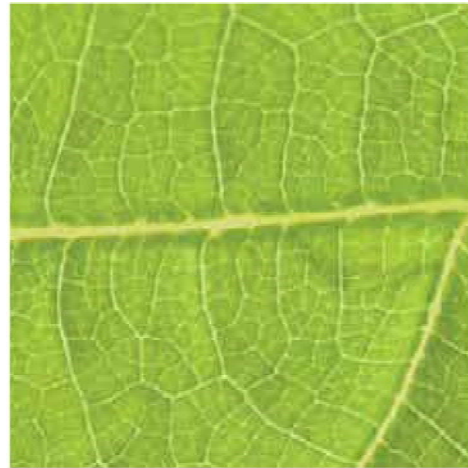
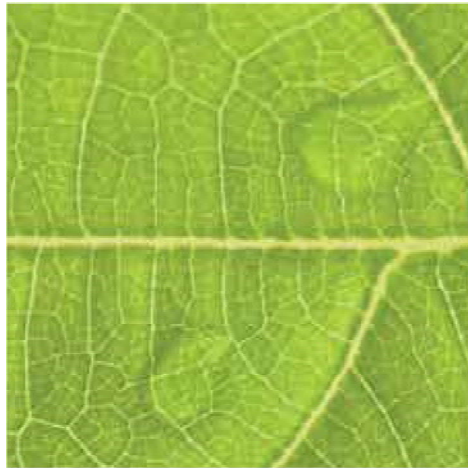
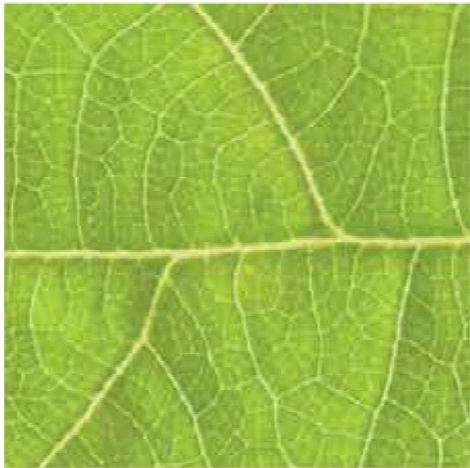


JOHCM Global Opportunities Fund

April 2015



www.johcm.co.uk

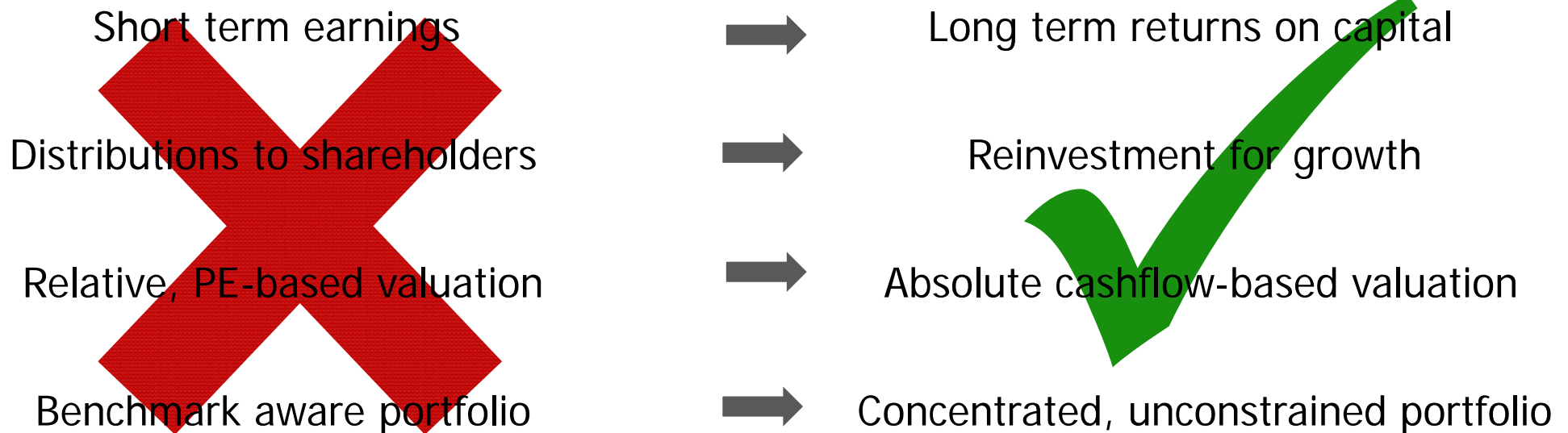


- Objective: above average risk adjusted equity returns
- Concentrated portfolio of attractively-valued compound growth companies
- Four key investment priorities:
 1. Attractive industry
 2. Well incentivised management, reinvesting for growth
 3. Strong balance sheet
 4. Attractive (absolute) valuation
- Capped at GBP 5bn (to be reviewed at GBP 2.5bn)

Heads we win, tails we don't lose too much



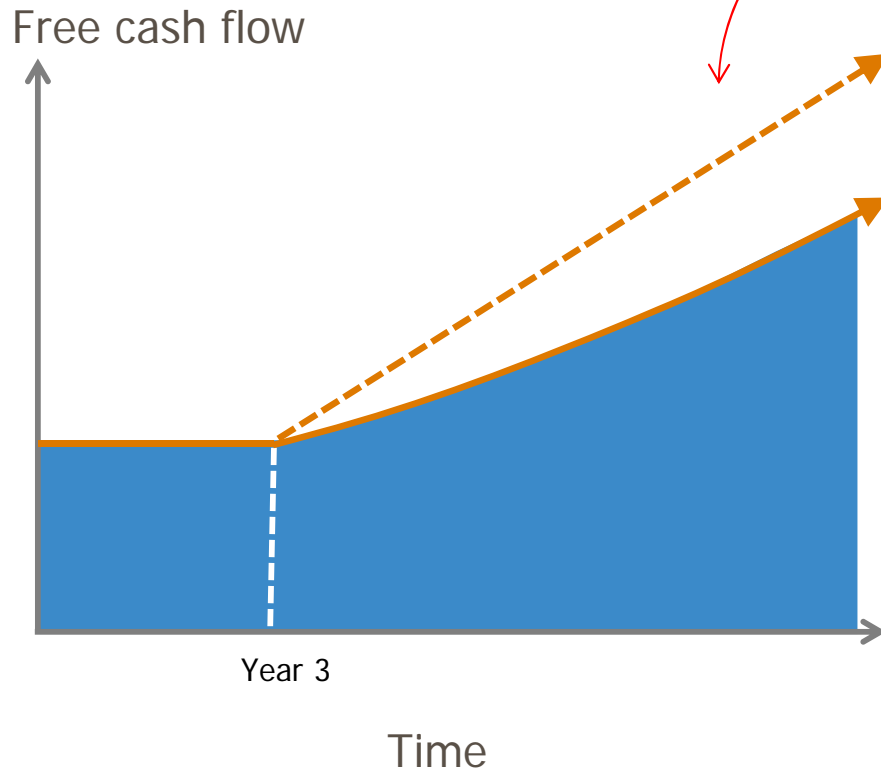
Superior long term investment returns are achieved through
high returns on capital and valuation discipline



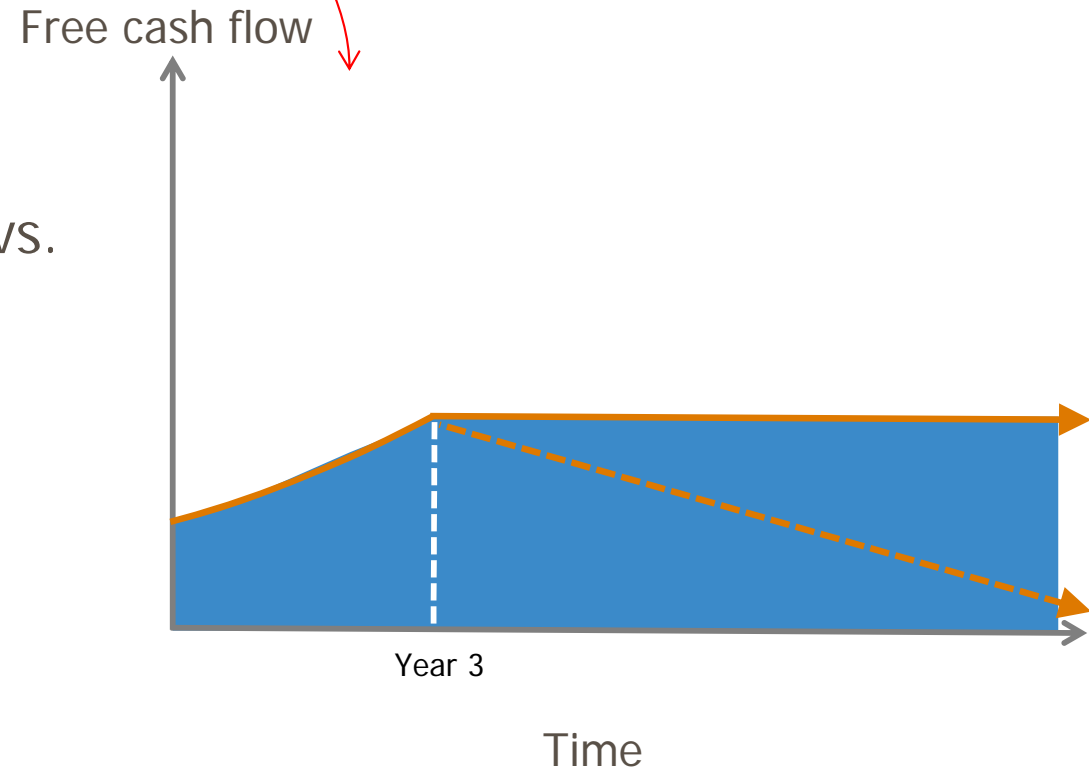
Earnings momentum is not the same as compound growth



