

# Latitude Horizon Fund



## Investment Objective

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.

## May Commentary

Here is our attempt to ascribe "fair values" for the US market, where the majority of our equity investments are held at present, in the face of huge uncertainty.

**Corporate earnings** are expected to fall around **-35% for 2020**. It is a fair guess to suggest that 2021 earnings will be below 2019, and above 2020, so somewhere in the "flat" to -35% range compared to 2019. All else equal, one might expect markets to also be down in this sort of range towards the end of 2020, as they discount 2021 earnings.

However, all else is not equal and the change to interest rates in the US has a meaningful impact.

Through time, the excess return investors earn for taking equity risk as opposed to owning bonds (called the Equity Risk Premium) has been c.6%. As US yields have fallen from 3% to 1% this year, the equity discount rate has thus fallen from 9% to 7%, implying **fair value multiples 28% higher** than at the end of 2019.

Compounding that with the underlying fall in earnings suggests an incredibly wide range for estimated fair value by year end, anywhere from -15% to +28%. The US equity market is currently -5% year-to-

date which, remarkably given the recent rally, implies positive skew for investors.

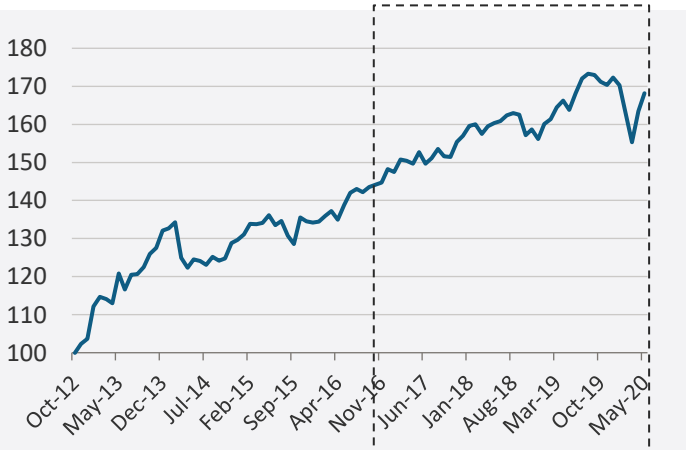
Importantly, it is worth noting that the change in rates has an almost **equivalent** impact on markets as corporate earnings, and should be afforded a similar emphasis in analysis.

Of course, the effect from lower rates will reduce if government bond yields rise. We cannot see that happening any time soon without the impact of higher inflation. And if we were to enter a more inflationary period, there are few better investments than large, liquid companies with pricing power.

Regarding our portfolio specifically, we believe that **aggregated earnings per share will be higher in 2021 than 2019**. The holdings with defensive cash flows and those whose profits are linked to structural trends which remain in place, or are accelerated due to the recent crisis, more than outweigh those where short-term profits may be hit harder.

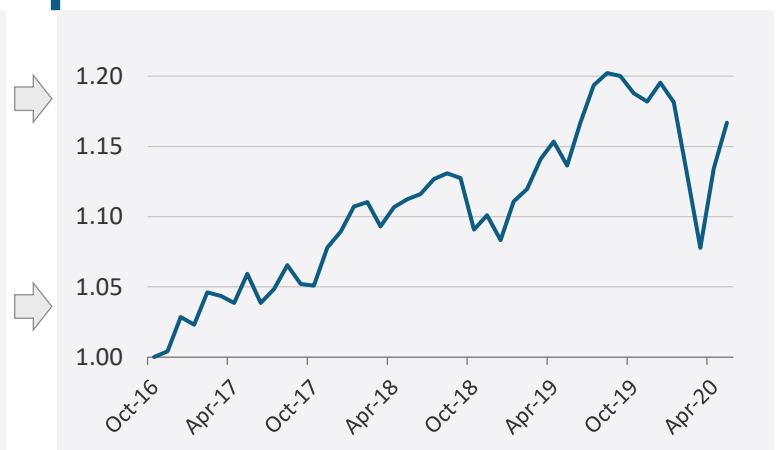
Moreover, at an **average valuation multiple of 15.5x PE (in 2021)** the portfolio remains inexpensive, in our opinion, given the quality of the companies and their combined long-term prospects.

