

# Latitude Horizon Fund



THE OBJECTIVE OF THE LATITUDE HORIZON FUND IS TO DELIVER CAPITAL APPRECIATION OVER THE LONG TERM BY HOLDING A CONCENTRATED PORTFOLIO OF STOCKS, WHILST LOWERING THE EQUITY RISK THROUGH A SELECTION OF NON-EQUITY INVESTMENTS.

## February Summary

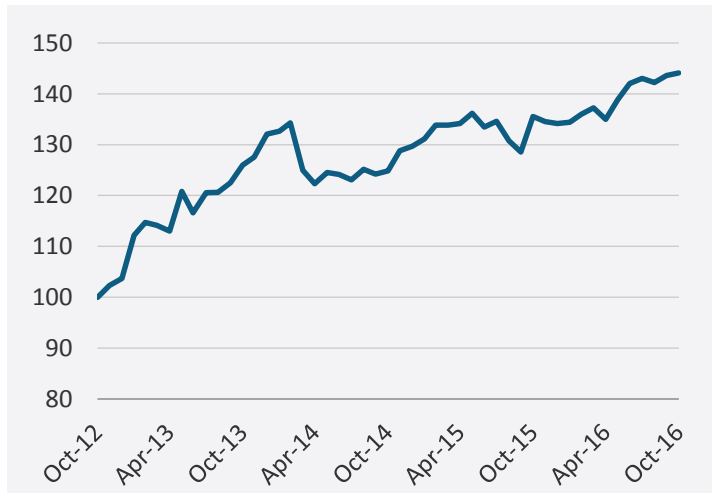
Since the fund launched in November global markets have climbed Trump's wall of worry, and are making new highs daily. While the prospect of high stock markets doesn't worry us *per se*, the divergence *within* markets does. Investors have sharply rotated into cyclical stocks (banks in particular), value stocks and generally companies with riskier business models at the expense of more steady, predictable businesses.

At Latitude, as opposed to dissecting the market by region or by sector, we categorise companies by *business model*, and seek to own a variety of businesses whose earnings are generated in a diverse way. Our stock selection within cyclical sectors has worked very well since launch, with our **Bank of America**, **Goldman Sachs** and **Micron** positions up +176%, 42% and 44% respectively. While we take around a five year view when analysing our equity investments, such rapid short term performance clearly changes the future prospects of the investment. As such we have trimmed both of the banks and completely sold the Micron position.

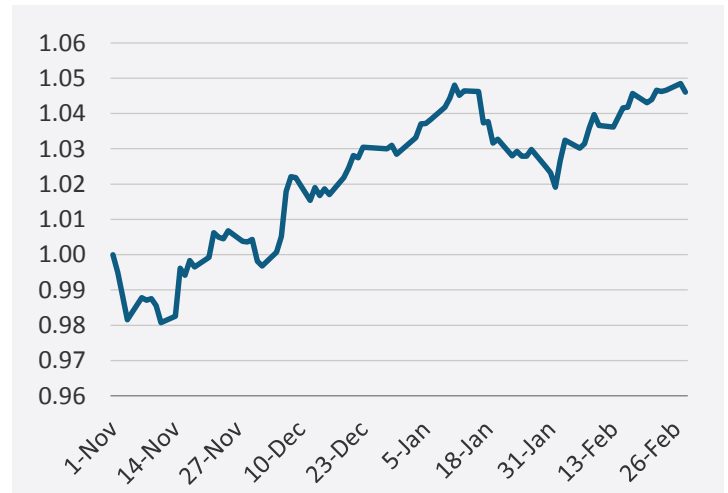
Micron makes memory chips for PCs and mobile phones and operates in an industry where 93% of sales are split between only three companies. Despite this concentration, returns are incredibly cyclical and ongoing cycles require vast investments in upgraded technology, keeping cash flow tight. Returns on capital in the three cycles since 2000 averaged -5%, 0% and 5%, and we believe 10%+ is possible this cycle. However, following a rapid share price rally due to short term supply/demand imbalances, the company's enterprise value is now 1.5x the value of its total invested capital. This valuation leads us to believe investors are either overpaying for the short term pricing impacts of supply outages, or have a far rosier view of future *through cycle* earnings. We see no remaining discount to long term value and will look to recycle the proceeds into another cyclical business when an attractive opportunity presents itself, which is becoming increasingly difficult in these market conditions.

