

# 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 AND ENHANCING RETURN THROUGH A SELECTION OF NON-EQUITY INVESTMENTS.

## October Commentary

This month Latitude Investment Management completed its first lap of the sun. While blowing out the lonely candle on our anniversary cake I ruminated over the role of patience in equity investing and noticed that this year also marks a very significant milestone for our equity portfolio. The average date of formation for our eighteen companies was exactly 100 years ago. The question is how we ensure our future investments have similar success.

A key conclusion is that frequent trading, tweaking and resizing of positions does more harm than good. Clearly sometimes you generate incremental performance, but doing so repeatedly relies on three assumptions that contradict our investment principles. Namely, that your conviction is still well placed; you can time the trades better than others; and that stock prices mean revert.

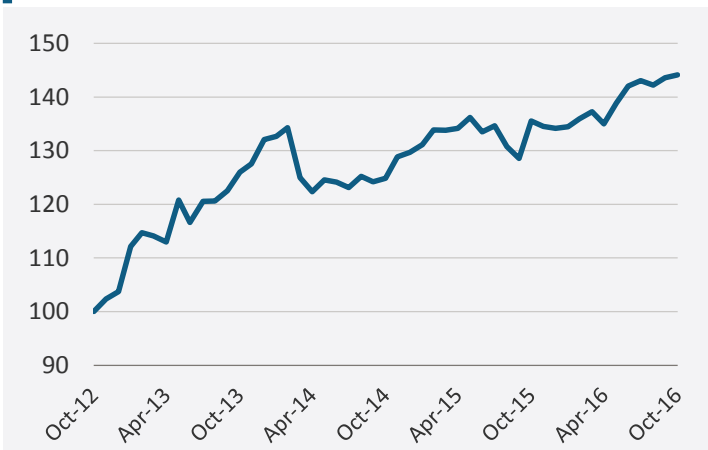
Conviction should be focussed on how you think, not what you think, in order to make better decisions. If investment success is the sum of one's good decisions, then focus should rest on consistent decision making, and a disciplined investment process is the greatest means to that end. It's often quoted that being right 60% of the time (or any number greater than 50%, however slight) will yield good results in the long term. Investors therefore need humility, and an appreciation that being wrong is a key pillar of success. Reducing winners in favour of losers is likely over time

to allocate more of one's capital to the *wrong* stocks, and to reduce the performance generated from the *right* ones. As an example over our first year ten of the eighteen stocks in our portfolio are currently sitting on paper gains and eight on paper losses. The average gainers are up 36% and the average losers are down 15%. Had we trimmed and added then these performance figures would be closer to +/-25% respectively, with far less pleasing results.

With respect to market timing, I have little to add to this worn debate other than there are three types of investors. Those who don't time markets, those who say they don't and do, and those who do. The majority of investors are caught in the middle. We are firmly in the former camp, and I advise focusing on those funds with discipline at either end of the spectrum and avoiding those in the middle.

Finally, returning to stock price mean reversion. While this is true for indices, our portfolio of century old stocks (on average!) demonstrates a clear counterfactual. Great business models, in great industries with great management offer a rare and lasting combination, which creates huge value for patient investors. Hopefully our focus on these businesses allows us to look forward to sharing in their success, and many more candles in the future.

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



Source: Odey Asset Management LLP

## Latitude Horizon Fund Performance



## Rolling Performance

Performance to 31-Oct-17	5 year <sup>1</sup>	3 year <sup>1</sup>	1 year	1 month
Latitude Horizon Fund <sup>1</sup>	51%	21%	5%	-0.1%

<sup>1</sup> 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. <sup>1</sup> Please see disclaimer for further information. The Latitude Horizon Fund performance data is for the GBP Inc and Acc share classes.

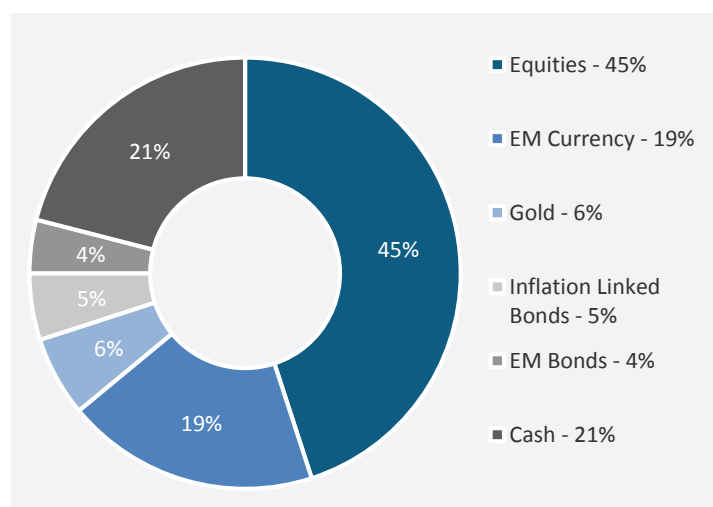
## Latitude Horizon Fund



## Top 10 Equity Holdings

Stock	Percentage
Alphabet	4.4%
Autozone	3.8%
Shiseido	3.4%
Orange	3.2%
Visa	2.9%
Bank of America	2.7%
Unilever	2.7%
Tesco	2.4%
Nokia	2.4%
Sony	2.4%
<b>Total Top 10</b>	<b>30.3%</b>

## Asset Allocations – October 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
Contact Details	<a href="mailto:Emma.Barrat@latitudeim.com">Emma.Barrat@latitudeim.com</a> +44 (0) 207 087 9273 Latitude Investment Management LLP 12 St James's Place London, SW1A 1NP

# 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.

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Latitude Horizon fund data source - Latitude Investment Management LLP and external published sources.