Market routinely underpays for this and overpays for this

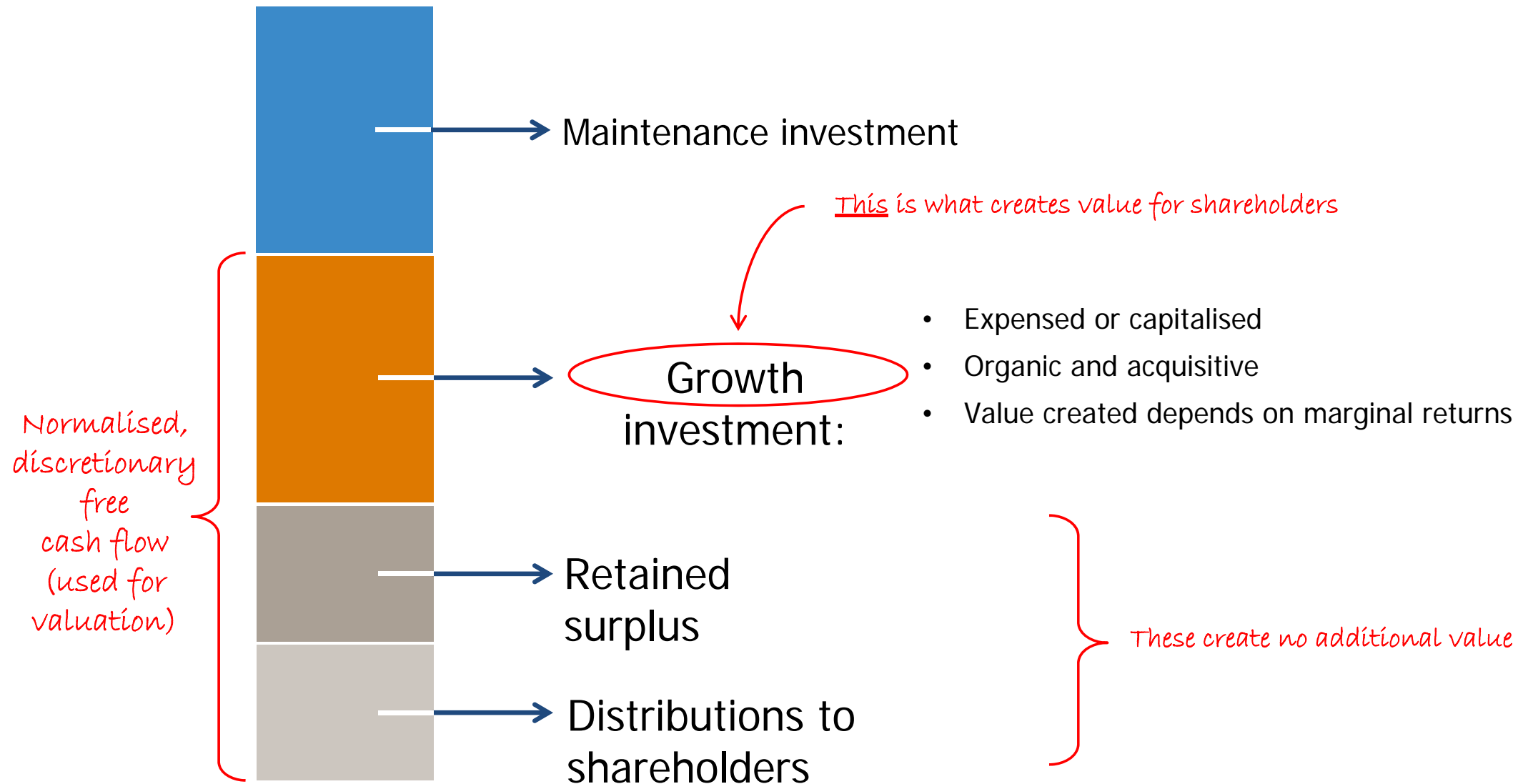


VS.



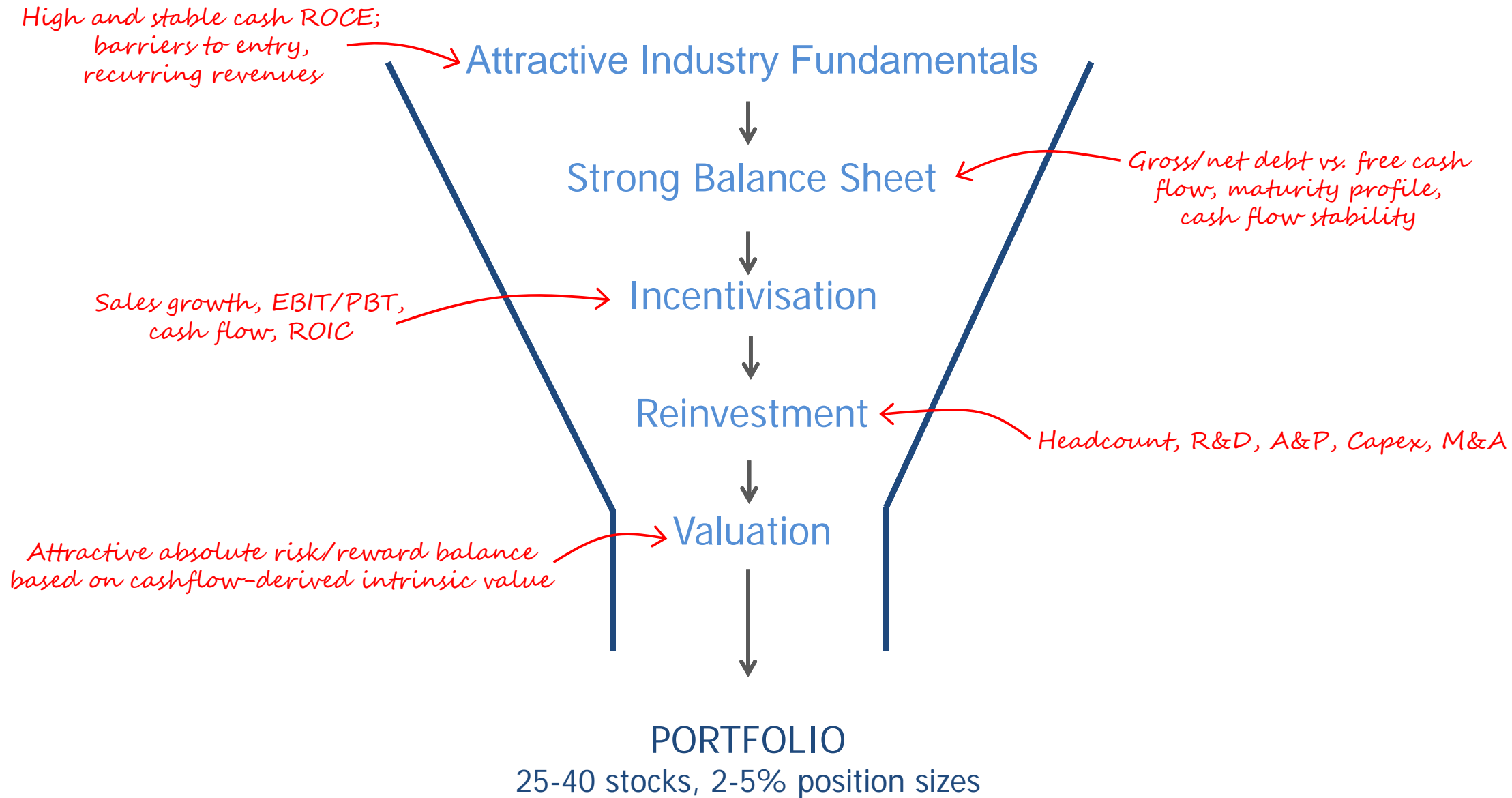
Years 3-10 are more important than years 1-2

Long term value creation is achieved by reinvestment



Discretionary free cash flow is the best proxy for intrinsic value

Process: filtering down a wide universe





STRUCTURAL TAILWINDS

- Outsourcing
- Automation
- Convenience
- Aspiration
- Demographics

MOATS

- Networks
- Installed bases
- Intellectual property
- Brands
- Scale

BUSINESS MODELS

- Recurring revenues
- Cash generation
- Terminal value
- Diversification

Evidence is high and consistent cash return on invested capital



- High and/or reliable returns on capital
- Strong balance sheet
- Cash generation

