

**SHINING A LIGHT ON.....
ODEY SWAN FUND**

Update....

In the last update we indicated that the strategy employed by the manager (Crispin Odey) is complex and would likely appeal to a minority of investors. There is a strong argument that although the manager can deliver spectacular returns when he is right, more often than not he is not and therefore it is about picking the moment when he is most likely to be right. The problem with that is that even he doesn't know when that point will be (if ever).

In the last update we highlighted two periods when he was right and these benefited investors. His thesis is to be negative to highlight his opinion of how his fund will drive returns. In the last update he mentioned China and in this update this was the main driver for why he thinks the world is heading towards recession.

His view is that China has four bubbles; housing, debt, stock market and currency. Twelve months ago the chances of China having an impact on causing a global slowdown was 1%, this is now 35% and Crispin thinks this will go to 50%. Across Asia many economies are already in recession.

The easiest area for Chinese policymakers to address is currency, a strong currency makes it less attractive to other Asian countries and therefore devaluing is the obvious option. But the wider problems will not be solved by this. He feels that the collapse of China will be bigger than 2008 / 2009 and QE won't help this time round.

This crisis in Asia is already spreading with in his view clear signs of an industrial recession and declining credit markets in the US. In the US we have already seen a 1% drop in GDP and there are signs of a slowing US economic cycle. Going further his argument is that we are 7 years into a recovery and there are signs that it is reversing. Debt per capita in the auto sector is rising, people are saving rather than spending and inventory stocks are rising.

Furthermore, he feels the falls in August are a sign of what is to come, and that we are now in a down cycle. He feels that although the S&P500 is at around 1,900 the market has run out of puff and will gradually decline settling back to 2009 levels.

He did admit that some of his investment strategies haven't worked but he feels it is now positioned for a bear market.

In summary you have to feel extremely negative about the markets to follow what Crispin believes. Part of me remains of the view that if you believe in what he is saying then you shouldn't have any investments but this is the complex nature of investing with him. If you believe he is right and you believe in his strategy, then you could argue that that is why you invest with him. There is no right or wrong answer but this is complex and may only appeal to a minority of investors.

LWM Consultants Ltd

Fund performance

Performance vs iShares MSCI World Dist ETF from 11 March 2013 to 14 October 2015.

	2013	2014	2015
Odey Swan I Fund	5.39%	4.14%	-16.10%
iShares MSCI Word Dist ETF	4.84%	10.53%	-2.95%

Performance over 12 months and since launch

	1 Year	Since Launch
Odey Swan I Fund	-5.39%	-7.93%
iShares MSCI Word Dist ETF	5.56%	12.46%

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

The source of information in this note has been provided by Odey and is correct as at October 2015. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well rise.