



Odyssean Investment Trust PLC

Q4 2019 Update



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Executive Summary – Q4 2019

Strong growth in NAV as UK markets rallied



- Strong absolute returns in the quarter as UK markets rallied following the results of the General Election
 - NAV Total Return per share +11.9%^{1,2}. NSCI +AIM ex IC index (“Comparator”) +12.6%^{2,3}
 - Average cash balance 9% over the quarter -> portfolio return exceeded market despite limited exposure to UK domestic cyclicals or momentum stocks
 - Brexit deal “progress” in mid October and General Election result seemed to catalyse material market re-rating
- NAV Total Return per share since inception +17.5%^{1,2}. Comparator +3.9%^{2,3}
 - Average cash weight 36% since inception
- Investor sentiment seems much more positive towards UK equities, especially UK smaller companies
- We believe that the portfolio continues to look attractive compared to the wider market
 - Significant self help opportunities - typically margins, corporate structure and investor relations
 - Portfolio average forward p/e rating has risen to c.15x¹ but remains in-line with the wider market for significantly higher expected earnings growth (10% forward organic earnings growth based on consensus)
- Shares trading at c.2% discount to NAV at the period end

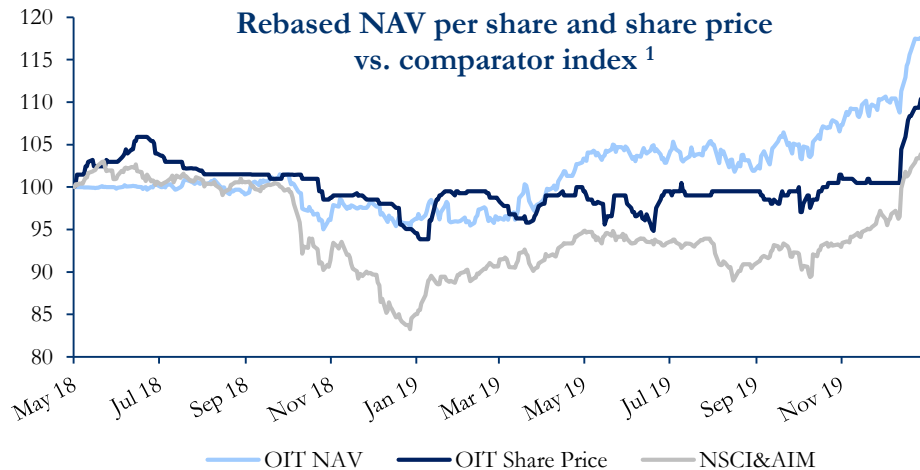
Performance update

Strong NAV growth in quarter, held back a little by the cash balance



Performance	%		
	Q4-19	2019	Since inception
NAV Total Return Per Share ¹	+11.9%	+22.0%	+17.5%
Average cash balance ²	9%	17%	36%
Share price return ³	+11.9%	+17.7%	+13.0%
NSCI + AIM ex IC Total Return ³	+12.6%	+22.2%	+3.9%

- NAV per share growth of +11.9% in quarter as market rallied strongly
 - Portfolio focused on high quality global market leaders with long term self help stories.
 - Expect to perform differently in more cyclical, UK domestic driven market rallies
- NAV per share growth over 2019 broadly in line with the market, despite average 17% net cash balance
- Shares traded at a c.2% discount to NAV at period end



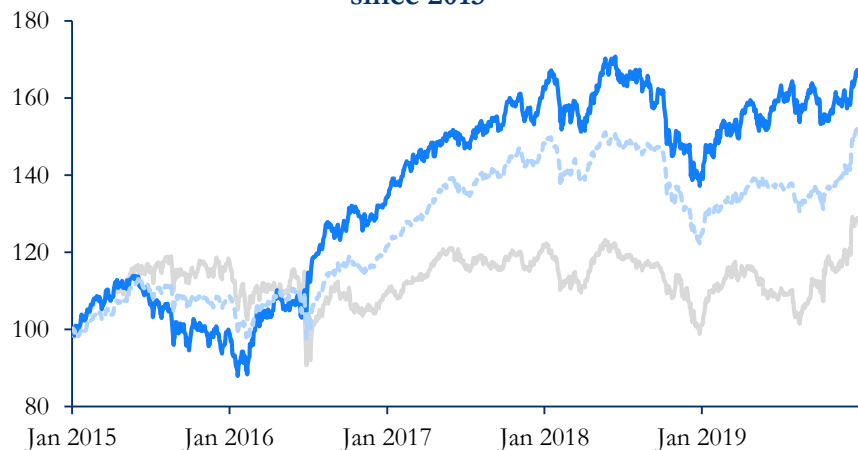
As at 31st December 2019. Performance measured from COB 1/5/18, share performance since inception assumes IPO price of 100p. Source: ¹Link Asset Services, Bloomberg, Odyssean Capital; Numis Smaller Companies plus AIM ex Investment Companies Total Return Index. Rebased to start NAV ²Link Asset Services, Odyssean Capital ³ Bloomberg. Past performance is no guarantee of future performance and the value of investments can go up and down

Q4 mid & large Domestic vs. International PLC performance

Domestic focused mid and large caps outperformed international focused companies

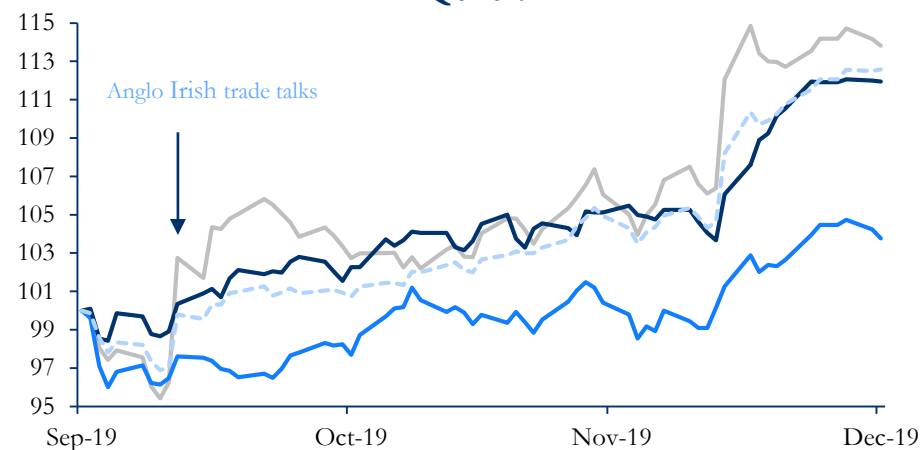


Domestic vs International performance
since 2015¹



— FTSE350 Domestic — FTSE350 International
- - - NSCI+AIM

Domestic vs International performance
Q4 2019¹



— FTSE350 Domestic — FTSE350 International
— OIT NAV - - - NSCI + AIM

- UK general election results plus Brexit progress in October, led to domestics outperforming international mid and large caps for the first time since the referendum
- The NSCI & AIM index also closed its performance gap with FTSE 350 international stocks
 - The NSCI & AIM sector re-ratings suggests that the index re-rating was not due to domestic cyclicals, but more broad brushed. Our thesis remains that many UK domestic cyclicals are lower quality businesses, often with challenged business models
- Portfolio NAV tended to be less volatile than the NSCI index, as has typically been the case since launch