Bias towards:

- Technology
- Healthcare
- Consumer (staples and discretionary)
- Industrials

Intangible assets (brands, IP, networks, switching costs)

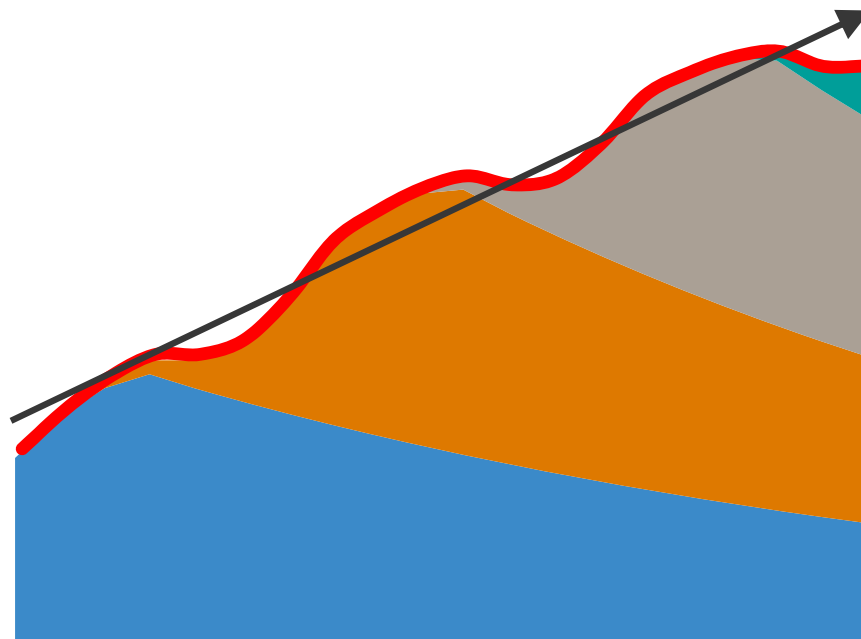
Bias away from:

- Energy and Resources
- Financials

Capital-intensive, commoditised, cyclical

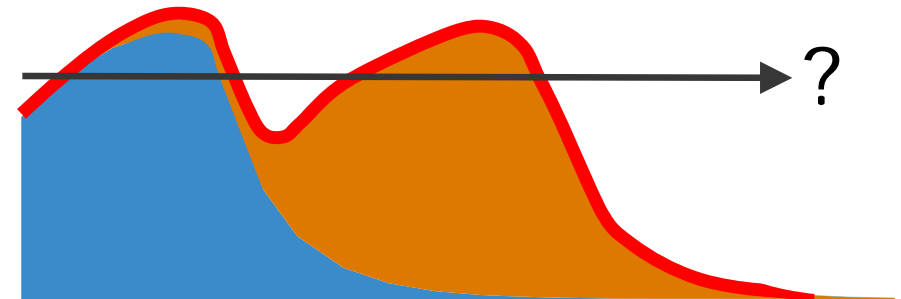
150 – 200 stocks at front of mind

Not all companies have a terminal value



E.g. software, brands

VS.



E.g. hardware, biotech



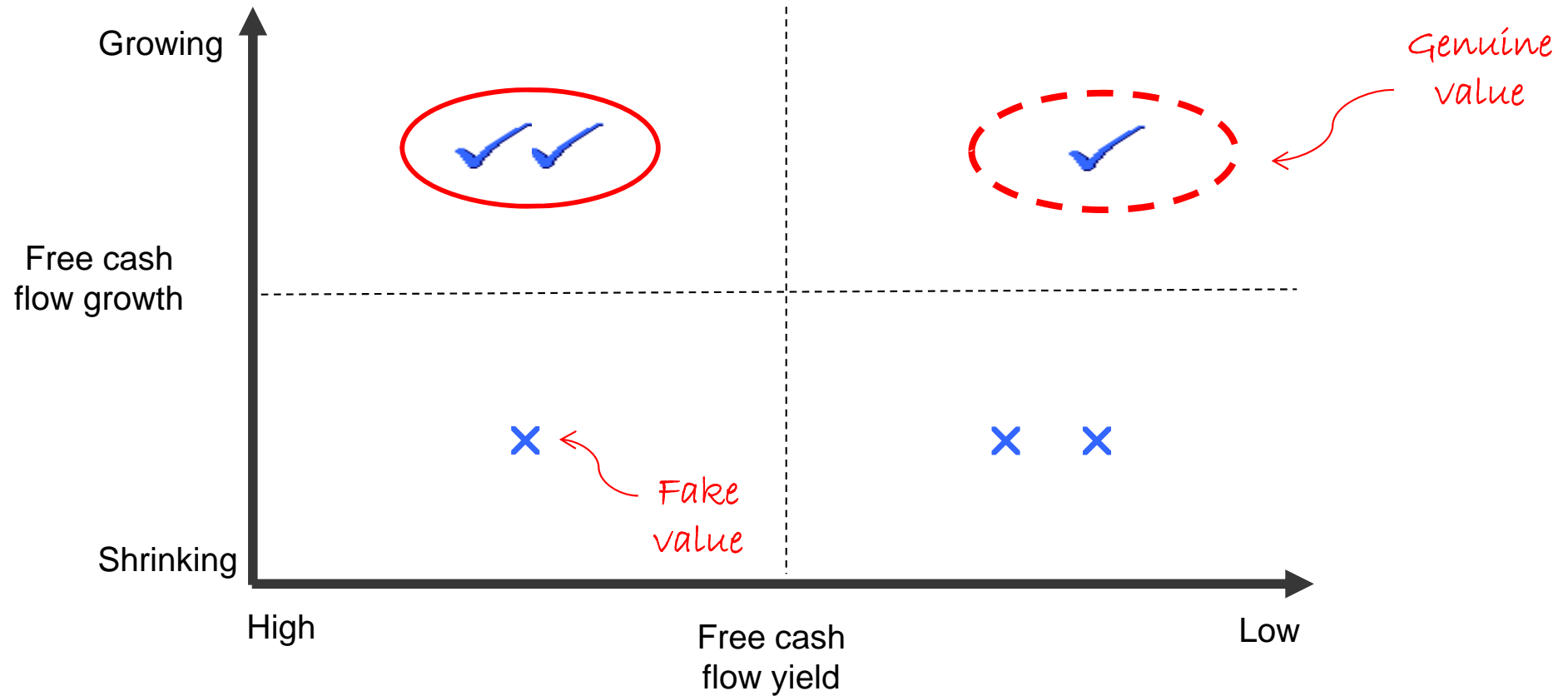
- Evaluate all investments against cash
- Forecast normalised free cash flow in a range of possible scenarios
- Buy stocks with limited or no downside in a pessimistic scenario...
- ... and substantially more upside in an optimistic one
- In other words we invest with a margin of safety
- We hold up to 20% cash when we cannot find enough ideas at attractive valuations

