

ODEY EUROPEAN FOCUS FUND



Fund Manager Report

European equity markets recovered the first quarter's losses during the second quarter. The slower European macroeconomic back drop weakened the euro, and softened European bond yields. This in concert with rising energy shares, spurred on by firming oil prices, and continued momentum in technology companies, aided by the further move up in US technology shares, provided the impetus for the gains. These market gains also came against an environment of uncertainty as, most notably, heightened global tensions over trade protectionism and a blow out in Italian government yields, following the agreement to form a new populist government, unsettled investors.

The Fund rose 3.6% during the quarter versus a 4% move higher for the MSCI Europe Index in local currency terms. Relative performance was led by robust stock selection, which was offset by both currency and the cash position. Stock performance was led by solid gains in Tesco, Orange, Sky, Uniper, EDF and Siemens Healthineers. At a sector level, the Fund benefited from its limited exposure to financials and consumer discretionary, while solid performance from the Fund's retail, utility and telecom shares was offset by relatively poor performance from our energy positions. We made no material changes to the structure of the Fund. We continue to hold key industry exposures that have been disrupted by the ultra-loose monetary policy of this cycle, including telecom, unregulated utilities and retail.

The Fund had notable performance from Tesco, Orange, Sky, Uniper, EDF and Siemens Healthineers during the period. Tesco, the leading UK food retailer, rose sharply, as their full year results illustrated continued momentum towards the midterm 3.5-4% margin target. In addition, they provided new ambitions for the potential revenue synergy with Booker, something which later received greater credibility as Booker's quarterly organic sales trends accelerated to 14%. Sky, the UK pay-TV operator, benefited from the onset of a bidding war between Comcast and Disney. At Orange, the French incumbent, first quarter sales trends continued to build momentum, while the prospect of consolidation in the French telecom market resurfaced following a significant Iliad profit warning, and a change in tone from the telecoms regulator. Uniper, the German power operator, recovered as the Fortum transaction cleared despite Russian political uncertainty. In addition, European power prices continue to move higher on further tightness in the EU carbon market as well as firm coal prices. EDF, the French incumbent electricity company, rose after reporting a solid first quarter, and again in concert with tightening European power markets. Finally, Siemens Healthineers moved higher after reporting a solid first quarter, and encouraging order trends for the new Atellica diagnostics platform. On the negative side, there were no significant detractors.

In terms of position changes, we sold the Fund's remaining position in Roche, as a function of cutting losses, TDC, after tendering shares for the takeover, and Convatec. For new positions, we most notably started a position in Ericsson, as well as adding small positions in Plus500 and Saras. Ericsson, the leading telecom equipment provider, has for several years suffered from poor management, a bloated cost base, and considerable market share losses to the Chinese players, Huawei and ZTE. However, with now over a year of new shareholders and new top management, Ericsson's first quarter results gave the first tangible signs that progress was starting to be made towards the mid-term turn around targets. Furthermore, there are increasing signs that Ericsson is beginning to win back market share in a market whose rationality is likely to benefit from the current trade uncertainty. This is also taking place at a point when we are moving into a new technology cycle with 5G. We believe there is significant share price upside to meeting these new management targets and note that investor consensus has limited confidence in either these targets or any market recovery from 5G.

Performance

0.2% Monthly performance

1.2% Year-to-date performance

12.9% CAGR since inception

These figures refer to the past. Past performance is not a reliable indicator of future results.

Fund details¹

€ A Class	19.67
€ B Class	19.17
€ A Acc Class	12.27
€ I Class	107.37
€ R Class	112.26
\$ I Class	112.59
£ A Class	25.04
£ I Class	134.58
£ R Class	134.18
Fund Size	€518 million
Strategy AUM	\$604 million
Fund Inception	31 Mar 2010
Class Inception	31 Mar 2010
Fund Type	Irish Long Only UCITS

Fund Manager

Oliver Kelton

For full bios visit odey.com

Source: All sources, unless otherwise stated, are Odey internal unaudited data and refer to the € A share class – this share class is closed to all investors but is used for purposes of the track record of the fund – please refer to the 'Investor Information' section for other share classes available. All data shown as at 29 June 2018. ¹RBC Investor Services and Bloomberg, calculation on a NAV basis with net income reinvested.

