

Brook Absolute Return Focus Fund

BROOK
ASSET MANAGEMENT

Portfolio Manager Report

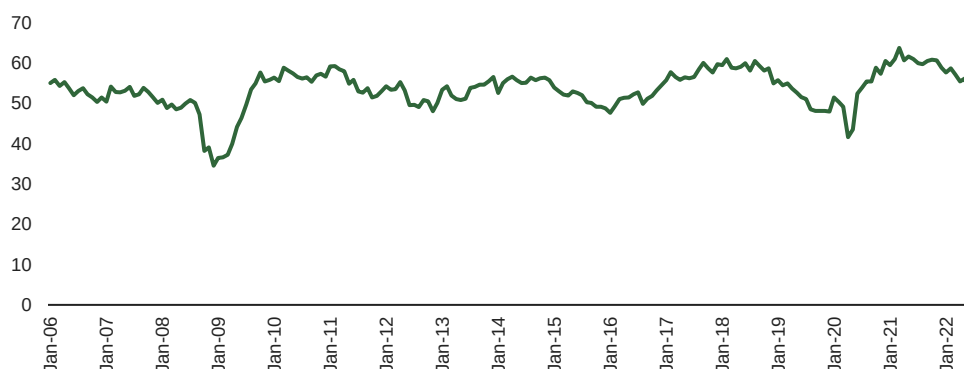
Introduction

It was another torrid quarter for equity markets with the MSCI Daily TR Net World Index -9.2% in GBP and the S&P 500 Index posting its worst first half since 1970. The Fund had a good quarter as it generated positive returns of +8.5% albeit with more monthly volatility than we would like. Our short book performed extremely well in both absolute and relative terms and our long book slightly underperformed the market.

Macro

Over the past quarter economic data has been weakening and inflationary pressures have started to ease. As the Fed have tightened concerns have shifted from the impact of higher discount rates on valuations to that of a hard economic landing.

Exhibit 1: US ISM Manufacturing PMI



Source: Bloomberg and Institute for Supply Management.

Exhibit 2: US Personal Consumption Core Price Index (% YoY, seasonally adjusted)



Source: Bloomberg and Institute for Supply Management.

Performance

8.5% Quarterly performance
-6.6% Year-to-date performance
7.2% CAGR since inception

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

Fund details¹

£ I Class	149.22
£ A Class	154.27
\$ I Class	157.10
\$ A Class	166.18
Fund Size	£86 million
Strategy AUM	\$857 million
Fund Inception	30 Nov 2015
Class Inception	30 Nov 2015
Fund Type	Irish ICAV QIAIF

Portfolio Managers

James Hanbury
Jamie Grimston

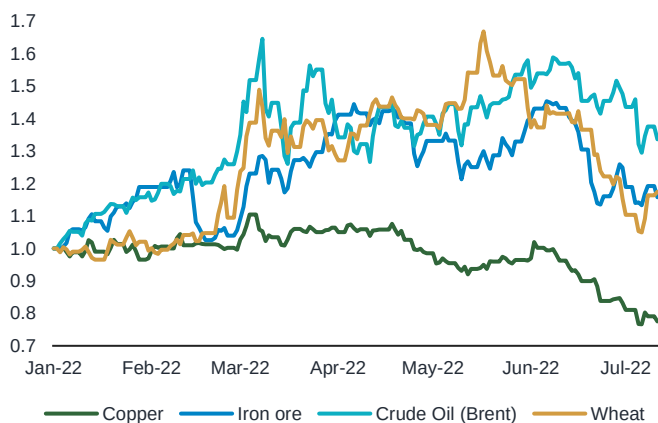
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Exhibit 3: 5-year US inflation breakeven rates



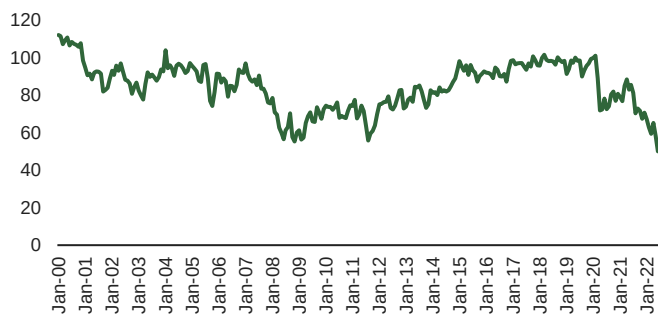
Source: Bloomberg.

Exhibit 4: 2022 YTD performance of Copper, Iron Ore, Brent Crude Oil and Wheat, all indexed to 1 on 1st Jan 2022.



Source: Bloomberg.

Exhibit 5: US consumer confidence



Source: Bloomberg and University of Michigan.

For many years quantitative easing (QE) has been of incredible benefit to asset owners yet it has created some big financial and social imbalances. The first half of 2022 has seen a major unwind of some of these distortions; salary earners achieved underlying wage increases not seen for many decades while asset owners suffered significant losses. The five-hundred richest people in the world lost \$1.4tr in aggregate in the first half of 2022 according to the Bloomberg Billionaires Index.

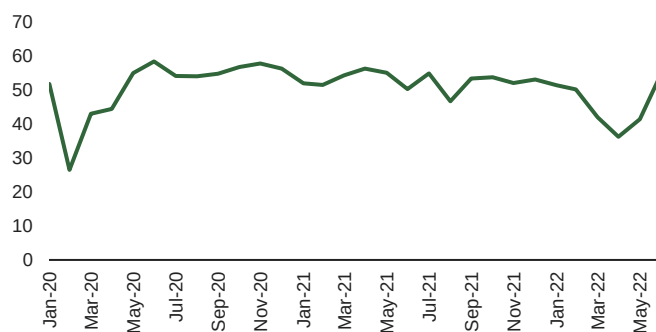
Meanwhile in China the economy is picking-up as it starts to normalise after 'zero COVID' alongside monetary and fiscal stimulus. For all the credible aspirations of transitioning the economy medium to long-term China only seems to have one effective approach to kick-starting it short-term and this should be supportive for commodity prices.