*Single
"target prices"
give a false
sense of
certainty*

Genuine versus Fake Value

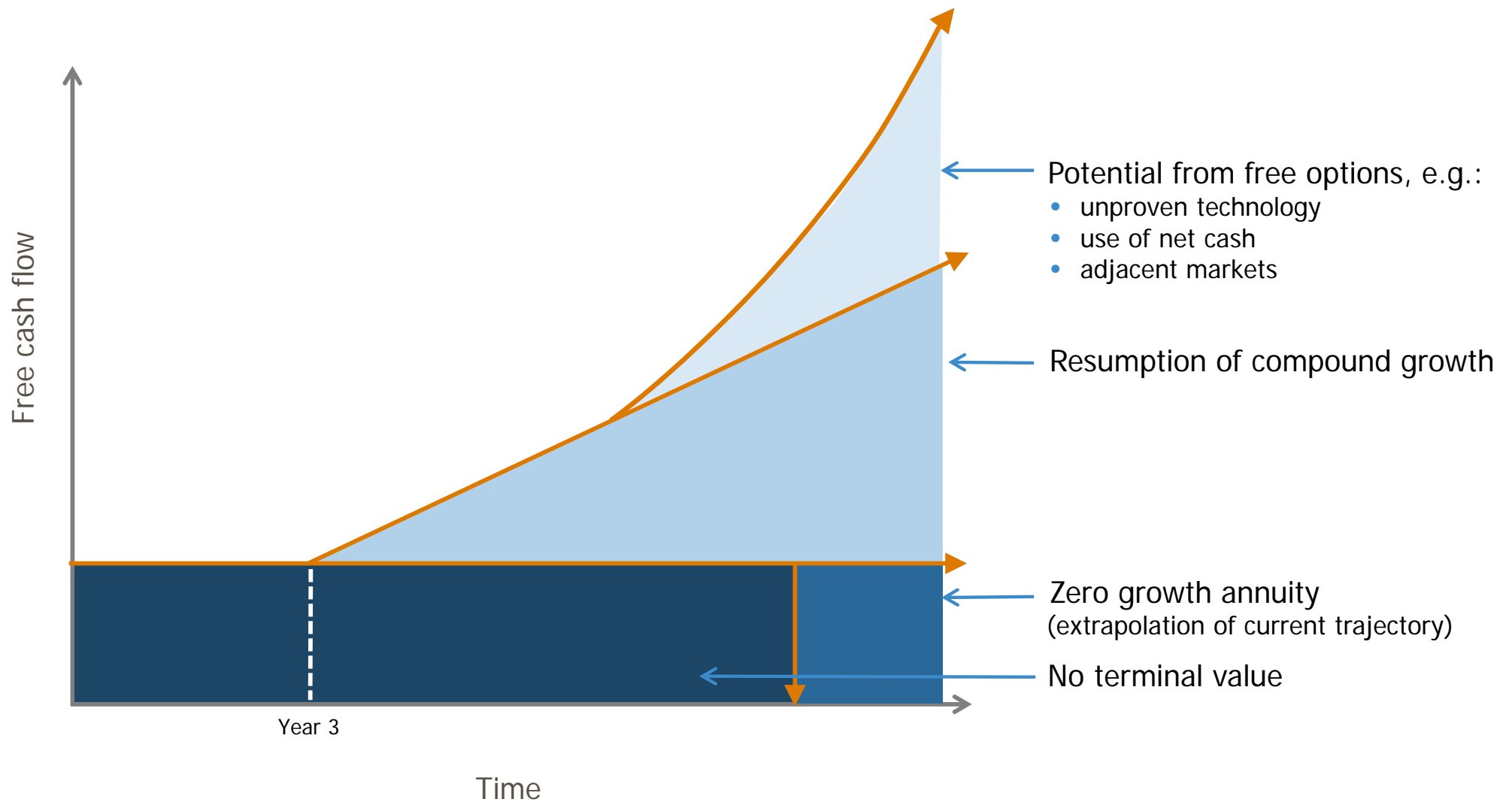


We prefer to buy quality at a double discount...



...but our priority is compound growth and terminal value

Don't pay for “free” options





- We sell stocks to zero when they have too much downside
- This can materialise either from fundamental changes or rising share prices
- We sell to cash if we have nothing to buy with the proceeds
- Cash balance rises if we have a period with more sells than buys
- We do not manage turnover because this would impair the sell discipline

Holdings and sector/regional positions



	America		UK		Europe ex-UK	Japan	Asia	Emerging	Total
Industrials	WW Grainger	3.05%	Experian	3.83%					22.11%
	United Technologie	3.01%	Ultra Electronics	2.22%					
	Rockwell	1.93%	Michael Page	2.05%					
			Intertek	2.03%					
			Capita	2.02%					
			Wolseley	1.97%					
Consumer Discretionary	TJX Companies	2.73%			Reed Elsevier	3.64%			11.94%
	Advance Auto Parts	1.93%			Wolters Kluwer	3.64%			
Healthcare	Baxter International	1.86%			Sanofi	1.94%			3.80%
Consumer Staples	Procter & Gamble	1.94%	British American Tobacco	2.57%	L'Oreal	2.02%	Japan Tobacco	2.99%	15.94%
			Imperial Tobacco	2.56%	Unilever	1.98%	Shiseido	1.88%	
Telecoms									0.00%
Financials	TD Ameritrade	1.58%							1.58%
Information Technology	Oracle	4.08%	Sage	2.66%	SAP	2.72%			21.76%
	Accenture	2.67%							
	Ansys	2.59%							
	Cognizant Tech	2.59%							
	Mastercard	2.28%							
	Equifax	2.17%							
Utilities									0.00%
Materials	Praxair	1.94%							1.94%
Energy			BG Group	2.27%		Inpex	2.35%		4.62%
Cash									16.30%
Total		36.35%		24.18%		15.94%		7.22%	0.00%
							0.00%	0.00%	

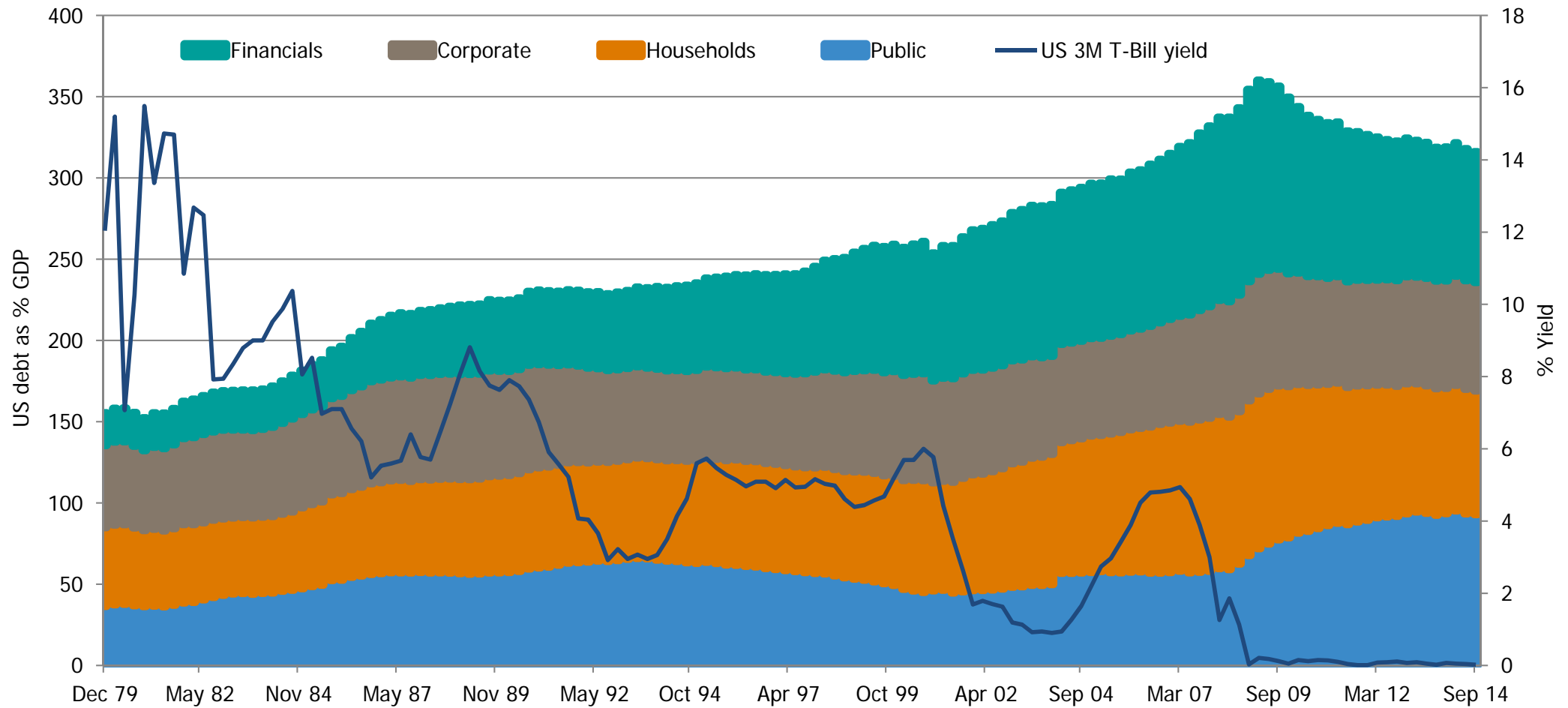


- No risk assets are attractively valued in absolute terms
- Only chance of acceptable absolute returns over medium term, without risk of serious capital loss, lies with cash-generative compound-growth equities with recurring revenues and long term structural growth tailwinds
- Strong balance sheet essential to survive credit market implosion
- Wary of deflation in commodity supply chains



- Balance sheet and income growth determines spending power
- Differentiate between long and short cycles
- Beware multiple layers of leverage (consumers, corporates, banks, investors)
- Watch BOTH the absolute level and pace of increase in debt/GDP

Leverage in the real world (I)

