



# Odyssey Optimum Return Fund

A Global Multi-Strategy Fund with an Absolute Return Mindset  
October 2021

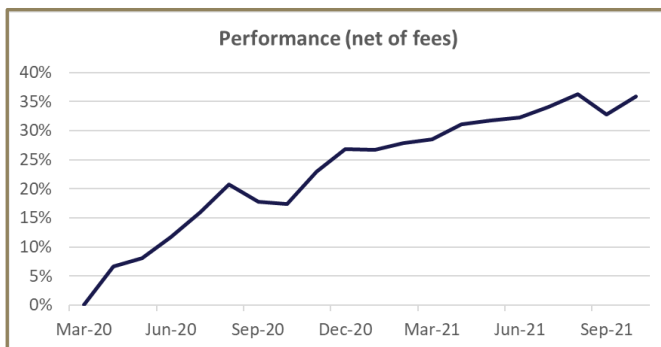


All data as at 31 October 2021 unless stated otherwise

Performance	October Return	Last 3 months	YTD	Since Inception*
Optimum Return Fund	2.3%	-0.4%	-0.4%	-0.4%
MSCI World TR Index	5.7%	3.5%	20.0%	1.7%
Bloomberg Global Agg Credit TR Index	0.0%	-2.2%	-2.8%	-1.7%
Bloomberg Gbl EQ:FI 60:40 Index (BMADM64)	3.3%	1.2%	9.7%	-0.3%

Key Information	
NAV	99.6
Management Fee#	1.5% p.a.
Performance Fee#	15% over 5%
Liquidity	Daily

Monthly Net Return													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	-0.1%	0.9%	0.5%	1.9%	1.9%	0.5%	0.5%	1.7%	-2.6%	2.3%			-0.4%
2020				6.6%	1.4%	3.3%	3.8%	4.1%	-2.4%	-0.3%	4.7%	3.2%	26.8%



## Market Highlights

After a difficult September in equity markets, October epitomised a V-shaped recovery with the MSCI World TR Index surging +5.7%.

Performances were led by the US with the S&P 500 up +6.9%. US Growth stocks surged +9.1% while Value grew at only half this rate at +4.6%. MSCI Europe climbed +4.5% while Asia Pacific only managed a flat result.

The main driver has been the strength of the US Q3 earnings season. With approximately 52% of S&P 500 companies reported, 78% reported EPS beats of 11% with 71% also surprising on the upside in revenue. Similar numbers are being recorded by Europe, while Japan's season has been less positive. While US index performances have been stellar, it is worth noting that a large portion of the rise has been due to just a handful of stocks. For instance, Microsoft and Tesla, at a combined weight of just 7.5% was responsible for

26% (1.8% out of 6.9%) of the S&P 500 performance. The stocks were up +18% and +44% respectively. The duo also accounted for 19% of the MSCI World TR Index performance. It is a month where active equity managers would be hard pressed to keep up with US indices unless they also had large positions in MSFT and TSLA.

Commodities finished the month on a subdued note after some metals spiked mid-month on fears of a severe supply squeeze. Nevertheless, the SPGS Commodity Index was still up 5.5% with WTI Oil up 11%. The Global Credit Index was flat for the month.

## Portfolio Strategy

### Asset Allocation

V-Shaped market movements are difficult for a strategy that employs a strict risk management regime focused on absolute return. On the way down we face stop losses, and when the market jags back up we are holding less "delta" than we would like. Exacerbating this situation is the US reporting season in which holding one or two stocks that significantly disappoints can have a short-term deleterious impact on performance.

While our micro-managing of the portfolio could have been better, the portfolio has remained with positive risk positioning and currently sits at over 80% equity exposure, primarily in the US. Our 1-day VaR with 97.5% confidence is at 2.4%, up from 2.0% at the end of September.

Note: Monthly returns in blue are the returns for the pre-launch Odyssey Model Portfolio that was a paper portfolio using the same strategy from April 2020 to August 2021. Returns have been adjusted under the same fee schedule.

\*The Fund was launched on 13 September 2021

# Payable quarterly

Market data source: Bloomberg

# Odyssey Optimum Return Fund

October 2021



We are generally cautious following a strong month, but the reason for the equity market strength - a strong earnings season - compels a pro-equity stance. Earlier in the year, a strong Q2 reporting season, together with a benign rates environment, have propelled the equity market since May. This was largely despite the Delta variant and concerns about slowing economic growth.

