

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.

April Commentary

In simple terms what we look for when investing in businesses can be summarised as follows: businesses with strong individual characteristics, operating in an industry with strong characteristics, with attractive long term value creation opportunities, at an attractive valuation.

The most recent addition to the portfolio was **Starbucks**, one of the most successful individual businesses of the past thirty years, generating a sustained 25% annual return for shareholders since 1992. One of the key attributes which attracted our attention a few years ago was its commitment to its staff, and the many programs it runs, including offering college education in the US, to make Starbucks an aspirational place to work. This benefits the business through lower staff turnover, higher staff quality and, critically, extremely strong customer service. While peers like McDonald's are moving towards screen based ordering systems, Starbucks' focus on customer interaction will continue to set it apart. The balance sheet is very strong, with current debt covered by cash and around two years of free cash flow. Most importantly, at an individual level we believe growth is likely to be sustainable, and does not rely on any of the usual red flags such as capex, acquisition, or financial engineering. It's true that short term weakness in same store sales in the US has concerned investors, although with a longer term outlook the commensurate 50% derating of the stock was our opportunity to initiate a position.

This leads us onto the industry itself. While the US and UK markets feel very penetrated, there is still potential for growth in those markets as Starbucks introduce online ordering, kiosks and more upmarket Roastery

stores. There is considerably more growth elsewhere in the developed markets (Starbucks only opened its first store in Italy this year for example, a Roastery, and I urge you to Google it) and most excitingly the Chinese market. Starbucks is the market leader in China and it has significant growth ahead. In recent years Chinese exposure has been re-priced by investors as a risk not an opportunity, which we believe will prove an error of judgement over the next five to ten years. Recent inroads have been made by the dramatic entrance of Luckin coffee, a heavily funded start-up offering kiosks and coffee on demand through delivery. This is surely causing consternation for local Starbucks management, however, we believe the opportunity is more than large enough for two players in time.

One of the most exciting aspects of the investment is the *incremental* returns on capital. Between the US and China Starbucks has an average 75% pre-tax return. If we assume a fair value multiple for these incremental returns of 15x then each \$1 invested is worth \$11 in business value within a year. We struggle to find opportunities like this in any other sector, especially one so defensive and resilient. When we invested the stock was trading on 17.5x 2020 earnings estimates, very close to a decade low. The shorter term issues around US saturation and China competition should abate, and the business and the industry have many tailwinds which will benefit long-term investors through time. It's a great example of our process in action and, hopefully, more opportunities like the Nestle licensing deal will present further upside opportunities over the years to come.

Strategy Track Record¹



Source: Quintillion, Latitude Investment Management LLP

Latitude Horizon Fund Performance



Rolling Performance

Performance to 30-Apr-19	Since Inception ¹ (Oct-12)	3 year ¹	Horizon Fund Since Launch (Oct-16)	2019	1 month
Latitude Horizon Fund ¹	66.2%	23.1%	15.3%	6.5%	1.1%

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

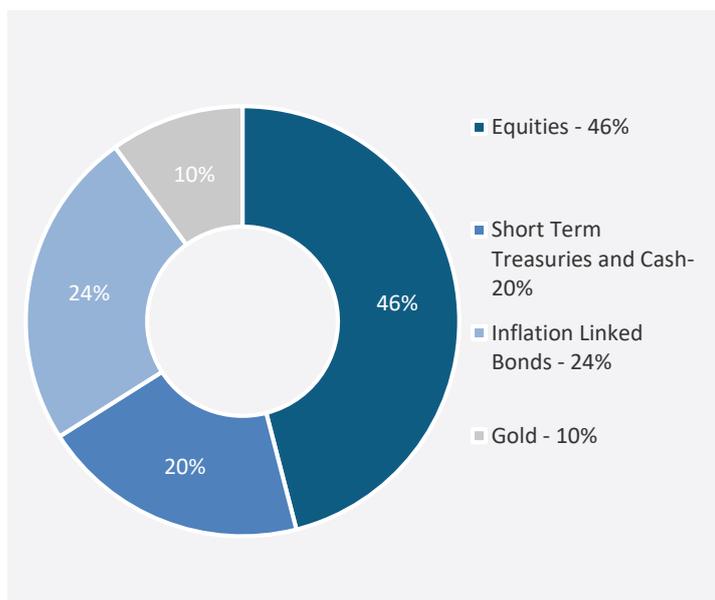
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LATITUDE
 INVESTMENT MANAGEMENT

Top 10 Equity Holdings

Stock	Percentage
Autozone	3.9%
Unilever	3.4%
Starbucks	3.4%
Dollar Tree	3.3%
Shiseido	3.3%
Tesco	3.2%
Visa	3.2%
Advance Auto Parts	3.1%
Bank of America	3.1%
Alphabet	2.9%
Total Top 10	32.7%

Asset Allocation – April 2019



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Key Fund Information

Fund Launch Date	1st November 2016
Fund Manager	Freddie Lait
Fund Assets	£99.0m
Firm Assets	£115.7m
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	£ IE00BDC7CZ89 / IE00BD37NY30 \$ IE00BD37NZ47 / IE00BDC7JY67 € IE00BDC7CX65 / IE00BDC7CW58
Accumulation / Income units	Institutional Classes (£20m minimum) £ IE00BG1TMR88 / IE00BG1TMP64 \$ IE00BG1TMT03 / IE00BG1TMS95 € IE00BG1TMQ71 / IE00BG1TMK10
Management Fee	1% per annum 0.75% per annum (Institutional Classes)
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
Primary Platforms (Full list available upon request)	Cofunds; FNZ; Hargreaves Lansdown; Interactive Investor; Raymond James; Transact; Alliance Trust; Old Mutual Wealth
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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") and Latitude Horizon Fund performance data since launch 1 November 2016. The information above and below is for information purposes, only the Latitude Horizon Fund is 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.

Please seek advice from your regulated Investment Advisor, before making any investment decisions. Past performance is not a guide to future performance and may not be repeated, the value of an investment may go down as well as up and you may not get back the total value of your investment. Foreign currencies denominated investments are subject to fluctuations in exchange rates that could have a positive or adverse effect on the investor's return. This product may put your capital at risk. This is an Undertaking for Collective Investment in Transferable Securities (UCITS) regulated by Central Bank of Ireland (CBI). The information herein was obtained from various sources. We do not guarantee its accuracy. This information is for your private information and is for discussion purposes only. A variety of market factors and assumptions may affect this analysis, and this analysis does not reflect all possible loss scenarios. There is no certainty that the parameters and assumptions used in this analysis can be duplicated with actual investments. Unless otherwise stated, any pricing information in this presentation is indicative only and is subject to change. Prior to undertaking any investment, you should discuss with your professional tax, accounting or other adviser how such a particular investment(s) affect you and whether it is suitable. All analysis (whether in respect of tax, accounting, law or of any other nature), should be treated as illustrative only and not relied upon as accurate. This document is being made available by Latitude Investment Management LLP who are Authorised and Regulated by the Financial Conduct Authority under registration number 774437. Latitude Horizon Fund, a sub-fund of DMS UCITS Platform ICAV (An Irish collective asset-management vehicle constituted as an umbrella fund with segregated liability between sub-funds with registration number C141639 and authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities). Regulations 2011 (as amended). Management Company provided by DMS Investment Management Services (Europe) Limited.

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 it's contents have not been reviewed by any regulatory authority in Hong Kong.

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