

JOHCM Global Opportunities Fund

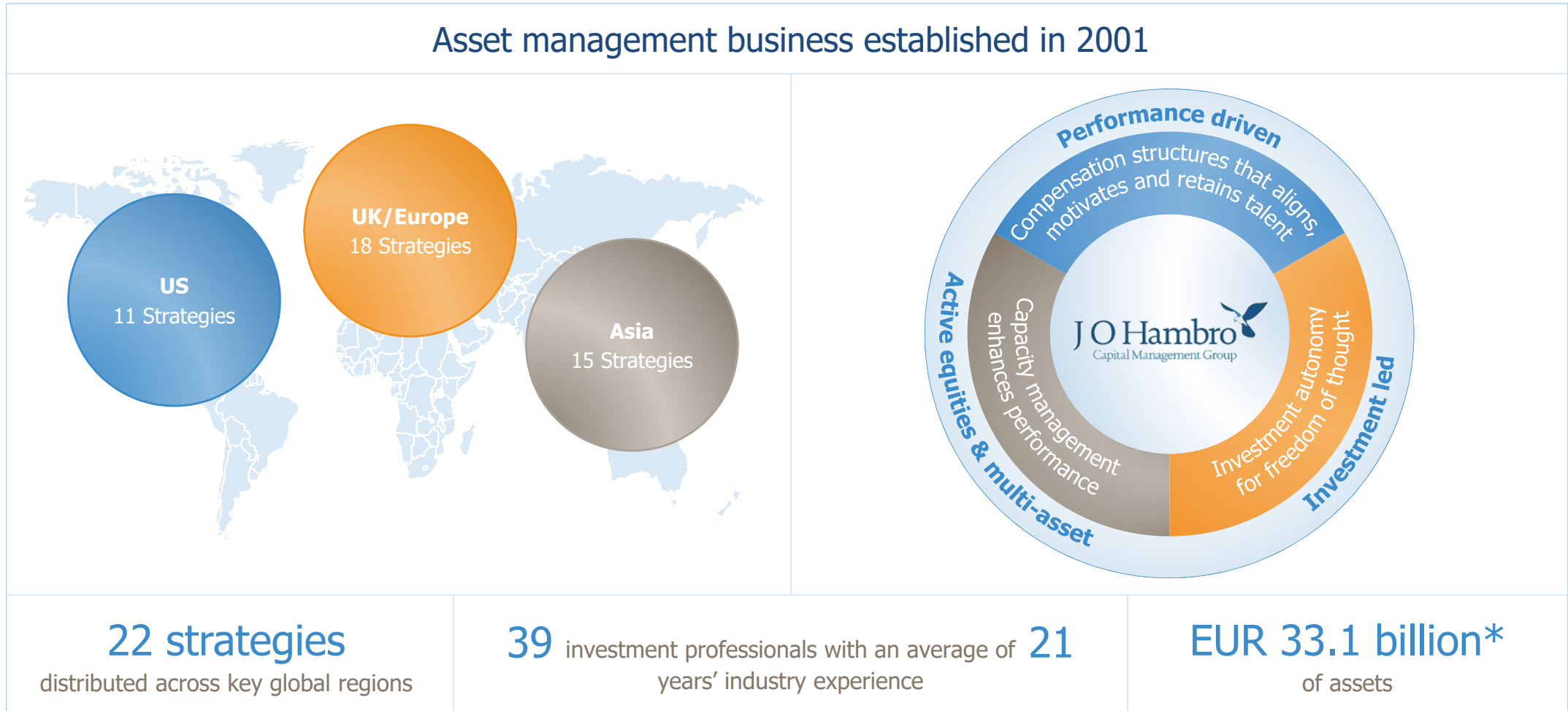
“Heads we win, tails we don’t lose too much”



Robert Lancaster
Senior Fund Manager



Asset management business established in 2001



*Source: JOHCM as at 30 September 2019. Assets under management shown for our equity strategies in USD.

**Source: Lipper Hindsight, IA UK All Companies Sector Rankings to 30 September 2019 (with at least a three year track record).



Concentrated, unconstrained global equity fund



Patient, disciplined investment approach



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

Food for thought?



- Equities are your best hope for long term real returns...
- ...but **both value and growth investing styles carry risks**
- These risks are being ignored because a long period of low volatility has created a great deal of complacency
- Our response is to stay patient, retain our discipline, and remain alert for opportunities created by volatility
- The outcome is **above average performance combined with below average volatility**



"Which of the high cholesterol foods are the safest?"

Companies create value by reinvesting in themselves at high returns



Intellectual property



Givaudan[®]

Brand equity



ESTÉE LAUDER



PHILIP MORRIS
INTERNATIONAL

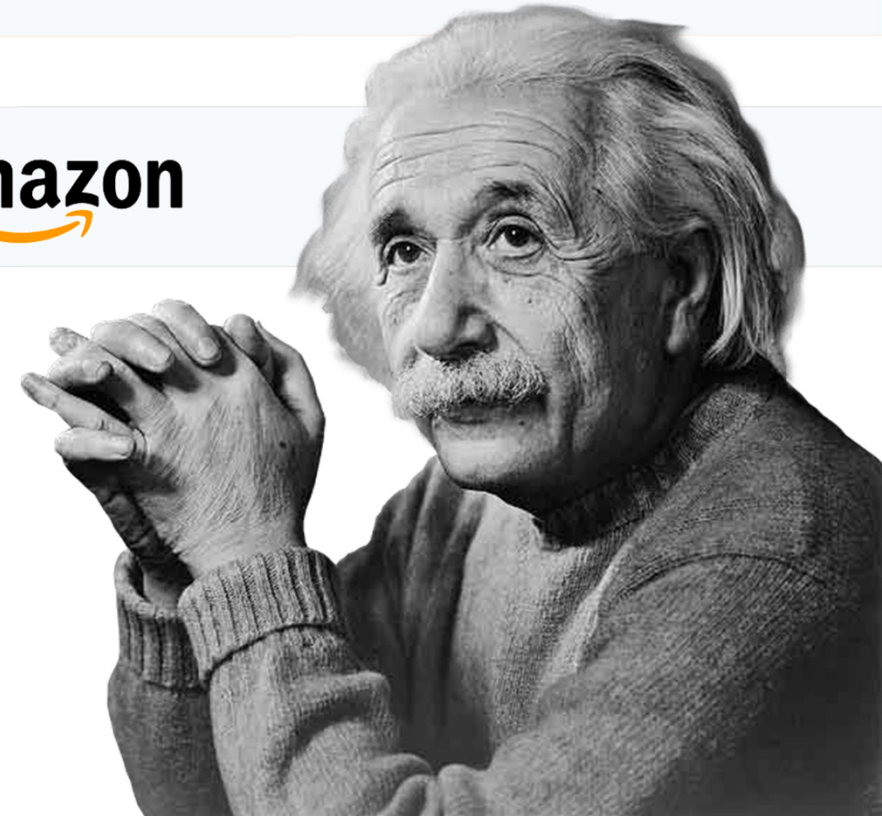
Infrastructure



amazon

“Compound interest is the 8th
wonder of the world”

Albert Einstein



Equities are volatile – but that isn't necessarily a bad thing



Equities almost never deliver their average annual return:

S&P 500 Index, 1929-2018	
Average annual return	7.3%
Average US CPI	3.1%
Average annual real return	4.2%
#years with a positive single digit real return	11
#years with a real return over 10%	40
#years with a negative real return	39
	90

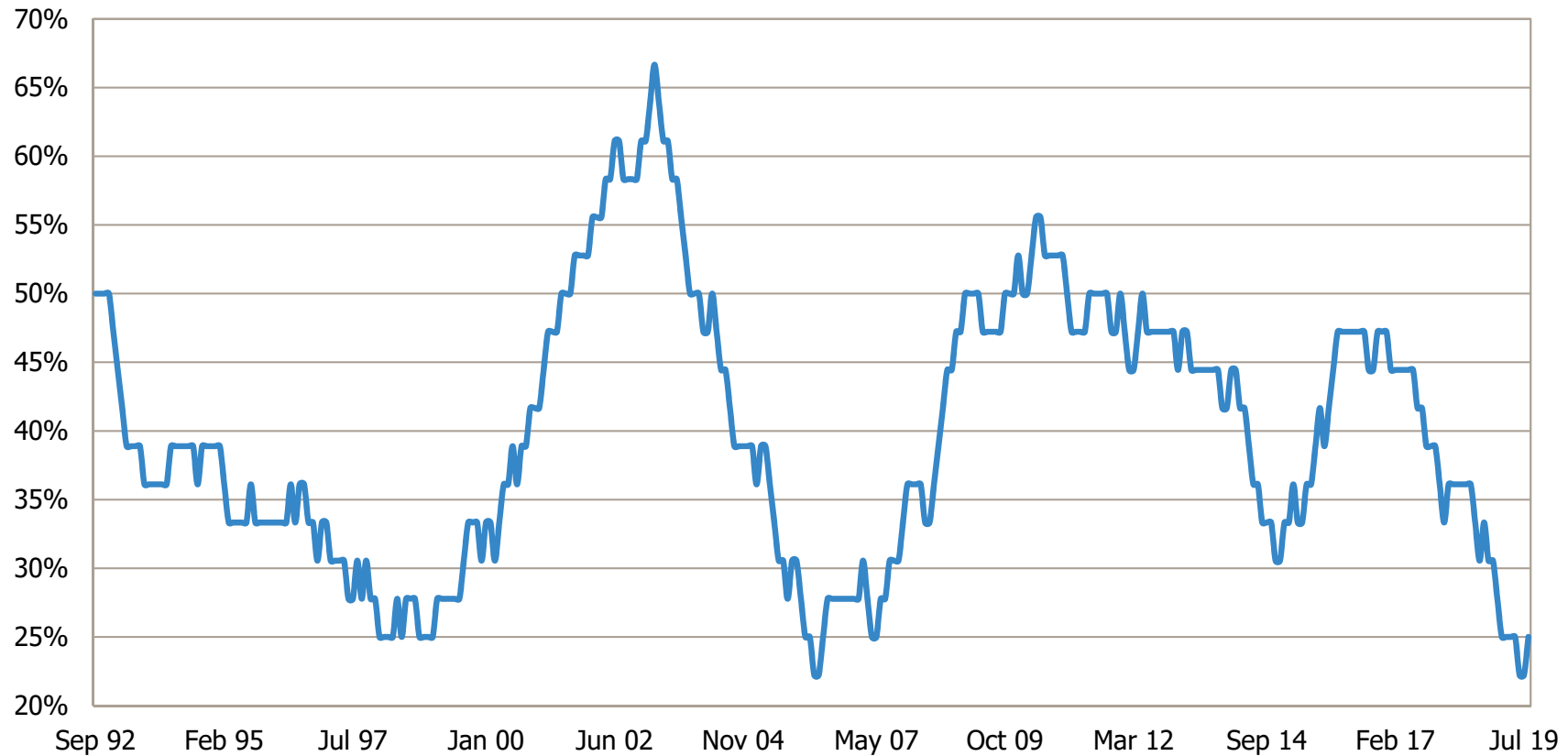
Volatility creates opportunity

Source: Bloomberg as at October 2019.