We're pleased to have our large allocation to defensive businesses should the tide in the market change in the coming quarters.

## Strategy's Previous Track Record<sup>1</sup>



## Latitude Horizon Fund Performance



<sup>1</sup> This is a composite of Freddie Lait's performance in long-only global absolute return portfolios principally the Odey Atlas Fund ("Atlas") he managed from 19 October 2012 to 31 October 2016 during his time at Odey Asset Management LLP ("Odey"). The information above and below is for information purposes only, and none of the funds in the chart herein are being offered for investment. Performance above is for the I share class, net of fees and other charges. Past performance does not guarantee future results and the value of all investments and the income derived therefrom can decrease as well as increase. Investments that have an exposure to currencies other than the base currency of the strategy may be subject to exchange rate fluctuations. The data above and below reflects the reinvestment of all interest and dividends received. The new Latitude Horizon Fund is a long only UCITS fund managed with similar investment guidelines, using the same investment process and subject to similar fees and charges. For full details always refer to the prospectus. While every effort will be made to manage the Latitude Horizon Fund in the same manner there is no guarantee that there will be similar performance. Note that Atlas Fund changed from a long only UCITS fund to a long-short UCITS fund on 23 April 2014. In order to show a consistent long term track record for Freddie Lait which is a more accurate representation of how the Latitude Horizon Fund will be managed, the performance of Atlas in the chart above from 23 April 2014 to 31st October 2016 is a carve-out of his actual long only portfolio over this period, which includes his long only equity and non-equity positions, rebased to cancel out any effects from leverage. Further details on the carve-out are available upon request.

## Rolling Performance

Performance to 28 Feb-17	4 year <sup>1</sup>	3 year <sup>1</sup>	1 year <sup>1</sup>	4 month	1 month
Latitude Horizon Fund <sup>1</sup>	31%	12%	11%	4.60%	2.23%

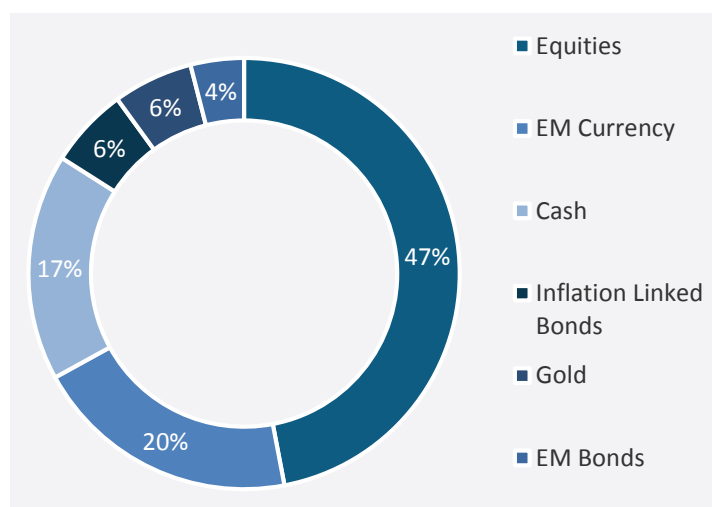
## Latitude Horizon Fund



## Top 10 Equity Holdings

Stock	Percentage
Autozone	5.2%
Alphabet	4.9%
Orange	3.6%
Shiseido	2.8%
Advance Auto Parts	2.7%
Nokia	2.7%
Goldman Sachs	2.6%
Tesco	2.5%
Bank of America Wrt	2.5%
Unilever	2.4%
<b>Total Top 10</b>	<b>31.9%</b>

## Asset Allocations – February 2017



## Key Fund Information

Fund Launch Date	1st November 2016
Legal Structure	Irish Domiciled UCITS V Fund - ICAV
Regulator	Central Bank of Ireland
Base Currency	Sterling
Regional Exposure	Global, primarily developed markets
Benchmark	The fund is not benchmarked
Share Classes	£ - A/I IE00BDC7CZ89 / IE00BD37NY30 \$ - A/I IE00BD37NZ47 / IE00BDC7JY67 € - A/I IE00BDC7CX65 / IE00BDC7CW58
Management Fee	1% per annum
Performance Fee	0%
Dealing	Daily
Administrator	SEI Investments – Global Fund Services
Custodian	SEI Investments Trustee and Custodial Services (Ireland)
Auditors	PriceWaterhouseCoopers
Legal Council	Matheson
Firm Compliance	Sturgeon Ventures LLP
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