Performance

Biggest contributors and detractors in Q4



Top 3 Contributors



- Limited news flow in quarter. Shares performed strongly on the back of positive market commentary following in-line AGM trading statement in late September confirming self-help plan remains on track



- Full year results showed good organic growth and management flagged end to challenges of recent site move. Shares reacted positively to this and re-rated materially in the period
- We continue to see the group as well run and positioned in an attractive growth sector



- Full year trading update was ahead of expectations, and strong new contract wins supported share price performance
- Continued opportunity for the group to benefit from strong end market demand and progress on key large contracts

Top 3 Detractors



- Trading update flagged revenue at high end but profit at low end of range, as UK political uncertainty and interest rate cuts hit higher margin areas. We see significant opportunity as sentiment to UK equities has improved



- Broadly in-line trading update flagged a plan to shut a UK facility with significant cost saving potential but near term exceptional costs
- Cost saving potential supports one leg of longer term value thesis, delivery of volume growth remains a key focus



Benchmark
Holdings plc

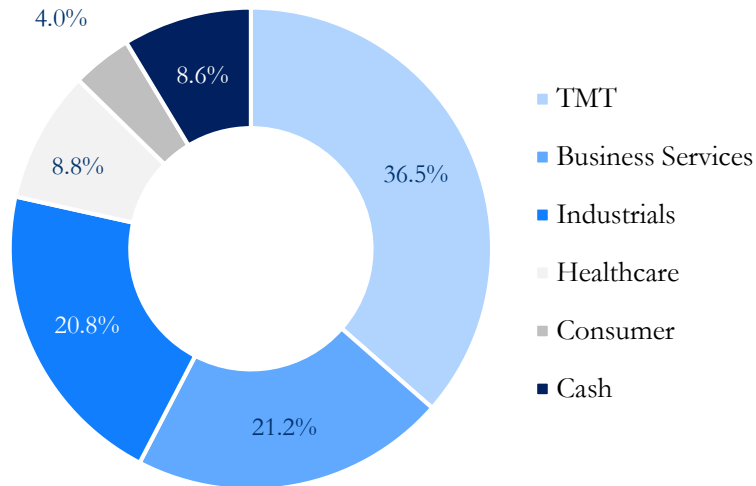
- Disappointing trading update flagged continued weakness in end shrimp and sea bass markets
- We continue to see significant value in assets of the group with ongoing management change and disposal of non core operations potential catalysts

Portfolio update

Focused on our core sectors and core market cap range

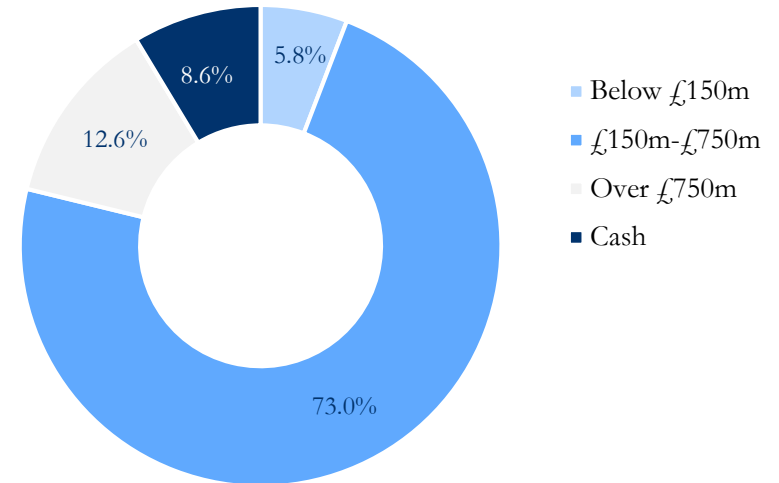


Holding by sector ¹



- Exposure weighted towards 'core focus' sectors – TMT, Industrials, Business Services and Healthcare
- 'Consumer' exposure via Devro – in our view a B2B business

Holding by market cap ¹



- 80% of invested exposure in core target market cap range of £150m-£750m
- Holdings outside of core range are either specific, compelling opportunities, or investments which have moved out of core range since initial investment

Portfolio metrics

Attractive rating for a portfolio of 'quality' companies with self help opportunities



Portfolio valuation metrics ex Benchmark Holdings¹

	Trailing 12m ²	Next 12m forecast		Forecast growth rates Next 12m	Range
EV/Sales	2.1x	1.9x	Sales ³	6%	1 - 10%
EV/EBITDA	10.8x	9.5x	EBITDA ³	10%	3 - 16%
EV/EBITA	13.9x	12.2x	EBITA ³	10%	0 - 20%
p/e	17.0x	15.3x	EPS	10%	0 - 14%
Dividend yield	2.8%	2.9%	DPS	6%	0 - 11%
Net debt/ EBITDA	1.1x	0.8x	Reduction in net debt	-18%	

- We believe the blended portfolio offers attractive combination of quality, growth and yield at an reasonable rating
 - Lowly geared with strong cash generation offers opportunities to drive further growth/cash returns
 - Significant further self-help potential above market expectations
 - Aggregate consensus eps looks light -> unless corporation tax rates are forecast to increase, eps growth in geared companies should exceed EBITA growth