In summary, we made no material changes to the structure of the fund, which rose in tandem with the second quarter recovery in European equity markets. We continue to be positioned for a peaking in financial conditions, further signs of which were again clearly visible during the quarter. Consequently we continue to be heavily exposed to companies that we believe will fundamentally benefit from a tightening in financial conditions.

Oliver Kelton

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ODEY
ASSET MANAGEMENT

Performance

	1-month	3-month	1-year	3-year	5-year	Since YTD inception since inc.	CAGR
Fund	0.2	3.6	8.3	7.6	83.9	1.2	172.3
MSCI Daily TR Net Europe	-0.7	4.0	2.8	8.0	50.5	-0.5	79.1
Relative	0.9	-0.4	5.4	-0.4	33.4	1.6	93.2

DISCRETE YEARLY PERFORMANCE

	1-year to	30 Jun 14	30 Jun 15	30 Jun 16	30 Jun 17	29 Jun 18
Fund		50.3	13.7	-8.1	8.2	8.3
MSCI Daily TR Net Europe		22.7	13.5	-11.0	18.1	2.8
Relative		27.5	0.2	2.9	-9.9	5.4

MONTHLY PERFORMANCE SINCE INCEPTION

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Index YTD ³
2018	-0.1	-2.6	0.3	3.7	-0.3	0.2							1.2	-0.5
2017	-1.4	0.5	2.3	0.2	4.3	-3.1	1.5	1.0	3.5	0.8	0.5	-0.4	9.8	10.2
2016	-1.8	-1.8	1.5	-1.8	1.8	-2.9	-0.4	1.9	0.6	1.4	-1.2	3.0	0.1	2.6
2015	5.7	5.2	1.9	-0.5	3.0	-4.7	4.1	-7.4	-3.0	4.6	1.3	-2.4	7.0	8.2
2014	0.6	6.7	0.8	0.9	2.3	-0.9	-0.6	0.4	0.2	-1.6	4.3	0.2	13.7	6.9
2013	5.5	1.0	-0.9	7.9	6.2	-2.1	11.7	0.8	8.4	7.5	2.3	1.4	60.9	19.8
2012	1.9	4.6	2.5	-3.3	-5.2	2.5	1.2	0.1	0.0	3.4	6.1	3.5	18.3	17.3
2011	3.4	0.9	-5.7	0.6	0.9	-2.0	-1.9	-5.8	2.2	1.9	-1.1	4.1	-3.1	-8.1
2010				-0.8	-5.1	1.2	5.5	-2.6	5.5	2.7	-1.8	4.9	9.1	6.5

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Fund Type	Irish Long Only UCITS
Comparators	Primary: MSCI Daily TR Net Europe EUR
Base Currency	€

Live fund dashboard

Get the latest fund information
on the odey.com fund dashboard
(registration required)

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Important information

These figures refer to the past. Past performance is not a reliable indicator of future results.

This document is a marketing communication. Before subscribing please read the prospectus and the KIID, available at odey.com. The performance calculation shown is based on the EUR share class. If the past performance is shown in a currency which differs from the currency of the country in which you reside, then you should be aware that your performance may increase or decrease as a result of currency fluctuations.

Fund team and contact details

FUND MANAGER

Oliver Kelton

For full bios visit [odey.com](#)