Volatility has been very low recently, despite huge uncertainty



Percentage of down months in the last 3 years: MSCI ACWI since 1992



Volatility creates opportunity...but low volatility breeds complacency

Source: Bloomberg as at 1 August 2019.

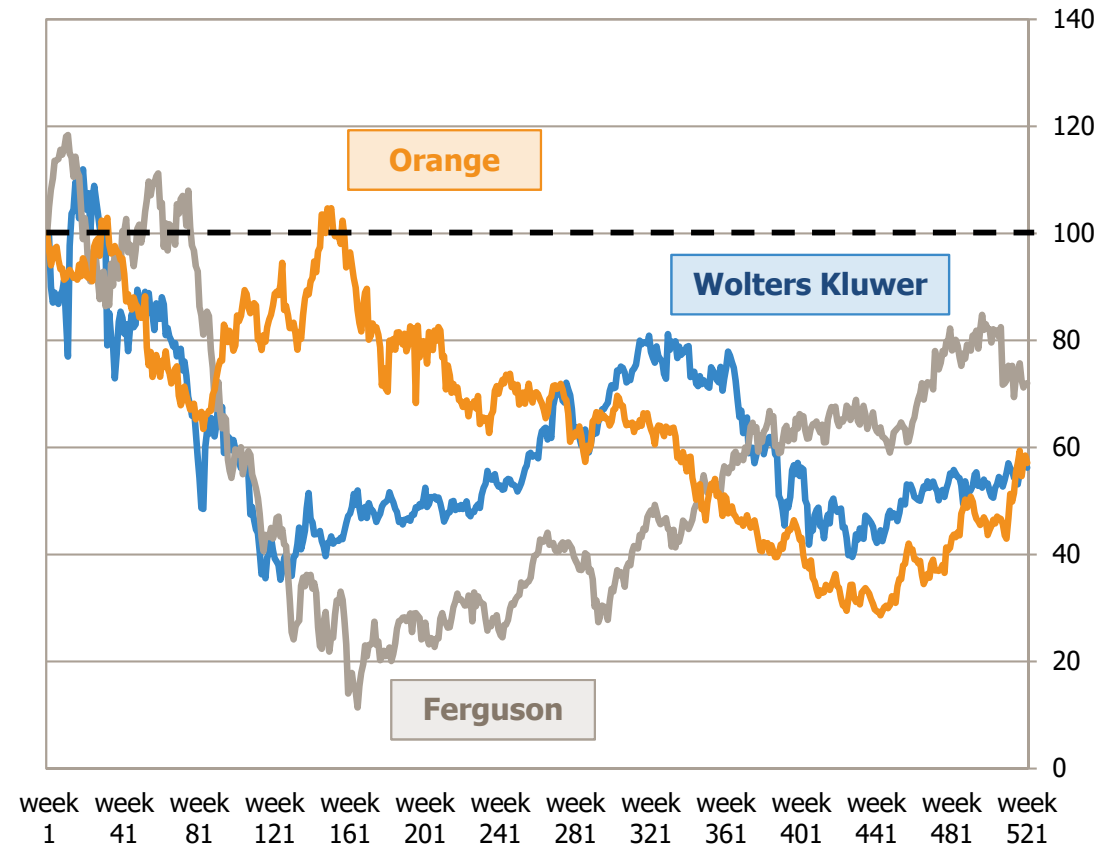
The biggest risk facing equity investors is not getting your money back



Three ways to lose a decade:

- Low Quality Franchises
 - “The customer always wins”
 - Orange, 2005-14: spent €63bn in capex yet operating cash flows fell from €13.4bn to €8.8bn
- Too Much Debt
 - “The investment banker always wins”
 - Ferguson, 2006-15: core business grew 88% but diluted by disposals and rescue rights issue
- Overvalued Assets
 - “Valuation always matters”
 - Wolters Kluwer, 2001-10: P/E ratio derated from 30x to 15x

Ten year share price growth*
(rebased to 100)



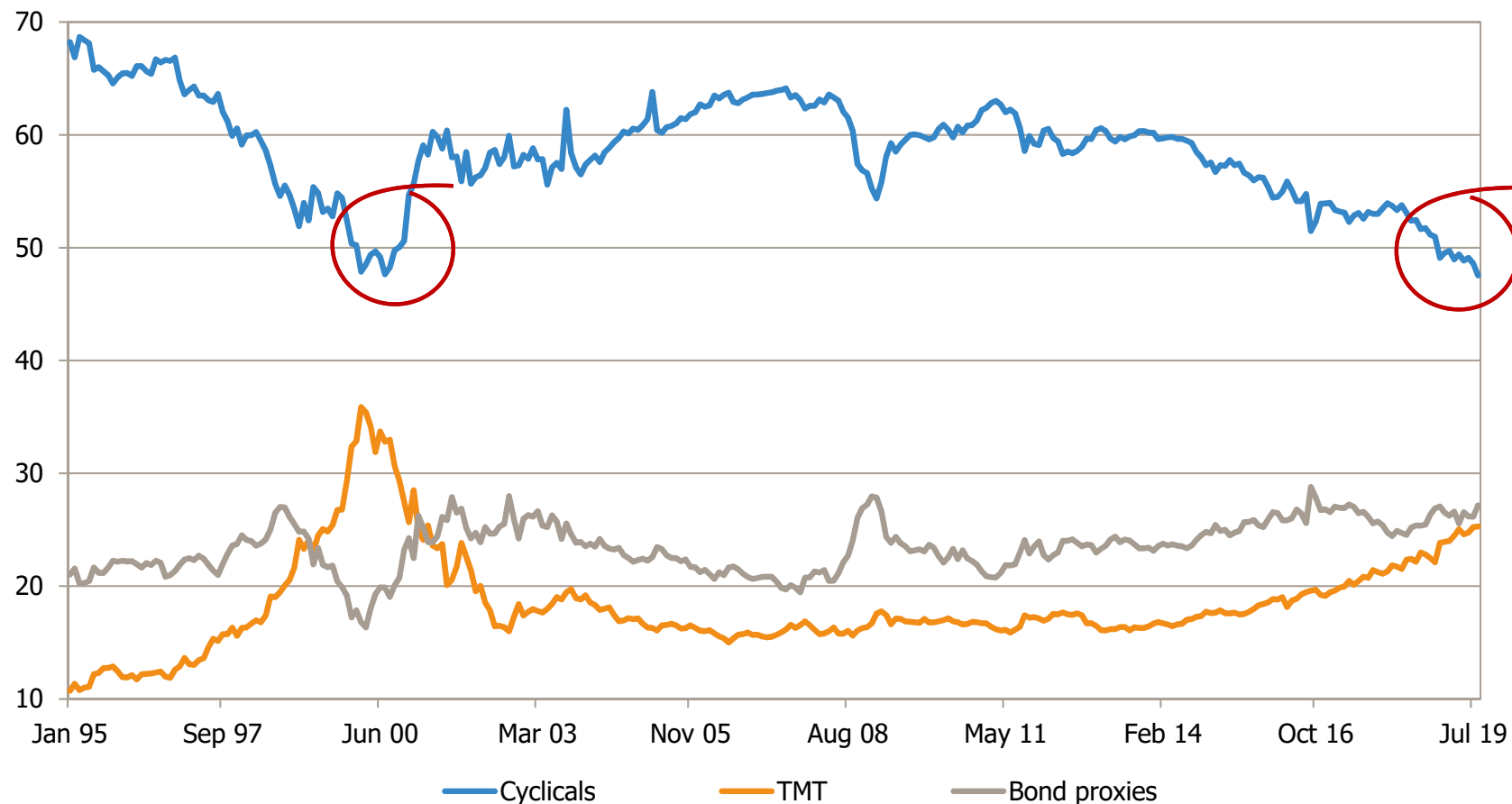
All three of these risks are present in today's market

Source: JOHCM/Bloomberg as at 30 September 2019. *Orange share price from 2005-2014, Ferguson share price from 2006-2015 and Wolters Kluwer share price from 2001-10.

A re-run of the technology bubble?



% weight of MSCI ACWI



Cyclicals are less than 50% of the index for the first time since 2000

Source: Bloomberg as at 31 August 2019. Note: Cyclicals = Industrials, Consumer Discretionary, Financials, Energy, Materials; Bond Proxies = Consumer Staples, Healthcare, Utilities, Real Estate; TMT = Information Technology, Communications Services.