Exhibit 6: Citi economic surprise index – China



Source: Bloomberg and Citi.

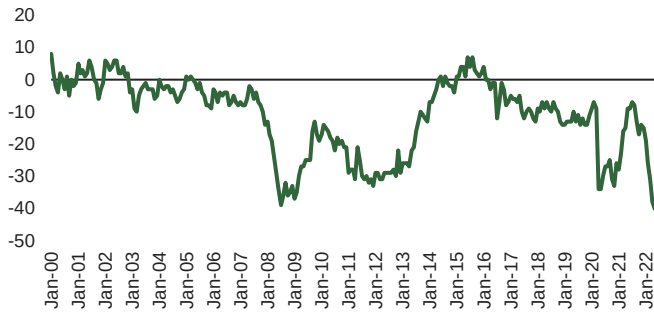
Exhibit 7: Caixin China Services PMI Business activity



Source: Bloomberg and S&P Global.

Whilst negative economic factors are being given more weight by the market at present, we believe there are counter-balancing items that are meaningful and deserve consideration. Labour markets are strong at present. Supply chain issues are improving. The negative hit that asset values have taken should help to bring back some marginal workers, easing supply and helping economic growth. There seems to be a desire by both America and China to reduce trade tariffs. Banks are well capitalised and nominal loan growth is accelerating in both the US and Europe. Key macro indicators (PMIs) still show western economies growing. Consumers have excess savings from COVID. Whilst consumer sentiment is at record lows, the fear of unemployment is at much more normal levels and we see this as an important indicator. Whilst not giving ourselves much edge and naturally feeling cautious about the macro, we feel that a deep recession is being overly discounted by the market. Many of the concerns that the market currently has around higher inflation and higher rates will reduce if economic conditions weaken further and remove the slight bind that central banks find themselves in.

Exhibit 8: UK consumer confidence



Source: Bloomberg and GfK.

Exhibit 9: UK consumer unemployment outlook next 12 months



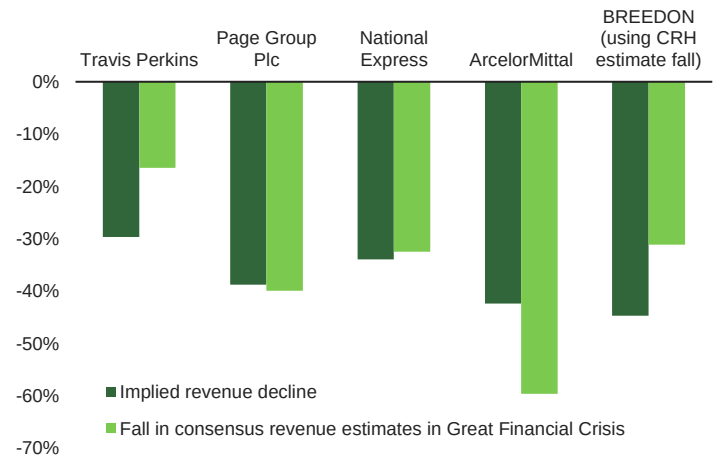
Source: Bloomberg and GfK.

In general one can never be that confident on the macro but when there is a large amount of pessimism discounted into equities we find that very interesting when our view is less downbeat.

Equity positions

One of the most important things in buying an equity is to not focus solely on the outlook, but rather what is being priced-in. Herein lies one of the key challenges in the current market environment. The economic environment has undoubtedly weakened in the past few months and yet many cyclicals are already pricing-in a hard economic landing. The upside in our equity long book is as good as we have seen since early 2020, yet we need to be prepared for some volatility to capture this prize. Below we run through some examples of what we feel is already being priced-in by some of our more cyclical positions.

Exhibit 10: Current implied revenue declines* of selected cyclicals vs actual fall in consensus estimates from peak in the Great Financial Crisis



Note: *Current implied revenue decline = necessary fall in revenue vs current expectations to revert shares back to their average 10-year EV/sales multiples. CRH estimate fall during the GFC used alongside Breedon as 2009 data not available for the latter.

Source: Bloomberg and Brook Research.

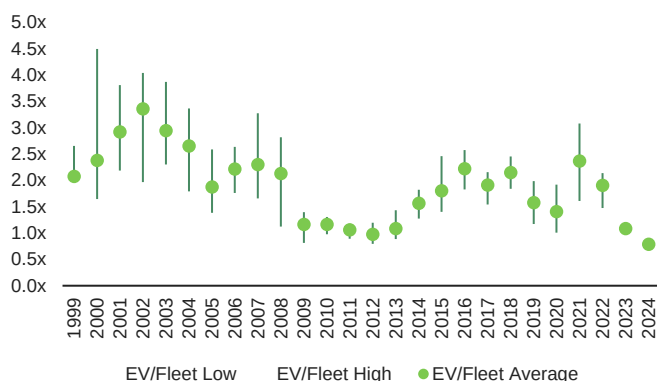
IWG the service office operator, is a business that post COVID should see structurally higher demand across the cycle. They now also own the world's leading broking platform and have a more capital light model than at any time in their history. The shares meanwhile discount a very bearish outlook where the current 1x EV/sales multiple has only been lower at the depth of the pandemic and around the Great Financial Crisis.