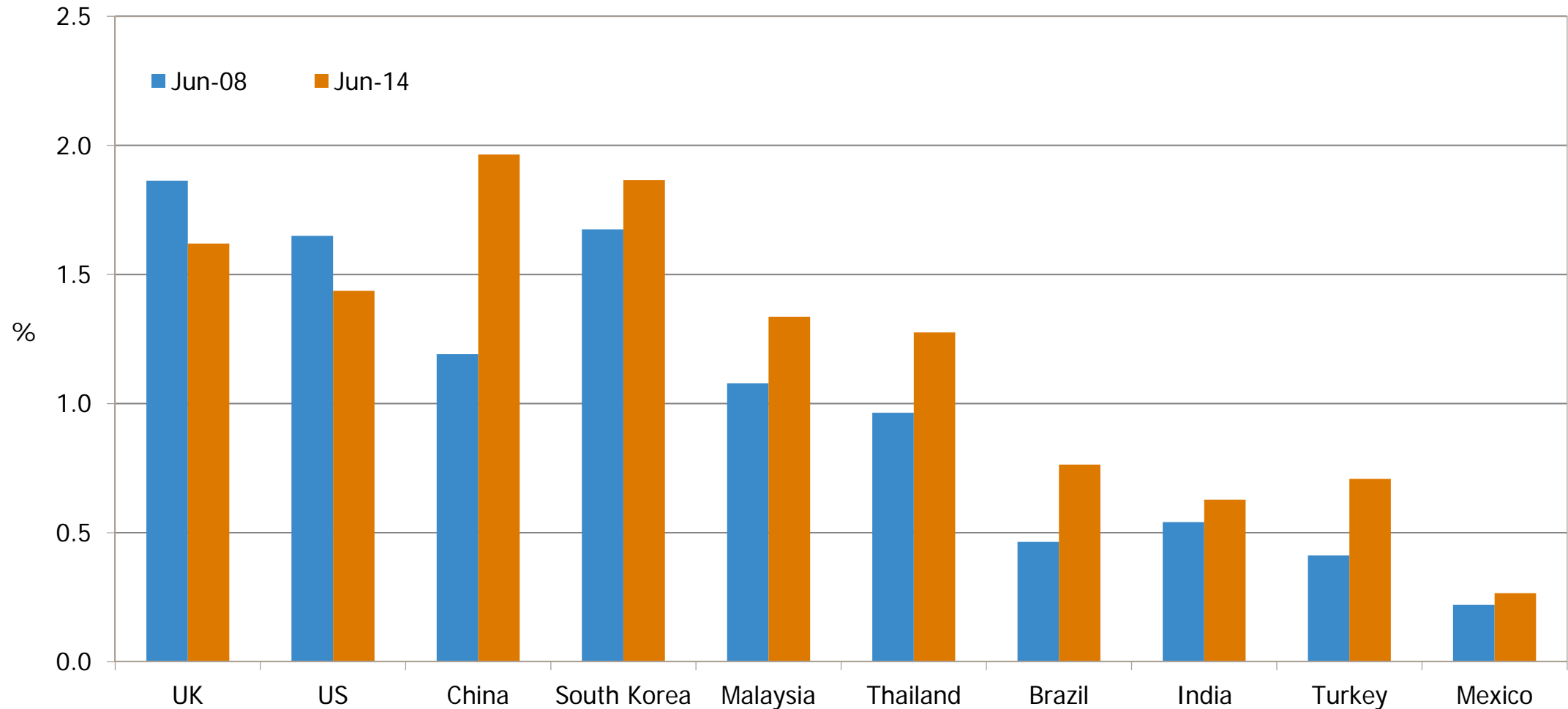


The world remains very interest rate sensitive

Leverage in the real world (II)