Herding their way to outperformance



Passive funds are very good at shepherding investors into the latest “big thing”:




- iShares Core Dividend Growth ETF, launched June 2014
- NYSE FANG+ Index, launched September 2017
- iShares ESG MSCI USA Leaders ETF, launched May 2019



“ “ To get different results from everyone else you have to do something different from everyone else ” ”

Implied growth rates are eye-watering



	CURRENT MULTIPLE	<i>"How fast are cash-flows growing?"</i> Growth Rate	<i>"How long can this be sustained?"</i> Years to Maturity	<i>"Sense check: how much bigger will this company be at maturity?"</i> Implied Profit Potential	<i>"How much capital do they have to invest to achieve this growth?"</i> Capital Intensity (ROE)	<i>"How much free cash-flow must be retained?"</i> Retention rate	<i>"What happens after maturity?"</i> Terminal Growth	<i>"How volatile are the cash-flows?"</i> Discount Rate (COE)
 DASSAULT SYSTEMES	39.0	15%	15	8.1	35%	57%	2%	9.0%
ESTÉE LAUDER	32.6	10%	20	6.7	35%	71%	2%	8.5%
 Givaudan	32.4	10%	20	6.7	35%	71%	2%	8.5%
 amazon	54.2	20%	15	15.4	25%	20%	2%	9.0%

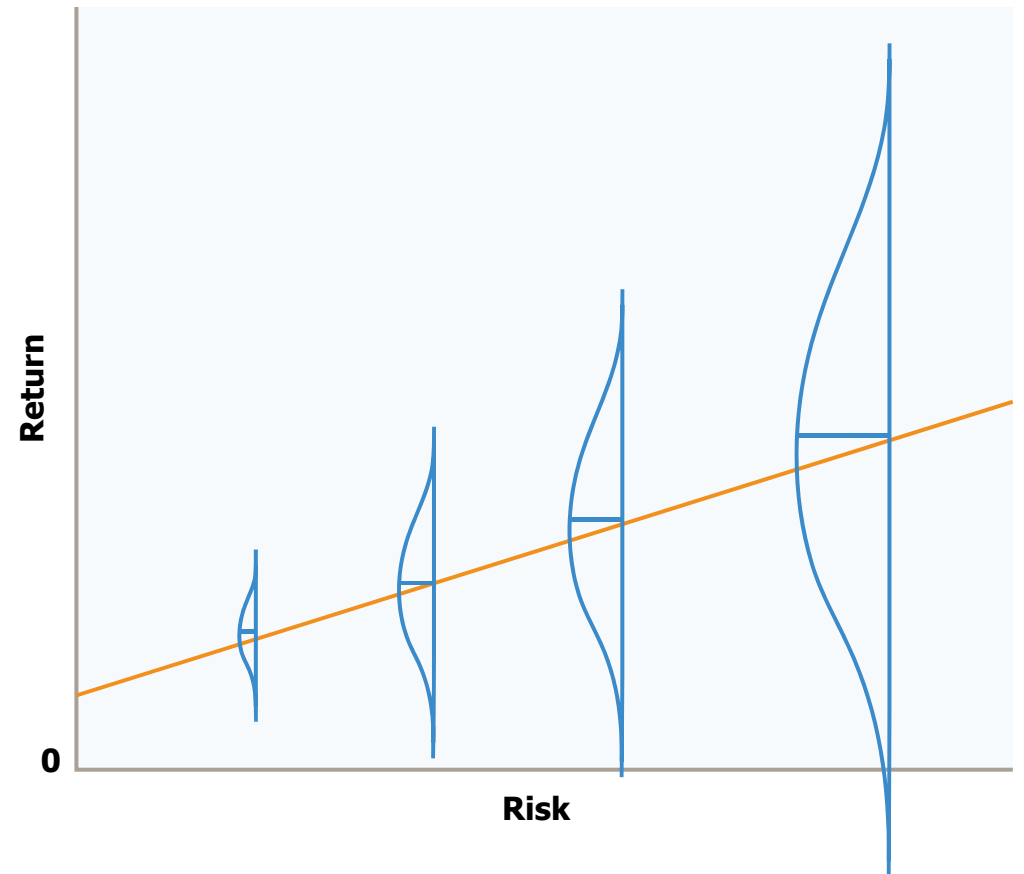
Source: Bloomberg/JOHCM.

“Value” in 2019 versus “Value” in 1999



- Structural challenges are more widespread
- Not cheap in absolute terms
- Cyclical businesses have too much debt

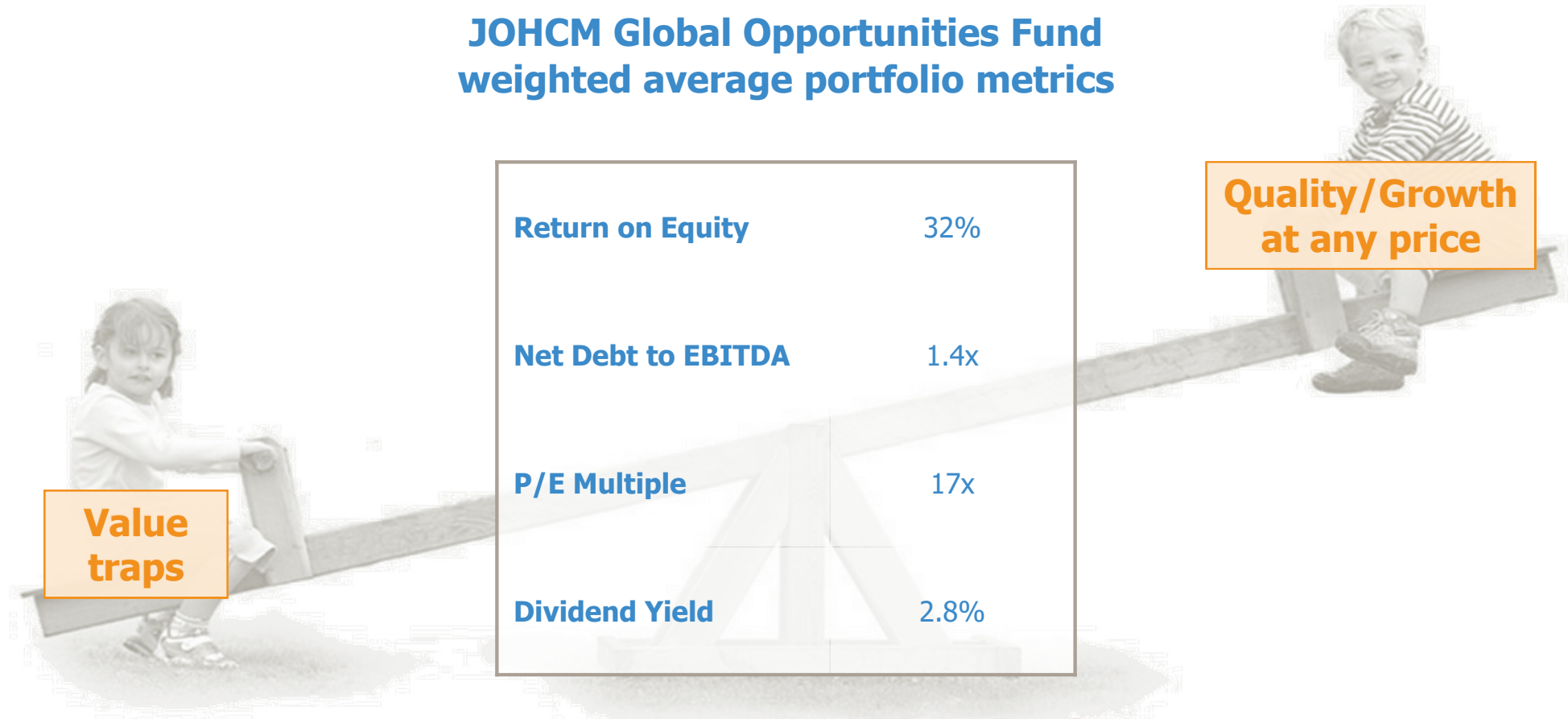
Higher risk does not *necessarily* result in higher returns



Far greater risk of falling into value traps



JOHCM Global Opportunities Fund weighted average portfolio metrics



Value traps

Quality/Growth at any price



PHILIP MORRIS
INTERNATIONAL















ORACLE



Recent activity



Being cautious doesn't mean we've been inactive

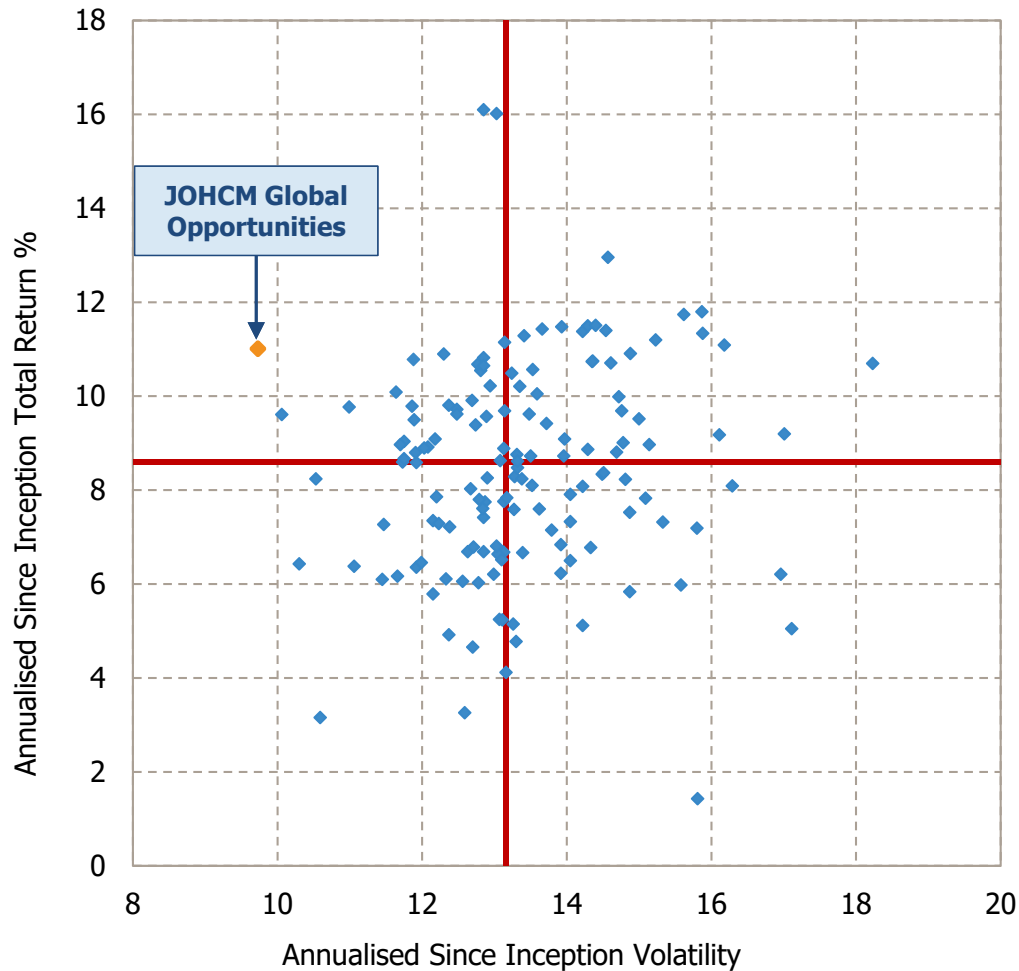
	Bought	Starting cash balance	Sold
Q4 18	  	18.7%	
Q1 19	 	14.8%	
Q2 19	-	19.6%	
Q3 19		19.6%	
Q4 19	 	18.6%	 

Source: JOHCM.

