

Total returns

At 31 March 2017	1 month %	3 months %	6 months %	1 year %	Inception % p.a. (Jul 2014)
Odey International Fund	-3.83	-4.86	-17.02	-28.63	-16.29
MSCI World Index Daily TR Net Local	0.96	5.43	10.47	17.21	7.46
Outperformance	-4.79	-10.29	-27.48	-45.85	-23.75

Monthly returns*

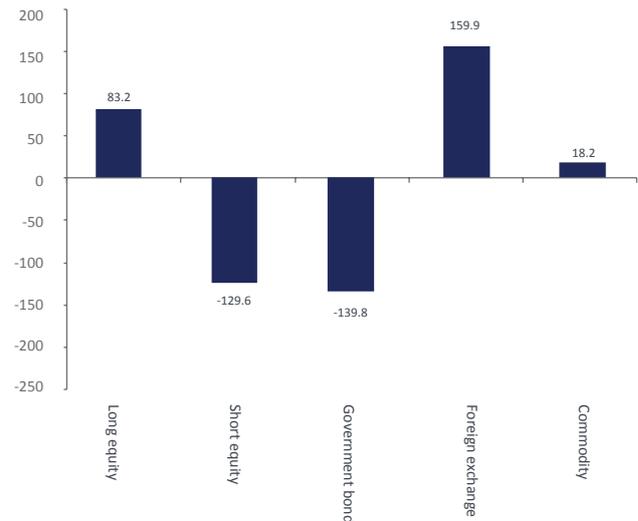
Year	Jan %	Feb %	Mar %	Apr %	May %	Jun %	Jul %	Aug %	Sep %	Oct %	Nov %	Dec %	YTD %	Idx YTD %
2017	2.12	-3.12	-3.83										-4.86	5.43
2016	4.99	-8.85	-18.42	-8.18	3.59	4.34	-4.64	-6.07	-3.26	-5.92	-5.73	-1.64	-41.43	9.00
2015	3.61	-6.53	3.78	-18.18	4.48	0.31	1.35	5.99	5.99	-12.18	-0.95	4.73	-10.60	2.08
2014								-0.08	10.51	-5.54	5.42	11.21	24.80	3.34

*Performance of the Odey International Fund since inception on 29 July 2014

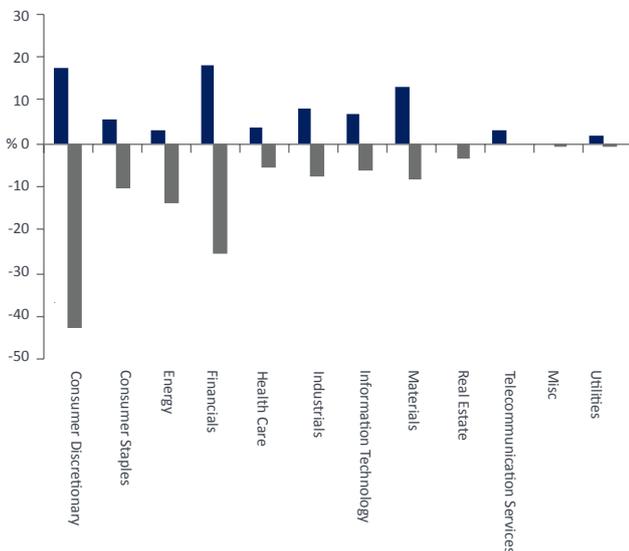
Top 10 holdings

Rank	Security	Strategy	Notional exposure (%)
1	Long Gilt Future Jun17	Short	-127.3
2	JPN 10Y Bond(Ose) Jun17	Short	-26.8
3	US Long Bond(CBT) Jun17	Long	16.4
4	Randgold Resources	Long	7.8
5	Sky	Long	6.0
6	Lancashire Holdings Limited	Short	-6.0
7	Tullow Oil	Short	-5.5
8	Ashmore	Short	-5.4
9	Source Physical Gold P-ETC	Long	5.3
10	Berkeley	Short	-5.3