Private Sector Debt as % of GDP

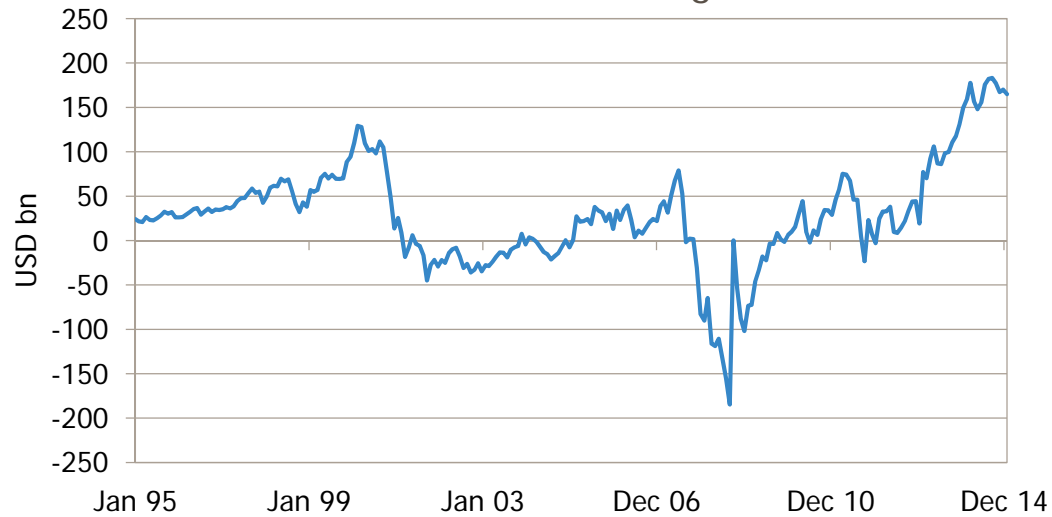


Debt is no longer just a developed market problem

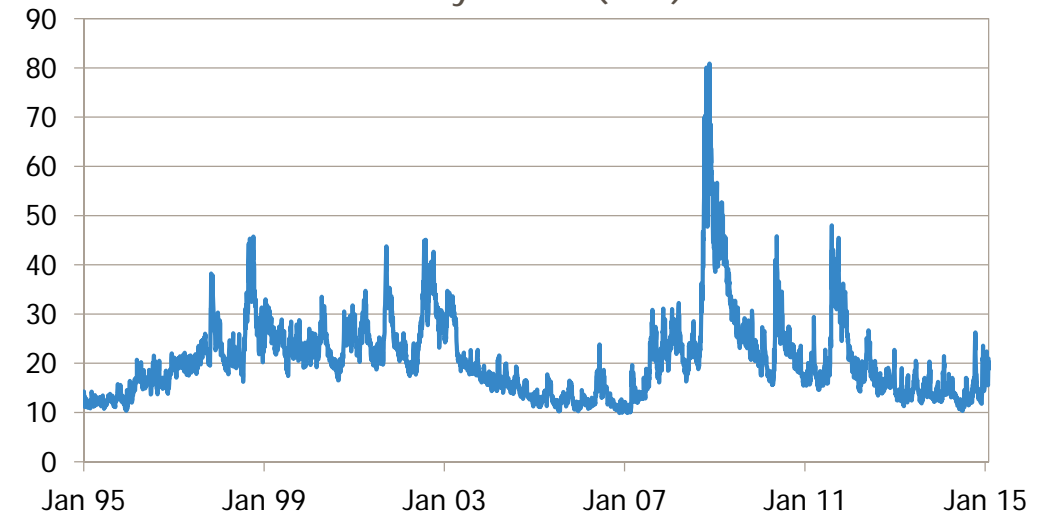
Leverage in the financial world



NYSE net debt margin*



Volatility index (VIX)**

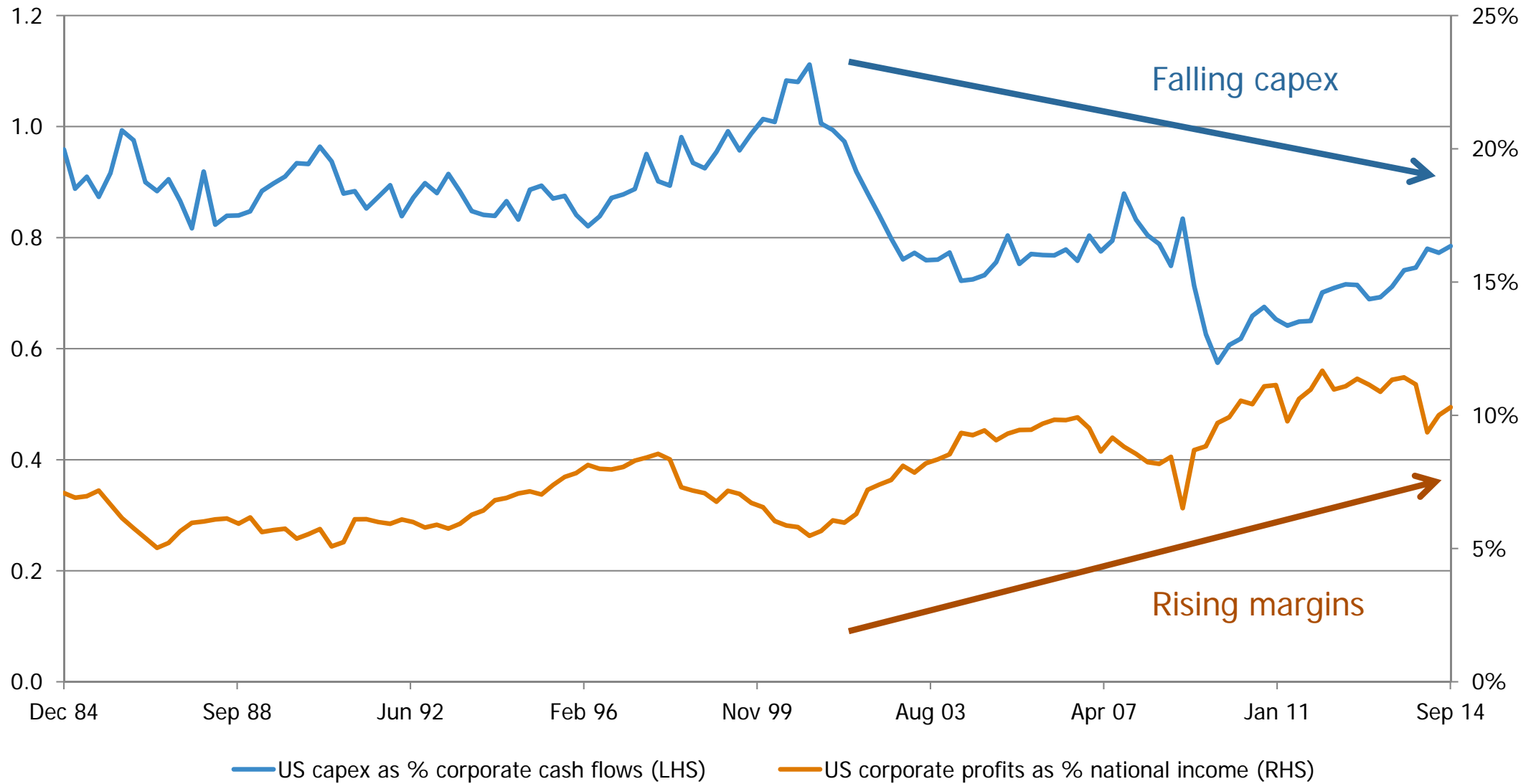


S&P 500**



Everyone has forgotten drawdown risk

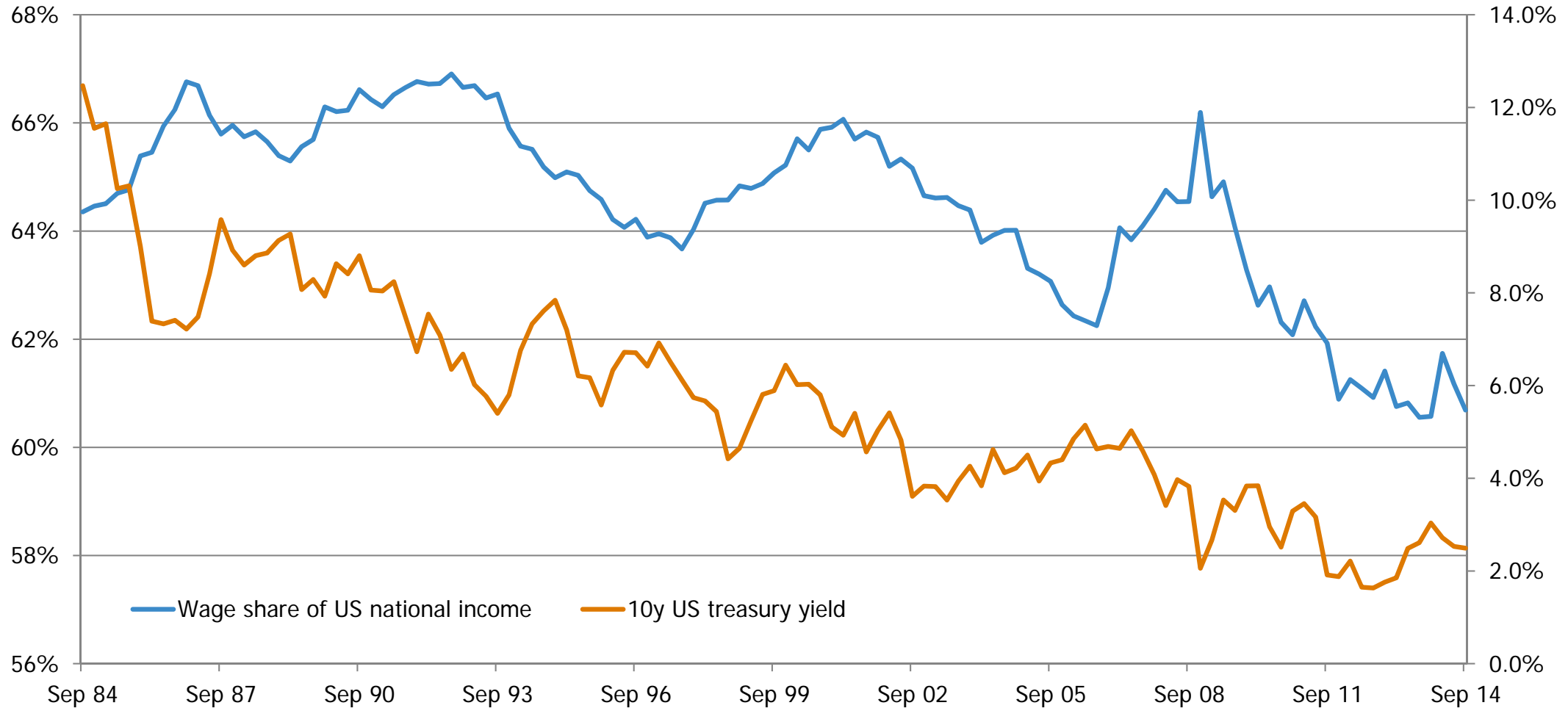
Reinvestment is still in short supply



Low wage inflation



The common denominator of high margins and low yields



Pricing power and strong balance sheets are essential if this ever reverses



- Real world is still overleveraged
- Risk assets are fully priced

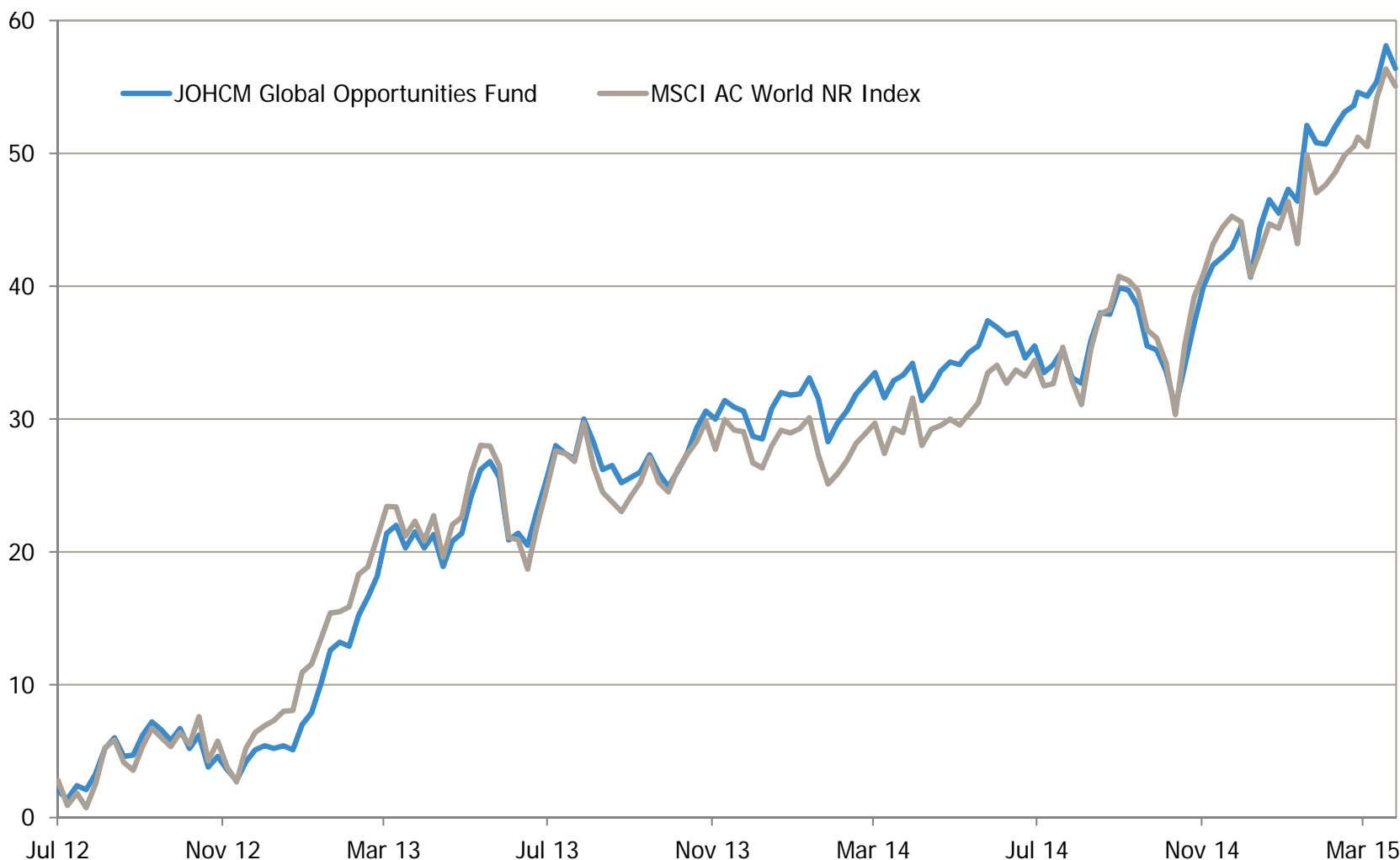
= > Investment priorities:

- Strong balance sheet
- Recurring revenues
- High barriers to entry
- Long-term compound growth