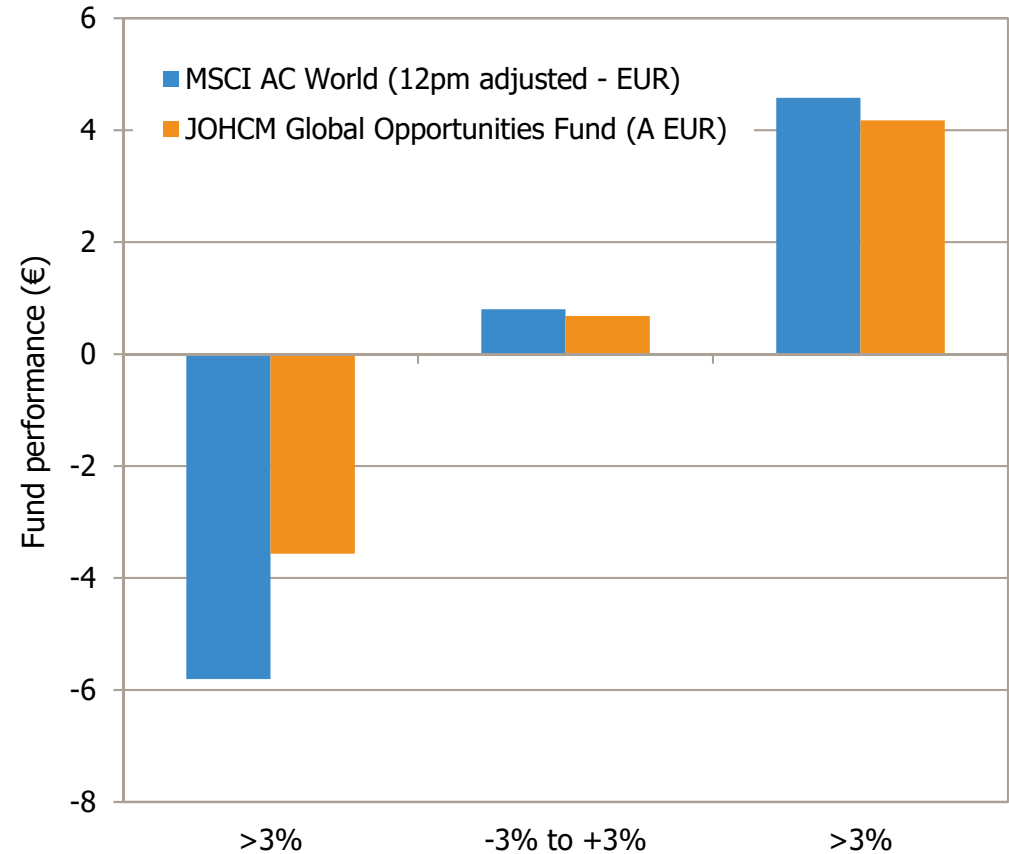
Patience and discipline underpin a differentiated performance profile



Return/volatility balance vs. peer group (USD)



JOHCM Global Opportunities Fund performance in different market environments



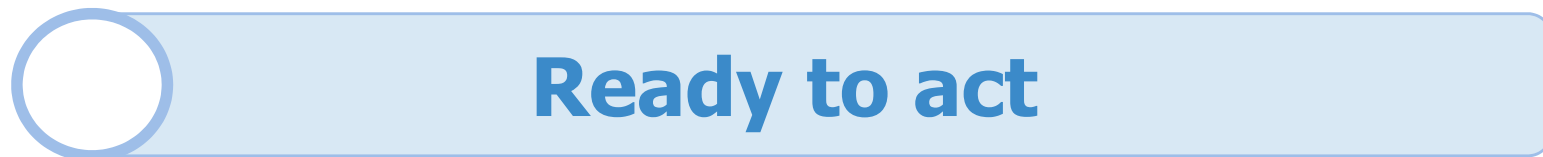
Downside capture = **62.65%**
Upside capture = **86.62%**

Source: Lipper as at 30 September 2019 based on JOHCM Global Opportunities A USD share class against the IA Global peer group in USD (LHS). JOHCM/Stat Pro as at 30 September 2019 based on JOHCM Global Opportunities A EUR share class and against the MSCI All Country World NR Index (RHS).



 **Patient**

 **Disciplined**

 **Ready to act**

“Heads we win, tails we don’t lose too much”

Appendix



Who are we?



Global Opportunities Team



Ben Leyland, CFA
Senior Fund Manager

18 years' industry experience, joined JOHCM in April 2006

Ben is Senior Fund Manager of the JOHCM Global Opportunities Strategy (which launched in Q2 2012) and the JOHCM International Opportunities Strategy (which launched in Q3 2016). Ben has been with JOHCM since April 2006, when he joined to work on the UK Opportunities Strategy. He was previously at Schroder Investment Management as a Financial Analyst in their Pan-European equity research department. Ben is a CFA Charterholder and holds a MA (Hons) in History from the University of Cambridge. He was voted one of Financial News's '40 under 40' Rising Stars in Asset Management, 2015.



Robert Lancaster, CFA
Senior Fund Manager

11 years' industry experience, joined JOHCM in February 2012

Robert is Senior Fund Manager of the JOHCM Global Opportunities Strategy (which launched in Q2 2012) and the JOHCM International Opportunities Strategy (which launched in Q3 2016). Prior to joining JOHCM, Robert worked for Orbis Investment Advisory as an Equity Analyst for the Orbis Global Equity Strategy, focused on the retail, media, technology, oil & gas and insurance sectors. Previously, Robert worked as a Maths and Physics Teacher at Wellington College. Robert holds a BEng and MEng from Cambridge University and is a CFA Charterholder.



Jasmeet Munday, ACA, CFA
Analyst

8 years' industry experience, joined JOHCM in August 2016

Jasmeet is an Analyst for the JOHCM Global Opportunities Strategy and the JOHCM International Opportunities Strategy. Prior to joining JOHCM, Jasmeet worked as an Equity Research Analyst for Fidelity International Limited, focusing on European Large Cap Industrials and European Insurance sectors. Prior to joining Fidelity, Jasmeet worked at Ernst & Young within the Transaction Advisory Services team. From 2007 to 2010, Jasmeet was a Senior Associate in the Assurance team at PricewaterhouseCoopers. Jasmeet holds a BSc (Hons) degree in Economics and Finance from the University of Bristol and is an Associate Chartered Accountant (ACA).

AUM / Rankings

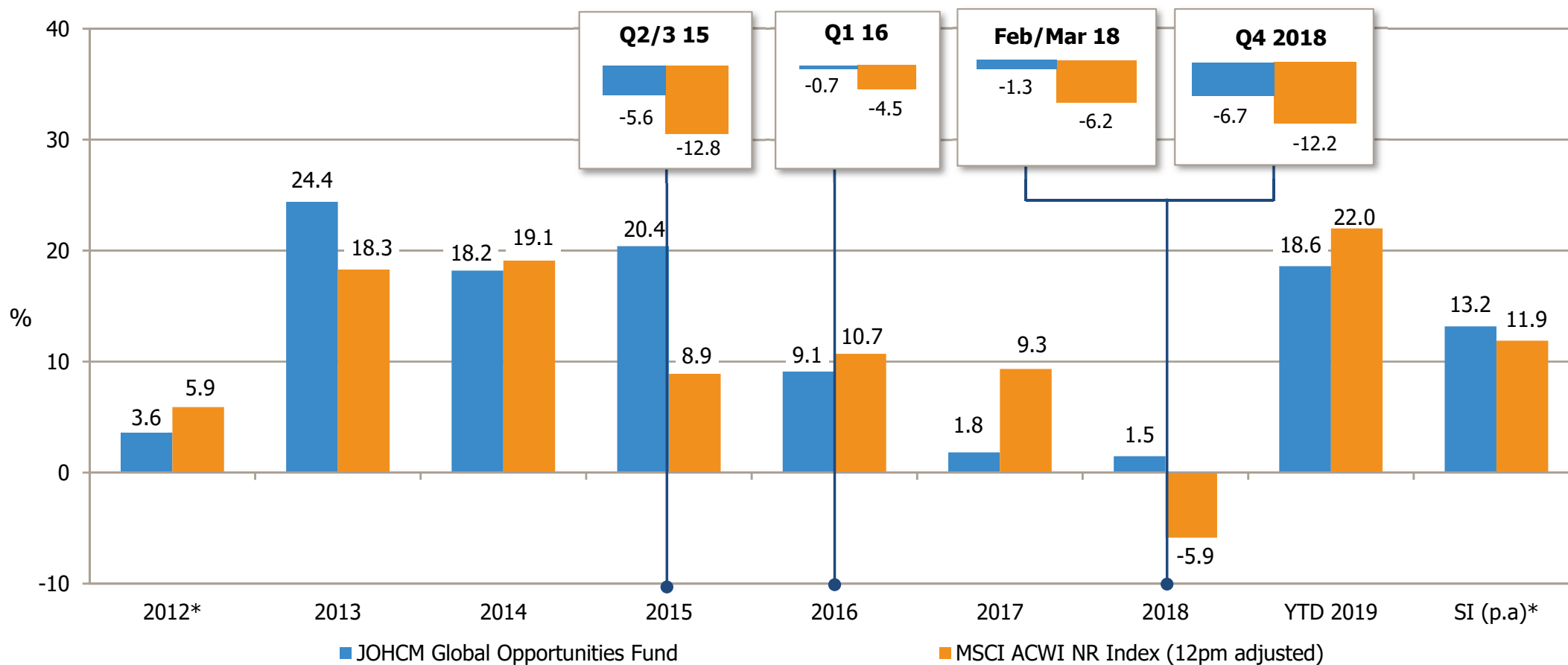
Fund Size	Strategy Size*	Lipper Ranking**
EUR 508.5m	EUR 3.6bn	1 st decile since inception (1 st decile over five years) Ranking 51/653 since inception (ranked 66/839 over five years)



Source: JOHCM as at 30 September 2019. *Strategy AUM includes the Fund and segregated mandates as at 30 September 2019 and is provided on a quarterly basis. **Source: Lipper Hindsight, IA Global and Lipper Global Equity Global domiciled in either the UK, offshore Ireland, or offshore Luxembourg. Sector rankings to 30 September 2019. ©2007-2019 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Morningstar rating as at 30 September 2019.



