

**SHINING A LIGHT ON THE.....  
LF Odey Absolute Return Fund**

**AT A GLANCE**

<b>Investment Objective</b>	
<p>The investment objective of the CF Odey Absolute Return Fund is to achieve a positive absolute return over a 12-month period, 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 synthetic short positions) to a range of asset classes worldwide. The fund may therefore invest in any, or all, of the following: equities and equity related securities (including OTC derivatives), fixed and/or floating rate debt securities issued by governments and/or corporate entities, closed ended funds, collective investment schemes, derivatives, forward foreign exchange contracts, currencies and cash and cash equivalents.</p>	

<b>Inception Date</b>	8 <sup>th</sup> May 2009
<b>Fund Factsheet Link</b>	<a href="http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F000002SI7">http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F000002SI7</a>

<b>Management</b>	
<b>Manager Name</b>	<b>Start Date</b>
James Hanbury	8 <sup>th</sup> May 2009
Jamie Grimston	2 <sup>nd</sup> June 2010

<b>Investment Style Details</b>	
<b>Equity Style</b>	
<b>Market Capitalisation</b>	<b>% of Equity</b>
Giant	6.61%
Large	14.36%
Medium	37.27%
Small	32.78%
Micro	8.98%

<b>Top 10 Holdings</b>		
<b>Total number of holdings</b>	103	
<b>Assets in Top 10 Holdings</b>	47.55%	
<b>Name</b>	<b>Sector</b>	<b>% of Assets</b>
Viasat Inc	Technology	8.23%
Plus500 Ltd	Financial Services	7.36%
Signify NV	Technology	4.78%
Koninklijke KPN NV	Communication Services	4.74%
Shire PLC ADR	Healthcare	4.63%
Rowan Companies PLC	Energy	4.20%
Liberty Media Corporation	Consumer Cyclical	4.17%
Sports Direct International PLC	Consumer Cyclical	3.43%
EnSCO PLC Class A	Utilities	3.06%
Alphabet Inc A	Technology	2.96%

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Volatility Measurements	
3-Yr Std Dev (volatility)	11.86%
3-Yr Mean Return (average)	-2.32%

## FUND PERFORMANCE

Performance from 1<sup>st</sup> January 2013 to 31<sup>st</sup> October 2018:

	2013	2014	2015	2016	2017	2018
LF Odey Absolute Return Fund	45.59%	5.53%	7.60%	-17.85%	2.86%	8.90%

Performance over 12 months, 3 years, 5 years and since launch:

	1 year	3 years	5 years	Since launch
LF Odey Absolute Return Fund	0.73%	-7.27%	9.80%	207.65%

*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.*

## UPDATE....

The fund aims to deliver a positive return over a rolling 12-month period. It does this by adopting an equity long-short strategy. It is an investment style that involves taking long positions in stocks that are expected to increase in value and short positions in stocks that are expected to decrease in value.

Taking a long position in a stock simply means buying it: If the stock increases in value, you will make money. On the other hand, taking a short position in a stock means borrowing a stock you don't own (usually from your broker), selling it, then hoping it declines in value, at which time you can buy it back at a lower price than you paid for it and return the borrowed shares.

Odey are specialists in this area and although this might not appeal to all investors it is a style that some may like to invest in. The update also covered the Odey Absolute Focus Fund which follows a similar strategy and the Allegra Developed Markets Fund which is a pure long only fund.

The update with the manager mainly focused on holdings and how these have either helped the fund or gone against it.

The merger of Rowan with Enso has been a positive for the fund and the merger brings together both revenue and technology synergies as well as balance sheet advantages. Rowan was a long only position so the increase in share value has been a benefit for the fund.

Plus 500 is another long position but this has been negative for the fund. This is a trading platform and concerns have been raised on the reliance of crypto currency on revenues; the reality is that this is about 15%, and the company can do well without this. They are aware in the short term there are concerns over revenue, regulation and the founders selling shares. However, long term they believe this will correct and remains a good investment for the fund.

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One more example is Sports Direct which is another long only position. The share price is down 25% since the House of Fraser purchase. The reality is that the House of Fraser is a good deal with Mike Ashley because he has no pension and lease liabilities connected with the deal. He can cherry pick the best stores: Evans Cycles is another bargain for him and he should be able to make deals from both of these.

Other stocks we discussed included Softbank, Wirecard and Viasat.

In terms of performance this fund targets a positive return, and this can be lumpy. We can see in 2013 this was over 40%, then in 2016 this was down over 17%. Over three years this was down, but up over 5 years, and up significantly since launch. In terms of where it would sit, it would be a diversifier against other assets held. It is not going to appeal to everyone, but we can see that the fund has delivered positive returns in 2013, 2014, 2015, 2017 and 2018. Most of the main returns in 2013 were achieved in the first few months, and this is why the five-year figures are low.

In summary, this is not going to appeal to everyone. However Odey are specialists in this type of investment and since launch it has delivered on its stated aim, with the exception of 2017.

*The source of information in this note has been provided by Odey and is correct as at October 2018. 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. We would also recommend that you receive advice before following up on any decision.*