Appendix



JOHCM Global Opportunities Fund performance since inception



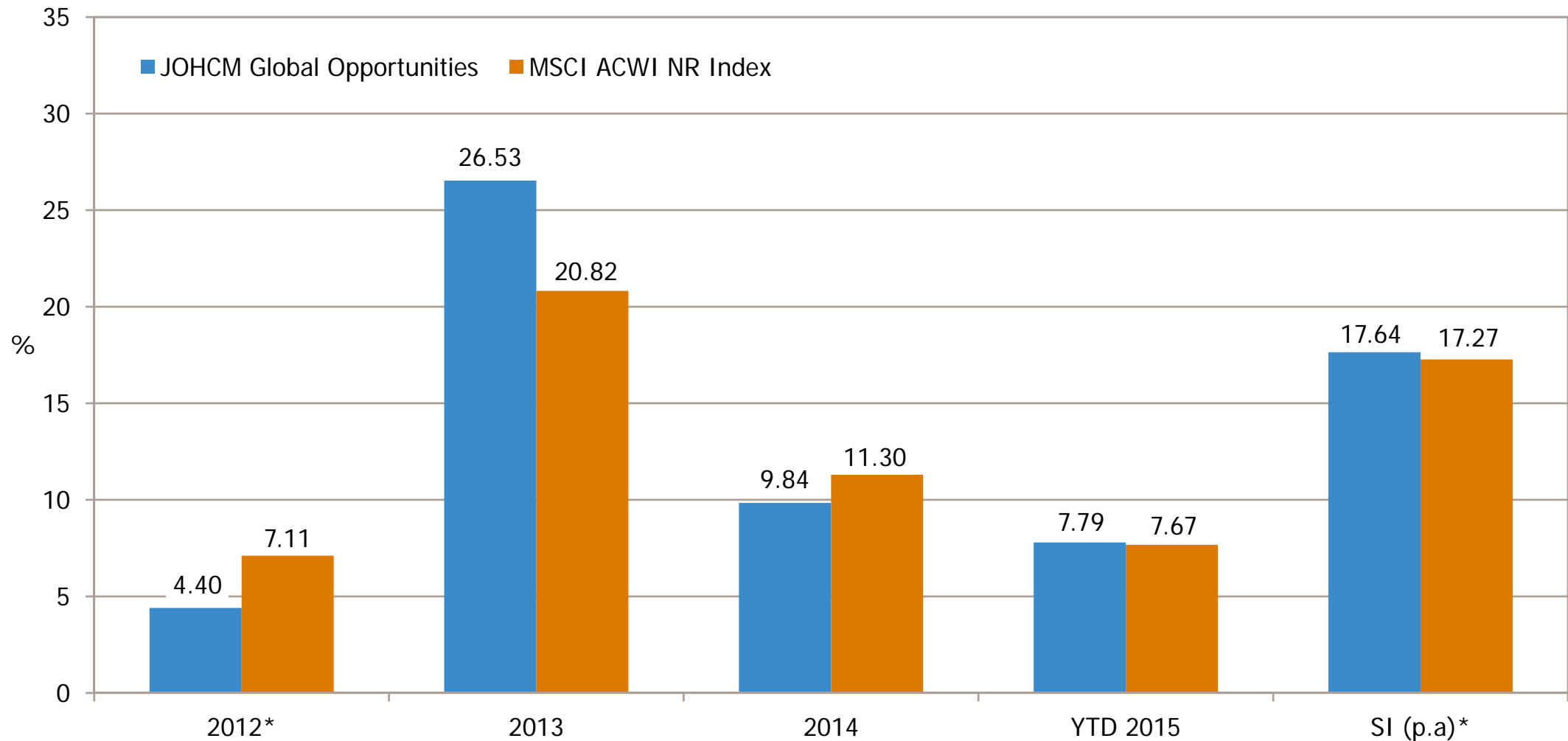
GLO: 56.40%
Volatility: 9.23

Benchmark: 55.08%
Volatility: 11.18

Source: JOHCM/Bloomberg/MSCI Barra. NAV per share monthly return calculated net of fees, net income reinvested, share class B in GBP.
Benchmark: MSCI ACWI NR Index (net dividends reinvested). Data as at 31 March 2015.



Net performance in GBP since inception to 31 March 2015

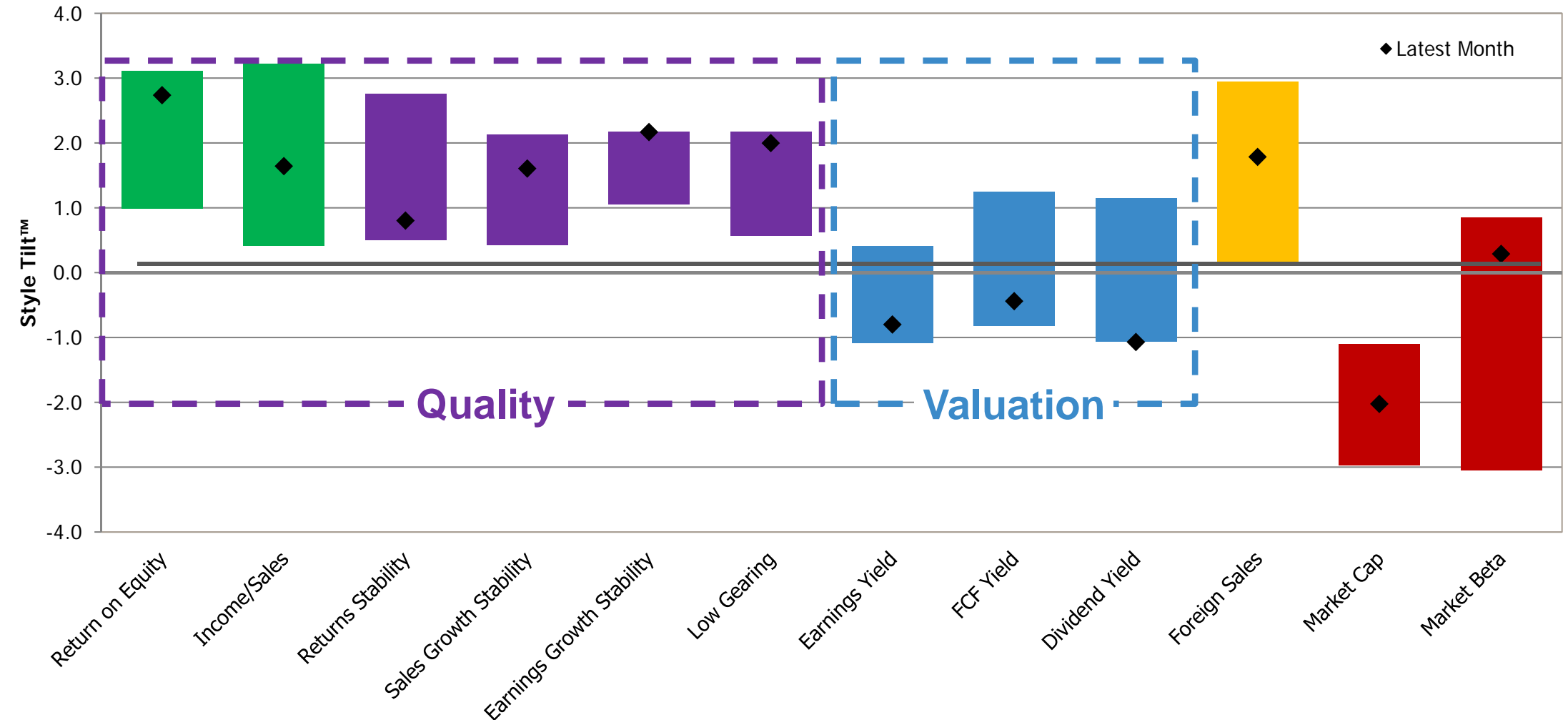


Source: JOHCM/MSCI Barra. NAV of share class B in GBP, net income reinvested, as at 31 March 2015. All fund performance has been shown against the MSCI ACWI NR Index (net dividends reinvested). *Part period return from Inception date 30 June 2012 to 31 December 2012. Performance of other share classes may vary and is available upon request.