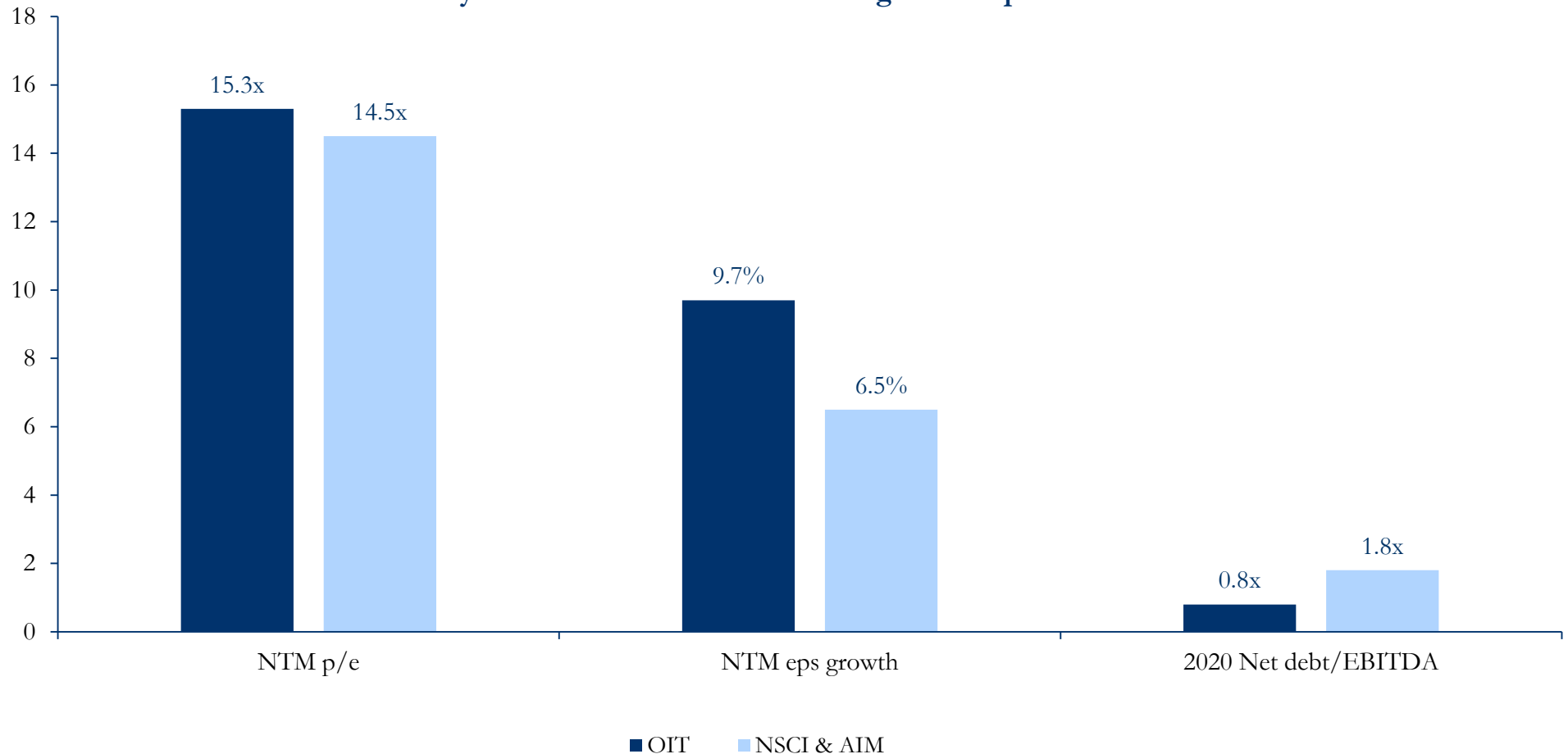
¹ As at 31st December 2019. Source: Factset consensus data and estimates. Portfolio data prepared on a weighted average basis. Benchmark Holdings (BMK) excluded as transitioning from loss making and data skews averages materially. Past performance is no guarantee of future performance and the value of investments can go up and down. 2. TTM valuation ratio excludes Idox as historic reported performance is impacted by change in accounting policy distorting ratings 3 Odyssean estimates of organic growth taking consensus numbers and adjusting for portfolio companies making disposals or acquisitions

Key portfolio metrics vs comparator index

Portfolio has a similar rating, better earnings growth, lower gearing



Portfolio key metrics ex Benchmark Holdings vs comparator index¹

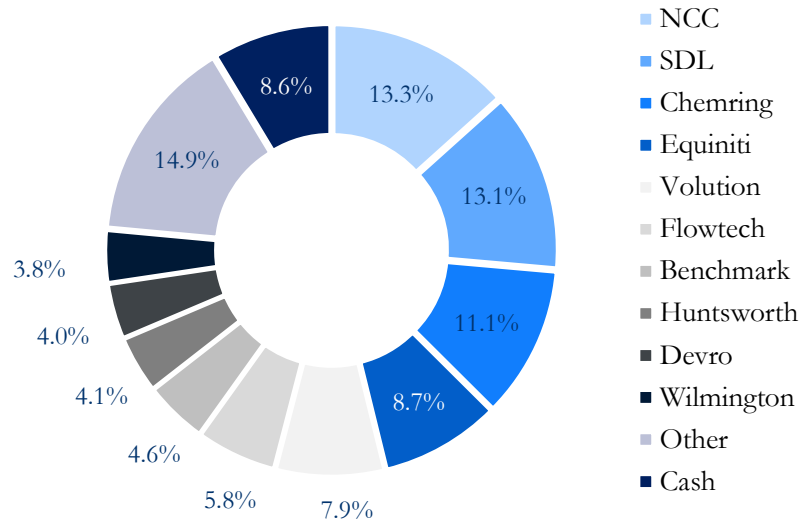


Portfolio

High conviction portfolio. Weighted towards market leaders with global footprints

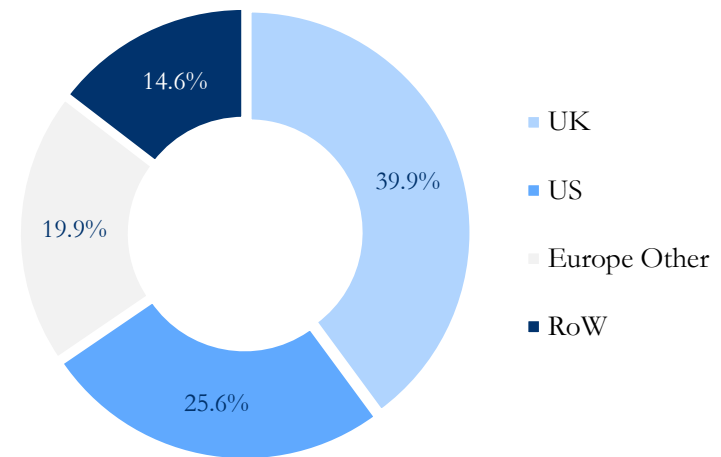


Top portfolio holdings¹



- Top 10 holdings account for 76% of NAV
- Largest positions focused on less cyclical companies and recovery situations, with significant self-help opportunity

