury

Source: Odey internal unaudited data

Note: Assumes full currency hedging and 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.

LF ODEY ABSOLUTE RETURN FUND

ODEY
ASSET MANAGEMENT

Performance

	1-month	3-month	1-year	3-year	5-year	YTD inception	Since inception	CAGR since inc.
Fund	0.3	1.9	4.4	-6.9	-0.1	1.9	198.3	11.7
MSCI Daily TR Net World	3.4	10.0	12.1	49.6	77.6	10.0	216.8	12.4
Relative	-3.1	-8.1	-7.7	-56.5	-77.7	-8.1	-18.5	-0.7

DISCRETE YEARLY PERFORMANCE

	1-year to	31 Mar 15	31 Mar 16	31 Mar 17	29 Mar 18	29 Mar 19
Fund		0.0	7.2	-16.3	6.6	4.4
MSCI Daily TR Net World		19.1	-0.3	31.9	1.2	12.1
Relative		-19.0	7.5	-48.2	5.4	-7.7

MONTHLY PERFORMANCE SINCE INCEPTION

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019	6.8	-4.9	0.3										1.9
2018	-0.3	0.7	0.9	4.8	3.2	0.3	2.6	-5.6	1.8	0.4	2.8	-7.3	3.8
2017	1.2	-3.4	0.0	1.6	2.9	0.6	-1.3	7.1	0.9	1.4	-1.6	-6.0	2.9
2016	-3.8	5.3	-5.2	-3.6	4.4	2.1	-2.0	-1.2	0.4	-8.9	-1.1	-4.8	-17.9
2015	-2.6	-2.3	1.1	5.6	-5.4	5.0	1.4	1.0	-1.2	4.5	-0.6	1.4	7.6
2014	0.4	3.0	-1.7	-4.7	1.4	-3.0	-0.5	0.3	3.6	2.4	3.2	1.5	5.5
2013	6.7	3.0	1.2	2.0	7.9	1.2	3.5	1.1	4.9	1.8	2.0	3.0	45.6
2012	6.9	8.9	2.3	-1.2	-3.3	3.7	0.9	3.6	3.0	4.1	1.4	2.3	37.2
2011	7.6	2.8	1.7	1.0	2.4	-1.1	-1.1	-10.9	1.1	3.8	-2.9	0.4	3.5
2010	-0.5	-0.5	0.8	2.9	-2.5	-4.7	3.4	-4.8	9.2	2.4	2.8	7.2	15.7
2009					3.9	2.0	2.3	6.3	8.8	-1.4	-1.0	0.5	22.9

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\$ Class	1.63
€ Class	1.64
Fund Size	£735 million
Strategy AUM	\$1,294 million
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Class Inception	11 May 2009
Fund Type	UK Long/Short UCITS
Comparators	Primary: Cash Secondary: MSCI Daily TR Net World
Base Currency	GBP
	£

Live fund dashboard

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

[View dashboard on odey.com >](#)

Top ten equities as percentage of NAV

	Strategy	Notional Exposure
Plus500	Long	9.7%
ViaSat	Long	9.7%
Playtech	Long	7.2%
Sports Direct	Long	6.3%
Rowan Companies	Long	5.0%
SoftBank	Long	4.8%
Serco	Long	4.8%
Koninklijke KPN	Long	4.7%
Bunzl	Short	-4.7%
Stars	Long	4.7%

Statistics

	1-year	3-year	5-year	Inception
Fund annual s.dev.	14.3	12.7	12.0	12.7
Index annual s.dev.	12.5	10.0	9.7	11.3
Alpha	-0.2	-0.5	-0.1	0.5
Beta	0.6	0.2	0.1	0.4
Correlation	0.6	0.1	0.1	0.4
Sharpe Ratio	0.3	-0.3	0.0	0.9
Information Ratio	-0.6	-1.2	-0.8	-0.1
Tracking Error	12.9	16.0	15.1	13.4
Sortino	0.4	-0.4	0.0	1.2

Important information

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

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

Fund team and contact details

FUND MANAGERS

James Hanbury
Adrian Courtenay
Jamie Grimston

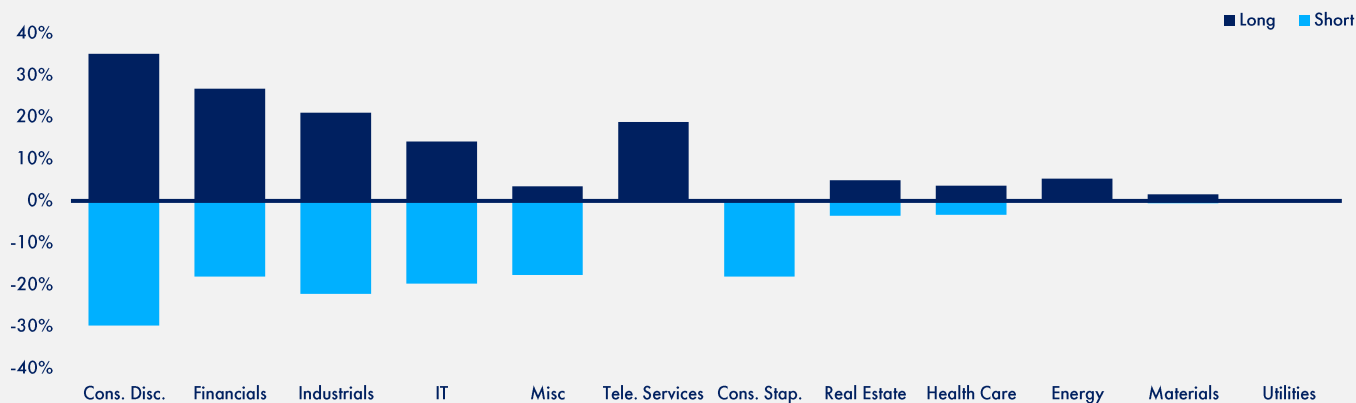
For full bios visit [odey.com](#)