Net performance in EUR since inception to 30 September 2019



JOHCM Global Opportunities Fund – 5 year discrete performance (%)

1 year to 30 Sep 2019	1 year to 30 Sep 2018	1 year to 30 Sep 2017	1 year to 30 Sep 2016	1 year to 30 Sep 2015
10.70	10.43	5.62	15.74	14.76

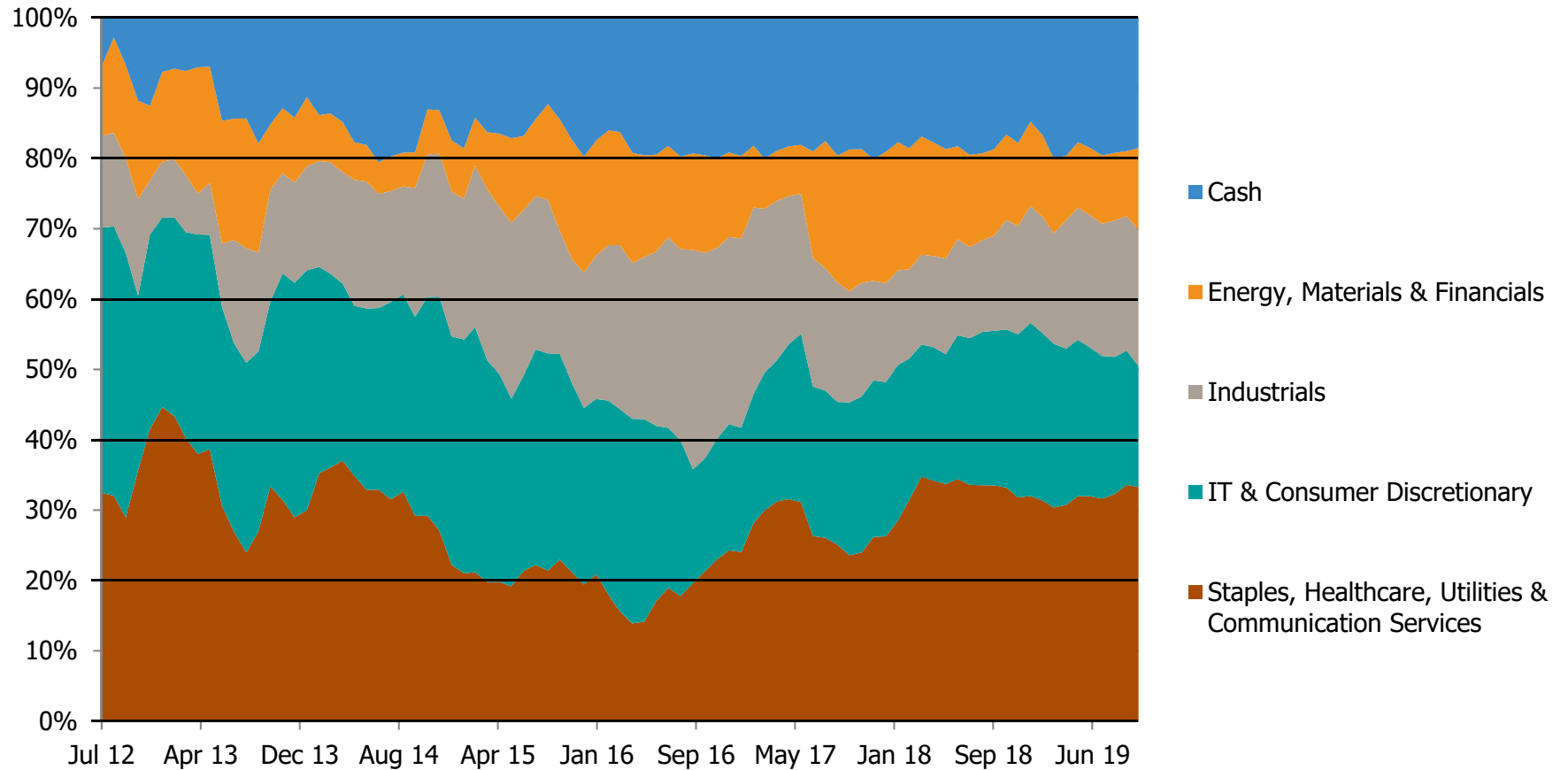
Past performance is not necessarily a guide to future performance

Source: JOHCM/MSCI Barra. NAV of share class A in EUR, net income reinvested, net of fees, as at 30 September 2019. All fund performance has been shown against the MSCI ACWI NR Index (12pm adjusted). *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.

Consistent philosophy, dynamic portfolio



JOHCM Global Opportunities Fund sector allocation








Portfolio evolves with the opportunity set

Source: JOHCM as at 30 September 2019.

Valuation methodology – clear and consistent



Not all companies are worth the same multiple

		<i>"How fast are cash-flows growing?"</i>	<i>"How long can this be sustained?"</i>	<i>"Sense check: how much bigger will this company be at maturity?"</i>	<i>"How much capital do they have to invest to achieve this growth?"</i>	<i>"How much free cash-flow must be retained?"</i>	<i>"What happens after maturity?"</i>	<i>"How volatile are the cash-flows?"</i>	
		Growth Rate	Years to Maturity	Implied Profit Potential	Capital Intensity (ROE)	Retention rate	Terminal Growth	Discount Rate (COE)	FAIR MULTIPLE
Capital light growth		12.0%	10y	3.1x	40.0%	30%	2.0%	9.0%	23.8x
EM capital light growth		12.0%	20y	9.6x	40.0%	30%	2.0%	12.0%	21.4x
Capital intensive growth		8.0%	10y	3.1x	12.0%	67%	2.0%	8.5%	15.0x
Bond proxy		5.0%	10y	1.5x	20.0%	25%	2.0%	8.5%	15.8x
Cyclical		5.0%	10y	1.5x	20.0%	25%	2.0%	10.0%	12.5x
Finite life asset	Patented drug; oil well	0.0%	10y	0.0x	20.0%	0%	-100.0%	9.0%	6.4x

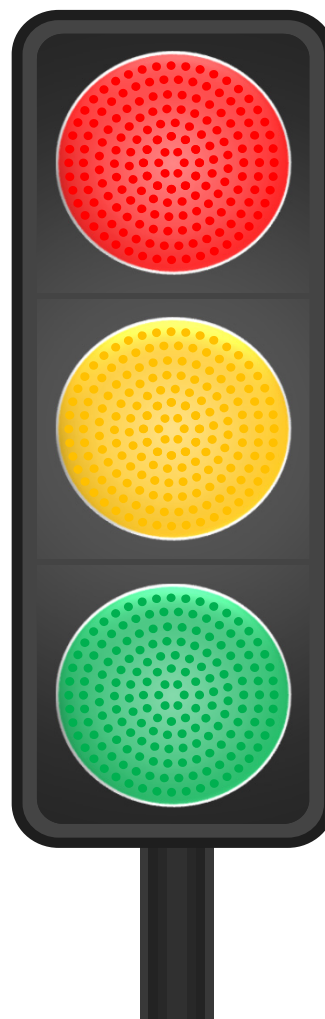
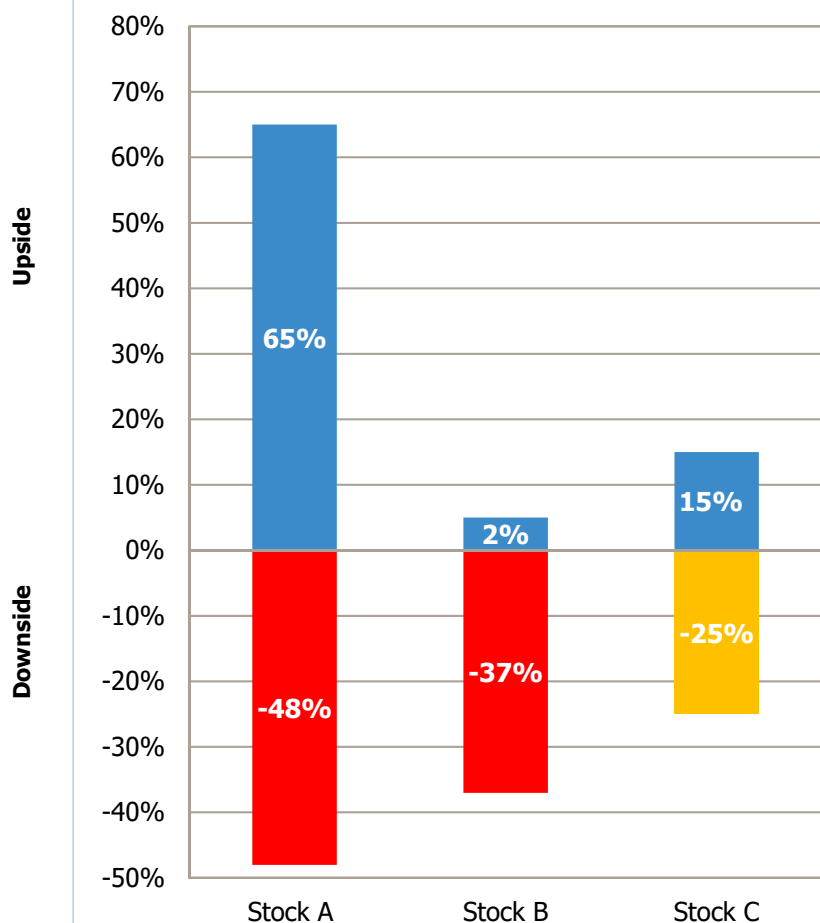
Value is absolute not relative

Source: Bloomberg/JOHCM.

