Total returns

At 30 April 2017	1 month %	3 months %	6 months %	1 year %	Inception % p.a. (Jul 2014)
Odey International Fund	-4.74%	-11.26%	-15.98%	-25.96%	-17.31%
MSCI World Index Daily TR Net Local	1.15%	5.29%	12.49%	17.56%	7.68%
Outperformance	**-5.90%**	**-16.55%**	**-28.47%**	**-43.52%**	**-24.99%**

Monthly returns*

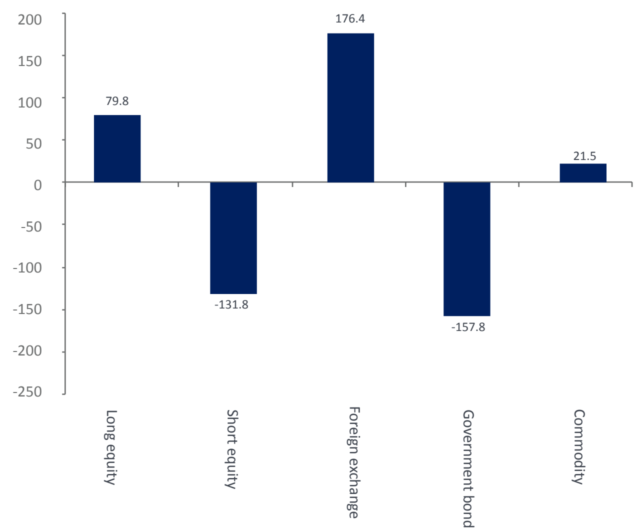
Year	Jan %	Feb %	Mar %	Apr %	May %	Jun %	Jul %	Aug %	Sep %	Oct %	Nov %	Dec %	YTD %	Idx YTD %
2017	2.12	-3.12	-3.83	-4.74									-9.38	6.65
2016	4.99	-8.85	-18.42	-8.18	3.59	4.34	-4.64	-6.07	-3.26	-5.92	-5.73	-1.64	-41.43	9.00
2015	3.61	-6.53	3.78	-18.18	4.48	0.31	1.35	5.99	5.99	-12.18	-0.95	4.73	-10.60	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

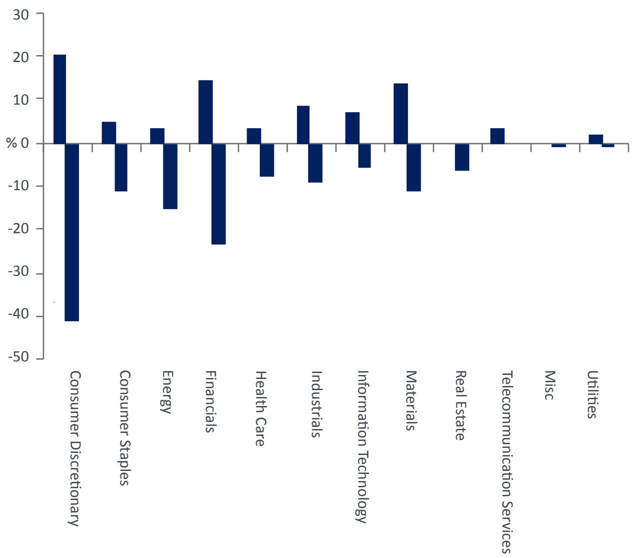
Top 10 holdings

Rank	Security	Strategy	Notional exposure (%)
1	Long Gilt Future Jun17	Short	-131.3
2	JPN 10Y Bond(Ose) Jun17	Short	-26.6
3	Randgold Resources	Long	7.8
4	Tullow Oil	Short	-7.2
5	Sky	Long	6.3
6	Lancashire Holdings Limited	Short	-6.2
7	Berkeley	Short	-5.5
8	Ashmore	Short	-5.4
9	Man Group	Long	4.9
10	Coca-Cola HBC	Short	-4.8