PageGroup we recently bought into the recruitment space, after waiting a few years for a good entry point. PageGroup, a recruitment business operating across 37 countries, is a high quality, asset light company which generates good cash returns over the cycle. We believe the characteristics of remote working has generated an environment for higher churn which benefits the margins of recruitment firms. The shares are so depressed that, based upon through-the-cycle valuations, they now discount a 38% decline in revenues over the near-term, as per the chart above. This compares to an actual decline of 40% in consensus estimates from the August 2007 peak to Dec 2009, a period that was uniquely hostile to staffing revenues. The shares currently trade more than one standard deviation below their 20-year EV/Sales average, a discount which has only been higher for a few months in late 2008 and early 2009. On top of this, there is an economic scenario where employment runs 'hot' for a period of time which would be extremely bullish for the Michael Page business model. While sequential data for European staffing is slowing moderately from very high levels, current trading is strong, as is the balance sheet and the shares trade on a P/E ratio of just 8x 2022.

Travis Perkins is the UK's largest builders' merchant despite management slimming down and improving the portfolio. It has wide exposure to UK Repair, Maintenance and Improvement markets and has achieved a period of sustained market share gains under the current management team. Based on a through-the-cycle EV/sales multiple, the shares now price in a near 30% fall in revenue – which would be a worse outcome than in 2008/2009. Travis operates overwhelmingly in business-to-business (B2B) markets where OEM's, distributors and customers all understand the process of inflation pass through. So far, the wider industry has a good track record in avoiding a cost-driven margin squeeze and whilst macro pointers now indicate that 2023 will likely not follow the strong recovery path of 2022, the market has moved quickly to price a savage recession.

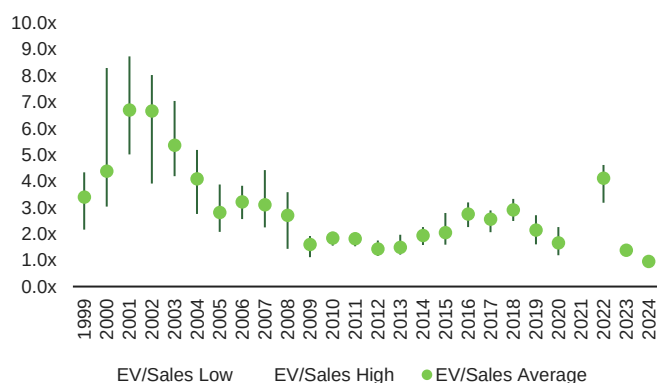
Ryanair assuming 10-year average margins of 17%, Ryanair now trades on a P/E of 7x vs its usual 12–14x range. We think this is the wrong price for an industry leader. Ryanair has encountered far lower levels of disruption than BA or Easyjet. It's more flexible cost structure allowed it to minimise redundancies during Covid and it has thus not suffered the recruitment issues affecting other players. We see oil ultimately as a passthrough cost. This will take around 12 months in Europe as the industry works through its hedges, but in the US where the industry doesn't hedge its jet fuel exposure air fares are already up around 20% vs pre-Covid levels. As the lowest-cost provider in Europe, Ryanair is also well-placed to take share in a recessionary environment.

Exhibit 11: Ryanair Enterprise Value/Fleet value



Source: Bloomberg, Brook Research.

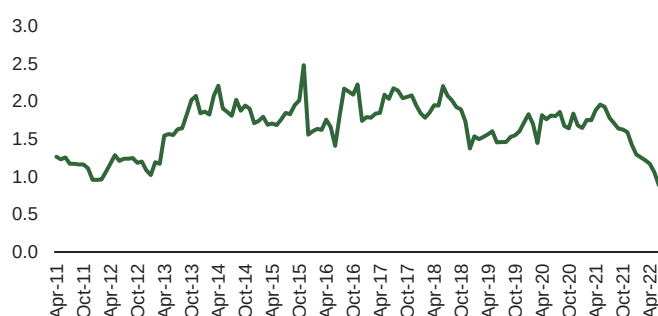
Exhibit 12: Ryanair EV/Revenue



Source: Bloomberg, Brook Research

Breedon the aggregates business has never traded on a lower EV/sales multiple or P/E multiple. We believe Breedon's aggregates business operates in generally ordered local markets, behind regulatory protection, which makes new capacity very hard to open. Breedon operates in B2B markets where cost pass-through is well established, and this business does not have the sort of total P&L inflation likely to be disruptive. It is very well placed to pass on cost inflation with good secular growth prospects, given the 50% exposure to Infrastructure. Current trading is robust and the business should continue to do bolt-on acquisitions in line with its long term "roll up" track record. Currently Breedon trades on a P/E of sub 9x on consensus 2022 forecasts which we believe are too low. To return to its long run average EV/sales multiple, Breedon would require a c.45% fall in revenue which feels unlikely given that rough comparable CRH suffered a 31% fall in 2009 revenue estimates from peak in Jan 2008 to the actual YE 2009 outcome, and Aggregate Industries grew revenues over the period according to companies house filings.

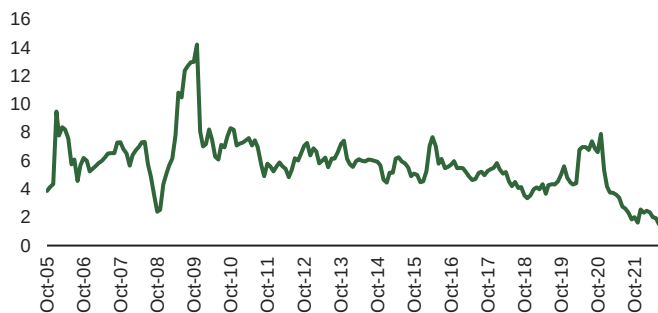
Exhibit 13: Breedon EV/Sales



Source: Bloomberg.