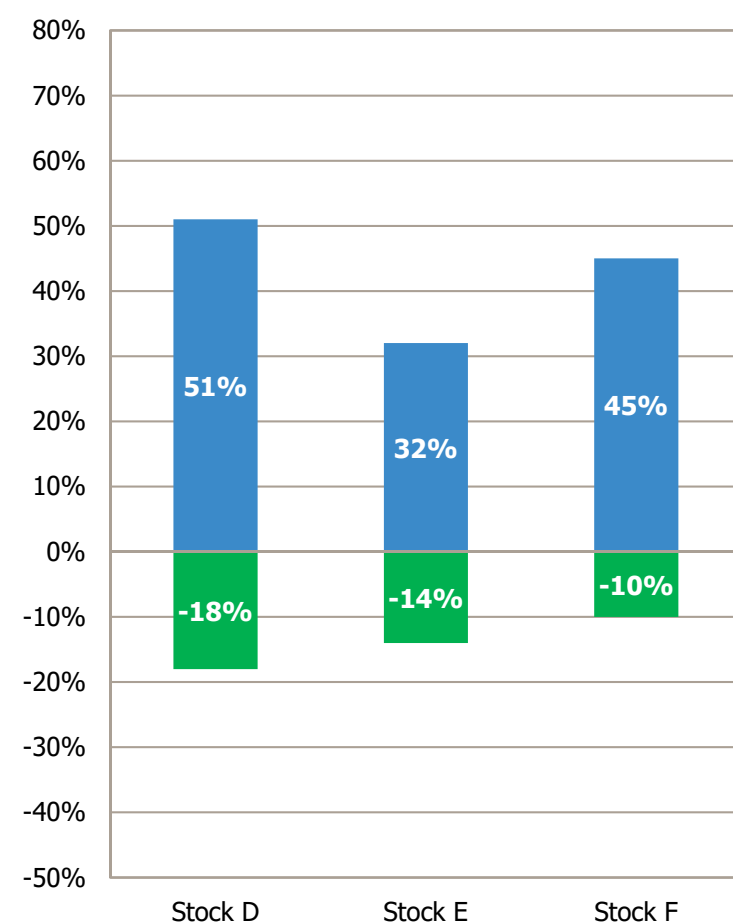
Best and worst case scenarios assessed



Risk-reward profiles we don't like



Risk-reward profiles we like

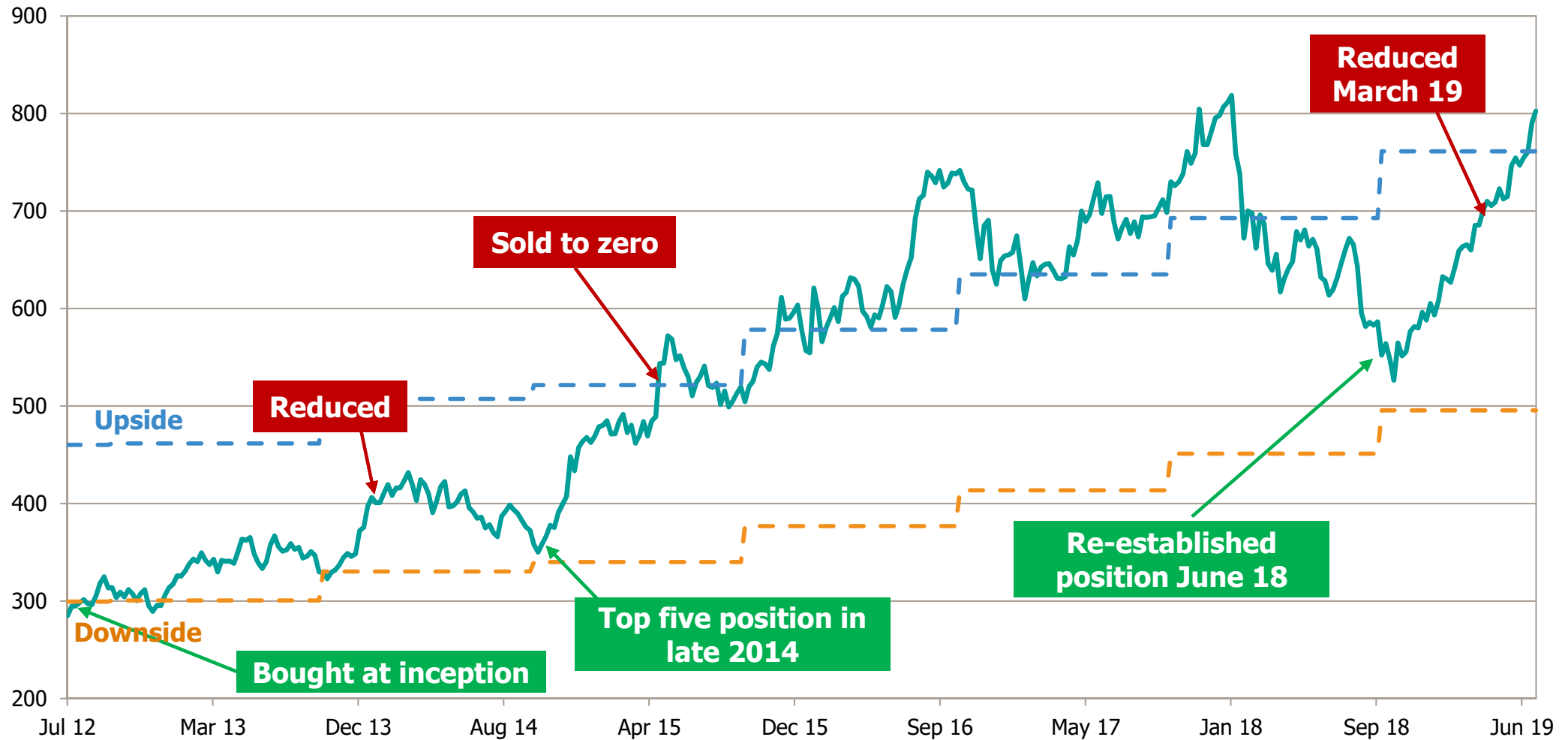


We only put capital to work when intrinsic downside is limited and upside asymmetric

Share prices are much more volatile than Intrinsic Value



Evolution of position weight in Sage Group



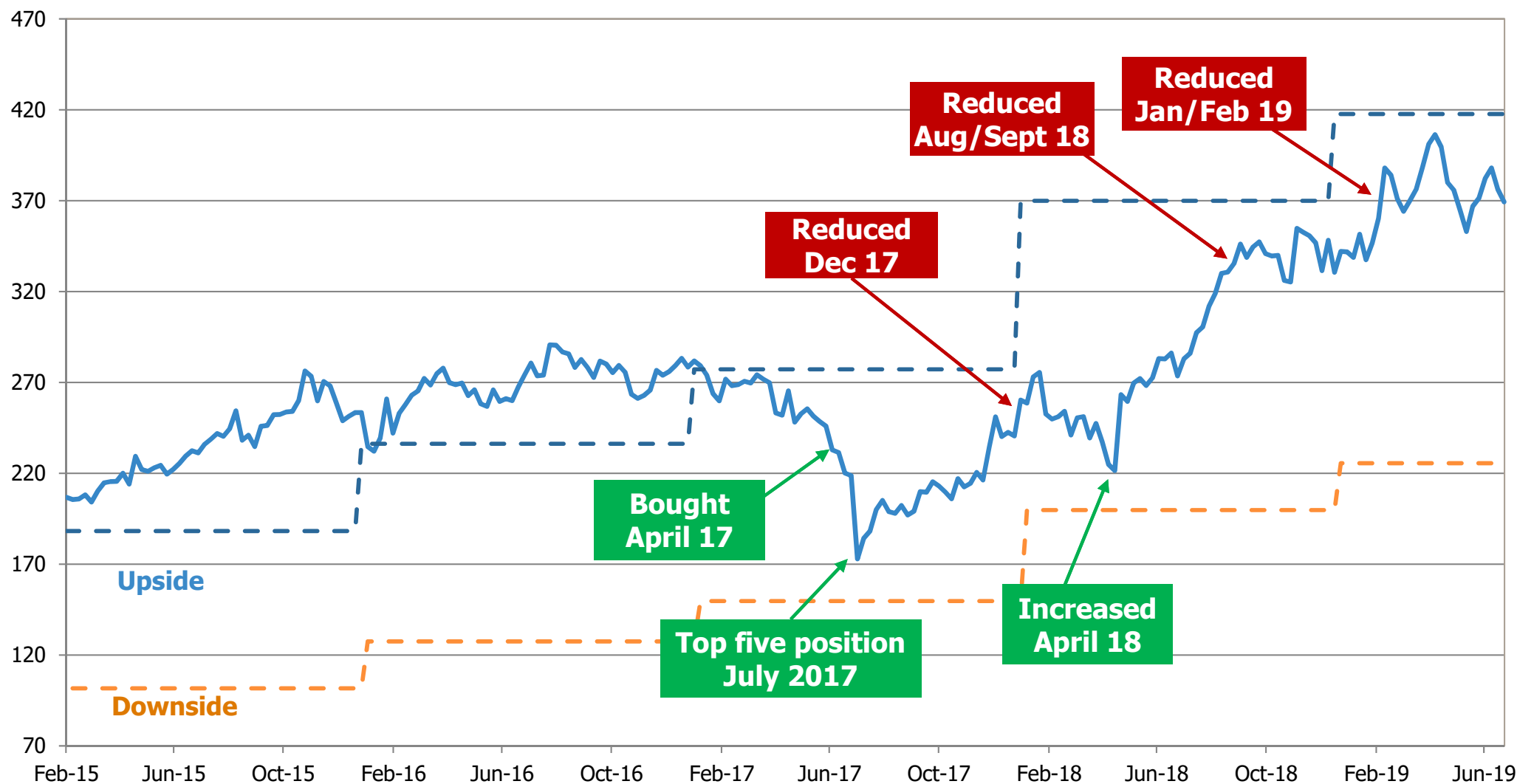
Absolute valuation discipline means we can use volatility to our advantage

Source: JOHCM/Bloomberg as at 30 June 2019.