### Strategy Track Record<sup>1</sup>



Source: Quintillion, Latitude Investment Management LLP

### Latitude Horizon Fund Performance



### Rolling Performance

Performance to 31-May-20	Since Inception <sup>1</sup> (Oct-12)	3 year	Horizon Fund Since Launch (Oct-16)	2020	1 month
Latitude Horizon Fund <sup>1</sup>	68.2%	10.2%	16.7%	-2.4%	2.9%

<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 Acc share class.

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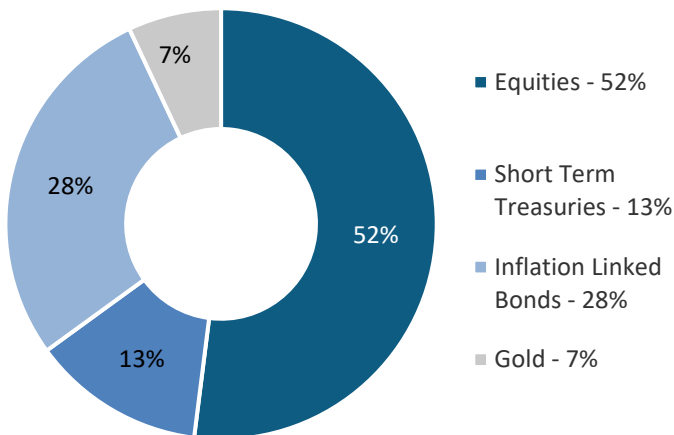
## Top 10 Equity Holdings

Stock	Percentage
Dollar Tree	3.6%
Autozone	3.5%
Visa	3.5%
Alphabet	3.2%
Electronic Arts	3.1%
Unilever	2.9%
Booking Holdings	2.9%
Tesco	2.8%
Sony	2.7%
Advance Auto Parts	2.7%
<b>Total Top 10</b>	<b>30.8%</b>

## Key Fund Information

Fund Manager	Freddie Lait
Fund Assets	£164m
Firm Assets	£221m
Legal Structure	Irish Domiciled UCITS V Fund - ICAV
Regulator	Central Bank of Ireland
Base Currency	Sterling
Regional Exposure	Global
Benchmark	The fund is not benchmarked
Management Fee	1% per annum 0.75% per annum (Institutional Classes)
Performance Fee	0%
Dealing	Daily, 2pm Dublin cut off
Administrator	SEI Investments – Global Fund Services
Custodian	SEI Investments Trustee and Custodial Services (Ireland)
Auditors	PricewaterhouseCoopers
Primary Platforms <i>(Full list available upon request)</i>	Cofunds, FNZ, Hargreaves Lansdown, Interactive Investor, Raymond James, Transact, Alliance Trust, Old Mutual Wealth, Fidelity, AJ Bell, AllFunds
Contact Details	<a href="mailto:patrick.valentine@latitudeim.com">patrick.valentine@latitudeim.com</a> +44 (0)207 087 9278

## Asset Allocation – May 2020



If you do not already receive our factsheet, and would like to, please [click here](#)

If you would like to invest directly through any of the platforms below please click the logo



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## Share Classes and identifiers

Share Class	Class	Minimum	Management Fee	TER*	ISIN	SEDOL
GBP Accumulation		No Min.	1.00%	1.29%	IE00BDC7CZ89	BDC7CZ8
GBP Income		No Min.	1.00%	1.29%	IE00BD37NY30	BD37NY3
EUR Accumulation		No Min.	1.00%	1.29%	IE00BDC7CX65	BDC7CX6
EUR Income		No Min.	1.00%	1.29%	IE00BDC7CW58	BDC7CW5
USD Accumulation		No Min.	1.00%	1.29%	IE00BD37NZ47	BD37NZ4
USD Income		No Min.	1.00%	1.29%	IE00BDC7JY67	BDC7JY6
GBP Accumulation	I	£20m	0.75%	1.04%	IE00BG1TMR88	BG1TMR8
GBP Income	I	£20m	0.75%	1.04%	IE00BG1TMP64	BG1TMP6
EUR Accumulation	I	€20m	0.75%	1.04%	IE00BG1TMQ71	BG1TMQ7
EUR Income	I	€20m	0.75%	1.04%	IE00BG1TMK10	BG1TMK1
USD Accumulation	I	\$20m	0.75%	1.04%	IE00BG1TMT03	BG1TMT0
USD Income	I	\$20m	0.75%	1.04%	IE00BG1TMS95	BG1TMS9

**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") 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 Atlas Fund 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 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 its 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.