Glencore and ArcelorMittal are similar in that they are both companies being priced as low-quality cyclicals. Indeed, their EV/EBITDA multiples have never been lower. Arcelor's EV/sales multiple is also at a record low whilst Glencore's is well under 1 standard deviation below its 10-year average. We see good reasons why both of these companies' structural growth stories have improved dramatically in the past few years. For Arcelor the regulatory environment is set to be much more supportive for its European business with carbon border taxes; going forward China exports should be structurally lower and steel is going to play an important role in the energy transition. Glencore meanwhile is benefitting from a higher coal price environment, linked to Russian geopolitics rather than general economic conditions. For Glencore's other industrial metals (copper, cobalt, zinc, nickel) whilst of course there will be short to medium term cyclicity we see high structural demand in the medium to long term again linked to the energy transition. As touched on above it is helpful for commodity producers that China is economically out of sync with the rest of the world. Both companies are aggressively returning capital back to shareholders and despite a fall in the price of their commodities, Arcelor trades on a FCF yield of 43% in 2022 and 34% in 2023 using the forward curves, while Glencore trades on a FCF yield of 30% in 2022 and 25% in 2023. Whilst there are many caveats in looking at profit multiples for cyclicals, we find the long term EV/EBITDA range of Arcelor quite informative as to how much pessimism is currently priced-in.

Exhibit 14: ArcelorMittal EV/EBITDA 2005 – July 2022



Source: Bloomberg.

Banks naturally make some investors nervous when there has been a deterioration in the macro outlook. Given leverage levels, the quality of their balance sheets, the benefits they enjoy from rising rates and inflation and, crucially, their valuation, we feel they have a much higher margin of safety than is generally considered. Banks have been the biggest victims of QE, and they should be the biggest winners when QE ends. They have been very tightly regulated since the Great Finance Crisis, have grown their loan books at modest rates and are therefore entering a macro slowdown in a strong position. The Credit Suisse banks team conclude that to get to provisioning implied by the market you would need a 10% rise in unemployment, 12% fall in GDP and a 40% fall in house prices. Barclays is our largest position which trades on a price to trailing tangible book of 0.51X and a P/E for 2023 of 4.6X.

Performance during Q2-22

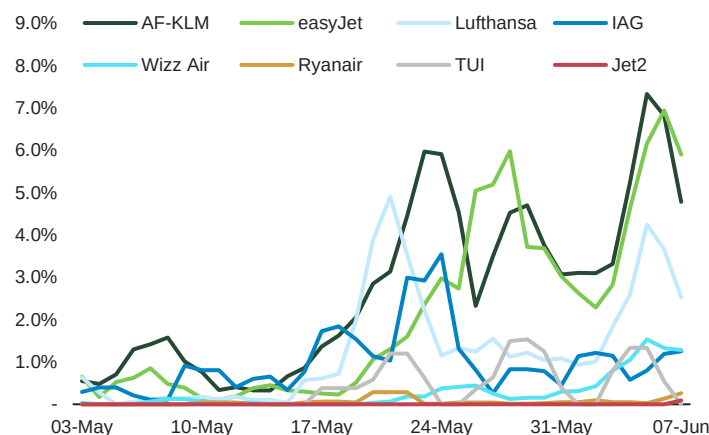
Long book

The equity long book lost -14.09% in the quarter as the market fell and we generated negative alpha of -2.88%. Valuations in the long book have fallen meaningfully to the extent that our conviction levels on our names are unusually high. We feel we own a high quality portfolio that can ride-out a tougher economic environment, be a winner in relative terms and thrive in more benign times. The median P/E and EV/sales of our long book is 10 x and 0.9 x respectively.

The largest negative contributor from the long book in Q2-22 was **IWG** (-2.72%) as the market extrapolated macro concerns with weakness in their business. Whilst a deep recession would undoubtedly negatively impact IWG's demand a milder slow down can be a good thing for service office operators as companies look to reduce cost and increase flexibility. We expect occupancy has been filling up at a slower rate but is still improving. **Jet2** cost the fund -1.58% in Q2-22 as airlines suffered from travel chaos at airports. The frustration for Jet2 is they were ready for high demand post COVID yet the industry overall had not put enough cost back in. Although Jet2 had virtually no flight cancellations, being let down by third party partners will result in meaningful one-off costs for this year. Whilst this short-term airline industry disruption has not been good for anyone, it has allowed them to stand out from the crowd on a relative basis. A good recent example is a comment on national TV by Simon Calder, the influential British travel journalist, that Ryanair and Jet2 are the best airlines "by a mile" to book with as they have the least cancellations. We continue to see Jet2 as a structural market share winner with good underlying growth.

The shares trade on 1.6x March 2023 EV/EBIT if customer cash is included (as most airlines are valued) or 5.5x EV/EBIT if there is no recognition given for customer cash.

Exhibit 15: European airlines % cancellations, 3 day rolling average



Source: MorganStanley, Flight Aware, Alphawise.

Our more cyclical names sold off in Q2-22 as recession fears increased and commodity prices came off. **Arcelor** cost the fund -1.09%, **Breedon** -0.72%, **Deutsche Bank** -0.20%, **Travis Perkins** -0.10%, **Glencore** -0.93% and **Michael Page** -0.05%. **Oxford Nanopore** lost -1.47% as it derated along with other longer duration assets.