Babies get thrown out with the bathwater

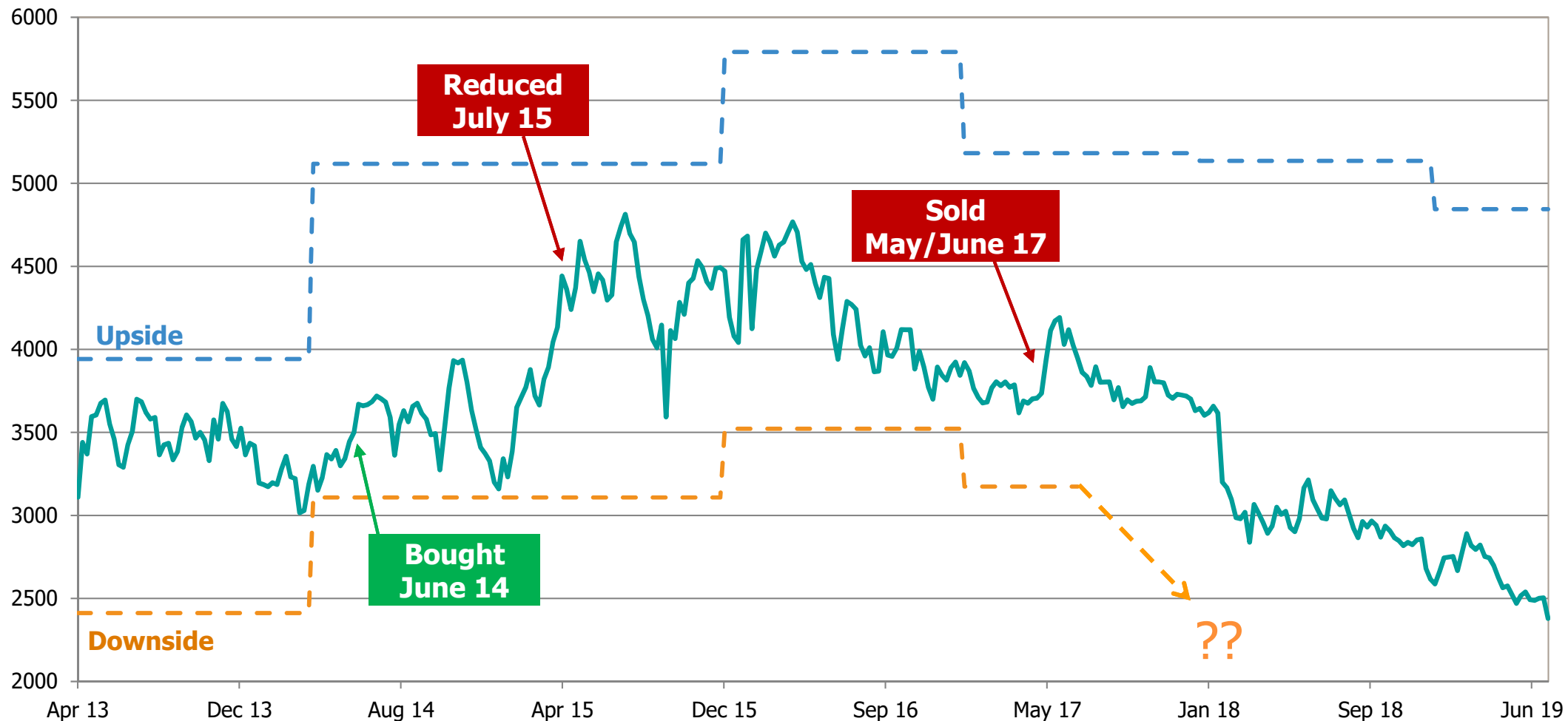


Evolution of position weight in O'Reilly Automotive



Source: JOHCM/Bloomberg as at 30 June 2019.

Evolution of position weight in Japan Tobacco

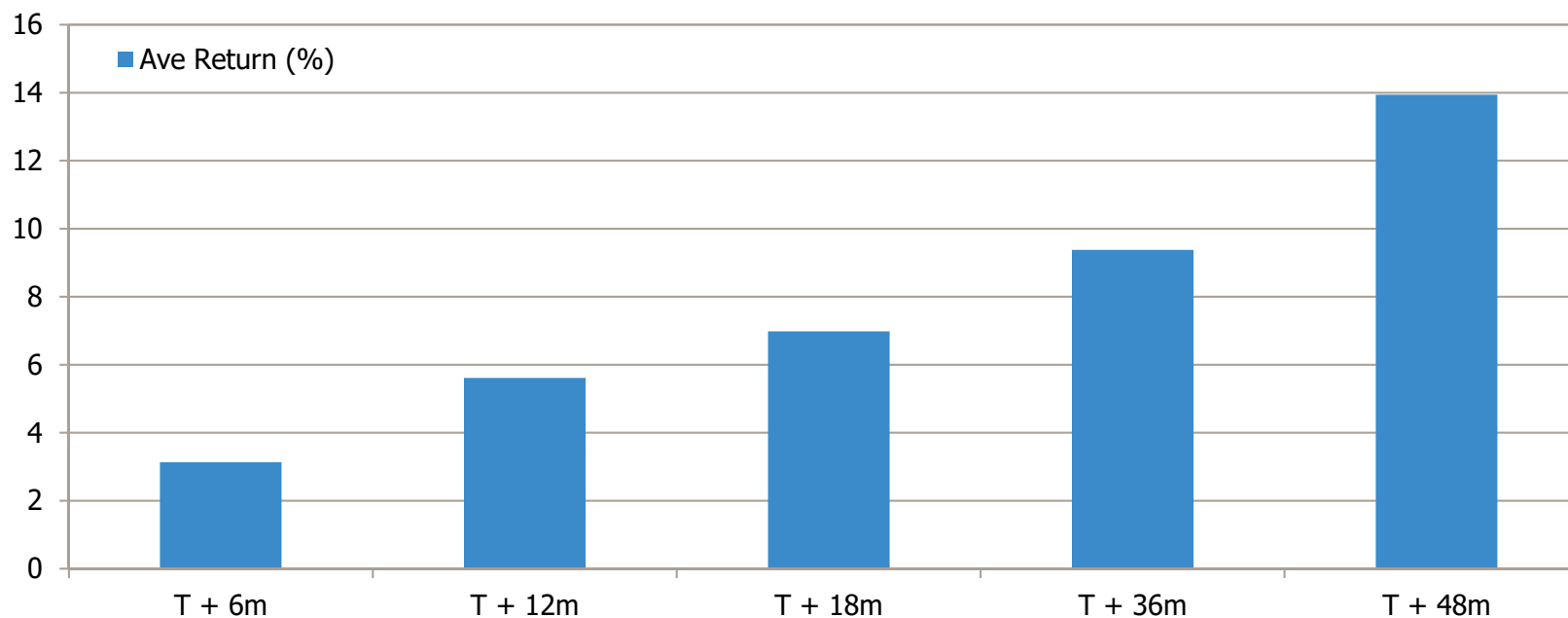


We sell to zero when we lose conviction in the downside

The rewards of patience



Average relative return of newly purchased stocks over each time period



	Average Return (%)	Hit Rate (%)	Win Loss Ratio (%)
T+6m	3.13	56.83	135.21
T+12m	5.61	63.42	136.20
T+18m	6.98	63.37	133.32
T+36m	9.38	56.43	164.43
T +48m	13.94	59.01	183.90

Source: JOHCM/ Analytics as at 30 September 2019. Post-Trade shows the average, unweighted relative returns AFTER purchase, based on all buys since inception, relative to MSCI AC World index.

Holdings and sector/regional positions



	America		UK		Europe ex-UK		Japan	Asia	Emerging	Total
Energy			Royal Dutch Shell	2.5%	Galp Energia	3.1%				5.6%
Materials			Rio Tinto	2.1%						2.1%
Industrials	Raytheon	4.2%	Ferguson	3.1%	Wartsila	3.1%	Mitsubishi Electric	1.5%		19.3%
	United Technologies	1.7%			Safran	2.8%				
	Fastenal	1.6%			Wolters Kluwer	1.4%				
Consumer Discretionary	TJX Companies	2.6%	Compass	2.8%	Nokian Tyres	2.3%				9.1%
	O'Reilly Automotive	1.5%			Ceconomy	0.1%				
Healthcare					Sanofi	3.6%				5.7%
					Roche	2.2%				
Consumer Staples	Philip Morris International	4.8%			Henkel	2.5%	Sugi	2.9%		14.4%
	Pepsico	1.5%			Unilever	2.1%	AIN	0.8%		
Communication Services							Nippon Telegraph & Telephone	2.7%	China Mobile	1.3%
										4.0%
Utilities	Public Service Enterprise	2.5%			Enel	5.1%				9.2%
	Exelon	1.5%								
Financials	TD Ameritrade	2.4%	St James Place	1.6%						4.0%
Real Estate										0.0%
Information Technology	Oracle	4.4%	Sage	1.3%						8.1%
	Cognizant	2.3%								
Cash										18.6%
Total	30.8%		13.4%		28.1%		7.8%	1.3%	0.0%	

Source: JOHCM as at 30 September 2019. All data is shown for the JOHCM Global Opportunities Fund. Data may not add to 100.00% due to rounding.