Revenue exposure of portfolio²
(NAV weighted exc. cash)













- Our preference for high quality, market leaders has driven more US and global revenue exposure than broader UK indices

Our views on value and self-help potential in the portfolio

We see scope for value uplifts in the portfolio from rating and self-help initiatives








Holding	NTM PE prem./ (disc.) to 5 yr. av. ¹	Current valuation	Self-help/engagement opportunities
 nccgroup	(1%)	Sum Of The Parts (“SOTP”) discount; PEG* ratio still looks attractive	Back office simplification and cost reduction; improved sales efficacy
 SDL*	(2%)	PEG ratio still looks attractive as does free cash flow yield; earnings still recovering. M&A target?	Back office simplification and cost reduction; front office productivity tools
 Chemring Group	27%	Only trades at a modest premium to sector, and in-line with recent trade deals; Earnings still recovering with option value on large POR contracts	Increase automation; increase earnings quality and visibility; focus on capital allocation.
 EQUINITI	(12%)	De-rated in Q4; see discount to SOTP value	Continual gradual cost reduction; delivery of synergies from US deal; non-core disposals
 revolution group	11%	Significant re-rating of c.50% in Q4 to levels above depressed historic levels. Now at a market rating	Deliver benefits from new facility; price optimisation; further bolt-on M&A; IR
 FLOWTECH FLUIDPOWER	(10%)	Valuation undemanding	Belated integration of historic acquisitions; Combined procurement savings; IR
 Benchmark*	n.m.	Earnings depressed; see discount to SOTP value	Capital allocation; focus on ROCE and cash; cost reduction
 Wilmington plc	16%	Recovered to “market rating” with new CEO following period of depressed valuation	Capital allocation; sales efficacy
 DEVRO	(30%)	Rating flat on year. Volatile – range 9x-13x. Undemanding rating supported by yield	Manufacturing footprint optimisation; IR
 HUNTSWORTH	(26%)	Valuation undemanding. see discount to SOTP value	Capital allocation; IR

Source: ¹ Factset consensus and historic data. Shares with a positive number indicate that they are more expensively rated than their average rating over the past five years, and vice-versa

Q4 news flow – top holdings (1/2)

Portfolio updates continue to be broadly positive







Holding	Event/news since September 2019 ¹	Comment/Odyssean view
	Limited news flow in period following in-line AGM trading update at end of September	Continue to be positive on delivery of self-help plan in assurance business and stabilization / turn around of escrow business following challenging FY18
	In-line interim trading update and well attended capital markets day showed the significant investment put into product and operations and potential this has to drive future growth	Continue to be positive on delivery of self-help plan by current management. Significant 'heavy-lifting' now appears to have been completed and business well positioned to benefit from improving growth and margins
	Trading update flagged expectation above market consensus and strong contract wins	Remain positive on end market momentum and expect significant step up in performance in 2020 as explosion damaged site re-opens and new facilities for F-35 flares ramp up
	Trading update disappointed, pointing to profits at low end of range due to lower levels of UK capital markets activity and lower interest rates	UK market likely to be more positive following recent election result. US business remains an exciting opportunity where we see further upside
	Strong full year trading with good organic growth and management flagging end to Reading facility issues. Well attended capital markets day at Reading demonstrated new confidence that challenges have been solved	Pleasing to see delivery on organic growth in FY19. Expect to see margin now coming through with facility issues resolved. See further potential for accretive M&A

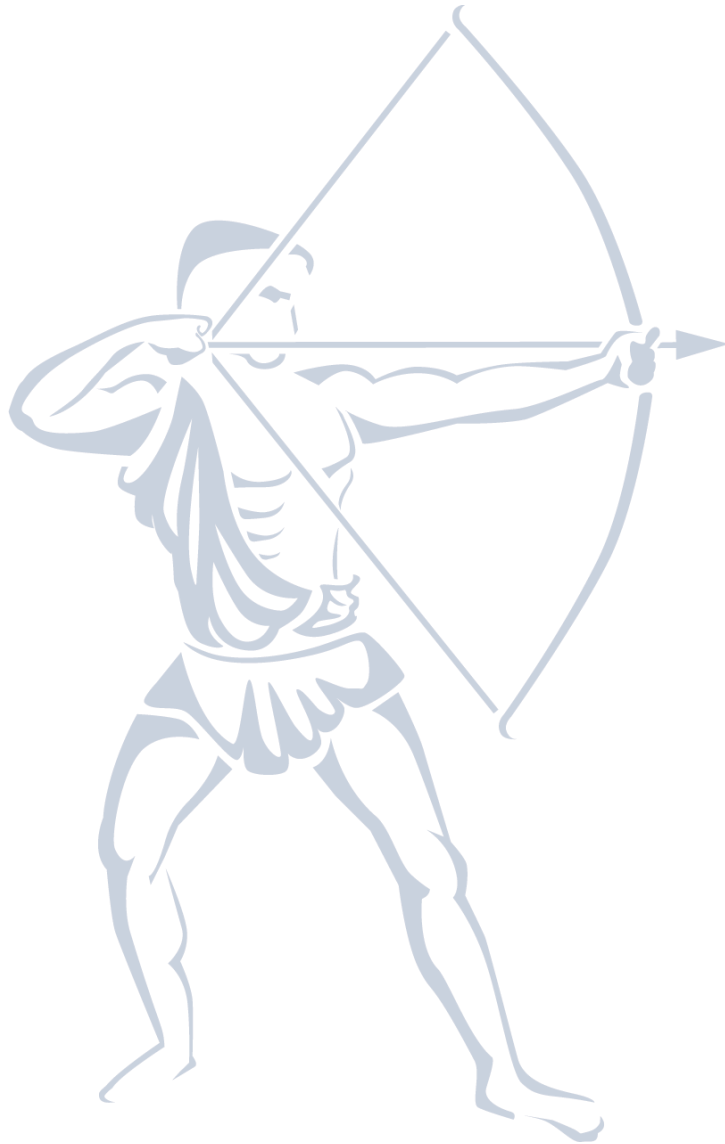
Source: ¹ Published results, updates and recent investor presentations