UK-listed white consumer goods company **AO World** cost the fund -1.28% during the quarter. The disappointment was that the company failed to sell its German business and is now closing it down at a small cash cost rather than receiving proceeds. To plug this gap the company orchestrated an equity placing recently and said that trading was broadly in line with the board's expectations. Trading is undoubtedly tough at present (as we can see from broader UK consumer electrical spending trends) and AO took the opportunity to rebase medium term guidance to revenue growth of at least 10% per annum and EBITDA margins of at least 5%. We are frustrated at two levels with AO, firstly that we misjudged the strength of the COVID pull-forward and secondly that the company did not have a larger financial buffer after the COVID windfall. That said it has clearly been an extremely tough period to run a business like AO and we continue to believe it will keep winning market share and become a strategically more valuable business. After the 90% fall from the highs the shares trade on c.20% of sales and we believe they offer good value despite having moderated some of our assumptions.

Our oil drilling names were weak in the quarter also. Offshore driller **Valaris** lost -0.81% and **Drilling Company of 1972** -0.93%, despite the fundamental data points coming through strongly. The combination of a pick-up in demand for drilling ships after a multiyear period of falling supply is leading to day rates on new contracts being signed at levels significantly above our base case along with the term of contracts increasing. For example, Valaris recently announced a new 540 day contract with Equinor for the DS 17 at day rates of \$450. Equinor is paying for all mobilisation costs; including these, the equivalent cost is a day rate of over \$600k. Extrapolating the lower rate across the Valaris fleet would give a FCF yield to the enterprise of 90%. Whilst the oil forward curve has come off from its highs it is still materially above levels that justify new offshore drilling.

The leading positive contributor was **Plus500** (+3.48%) after it upgraded guidance twice during the quarter. **Frasers Group** added +1.05% after it bought Misguided out of administration and reloaded its buyback. We continue to believe that Frasers will be a retailer that thrives in a tougher economic environment as it has the ability, resource and entrepreneurial spirit to acquire distressed retailers or stakes in a value accretive way. **Serco** added +0.21% after it upgraded guidance.

Short book

Our short book performed extremely well in the quarter generating absolute returns of +22.41% and alpha of +16.34%. As is often the case after big moves in our short book we have covered or reduced many of these positions and rotated into new ideas. Although our shorts all have stock specific reasons, we put them in baskets below for the purpose of describing performance.

The **ARK Innovation** ETF, via a short proxy, was our best contributor generating returns of +5.87%. There were many other good performing shorts in this category of high multiple stocks derating as the cost of capital rises; examples include our Nasdaq futures (+1.95%), **Rivian** (+1.47%), **Ballard** (+1.09%), **Tesla** (+0.73%), **AMC** (+0.85%), **Scottish Mortgage** (+0.95%), **Gamestop** (+0.66%) and **Ferrari** (+0.24%).

There are several cyclical shorts in the book which we believe are pricing in a low probability of a recession and these generally performed well; **Avis** (+0.58%), **Lamar** (+0.41%), **ST Micro** (+0.37%). **Costco** added +0.38% as there were generally weak trading updates from several large US retailers.

Elsewhere, our private equity shorts **EQT** and **Partners Group** generated returns of +2.50% and 1.34% respectively. Although these private equity names have fallen considerably this year we still feel the market is being too optimistic on the performance of the back book and future performance fees. On consensus numbers (which we believe are too high) Partners trades on 21x forward earnings and EQT on 26x.

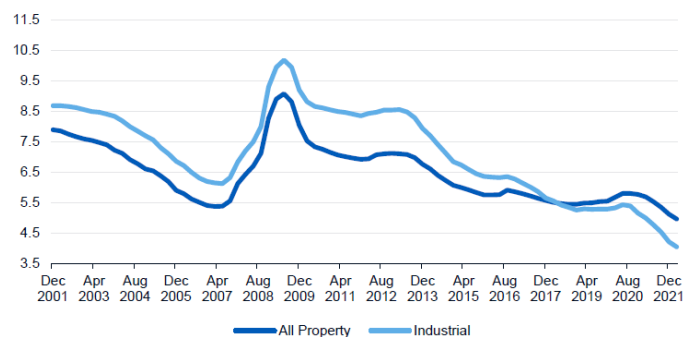
New equity positions

Alibaba, China's largest and most established ecommerce platform, is a company we have held before and we took a long position once again in Q2-22. The shares are down 65% over the last 18 months, mainly due to the company having had a regulatory service fee imposed on it and the shares derating due to regulatory concerns and a weaker consumer demand. On a lower multiple with rebased earnings and improved noises coming out of China towards the large technology companies we feel this is a good entry point and additionally we like the added diversification it gives the portfolio. Possible catalysts include the IPO of Ant Financial but regardless we see this as a business which should be able to grow earnings at a high teen rate for many years to come and we bought into the position at a P/E multiple of c. 13x next year's earnings.

Elsewhere, we added some shorts last quarter in **property logistics companies**. Thematically, the short case has a few angles as we see it.

1. We see upside risks to cap rates given where they are trading relative to their long run average and the rest of the overall property sector.
2. We believe that in the past few years there is a good chance that excess logistics sheds have been built.
3. As weaker retailers go into administration/chapter 11 in this tougher economic environment. Where those failing companies are saved we expect many larger companies to buy and consolidate them into their logistics operations (increasing excess supply).
4. As automation penetration in warehouses increases it uses less space; cube automation uses 70% less space than traditional aisled warehouses.