ENQUIRIES

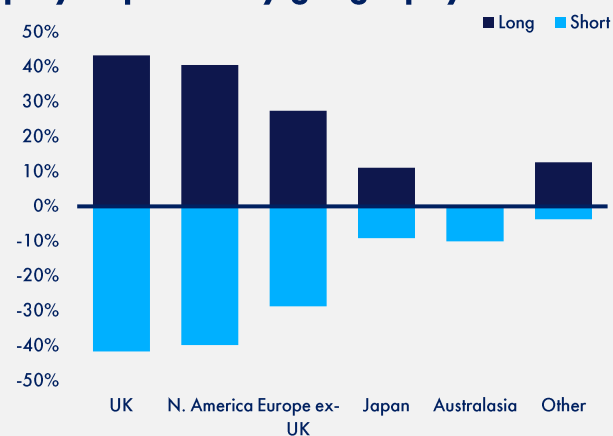
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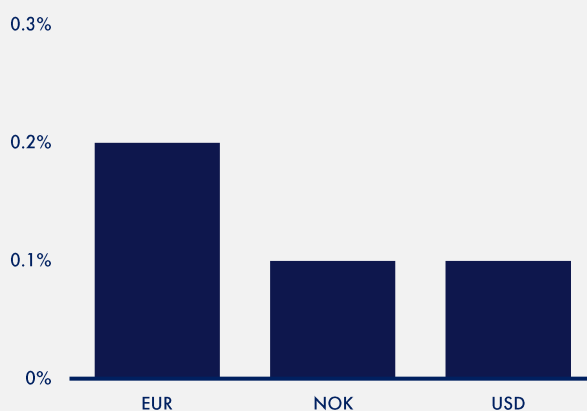
Equity exposure by sector



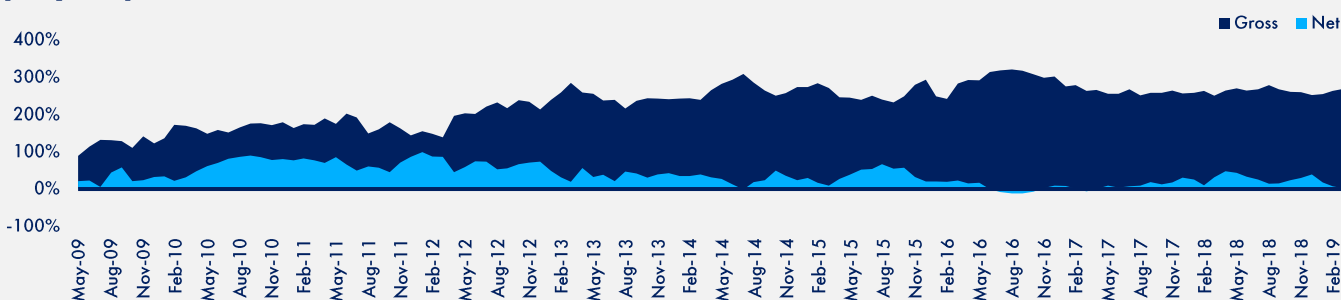
Equity exposure by geography



Non-base currency exposure



Equity exposure



ASSET ALLOCATION AS PERCENTAGE OF NAV

Long equity	136.04	Net	4.19
Short equity	-131.85	Gross	267.89

Note: Allocation figures are taken at close of business whereas Fund performance is taken at 10am. Equity exposure includes all equity related instruments. Government Bond exposure can be provided on a ten-year adjusted basis. Currency exposure shows non-base currency through forward currency contracts and portfolio holdings. Commentary is provided on a quarterly basis. 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 29 March 2019. ¹Link Fund Solutions and Bloomberg, calculation on a NAV basis with net income reinvested – the share class prices refer to NAV per share.

Investment objective and policy

The LF Odey Absolute Return Fund ('The Fund') aims to achieve a positive absolute return on a 12 month rolling basis independent of market conditions. Capital is at risk and there is no guarantee that a positive return will be delivered over any one or a number of 12 month periods. The Investment Manager seeks to achieve this objective through managing a portfolio of securities, bonds and currencies and related financial instruments.

APPROACH

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

RISK CONSIDERATIONS

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

Investor information

Share classes	R (£), I (£, €, \$) Acc.	Minimum investment	R £5,000; I £1,000,000
Share class hedging	Non-base currency share classes are hedged	Dividends	Accumulation shares only
Trade date	Daily	Authorised Corporate Director (ACD)	Link Fund Administrators Ltd.
Dealing	Forward to 10am	Auditor	Ernst and Young LLP
Valuation	10am	Depository	National Westminster Bank Plc
Front end fee	Up to 4%	Price reporting	Prices published daily on www.odey.com , Bloomberg and by other third party data providers.
Annual management fee	R 1.25%, I 0.75%	ISIN	R: GB00B55NGR79, £I: GB00B55NGS86, €I: GB00B3SX1S66, \$:GB00B3Z00X80
Performance fee basis	20% of the increase in the value per share of the fund between the beginning and the end of the year. Fees crystallise annually. Losses carried forward.	SEDOL	R: B55NGR7, £I: B55NGS8, €I: B3SX1S6, \$:B3Z00X8
Anti-dilution fee	May apply up to 0.75% to NAV on subs/reds if large deals (typically >5%) occur		

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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fund: LF Odey Absolute Return 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.