ENQUIRIES

T: +44 (0)20 7208 1400

E: marketingteam@odey.com

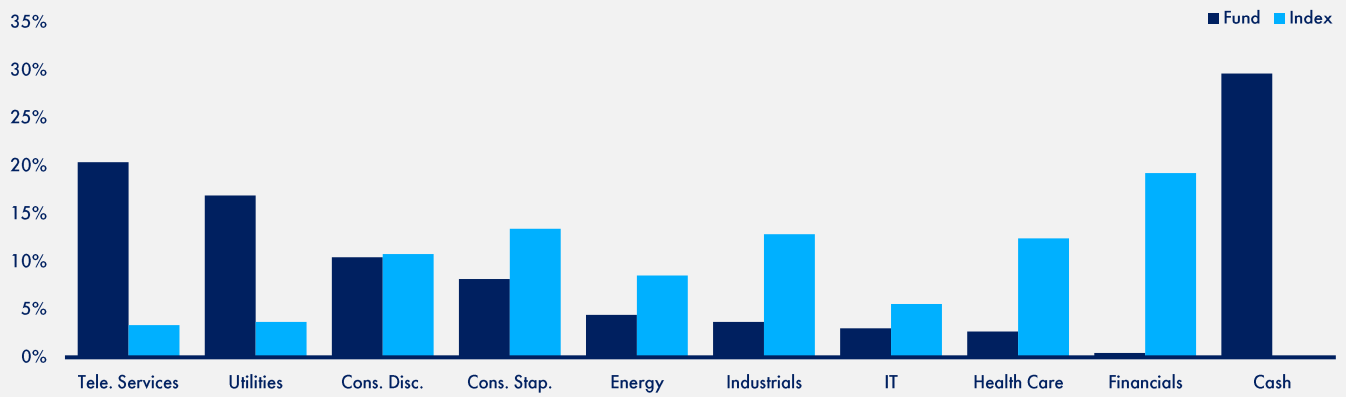
W: [odey.com](#)

Odey Asset Management, 12 Upper Grosvenor Street, London, W1K 2ND

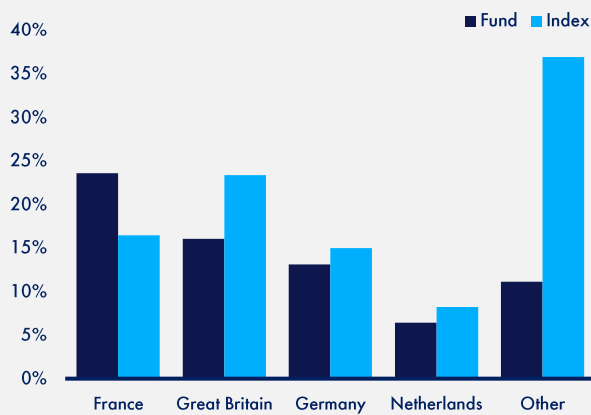
Note: Equity exposure includes all equity related instruments. Currency exposure relates to exposure of all assets held by the fund, including any forward currency positions. Past performance is net of fees and other charges and includes the reinvestment of dividends. Performance from the 1st April 2010 to the 30th June 2015 uses the track record of the Waverton European Fund A EUR share class net of all fees and includes the reinvestment of dividends. It should be noted that the Waverton European Fund A EUR share class charged a performance fee from 1st April 2010 to 30th September 2011, and did not charge a performance fee from 1st October 2011 to 30th June 2015. From 1st July 2015 onwards performance shown is for the Odey European Focus EUR A share class which is subject to an annual management fee of 1% and no performance fee. The share classes available for investment post 1st July 2015 are the I and R classes which are subject to a 0.70% and 1.20% annual management charge respectively and a 20% relative performance fee. Calculation is on a NAV basis, net of all fees and includes the reinvestment of dividends. Please note that the Odey European Focus Fund and Waverton European Fund, whilst having similar investment processes and strategies, are subject to different investment guidelines, fees and charges. For full details please refer to the Fund's prospectus. Equity exposure as classified by GICS.

Source: All sources, unless otherwise stated, are Odey internal unaudited data and refer to the € A share class – this share class is closed to all investors but is used for purposes of the track record of the fund – please refer to the 'Investor Information' section for other share classes available. All data shown as at 29 June 2018. ¹RBC Investor Services and Bloomberg, calculation on a NAV basis with net income reinvested – the share class prices refer to NAV per share. ²Waverton European Fund, as managed by Oliver Kelton, launched on 31-Mar-2010, Odey European Focus Fund launched on 30-Jun-2015. ³MSCI Daily TR Net Europe.