Exhibit 16: Equivalent yields – All Property vs Industrial and Logistics



Source: Shore Capital, MSCI

During the quarter we also initiated a new short position in **Lululemon**, the Canadian supplier of high-end athletic apparel. Structurally, we are concerned that the group's \$35bn market cap extrapolates the premium returns and margins that it has achieved via its dominant first-mover position in high-end North American women's athletic apparel to other product lines and geographies where its right-to-win is unclear. In essence, we question the market's wisdom in awarding the group a "mass-market" valuation (a market cap comparable to, for instance, Adidas) based on historic dominance of a more "niche" market within the global sporting goods industry.

Further, we also note that Lululemon's success in its core market of high-end women's athletic apparel is now beginning to attract incremental competition, in a business where barriers to entry are naturally low. Organically, far larger peer Nike has prioritised women's and apparel as strategic growth areas whilst smaller high-end sporting goods brands including Peloton, On Running and Allbirds all seem to be ramping-up their focus on apparel. At the same time, we have also seen Reebok (the original pioneer of women's work-out wear), Sweaty Betty and Beyond Yoga be acquired by owners who are likely now to increase the resource behind these competitor brands.

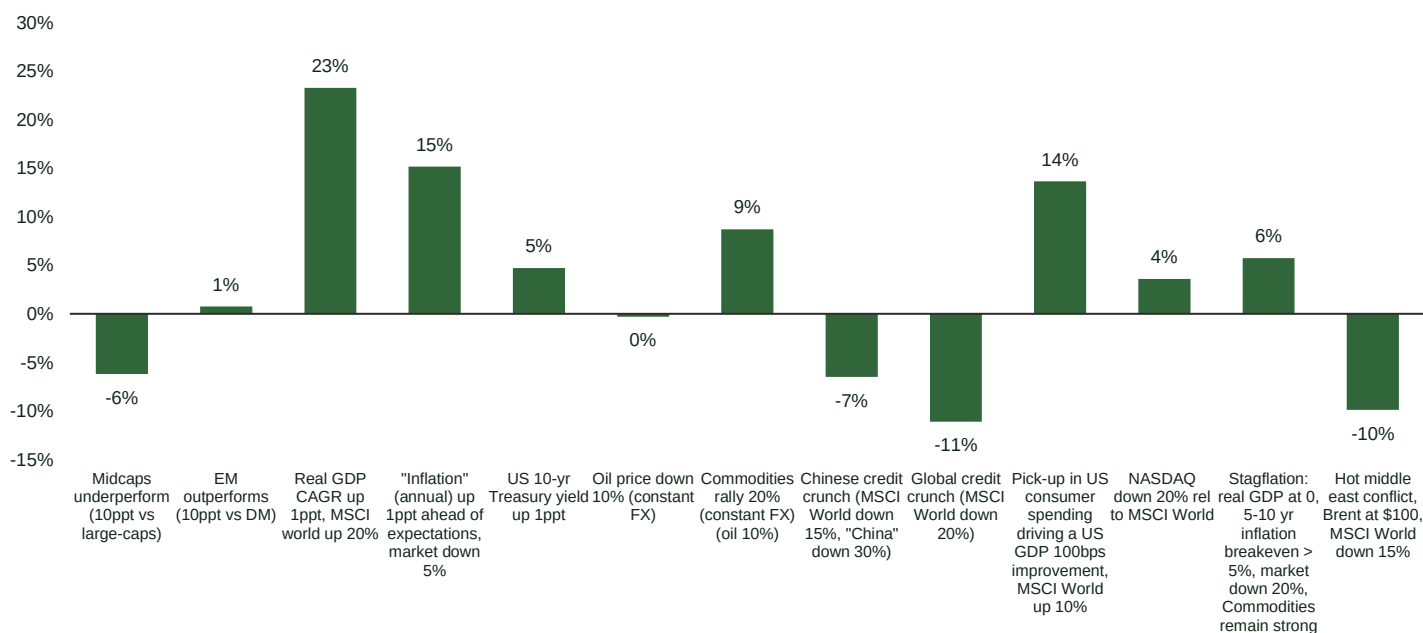
Finally, we are also concerned about the true sustainability of the lockdown-related demand spike and pricing power enjoyed by Lululemon (and its direct competitors) over 2020–21. Over this period, after all, consumers were starkly reminded of the importance of maintaining good health, given more free time and disposable income to pursue it and effectively excluded from most other leisure activities and even team sports. Compounding these highly favourable demand conditions for suppliers of work-out wear was a lack of channel inventory due to supply interruptions and hence historically low levels of industry markdown.

We regard this 2020–21 operating environment as unusually benign for Lululemon and note that recently there has been pressure on its reported and guided levels of gross margin and inventory, whilst revenue growth at some of its direct peers has also begun to decelerate. As such, we are surprised that Lululemon is still trading at >30x its earnings for calendar 2021.

Conclusion

It was a good quarter for the fund driven entirely by the short book. Although macro uncertainty is high we are trying to play to our strengths of focusing on the stocks and particularly those with a high margin of safety. Many of our longs have now got down to valuations where our level of conviction is extremely high and hence our net long bias. As ever many thanks for your support and we look forward to updating you next quarter.

Exhibit 17: Factor risks as at 11-Jul-22



Note: Assumes current currency hedging; The information above is an estimation of the expected 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 11-Jul-22.