There is constant pressure to stay fully invested



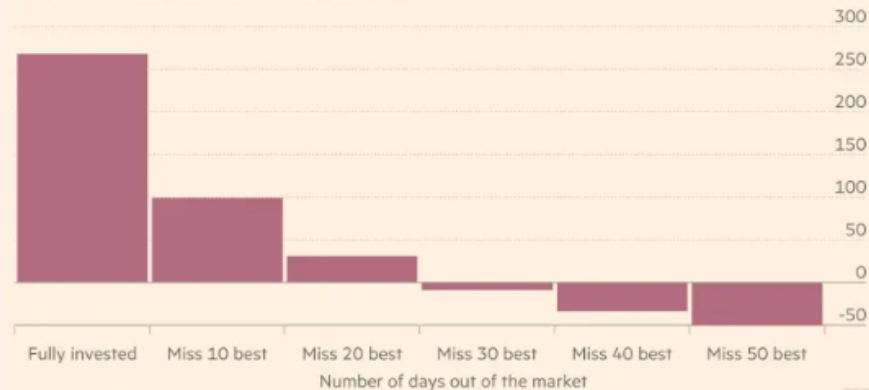
FINANCIAL TIMES

Keep calm and stay invested

FT

The cost of dipping in and out of the market

Trying to be too clever costs money
FTSE All-Share returns over the past 20 years (%)



Sources: Psigma; Bloomberg

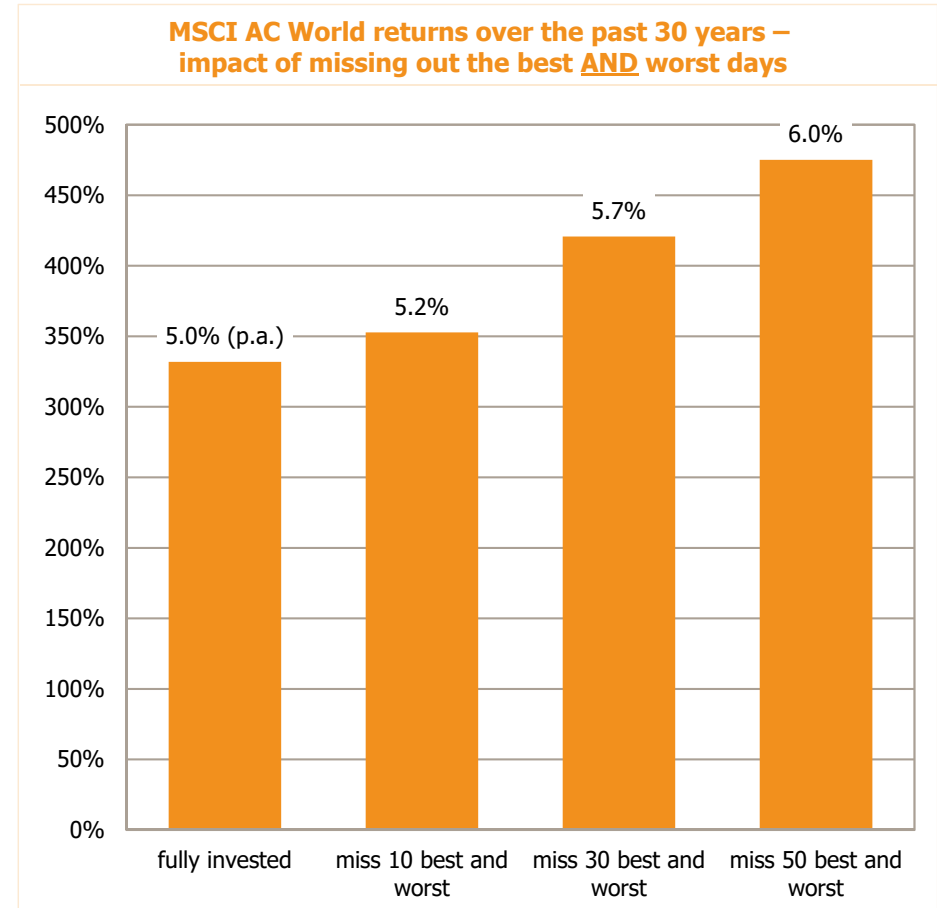
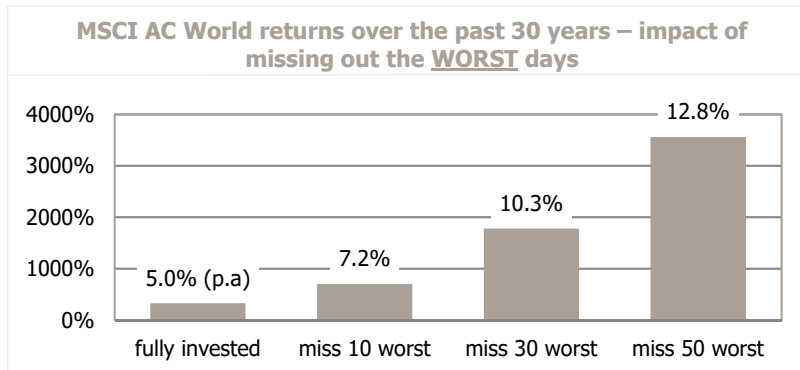
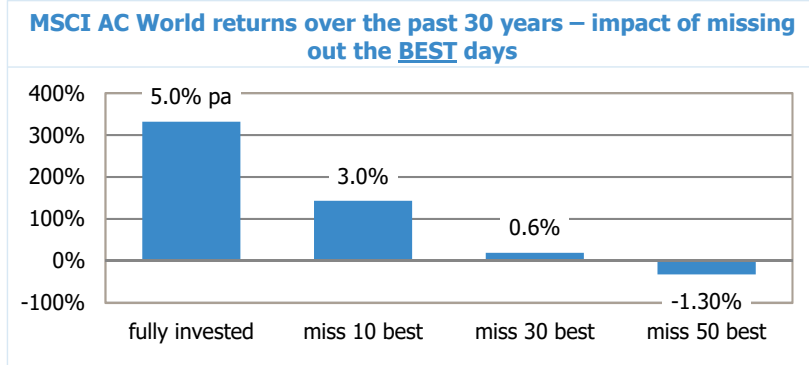
FT

What does the chart tell us?

It shows that trying to second guess the market is a mug's game.

If you had been out of the FTSE All-Share index for 10 of the best-performing days over the past 20 years, you would have lost 170 per cent of your returns.

“Fear of missing out” is a very dangerous mentality



Be careful who is managing your money in a volatile environment

Source: Bloomberg/JOHCM as at 31 August 2019. Figures above bars indicate per annum figure.



JOHCM Global Opportunities Fund

Share class details (Further details on additional share classes are available on request)

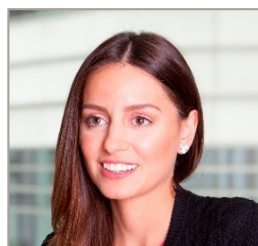
	ISIN	SEDOL	Bloomberg	WKN	Annual charge	Ongoing charge	Minimum investment*
A EUR	IE00B7MR5575	B7MR557	JOHGOEI	A1JZQG	0.75%	0.82%	£1,000
B EUR	IE00B80FZF09	B80FZF0	JOHGOER	A1JZQH	1.50%	1.57%	£1,000

Sales Contacts



Bogdan Popescu
Director of European Sales

T: +44 (0) 20 7747 5610
M: +44 (0) 7966 349 097
E: bpopescu@johcm.co.uk



Valentina Maggio
Sales Support Assistant

T: +44 (0) 20 7747 5679
E: vmaggio@johcm.co.uk

*Or currency equivalents.



THIS DOCUMENT IS FOR PROFESSIONAL INVESTORS ONLY.

J O Hambro Capital Management Limited. Registered in England No:2176004. Authorised & regulated by the Financial Conduct Authority. Registered office: Level 3, 1 St James's Market, London, SW1Y 4AH.

The registered mark J O Hambro® is owned by Barnham Broom Holdings Limited and is used under licence. JOHCM® is a registered trademark of J O Hambro Capital Management Limited. The information in this document does not constitute, or form part of, any offer to sell or issue, or any solicitation of an offer to purchase or subscribe for Funds described in this document; nor shall this document, or any part of it, or the fact of its distribution form the basis of, or be relied on, in connection with any contract.

Recipients of this document who intend to subscribe to any of the Funds are reminded that any such purchase may only be made solely on the basis of the information contained in the final prospectus, which may be different from the information contained in this document. No reliance may be placed for any purpose whatsoever on the information contained in this document or on the completeness, accuracy or fairness thereof.

No representation or warranty, express or implied, is made or given by or on behalf of the Firm or its partners or any other person as to the accuracy, completeness or fairness of the information or opinions contained in this document, and no responsibility or liability is accepted for any such information or opinions (but so that nothing in this paragraph shall exclude liability for any representation or warranty made fraudulently).

The distribution of this document in certain jurisdictions may be restricted by law; therefore, persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any such distribution could result in a violation of the law of such jurisdictions.

The information contained in this presentation has been verified by the firm. It is possible that, from time to time, the fund manager may choose to vary self imposed guidelines contained in this presentation in which case some statements may no longer remain valid. We recommend that prospective investors request confirmation of such changes prior to investment. Notwithstanding, all investment restrictions contained in specific fund documentation such as prospectuses, supplements or placement memoranda or addenda thereto may be relied upon.

Investments fluctuate in value and may fall as well as rise and that investors may not get back the value of their original investment. Past performance is not necessarily a guide to future performance. Investors should note that there may be no recognised market for investments selected by the Investment Manager and it may, therefore, be difficult to deal in the investments or to obtain reliable information about their value or the extent of the risks to which they are exposed.



The Investment Manager may undertake investments on behalf of the Fund in countries other than the investors' own domicile. Investors should also note that changes in rates of exchange may cause the value of investments to go up or down. Sources for all data: JOHCM/Bloomberg/Lipper/ MSCI Barra (unless otherwise stated).

Copyright © 2007-2019 Morningstar UK Limited All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers;(2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.Past performance is no guarantee of future results.

The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com).

Information on how JOHCM handles personal data which it receives can be found in the JOHCM Privacy Statement on our website: www.johcm.com