

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.

August Commentary

Post the financial crisis currency markets lost, and have only just regained, their compass. The ramifications of this development continue to be felt in every asset class, and dominate macroeconomic analysis. Like it or not, every portfolio manager has to form a view on the US Dollar.

The most effective tool for forecasting a currency's value is 'Interest Rate Parity'; comparing two countries interest rates and the effect that this differential has on forward rates. With most countries exhibiting zero interest rates, this process was replaced with an approximation, at best, that comparing economic performance was a reasonable proxy for future changes in exchange rates. The result was many years of exchange rate volatility.

This partially normalised in 2014 when the Federal Reserve began discussions of tapering and, now, tightening monetary policy. The US Dollar promptly rose 20% (trade weighted) and hovered around that level until Donald Trump's election, when it rose another 5% on "reflation" expectations. At this point, in January this year, the interest rate differential had rarely been as high between the US and the rest of the developed world, resulting in a large risk for any portfolio exposed to the US Dollar, US rates, or "reflation". Central banks globally faced a choice of two policy

options and we saw an opportunity to hedge the portfolio profitability for either eventuality.

For US interest rates to rise as expected, a coordinated global recovery would need to be in place, implying a strong likelihood of monetary tightening in the rest of the world, which would lower the interest rate differential in a *bullish* way. If instead that coordinated economic recovery was threatened, it was likely that rate rises in the US would come through more slowly, if at all, thus lowering the interest rate differential in a *bearish* way. In either scenario it felt likely that the US Dollar had peaked and it was at this point that we initiated our 'Emerging Market' position.

The position consists of **20% EM Currencies, 4% EM Bonds and 6% Gold**. In aggregate the position has a yield of 5.5% and has returned 6% since we initiated it in January. All of our non-equity positions must diversify or hedge a risk in the equity portfolio, and must have a positive, asymmetric return profile. The key question is does this position still exhibit these characteristics? As markets continue to adjust to the rediscovery of their valuation compass we expect more volatility. Reducing our exposure to this volatility is attractive, especially if, as we continue to believe, we will be paid a reasonable return (5.5% yield and c.3-5% expected appreciation) to do so.

Strategy's Previous Track Record¹



Latitude Horizon Fund Performance



Rolling Performance

Performance to 31-August-17	4 year ¹	3 year ¹	1 year ¹	Latitude Horizon Fund Since Launch	1 month
Latitude Horizon Fund ¹	27%	23%	8%	6.6%	1.6%

¹ Rolling performance data includes both strategy track record at Odey and Latitude Horizon Fund data since launch. Since launch data only includes Latitude Horizon Fund performance data. ¹Please see disclaimer for further information.

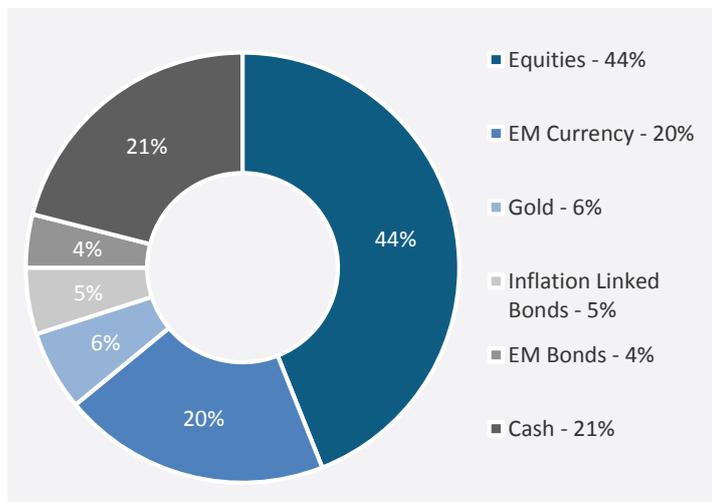
Latitude Horizon Fund



Top 10 Equity Holdings

Stock	Percentage
Alphabet	4.1%
Shiseido	3.5%
Autozone	3.4%
Orange	3.3%
Nokia	3.0%
Unilever	2.8%
Visa	2.8%
Sony	2.5%
KPN	2.4%
Tesco	2.4%
Total Top 10	30.2%

Asset Allocations – August 2017



Key Fund Information

Fund Launch Date	1st November 2016
Fund Manager	Freddie Lait
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	Optima Partners
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Strategy's Previous Track Record¹ - 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.

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Representative and Paying Agent in Switzerland: The representative and paying agent in Switzerland is BNP Paribas Securities Services, Paris, Succursale de Zurich, Selnaustrasse 16, 8022 Zurich, Switzerland. Place where the relevant documents may be obtained: The Prospectus, the key investor information documents, the instrument of incorporation as well as the annual and half-yearly reports may be obtained free of charge from the representative in Switzerland. Place of Performance And Jurisdiction: Both the place of performance and the place of jurisdiction for Shares in the Fund offered or distributed in or from Switzerland shall be the seat of the Swiss representative. In Switzerland, the distribution of the Fund is restricted to Qualified Investors only.

For Hong Kong investors: You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. This document and its contents have not been reviewed by any regulatory authority in Hong Kong.

The Latitude Horizon Fund performance data is for the GBP Inc and Acc share classes. Latitude Horizon fund data source - Latitude Investment Management LLP and external published sources.