James Hanbury

Positioning

Given the market and fund volatility and high uncertainty over the macro we have reduced the Fund's gross equity exposure and now aim to be more in the range of 160–200% from 230–260%. The fund is c.37% beta-adjusted net long equities (average of total net, 2 month and 6 month beta as at 11-Jul-22). There is a factor bias in the fund to the value space with the median P/E and EV/sales of the long book being 10 x and 0.9 x versus 26 x and 10 x in the short book. We are overweight Europe and more particularly the UK and underweight the US although we have reduced this in recent weeks. Our index shorts are now more biased to Europe after a period of US underperformance. During the quarter we reduced our Nasdaq and Russell 2000 shorts and added some Dax mid cap and Eurostoxx50 index shorts. The Dax mid cap index short fits with our view that industrial gas restrictions in Germany are quite likely. We continue to be unhedged on non-sterling positions to add some hedge to our long UK domestic positions. Given some of the moves with our stocks we have tried to be disciplined in optimally rebalancing the Fund, selling cheap to buy cheaper.

Brook Absolute Return Focus Fund

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Performance

	1-month	3-month	1-year	3-year	5-year	YTD inception	Since inception	CAGR since inc.
Fund	-11.1	8.5	-4.8	75.0	69.4	-6.6	54.3	7.2
MSCI Daily TR Net World	-5.3	-9.2	-2.5	28.4	54.8	-11.3	104.5	12.1
Relative	-5.9	17.7	-2.2	46.6	14.6	4.7	-50.3	-4.9

DISCRETE YEARLY PERFORMANCE

	1-year to	29 Jun 18	28 Jun 19	30 Jun 20	30 Jun 21	30 Jun 22
Fund		12.2	-13.7	17.4	56.4	-4.8
MSCI Daily TR Net World		9.3	10.3	5.9	24.4	-2.5
Relative		2.9	-24.0	11.5	32.1	-2.2

MONTHLY PERFORMANCE SINCE INCEPTION

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022	9.9	-13.2	-9.7	15.7	5.5	-11.1							-6.6
2021	-14.1	20.8	0.6	4.8	3.8	-9.2	-2.0	1.4	9.2	-9.5	-9.5	14.7	5.1
2020	-4.6	-4.4	-17.4	13.7	8.9	2.9	-6.0	17.9	-2.7	7.0	24.1	6.0	45.6
2019	8.5	-8.5	0.9	-5.0	3.3	-9.1	-5.1	1.5	0.6	8.0	4.0	12.4	9.4
2018	0.9	0.7	-1.0	7.4	4.9	0.3	2.1	-4.6	3.0	2.6	3.3	-9.2	9.7
2017	0.4	-3.8	-0.5	3.1	2.9	0.4	-1.4	9.9	-0.6	1.5	-3.0	-6.9	0.9
2016				-3.1	4.3	3.1	-1.4	-0.6	-1.2	-6.9	0.6	-5.8	-11.0

Fund details¹

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Fund Size	£86 million
Strategy AUM	\$857 million
Fund Inception	30 Nov 2015
Class Inception	30 Nov 2015
Fund Type	Irish ICAV QIAIF
Comparators	Primary: Cash Secondary: MSCI Daily TR Net World GBP
Base Currency	£

Top ten long equities as percentage of NAV

	Notional Exposure
Plus500	21.2%
Frasers Group	16.6%
Glencore	9.6%
JET2	7.6%
IWG	7.2%
Valaris	5.8%
Conduit	5.7%
AO World	5.7%
ArcelorMittal	4.6%
Playtech	4.5%

Statistics

	1-year	3-year	5-year	Inception
Fund annual s.dev.	35.4	35.5	30.3	27.3
Index annual s.dev.	11.4	14.3	13.1	12.2
Correlation	-0.3	0.4	0.3	0.3
Sharpe Ratio	0.0	0.7	0.5	0.3
Information Ratio	0.0	0.4	0.1	-0.2

Important information

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

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Fund team and contact details

PORTFOLIO MANAGERS

James Hanbury
Jamie Grimston

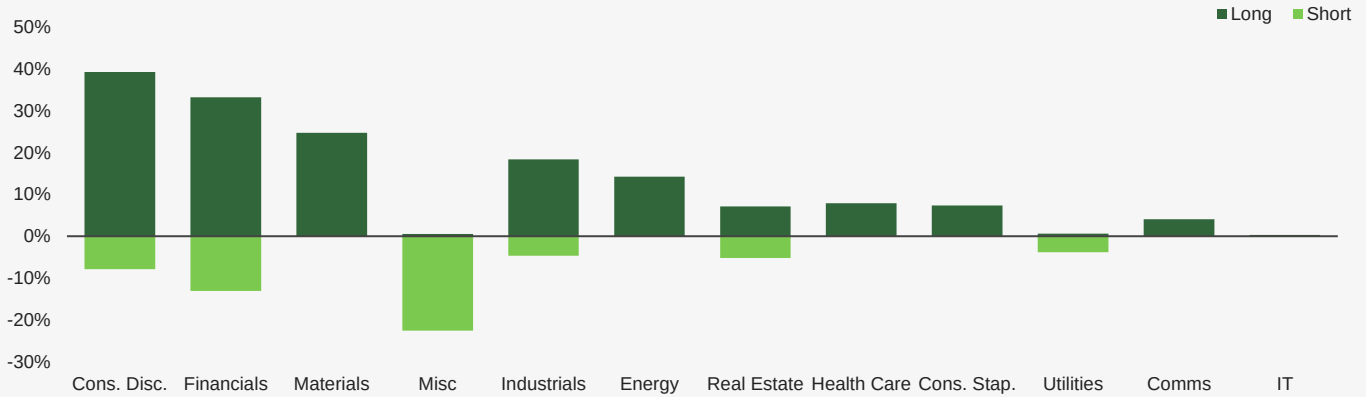
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ENQUIRIES