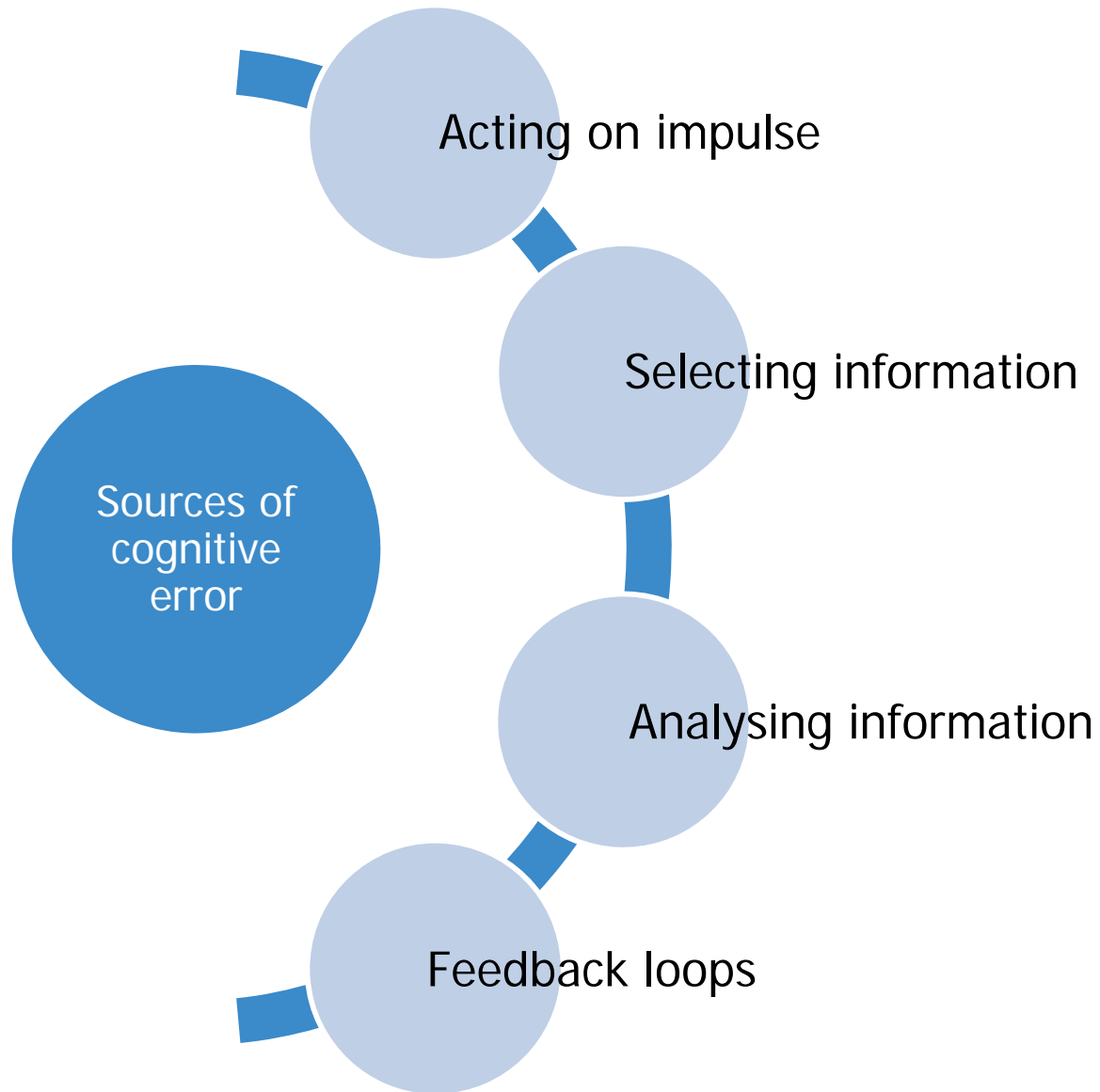
JOHCM Global Opportunities Fund style exposures since inception



Relative to benchmark



Significantly above-average quality without paying a premium



- Systems 1 & 2
- Heuristics
- Doubt/inconsistency avoidance

- Confirmation
- Availability
- Immediacy
- Quantifiability

- Association
- Causation vs. correlation
- Pigeonholing
- Linear thinking

- Overconfidence
- Gambler's fallacy
- Inevitability vs. probability

5 strategies to avoid cognitive errors and emotional overreaction



1. Small team
2. Clear investment philosophy
3. Repeatable process (information gathering)
4. Valuation control
5. Sell discipline (acknowledge errors)



- Consistent analysis of quality, growth and value
- Cross-sector insights, question banks and mental models
- Greater control of agenda
- Fewer conflicting emotions



Two senior fund managers and three dedicated fund analysts:



Ben Leyland, CFA

- Senior Fund Manager of the JOHCM Global Opportunities strategy
- Co-manager of the JOHCM UK Opportunities strategy
- 12 years industry experience: joined JOHCM in 2006 as analyst on the UK Opportunities Fund. Previously 5 years at Schroders



John Wood, ACA

- Senior Fund Manager of the JOHCM UK Opportunities strategy
- Co-manager of the JOHCM Global Opportunities strategy
- Joined JOHCM in 2005 to launch the UK Opportunities strategy. Previously 10 years at Newton



Robert Lancaster, CFA

- Analyst for the JOHCM Global Opportunities strategy. Joined JOHCM in February 2012
- Previously at Orbis Investment Advisory as an equity analyst for the Orbis Global Equity strategy



Rachel Reutter, CFA

- Analyst for the JOHCM UK Opportunities strategy. Joined JOHCM in September 2012
- Previously at Goldman Sachs, initially as an Associate and then as the lead analyst in the UK General Retail Sector

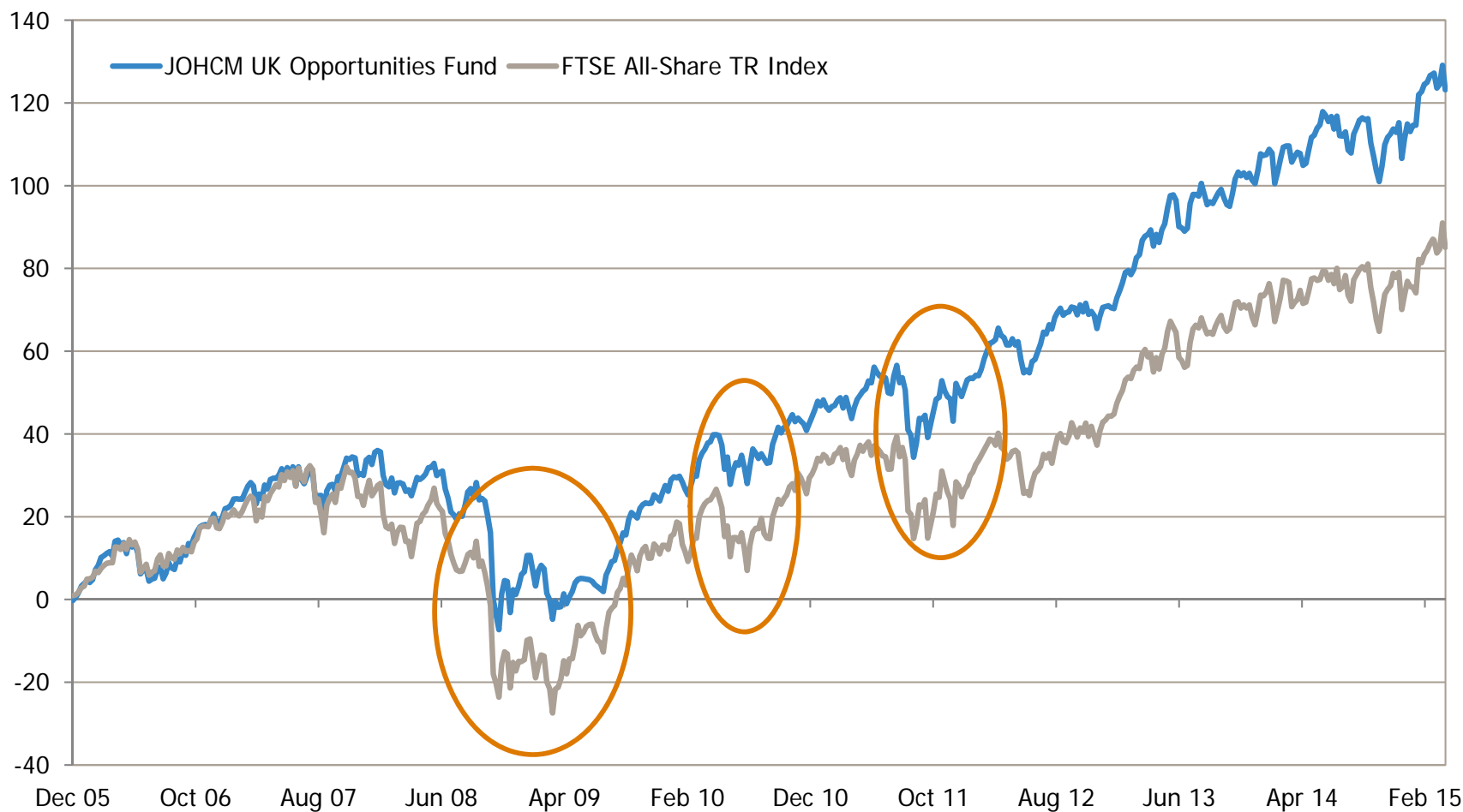


Todd King

- Provides desk support to John Wood and Rachel Reutter. Joined JOHCM in September 2014
- Previously at PwC, where he was part of the Graduate programme

Proven investment process, wider universe

JOHCM UK Opportunities Fund performance since inception



UKO: 123.20%
Volatility: 12.87

Benchmark: 85.12%
Volatility: 16.74

Everyone has forgotten drawdown risk

Source: JOHCM/Bloomberg/FTSE Group. NAV per share monthly return calculated net of fees, net income reinvested, share class B in GBP.
Benchmark : FTSE All-Share Total Return Index TR, net income reinvested, adjusted. Data as at 31 March 2015.



- Same objective: high risk-adjusted total return
- Global nature of FTSE All-Share
- Bias towards multinationals for whom listing venue is irrelevant
- Fundamental screens narrow universe
- Small team creates cross-sector consistency

Basic principles of investing remain the same



- Reports & Accounts
- Fundamental databases and screens
- Industry contacts (suppliers, customers, competitors)
- Independent experts
- Company management (custodians of capital)
- Sell-side analysts

We control the agenda



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