Q4 news flow – top holdings (2/2)

Portfolio updates continue to be broadly positive



Holding	Event/news since September 2019 ¹	Comment/Odyssean view
	Q3 trading update showed slowing but continued organic growth with UK macro uncertainty a headwind through the period	Continue to see cost opportunity from integrating legacy M&A Potential to benefit from post election improved UK sentiment
	Disappointing trading update with end market weakness in Shrimp and Sea Bream expected to impact full year results with expectation that markets will remain tough through 2020, with expectations of profits flat at FY19 levels Announced changes to CEO, CFO and ongoing disposal of non-core operations	Disappointing update. Value remains in the IP and market position of the core genetics, nutrition and health businesses New management team and progress on disposals potential catalysts to start the recovery from recent challenges
	Full year update within range of market expectations at a profit level but with weaker revenue growth. Expected deleverage to c.1.6x to be delivered	Given high H2 weighting it is pleasing to see expected delivery of profit forecast. Focus now on underlying growth outlook. Continue to see quality of healthcare business as underrated by the market
	Trading update flagged in-line expectations and announced plan to shut UK factory with potential c£5m opex savings with a £15m exceptional cost	Pleasing to see further savings identified and being delivered – supporting key part of investment thesis Focus now on volume growth, 1% delivered in Q3 is a start, but need to see improvement from here
	AGM trading statement flagged trading in-line with expectations and full year outlook re-iterated	We remain positive on new management and the potential to drive more value from a disparate portfolio of assets



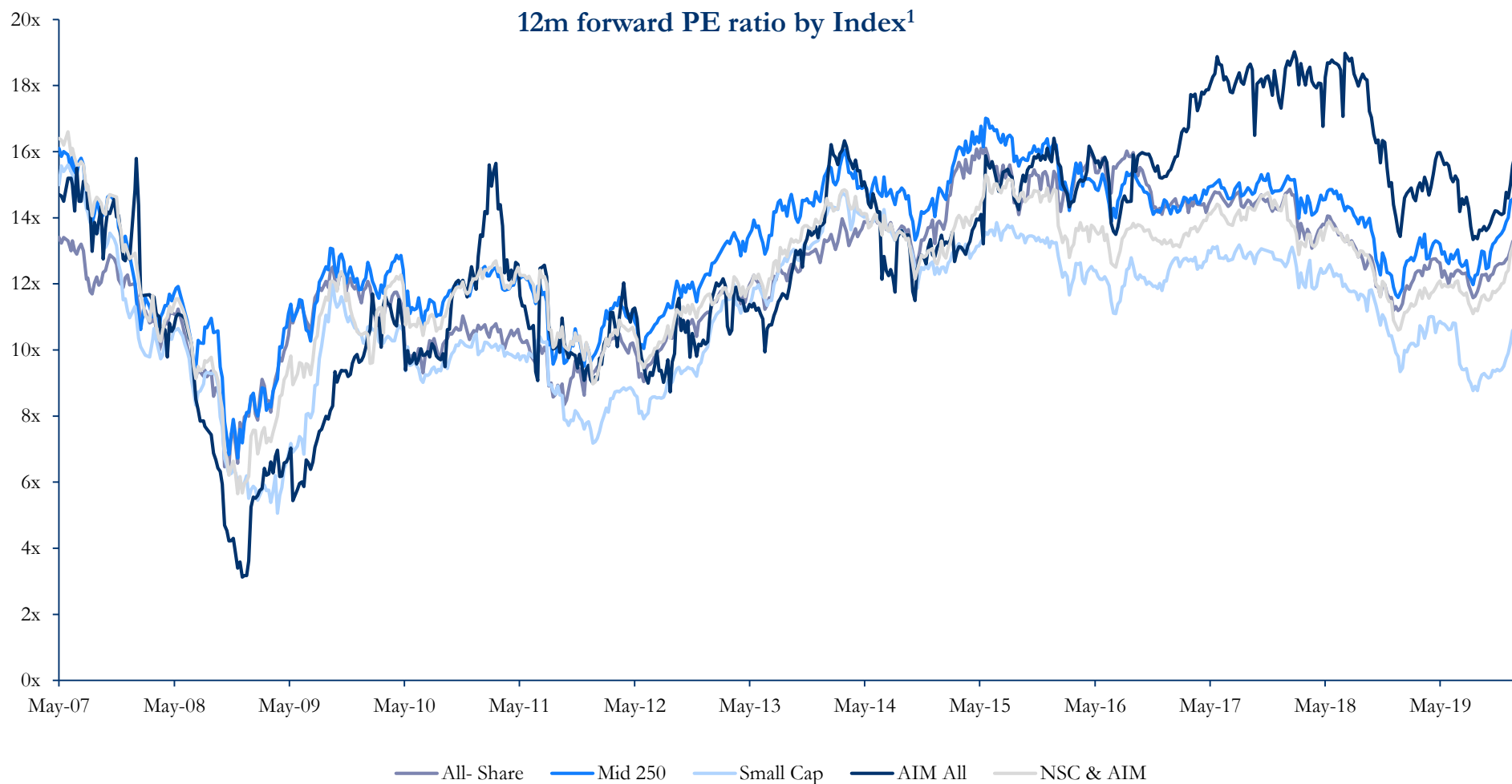
Outlook & Data



Investment opportunities and potential for further value growth

- Market Outlook
 - UK political landscape helps to “re-habilitate” UK equities -> may reverse recent outflows from this asset class?
 - Initial equity market euphoria in December (when trading is typically thin and liquidity low) may wear off in FY2020
 - New UK government’s policies likely to be accommodative
 - UK interest rates likely to continue to remain low
 - UK IPO market likely to improve
 - Potential for political uncertainty to return through 2020 - Brexit withdrawal negotiations, US elections, US/China relations, US/Iran conflagration
- Portfolio & Investment Opportunities
 - Recent market rally has returned UK smaller company ratings to September 2018 levels
 - Seemingly high polarisation of market ratings – growth momentum stocks are, in some cases, priced for absolute perfection
 - Higher quality value is not ubiquitous, but it does exist
 - We will continue to focus on finding higher quality names with self-help potential
 - Significant opportunities remain in our investment universe for companies with self-help/valuation catalysts