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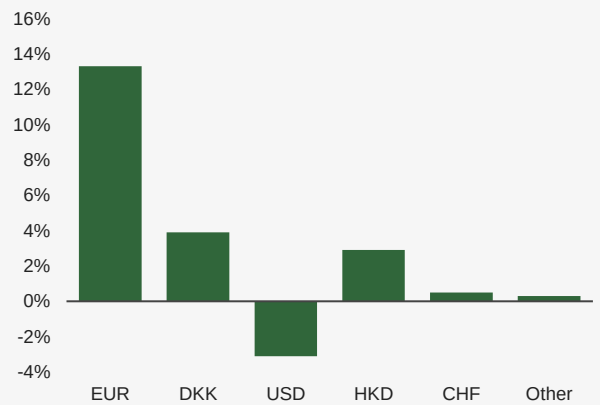
Equity exposure by sector



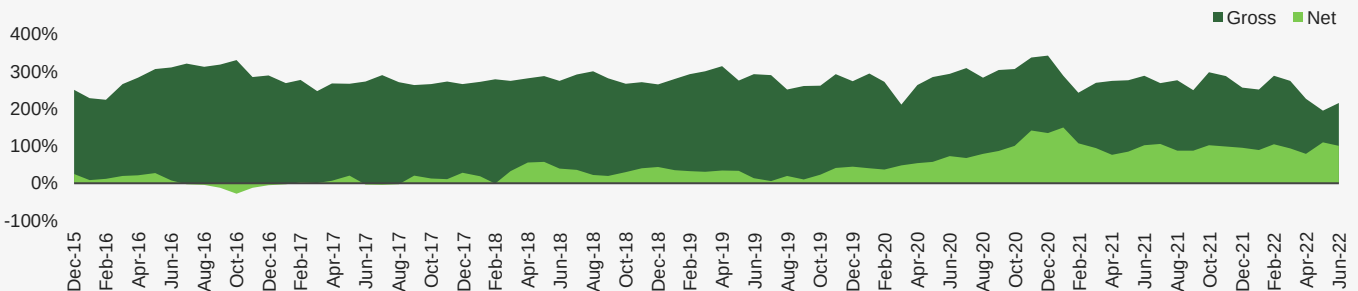
Equity exposure by geography



Non-base currency exposure



Equity exposure



ASSET ALLOCATION AS PERCENTAGE OF NAV

Long Equity	157.7	Net Equity	100.5
Short Equity	-57.3	Gross Equity	215.0
Commodity	0.6	Foreign Exchange	20.8
Government Bonds	-3.4	Beta adjusted net exposure (2yr)	22.4

Note: Equity exposure includes all equity related instruments. Currency exposure shows non-base currency through forward currency contracts and portfolio holdings. Past performance is net of fees and other charges. Commentary is provided on a quarterly basis. Equity exposure as classified by GICS. The fund was renamed effective 8 February 2021 from Odey Absolute Return Focus Fund to Brook Absolute Return Focus Fund.

Source: All sources, unless otherwise stated, are Brook internal unaudited data and refer to the £ A share class. All data shown as at 30 June 2022. ¹U.S. Bank Global Fund Services (Ireland) Limited and Bloomberg, calculation on a NAV basis with net income reinvested.

Investment objective and policy

The Brook Absolute Return Focus Fund ("The Fund") aims to achieve long-term capital appreciation and 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 fund will seek to achieve its investment objective by investing in, or taking exposures, using both long and short positions to a range of asset classes worldwide. The Fund will primarily invest in equity and equity-related securities.

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 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 both long and short with a higher concentration in the top 10 positions.

RISK CONSIDERATIONS

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

Investor information

Share classes	I (€), £, \$) ² , A, B, C (€, £, \$)	Minimum investment	£1,000,000 or equivalent in \$ & €
Share class hedging	Non-base currency share classes are hedged	Dividends	Income accumulated and reinvested on behalf of shareholders
Trade date (T)	1st of month	Administrator	U.S. Bank Global Fund Services (Ireland) Limited
Valuation	Close of business T-1	Depository	U.S. Bank Depository Services
Front end fee	Up to 5%	Auditor	Deloitte & Touche, Ireland
Annual management fee	I & C 0.75%, A 1.25%, B 1.00%	Price reporting	Prices published daily on brookam.com, Bloomberg and by other third party data providers.
Performance fee basis	I & A 20%, B 18%, C 15% of the increase in the value per share of the Fund between the beginning and the end of the year or end of lock up period. Fees crystallise annually (31-Dec) or at the end of the lock up period. Losses carried forward.	ISIN	£I IE00BYQ96119 ² , \$I IE00BYQ96226 ² , €I IE00BYQ96002 ² , £A IE00BD2MF988, €A IE00BD2MF871, \$A IE00BD2MFB05, £B IE00BD2MFD29, €B IE00BD2MFC12, \$B IE00BD2MFF43, £C IE00BD2MFH66, €C IE00BD2MFG59, \$C IE00BD2MFJ80
Anti-dilution fee	On all orders	SEDOL	£I BYQ9611 ² , \$I BYQ96222 ² , €I BYQ96002 ² , £A BD2MF98, €A BD2MF87, \$A BD2MFB0, £B BD2MFD2, €B BD2MFC1, \$B BD2MFF4, £C BD2MFH6, €C B D2MFG5, \$C BD2MFJ8
Exit fee	Up to 5% if outside redemption period (A 1-month, B 1-year, C 3-year)		

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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Note: ²I share class is closed to further investment.

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 Absolute Return Focus 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.