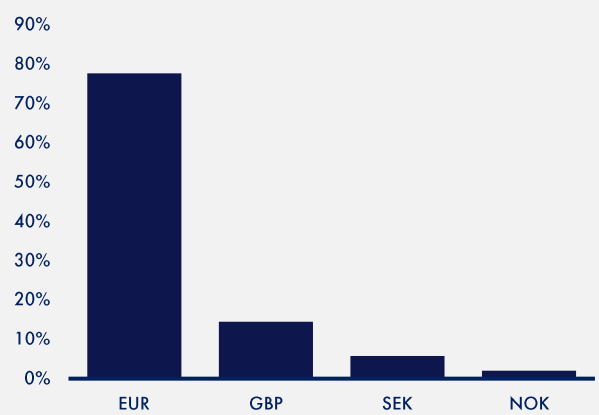
Equity exposure by sector



Equity exposure by geography



Currency exposure



Top ten equities as percentage of NAV

	Notional Exposure
Orange	9.3 %
Electricite de France	8.5 %
Tesco	6.6 %
Koninklijke KPN	6.4 %
Uniper	5.7 %
Deutsche Telekom	4.7 %
Sky	3.8 %
Bouygues	3.7 %
Telefonaktiebolaget LM Ericsson	3.0 %
Siemens Healthineers	2.7 %

Statistics

	1-year	3-year	5-year	Inception
Fund annual s.dev.	6.7	8.9	10.9	11.4
Index annual s.dev.	8.6	12.1	11.4	12.0
Alpha	0.4	0.0	0.5	0.6
Beta	0.6	0.6	0.8	0.7
Correlation	0.8	0.8	0.8	0.8
Sharpe Ratio	0.8	0.2	1.2	1.1
Information Ratio	0.8	0.0	0.6	0.7
Tracking Error	5.3	6.8	7.0	8.3

Investment objective and policy

The Odey European Focus Fund ("The Fund") aims to achieve long-term capital growth through investing in equities of European Companies in developed European equity markets.

APPROACH

The Fund is a concentrated, return-seeking European equity strategy harnessing the expertise and judgement of Oliver Kelton and the significant Odey research team. Oliver undertakes a rigorous program of meetings (typically >500 per year) with company management, industry specialists and local brokers to identify opportunities where a company's competitive position, industry dynamics and cash generation will drive strong share price performance. The Fund is built without formal reference to an index and typically holds 20-40 mid and large cap European companies. At times, the Fund may also hold high cash levels.

RISK CONSIDERATIONS

This Fund has considerable latitude over its asset allocation and may own sophisticated instruments such as futures and options for efficient portfolio management and investment purposes. The Fund is suitable only for investors who have a long time horizon (>5 years) and can tolerate high risk. Investors may not get back all the money invested and an investment in this Fund should only form part of an investor's total portfolio. Investors should discuss the suitability of this Fund with their professional adviser.

Investor information

Share classes	R(£, €, \$), I(£, €, \$), A ² (£, \$), B ² (€), A Acc ² (€)	Minimum investment	R £5,000, I £1,000,000 (or equivalent in €/£)
Share class hedging	Non-base currency share classes are unhedged	Dividends	Income potentially distributed on reporting status shares classes GBP (I, R, A) and EUR (A & B).
Trade date (T)	Daily	Administrator	RBC Investor Services Ireland Ltd.
Dealing	By 12pm T-1	Auditor	Deloitte & Touche, Ireland
Valuation	Close of business T-1	Depository	RBC Investor Services Bank, Ireland
Front end fee	Up to 5%	Price reporting	€ A share class published daily in Financial Times
Annual management fee	R 1.2%, I 0.7%, A & A Acc ² 1.0, B ¹ 1.5%	ISIN	€ R: IE00BWZMLJ00, £ R: IE00BWZMLN46, \$ R: IE00BWZMLB24 € I: IE00BWZMLG78, £ I: IE00BWZMLL22, \$ I: IE00BWZMLP69, € A ³ : IE00BWZMLD48, € A Acc ³ : IE00BWZMLC31, £ A ³ : IE00BWZMLK15, € B ³ : IE00BWZMLF61
Performance fee	20% of the relative outperformance of the benchmark, the MSCI Daily TR Net Europe index. Fees crystallise annually, and on redemption. Relative underperformance is carried forward.	SEDOL	€ R: DWZMLJ0, £ R: BWZMLN4, \$ R: BWZMLB2, € I: BWZMLG7, £ I: BWZMLL2, \$ I: BWZMLP6, € A ³ : BWZMLD4, € A Acc ³ : BWZMLC3, £ A ³ : BWZMLK1, € B ³ : BWZMLF6
Anti-dilution fee	May apply to subs/reds if net subs/reds >5% of NAV		