UK equity indices rallied strongly in Q4



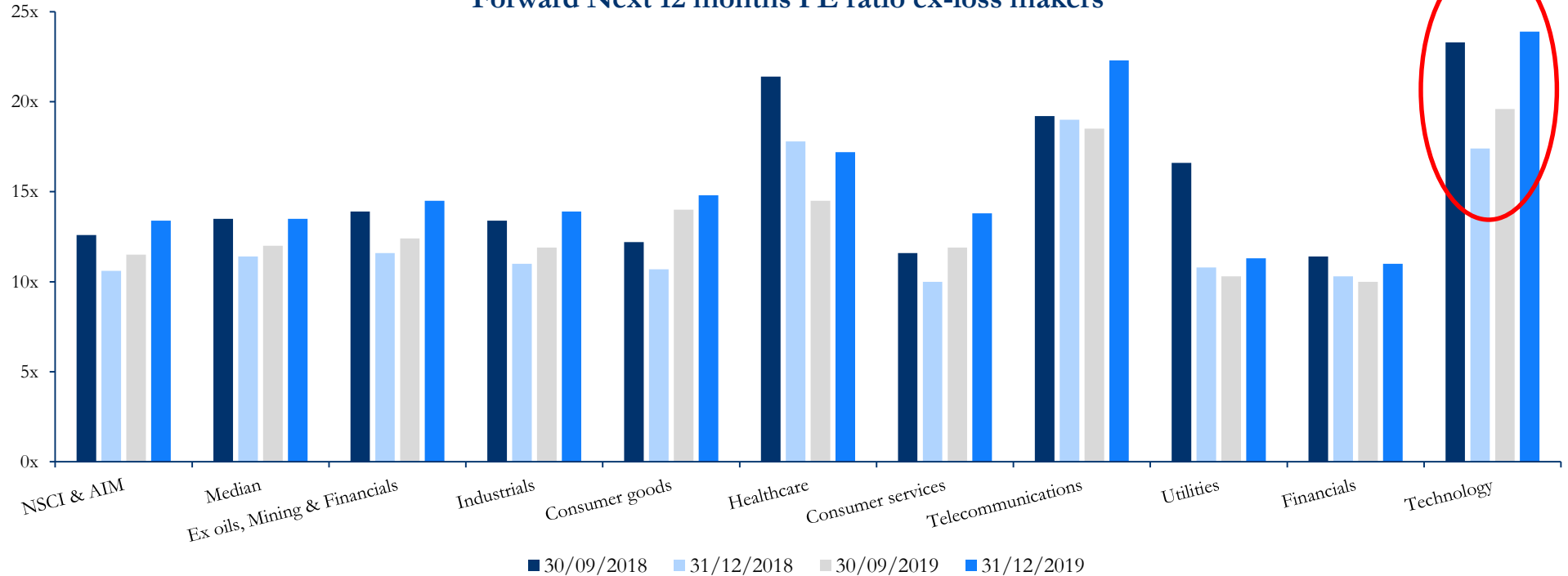
Source: ¹Peel Hunt as at 31st December 2019. Indices are ex Investment Companies

NSCI + AIM ex IT sector re-ratings through 2019

Significant re-ratings through 2019. Tech sector saw material re-rating in Q4



Forward Next 12 months PE ratio ex-loss makers¹



- We believe that certain domestic cyclicals re-rated materially in Q4 2019
- Re-rating of Tech in Q4 2019 interesting – our view is that this indicates confidence in growth UK small caps as a category rather than expectations that Tech companies will fare better under the new UK government

The UK tech sector looks expensive

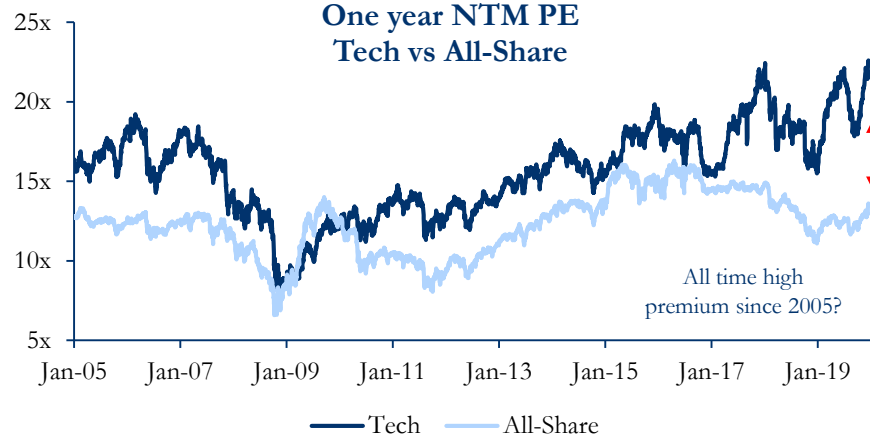
Our focus is on lower growth companies with higher cash flow yields, in transformation



NTM PE of Investec Coverage Universe
Jan 2005 – Dec 2019¹



One year NTM PE
Tech vs All-Share



Company	NTM p/e ratio FY2020	Free Cash Flow Yield FY2020	NTM eps growth	NTM PEG ratio
Investec Technology coverage universe*	22.3x	4.6%	9%	2.5x
SDL	16.5x	6.9%	13%	1.2x
NCC	20.2x	4.0%	14%	1.4x

- Ex Microfocus, Investec sector FCF yield for 2020 is 4%
- Not unusual to see small cap tech companies with 10-15% forecast earnings growth on pe ratios of 30-45x – PEG ratios of 3x sometimes higher, and <2% FCF yields
- Market expectations are for these highly rated growth companies to beat and upgrade expectations materially
- Our focus is elsewhere where there is lower risk of substantial de-rating over time and where earnings progression is supported by self-help

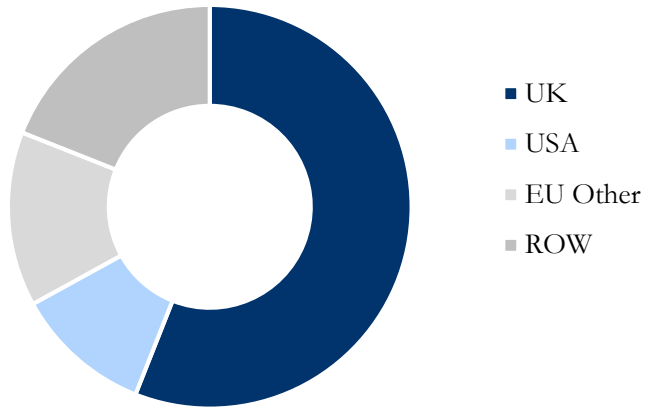
Source: Investec Securities as at 6 January 2020