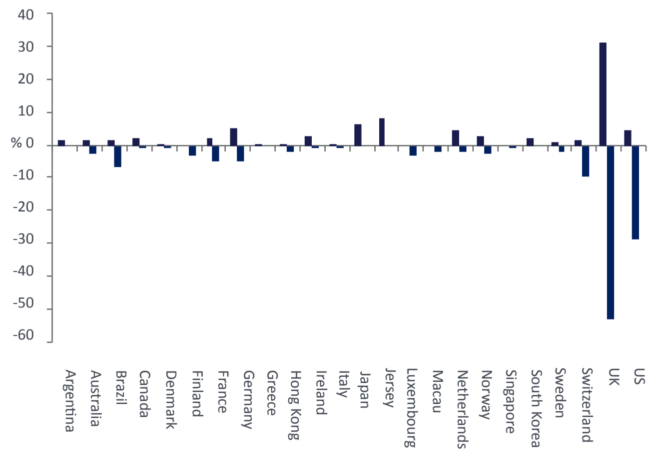
Asset allocation



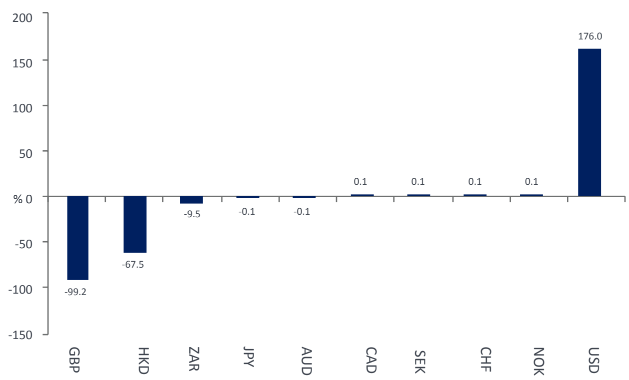
Allocation by industry



Allocation by country



Currency exposure



Performance review

- In April the Fund returned -4.74% against the MSCI Daily TR Net Europe return of +1.15%.
- Positive returns from our holdings in sectors including Energy (+1.1%), Materials (+0.1%) and Consumer Staples (+0.1%) were outweighed by negative returns predominantly from the Industrials (-0.8%), Consumer Discretionary (-0.5%) and Health Care (-0.3%) sectors.
- Individual best performers this month were long positions in Hunter Douglas (+0.7%) and Man Group (+0.3%), and a short position in Seadrill (+0.7%). The worst were short positions in Tesla (-0.3%), Swatch Group (-0.3%) and Navistar (-0.3%).

Manager's commentary

This last quarter saw the first synchronised upturn in global economic growth for three years. Stock markets also, in profits terms, had the wind behind them because 1Q 2017 was being compared to 1Q 2016 when the world looked like it was falling apart. Ever since central banks pushed credit through the system a year ago, with China leading the way, asset prices, commodity prices and eventually consumer confidence, have lifted up towards the sky.

So, why do I remain stubbornly bearish? Firstly, because what got the developed world into its crisis in 2008 was 'large widespread borrowing by individuals who could not repay their debts' and now what has got us out of our crisis, is luckily, 'large widespread borrowing by individuals who could not repay their debts.'

In 1942, when Hitler's Germany was at the gates of Kiev as well as Moscow, and Britain was on its own just surviving, Todt, Hitler's Minister of Supply, startled Hitler by saying that the German war effort would stall. For his prescience, he disappeared a week later when his plane fell to earth unexpectedly. But what he could see was that the lines of supply were at breaking point. Success was the necessary ingredient of failure.

The US economy is now operating above its operating capacity. Free capacity in the workforce is less than three months of growth. This is why Yellen and the Fed are keen to raise rates in June. The UK already has a gross savings rate of 6% against a necessary investment rate of 11% of GNP. Such a shortfall should call for higher interest rates to encourage savings to grow but, no. With the Bank of England's encouragement, consumer debt is rising at 8% per annum whilst wages are only rising by 2%. How long this madness? Japan will start in the second half of this year to eat its savings – whether sushi or tempura – as spending is financed by asset sales.

Sub-prime lending both facilitates, and is driven by, employment. Lend the man the loan for his car and the demand induced gives him the job that keeps the payments current. When that goes into reverse, and from a position of full employment, it can only go one way: the consequences are easy to see.

At the same time, whilst the Chinese have been enjoying 10.6% consumer spending growth and 7.6% economic growth, it came because they pushed 40% of GNP in new credit into the economy last year. An attempt to rein in this misallocated credit since March has immediately impacted economic growth and spending by 1% of GNP, to say nothing of the 20% falls in Chinese-involved commodity prices. All of these instances of slowdown since March are threatening the reflation trade which has driven stock markets up and bond markets lower. What if we are not in a normalising cycle? What if last year was a rally in a bear market? What if China can no longer be the font of growth? What if the US is not going to experience the economic boom attendant with tax cuts for the corporates, which re-rated that market since November?

So far, political worries have made no dent upon markets. Nothing has. But QE is now due to end over the next two years. Venezuela signifies all that I think about today's markets. The country is rightly enveloped in riots and misery. Individuals were forced to import $30 billion less in an economy of $150 billion of GNP. So individuals took a 20% hit to their already low living standards. This year they are forced to hand over $10 billion of precious dollars to both service their $110 billion of external debt and repay some. So where does the 135/8% of August 2018's trade? I would have expected in the low 30s. No, it trades in the mid-80s. Remember that the only important lodestones for the investor have been: Is credit growing faster than nominal GNP? Is productivity growth accelerating or slowing? Is productivity growth at or around 2.5%? Because otherwise politicians are in trouble? Well, on all these measures the world is not getting out of its problems.

And then when it comes to markets, we have to watch for 'the Minsky moment'. Minsky argued that periods of low volatility presaged crises because they encouraged excessive risk taking. Well, we are into the risk taking. But this fund truly does not demand that the end of the world comes tomorrow. The Chairman of EOG inc. in the US said that 10 years ago it was necessary to invest $48 billion to extract a million barrels a day. Today it can be done with under $7 billion. Ten years ago it cost $55m to build a 15 megawatt solar plant. Today it cost $15m and it produces 40% more electricity. Disruptive technologies are everywhere. Anyone who built their plants 10 years ago using debt is in trouble. A bull market in equities has hidden the scale of that trouble. It will not just be sub-prime that undermines this cycle, disruptive technologies will do their bit, too.

About Odey Asset Management

Odey Asset Management is a highly regarded London-based investment firm managing in excess of $6 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 UCITS[1] 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 availabilty
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.

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