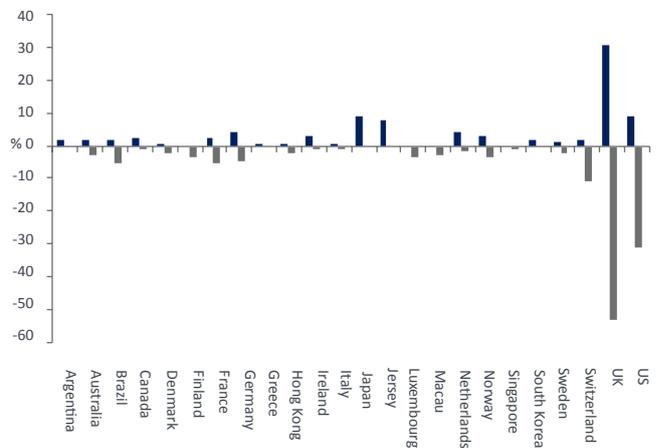
Asset allocation



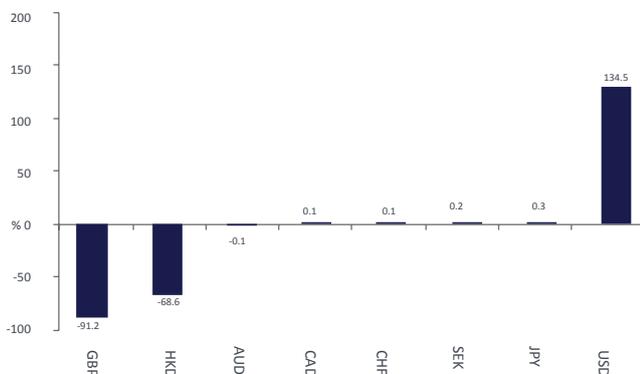
Allocation by industry



Allocation by country



Currency exposure



Performance review

- In March 17 the Fund returned -3.8% against the MSCI Daily TR Net Europe return of +1.0%.
- Positive returns from our holdings in the Energy (+0.3%), Industrials (+0.3%) and Real Estate (+0.1%) sectors were outweighed by negative returns predominantly from sectors including Consumer Discretionary (-2.5%), Consumer Staples (-0.4%) and Materials (-0.2%).
- Individual best performers this month were short positions in Tullow Oil (+0.7%), JRP Group (+0.3%) and TransDigm Group (+0.2%). The worst were short positions in Wynn Macau (-0.7%), Berkeley Group (-0.5%) and a long position in Randgold Resources (-0.5%).

Manager's commentary

Look how quickly everything has changed. Trump, defeated over the Obama Healthcare reform has, as it were, retreated into an aggressive foreign policy which is almost the opposite to the Monroe doctrine which he was adopting earlier. Bannon is on the back foot. In the absence of a corporate tax cut or any kind of VAT tax reform, the US economy is succumbing to an overvalued dollar and a growing crisis in sub-prime lending, centred on the second hand car market. The government bonds have already guessed Yellen's mind. No more rate rises. We are now just waiting for the Fed to set up a lending business, loaning 5 year old cars to people who can neither drive nor borrow. That is what they need to do to stop the subprime losses ballooning.

Last year what bailed everyone out after the bad first quarter was China and the oil price. Despite China pumping in 40% of GNP in new lending, the statistics are revealing. The economy grew nominally 7½%. Consumption of steel grew by 2%, despite steel prices rising 60%, and the auto market started to weaken (by

2.5%) in the new year after being driven up by the size of the support exercise. For this year, it is going to be difficult for China to even continue its recovery. The chances have to be high that we have just witnessed a giant rally in a bear market for commodities. Where is Trump's massive infrastructure boom?

Without the fireworks, equity markets feel vulnerable. The Great Reflation was responsible for a re-rating of stock markets. If all we have left is the Central Bank's bond bubbles, that may not generate enough growth to support prices.

Whilst undoubtedly bonds were in bubble territory last year as evidenced by the fact that the only way a buyer could possibly make money was by selling the loss making asset to a bigger fool, the equity market did become compliant in the game. Companies learnt to pay out dividends with borrowed money and became very adept at using shares as dividends – so called scrip. Very popular with corporates. Several of our favourite shorts have shown a tremendous appetite for scrip. Intu Properties, the largest shopping mall owners in the UK are valued at £8bn, not surprisingly when they are receiving £411m in net rent. They pay out £270m on interest (LTV of 42%), need to spend £70m keeping the tenants happy and so shareholders got £170 million of which £70m is in scrip. The problem with scrip is people are starting to find that it is not worth the paper it is written on. Intu this year say they need to spend not £70m but £270m to keep tenants happy. In a world where scrip is no longer being appreciated that's an extra £340m to find on top of the £230m interest payable. Whoops!

With the subprime problem emerging in the used car market, remember that this is nothing but a can (car) kicked down the track some years ago. In 2012, with the compliance of the Fed, leases on cars were extended from 3 years to 5 years with a residual value of 20% of the new at the end of the 5 years seeming reasonable given that cars last 10 years. The result was a 30% increase in demand for new cars on the back of a 30% decline in cash costs. Five years later, with subprime in the USA some 2.3x larger than it was in 2008/9, these second hand cars are not attracting bids at or above the residual prices built into the leases. At present, prices are just 7½% below the expected price. Dangerous but not critical. What frightens everyone is who is going to buy so many second hand cars for cash over the next few years? A change to the new leasing price now needs to be made. Just when sales have already been weakening.

Another inadvertent child of QE has been the rise of disruptive technologies – Amazon, Uber, Tesla, Artificial Intelligence, ViaSat. All promise to undermine

incumbents and most importantly the current assets employed by the incumbents, lent against by the banks and the corporate bond market. Paradoxically it is also the reason that productivity is falling – losing income earners are not easily found, equally well paid jobs. It is putting pressure on property prices in much the same way as it is hitting second hand car prices.

Unless we are happy to see the Fed and other central banks extend their remits drastically these new developments must have repercussions in the capital markets. The unwillingness of investors to discount this, has made stock markets both so resilient and so difficult to read.