Important information

This is a marketing communication and it is not intended to be viewed as a piece of independent investment research.

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Note: ³Closed to further investment.

Glossary of terms

Please refer to the fund's prospectus for detailed information. Some terms listed are not relevant for every fund. This document is intended for use by individuals who are not familiar with investment terminology. Please contact Odey if you need an explanation of these terms.

Absolute return: The return that an asset/fund achieves over a period of time looking at the appreciation or depreciation (expressed as a percentage) that the asset/fund achieves.

Acc/Accumulation class: A share class which accumulates and reinvests net investment income and net realised capital gains and does not pay dividends.

Active currency exposure: The percentage of a fund's assets which are invested in a particular currency.

Administrator: The specialist entity who maintains the register of shares, provides fund valuation and accounting services.

AIF: Alternative Investment Fund as regulated by the Alternative Fund Management Directive.

Alpha: A measure of performance on a risk-adjusted basis, often seen as the active return on an investment.

Annual management fee: The fee payable by the fund to the investment manager to cover expenses associated with running the fund.

Anti-dilution fee/levy: A fee levied by a fund on investors buying/selling shares to protect current shareholders from the dealing costs incurred when paying out or taking in clients.

Asset class: A group of securities that exhibits similar characteristics, behaves similarly in the marketplace and is subject to the same laws and regulations. The three main asset classes are equities (or stocks); fixed income, or bonds and cash equivalents, or money market instruments.

Base currency: Each fund has a base currency and this is the currency which the fund uses to calculate its net asset value.

Beta: A measure of the fund's volatility in comparison to its benchmark.

CAGR: Compound Annual Growth Rate (CAGR) is the rate at which the fund/benchmark has grown on an annual basis to reach the current performance since inception.

Capital growth/appreciation: Capital growth is measured on the basis of the current value of the asset or investment, in relation to the amount originally invested in it.

Commodity: A physical substance (such as food, grain, metal) which investors buy and sell through futures contracts.

Comparative/Index/Benchmark (e.g. MSCI): A comparator the fund has used to compare its performance to or for its performance fee calculation.

Contribution: Used to explain the breakdown of a fund's absolute performance.

Correlation: A statistic that measures the degree to which two securities move in relation to each other.

Dealing: Arranging the sale and purchase of shares in a fund.

Delta: A ratio comparing the change in the price of an asset to the corresponding change in the price of its derivative.

Derivatives (futures, options, swaps and contracts for difference): A financial contract based on an underlying asset or financial index with its value determined by fluctuations in the underlying asset/index. Derivatives may be used to manage risk in portfolios, for greater flexibility to lower costs, to gain leverage and to enhance returns.

Dist/Distributing Class/Inc/Income: A share class which pays dividend distributions.

Dividends: A sum of money paid regularly (typically annually) by a company to its shareholders out of its profits (or reserves).

Equity/Security: The percentage of the fund that is currently invested in the equity market.

Exposure: The amount invested in a particular type of security, market sector or industry, usually expressed as a percentage of the total portfolio holding.

Fixed income security: A type of investment which pays out periodic income of a fixed amount on a fixed schedule e.g. a bond is a fixed-income security.

Forward currency contracts: A foreign exchange contract that locks in the exchange rate for the purchase or sale of a currency on a future date.

Front end fee: The initial fee/sales charge applied at the time of an initial purchase of an investment.

Fund: Odey European Focus Fund.

Global Industry Classification Standard (GICS): A standardized classification system for equities developed jointly by Morgan Stanley Capital International (MSCI) and Standard & Poor's.

