

# 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.

## May Summary

The greatest risk to active fund managers is not what lies ahead, it's what lies within. Portfolios have become increasingly *thematic* or *style-biased* in the hope that this high conviction differentiation will lead to long term outperformance. The result has been a concentration of risk; a dangerous build-up of latent downside potential should the high conviction idea prove not to materialise.

Limiting investment portfolios by only investing in a certain "type" of company not only leaves them susceptible to sharp drawdowns it also seriously impacts future expected returns as your opportunity set is dramatically reduced. There are many different business models which have proved successful over the years, and it is investors' responsibility to explore them all.

Our approach at Latitude does just that. Our process is explicitly designed to construct a portfolio which is *style-agnostic* and not exposed too heavily to any one theme or macro factor risk. We focus on companies' business models, what it takes to succeed in the long term, and the current and likely future outlook for the industry in which they operate. A vivid example of this is the interest rate risk which managers expose themselves to through large biases towards "high quality franchise compounders", due to

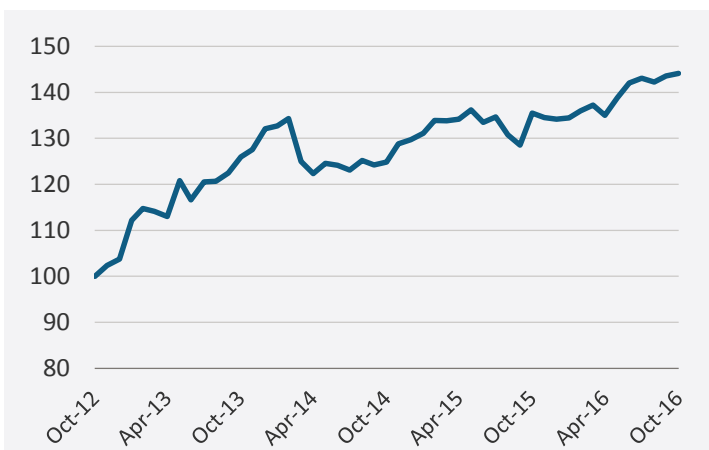
their extreme valuations. A portfolio dedicated to such stocks would suffer harsh de-rating if interest rates were to rise. As such, disproportionate allocations to these strong and stable businesses involves an implicit assumption that they will not.

We continue to own some businesses which fit this description – **Unilever** and **Imperial Brands**, however, within the portfolio we also have **Bank of America**, **Goldman Sachs** and a **US Inflation Linked Bond** all of which will likely perform strongly if the global economy was to continue to strengthen, driving inflation and rates higher as a result.

This offset is obviously not perfect, but it leaves our portfolio far less exposed than would otherwise be the case, and doesn't involve reducing our expected return in any way as some risk reduction strategies, such as options, might.

At this late stage of the cycle it is important to understand not only the traditional risks of correlation, beta, volatility etc, that one is exposed to, but also the underlying risks which are harder to measure. Not all that can be measured matters, and not all that matters can be measured (easily).

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



## Latitude Horizon Fund Performance



## Rolling Performance

Performance to 31-May-17	4 year <sup>1</sup>	3 year <sup>1</sup>	1 year <sup>1</sup>	Since Inception	1 month
Latitude Horizon Fund <sup>1</sup>	26%	23%	10%	5.9%	2.0%

<sup>1</sup> Please see disclaimer for further information

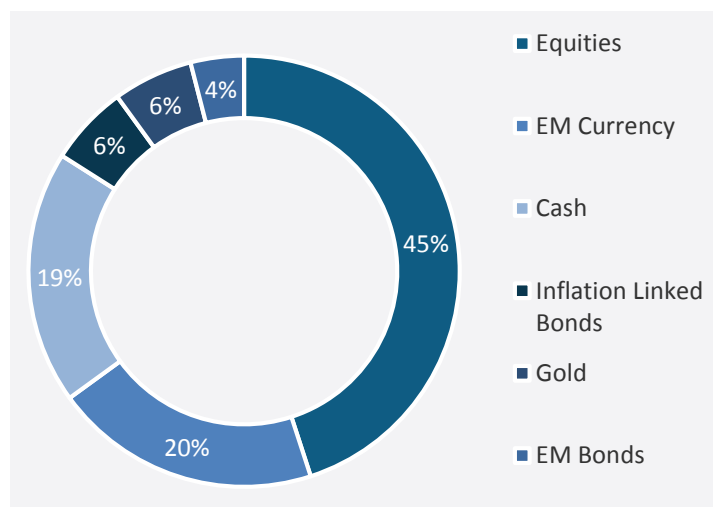
## Latitude Horizon Fund



## Top 10 Equity Holdings

Stock	Percentage
Alphabet	5.1%
Orange	4.0%
Autozone	3.8%
Shiseido	3.3%
Nokia	3.1%
Unilever	2.7%
Tesco	2.4%
KPN	2.4%
TDC A/S	2.3%
Advance Auto Parts	2.2%
<b>Total Top 10</b>	<b>31.3%</b>

## Asset Allocations – May 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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# Latitude Horizon Fund



**Strategy's Previous Track Record<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. The Latitude Horizon Fund performance data is for the GBP Inc and Acc share classes.

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