The Bank of England, under Carney, have taken this further than most, presiding over personal savings rates falling from 12% in 2008 to 3.5%. At a time of uncertainty of trade terms, the UK is reliant on credit equal to 5% of GNP. With inflation rising thanks to the fall in sterling towards 4% and short rates at 0.25% and 10 year bonds yielding 1%, prices are not that tempting. No wonder that foreign investors have been selling down their gilts. The optimist will tell you that sterling is 25% too cheap 'on the Big Mac Index' and is due a bounce. But a bounce presupposes that individuals will start to save again. With all interest rates negative they seem intent on borrowing and spending. When we look back at this madness, some people will feel ashamed. Twisted facts and twisted logic may be met in the quiet of the night by reality.

A year ago it was easy to be bearish. China was slowing, world trade was creaking, Europe was not recovering and the oil price was hitting new lows. A year later to be bearish feels lonely, despite the fact that the reflationary story of the past year looks difficult to sustain and auto loan lending has joined a long list of risks along with Trump and Brexit. Money creation alone has taken markets to all-time highs but what strong arms take, strong arms must defend. Valuations demand that they do.

About Odey Asset Management

Odey Asset Management is a highly regarded London-based investment firm managing in excess of \$6.5 billion for institutions, private banks and individual investors. Since inception, founder and Chief Investment Officer, Crispin Odey, has built a strong investment and research team that contribute to the delivery of superior portfolio performance.

About the Fund

Managed by Crispin Odey, the Odey International Fund is an Australian-domiciled global long/short, absolute return unit trust that aims to deliver investors long-term capital appreciation by investing predominantly in equities and equity-related securities. The Fund invests in Odey Asset Management's long-standing and successful flagship strategy, Odey European Inc., which Crispin Odey established in 1992.

About Crispin Odey



Crispin Odey
Founder, Chief Investment Officer

- Established Odey Asset Management in 1991 to focus on active investment management with a focus on generating superior returns.
- One of the UK's most respected professional investors having delivered exceptional returns for investors over the long term.
- Heads the investment management team which comprises over 30 investment professionals.
- Prior to founding Odey Asset Management, Odey managed the Baring European Growth Trust and Continental European pension funds at Barings Asset Management and Framlington Fund Managers.
- Graduated from Christ Church, Oxford, in 1980 where he read History and Economics.

Key features

Manager

Odey Asset Management

Responsible Entity

Copia Investment Partners

Product inception

The Fund is a 'feeder fund' for the Odey Swan Fund, a UCITS¹ vehicle that is modelled on Odey's flagship and longest-running strategy, Odey European Inc., which began in 1992.

Suggested investment time frame

At least 5 years

Risk level

High

Minimum investment

\$10,000

Management fee

1.36% p.a. (including GST and net of RITC)

Performance fee

20% (including GST and net of RITC) of the amount the Fund outperforms its hurdle

Performance hurdle

Positive return

High water mark

Yes

Platform availability

Asgard, BT Wrap, Federation Alliance, Macquarie Wrap, netwealth

¹ UCITS or 'Undertakings for Collective Investments in Transferable Securities' provides a single regulatory framework for an investment vehicle which means it is possible to market the vehicle across the European Union without concerns about the country in which it is domiciled.

CONTACT COPIA

1800 442 129 | clientservices@copiapartners.com.au | copiapartners.com.au



John Clothier	General Manager, Distribution	0408 488 549 jclothier@copiapartners.com.au
Adam Tweedale	State Manager, Southern Region	0425 804 727 atweedale@copiapartners.com.au
Angela Vincent	State Manager, Northern Region	0477 347 260 avincent@copiapartners.com.au
Sean Paul McGoldrick	Account Manager, Northern Region	0421 050 370 spmgoldrick@copiapartners.com.au
Iain Mason	Director, Institutional Business	0412 137 424 imason@copiapartners.com.au
Jacinta King	Business Development Associate	0413 962 922 jking@copiapartners.com.au

Past performance is not a reliable indicator of future performance. The total returns of the Odey International Fund (the Fund) over specified periods are shown in the table on the first page. This table contains information regarding total returns to 31 December 2016. Total returns are calculated after taking into account performance fees. A performance fee equal to 20.5% (including GST and net of RITC) of the amount the Fund outperforms its hurdle. The total return performance figures quoted are historical, calculated using end-of-month mid-prices and do not allow for the effects of income tax or inflation. Total returns assume the reinvestment of all distributions. The performance is quoted net of all fees and expenses. This document is for general information purposes only and does not take into account the specific investment objectives, financial situation or particular needs of any specific reader. As such, before acting on any information contained in this document, readers should consider the appropriateness of the information to their needs. This may involve seeking advice from a qualified financial adviser. Copia Investment Partners Ltd (AFSL 229316, ABN 22 092 872 056) (Copia) is the issuer of the Odey International Fund (ARSN 166 549 917). A current PDS is available from Copia located at Level 25, 360 Collins Street, Melbourne Vic 3000, by visiting the website odey.copiapartners.com.au or by calling 1800 442 129 (free call). A person should consider the PDS before deciding whether to acquire or continue to hold an interest in the Fund. Any opinions or recommendation contained in this document are subject to change without notice and Copia is under no obligation to update or keep any information contained in this document current.