Government bond: A bond issued by a government to support government spending, often issued in the country's domestic currency.

Gross: The total rate of return on an investment before the deduction of any fees or expenses.

Hedged class: A share class giving exposure to assets denominated in foreign currencies without the currency risk of the fund's base currency. Techniques and instruments are used to limit the currency risk between the hedged class and the base currency.

Hedging: Hedging against investment risk means strategically using financial instruments in the market to reduce the risk of adverse price movements.

High water mark: The highest value that an investment fund or account has reached over a specified period of time.

Information ratio: A measure of the fund's returns above the returns of the benchmark to the volatility of those returns.

Investment Manager: Odey Asset Management LLP.

ISIN: An ISIN (International Securities Identification Number) uniquely identifies a security.

KIID: A KIID (Key Investor Information Document) must be provided to anyone who invests in a UCITS.

Leverage: An investment strategy of using borrowed money and/or financial instruments to increase the potential return of an investment.

Long: The practice of buying securities with the expectation the asset will rise in value.

NAV: The NAV (net asset value) of a fund is the value of the fund's assets less its liabilities. NAV per share is the value per share and is calculated by dividing the total NAV of the fund by the total number of shares.

Net: The total rate of return on an investment after the deduction of any fees or expenses, including annual management fee and performance fee where applicable.

Notional Exposure: The total value of a fund's leveraged assets.

Ongoing Charges Figure (OCF): A figure showing all annual charges and other operational expenses payable by a fund.

Performance attribution: A set of techniques that are used to explain why a fund's performance differs from a benchmark.

Performance fee: A fee payable to the investment manager on returns that, subject to a High Water Mark, the fund achieves either in absolute terms or relative to a performance fee benchmark. Please refer to fund prospectus for details.

Portfolio: A group of financial instruments such as shares, funds, bonds, cash and cash equivalents held by an investor and managed by a financial professional.

Proprietary currency positions: Foreign exchange contracts entered into by the fund for investment rather than hedging purposes.

Quoted securities: A quoted or listed security is a financial instrument that is traded through an exchange, such as the LSE, NYSE or Nasdaq.

Rebased method: Used to illustrate a fund's performance against comparative benchmark on a chart whereby they both start at the same point.

Rel/Relative: Calculates how much the fund has out/underperformed its comparative benchmark.

SEDOL: A SEDOL (Stock Exchange Daily Official List) is a unique number assigned by the London Stock Exchange and used in the UK and Ireland to identify securities.

Share class: A designation applied to a specified type of security such as shares in a fund. Each share class has its own rights.

Sharpe ratio: A measure for calculating risk-adjusted performance; the higher the ratio, the better risk-adjusted performance.

Short: The practice of selling borrowed securities with the expectation that the assets will decrease in value whereupon they will be repurchased and returned to the lender.

Since inception/Since inc.: Inception date is the date on which the fund launched.

Sortino: A variation of the Sharpe ratio that differentiates harmful volatility from total overall volatility by using the asset's standard deviation of negative asset returns, called downside deviation. The Sortino ratio takes the asset's return and subtracts the risk-free rate, and then divides that amount by the asset's downside deviation.

Standard deviation/Sta. dev.: Measures the degree of variation of returns around the mean (average) return. When applied to the annual rate of return, it shows the historical volatility.

Statistics: Statistical measurements used to analyse historical fund data such as performance, volatility etc.

Strategy AUM: The total assets of the funds managed by the Investment Manager to a similar investment mandate.

Ten-year adjusted basis: Shows any exposure to Fixed Income, Bond Futures or Interest Rate Futures on a 10-year duration basis.

Tracking error: A risk measure showing how closely a fund's performance follows a particular benchmark.

Treynor: Treynor ratio, also known as the reward-to-volatility ratio, is a metric for returns that exceed those that might have been gained on a risk-less investment, per each unit of market risk.

UCITS: Undertakings for the Collective Investment of Transferable Securities (UCITS) is an EU regulatory framework creating a harmonized regime throughout EU for the management and sale of funds.