*Coverage universe tickers (all UK) ALFA, APTD, AVV, CRW, FDP, GBG, IOM, IMO, MCRO, SGE, SDL, TRCS, TRB, CCC, FDM, GAMA, KNOS, SPT, SCT

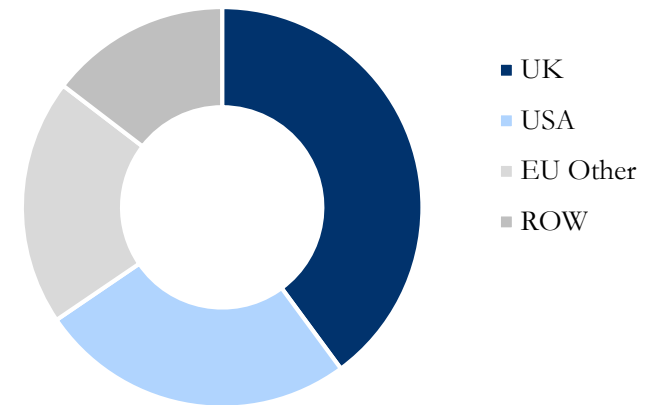
Portfolio geographic source of revenue



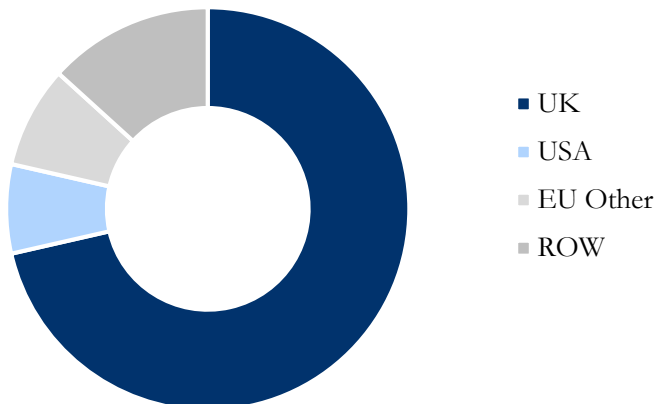
FTSE Small Cap equal weighted²



Portfolio¹



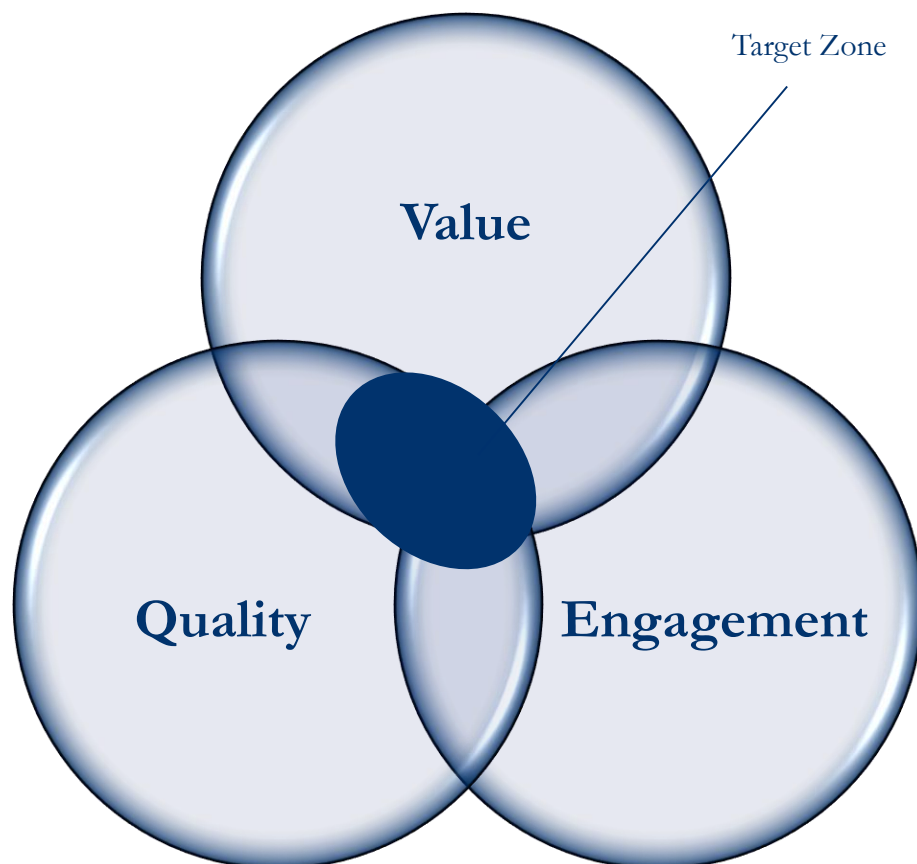
FTSE Small Cap market weighted²



- Portfolio revenue sources much more geographically balanced than the weighted FTSE Small Cap Index (typically domestic)
- Portfolio balance similar to Q4 2018
- Higher risk than underlying market of FX related downgrades if Sterling strengthens materially
- Risk of FX mitigated somewhat by lower ratings of international companies due to them being quoted in the UK, especially those with a high proportion of US sales

Investment strategy

Based on 3 pillars: Value, Quality and Engagement



Quality

- Strict quality overlay to complement value focus
- “Great companies”
- Limit downside

Value

- Invest at a significant discount to owners valuation
- Look for businesses with multiple drivers of equity value growth
- “Make money”

Engagement

- Seek out “self-help” situations
- Integrated
- Proactive not reactive
- Tend to engage anyway as a Top 5 shareholder

Sectors we focus on

We focus on four key sectors we know well



- We believe the best investment decisions are made from a base of knowledge and experience
- We focus on sectors where the team has expertise and where we have successfully made money
- Our core sector focus is driven by our investment approach
 - TMT: software managed services and niche electronics
 - Services: Higher value-add “white collar” and tech enabled services
 - Healthcare: Services, not speculative pharma/biotech
 - Industrials: Niche, high IP products
- Companies with the following characteristics best suit our investment approach:
 - Low cyclicity
 - B2B focus
 - High/improving ROCE/cash margins
 - In-house sector expertise

Odyssean: view of main sectors

	Low cyclicity	B2B focus	High ROCE/cas h margins	Sector expertise
TMT	●	●	●	●
Services	●	●	●	●
Healthcare	●	●	●	●
Industrials	●	●	●	●
Financials	●	●	●	●
Consumer	○	○	●	●
Property	○	●	○	●
Resources	○	●	○	○

■ Sectors we focus on

Portfolio construction

Our strategy is more similar to Private Equity than other Public Equity funds



	Typical Long Only	Odyssean Strategy	Typical Private Equity
Number of positions	50-100	Up to 25	10-15
Typical position size	1%	3-8% at cost, max 20%	10%
Typical holding period	Variable	3-5 years	3-5 years
Due diligence	Light to Medium	Medium to High	High/Forensic
Typical target ownership	0.5-3%	2-20%	Majority/supermajority
Sectors	Own most/all	Focus on a few	Focus on a few
Control	No control	Influencing stake	Full control
Approach to risk	Diversification & tracking error	Focus & due diligence	Focus & due diligence
Investment mindset	Outperform index	Absolute return	Absolute return
Engagement	Negligible	Medium/High	Medium/High
Typical cash balance	0-5%	8-12%	n/a

OIT key company facts

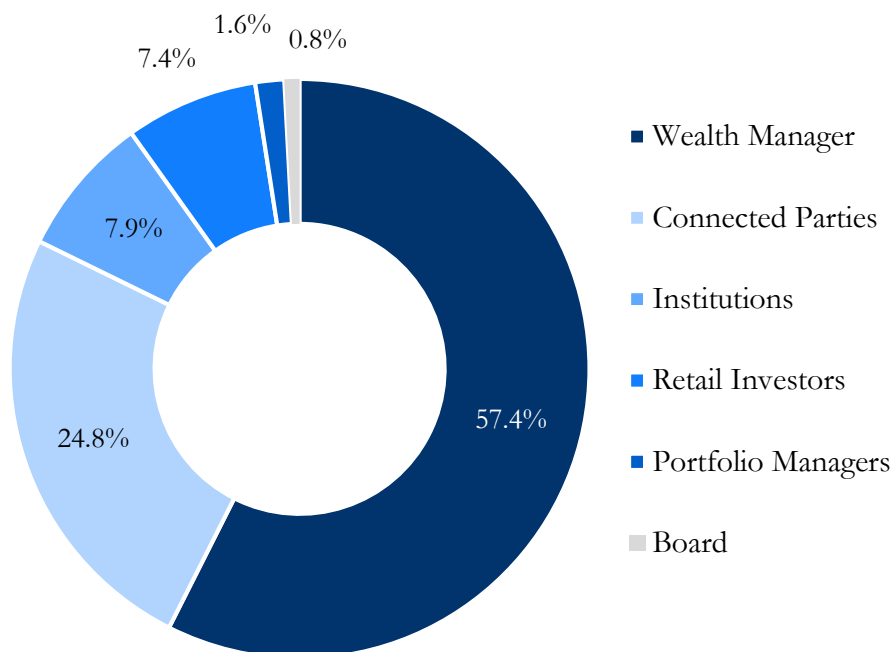


Shares in issue	88,257,211
Max size for Investment Trust strategy	250m shares
Domicile	UK Full listing, London Stock Exchange
Board	Fully independent. Will use all fees, post tax, to buy shares
AIFM	Internally managed small scope UK registered AIFM. Portfolio Management delegated to Odyssean Capital
Discount control/realisation opportunity	Opportunity for shareholders to rollover or realise all of their investment at NAV less costs, every 7 th year post IPO
Gearing	No structural gearing envisaged. Ability to gear up to 10% for short term liquidity purposes. Net cash balances likely to be maintained to enable agile purchases of blocks of stock
Fees	Management fee 1.0% of net assets/market capitalisation. Performance fee 10% of NAV TR outperformance vs comparator index +1% p.a. on a rolling three year basis with a high water mark
Comparator index	Numis Smaller Companies ex Investment Trusts plus AIM index ¹
Ticker	OIT
ISIN	GB00BFFK7H57

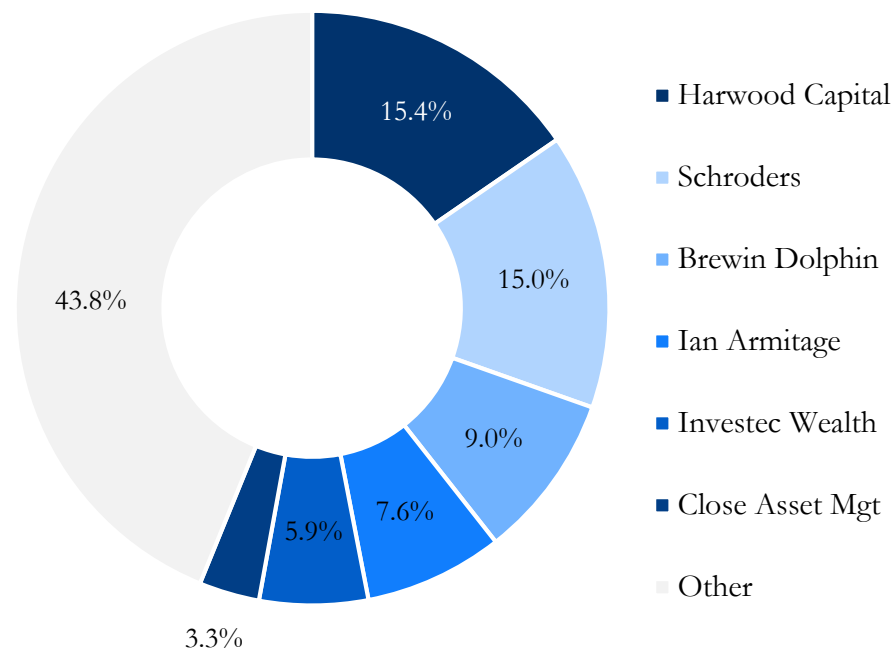
As at 31st December 2019. ¹This index is only used for the purposes of calculating performance fees. The investment strategy is unconstrained and not benchmarked against any particular index



Shareholder base by investor type
(as at 31st December 2019)¹



Disclosable shareholders
(as at 31st December 2019)¹





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