Certainly, supply chain integrity has been an issue, but global COVID infection rates have been declining, and importantly they have been declining in areas that have caused supply chain bottlenecks. Temporary shortage of fossil fuels is likely to remain for some time but already many commodity prices are moderating after spiking in mid-October.

## Portfolio Attribution

Our largest theme, *The Rich Getting Richer*, continues to be the largest contributor for October, providing 61% of the performance on just a 14.8% weight. The ROI was 9.5% and was spearheaded by UBSG and the 3 boutique US banks.

After an indifferent start, *Sportswear Revival*, is now living up to expectations with an ROI of 11.9%, although the exposure is conservative at 4.7%.

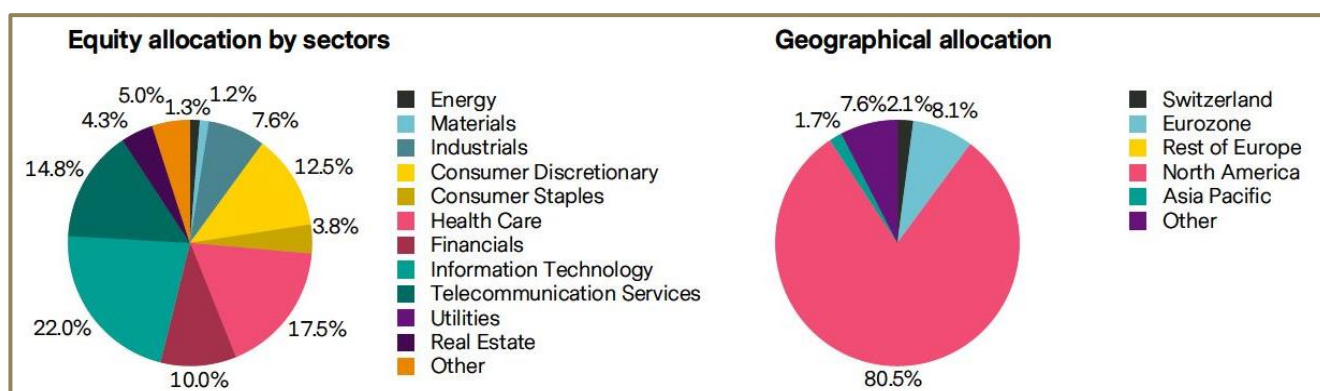
SNAP and Fast Retailing were the largest detractors. The former's Q3 result was significantly affected by a change in advertiser sentiment. This was driven by a change in the level of information Apple iOS was able to impart on SNAP app usage as well advertiser concern on future sale of their products given supply chain issues. The loss from Fast Retailing was made when the announced sales decline in September was worse than expected. With COVID infection rates and lockdown restrictions declining in Japan we had expected the market to look forward rather than backward. We have exited both positions.

Visa's mixed results disappointed the market and had deleterious effect on the payments sector, particularly on Global Payments. The stock fell almost twice as much as Visa on the result. We have exited Global Payments.

## Outlook

Our positive outlook on the markets to year-end means that we have recently increased our investments in market leaders such as GOOGL, Microsoft and Apple. In addition, we note the rapid surge in several "risk-on" themes and we will try to keep the portfolio flexible in order to benefit from some of these movements.

Portfolio Attribution		Top 10 Holdings		Asset Allocation	
Top 5	bp	Name	Weight	Asset Class	Weight
PROLOGIS INC	48	ALPHABET INC-CL A	4.1%	Cash	16%
UBS GROUP AG-REG	41	PROLOGIS INC	3.5%	Equity	81%
THERMO FISHER SCIENTIFIC INC	32	ELI LILLY & CO	3.2%	FI Funds	3%
LULULEMON ATHLETICA INC	29	THERMO FISHER SCIENTIFIC INC	3.2%	<b>Characteristics</b>	
TARGET CORP	26	ESTEE LAUDER COMPANIES-CL A	3.1%	Equity fwd PE	30.5
<b>Bottom 5</b>		ASM INTERNATIONAL NV	3.0%	Equity Div Yield	0.6%
GLOBAL PAYMENTS INC	-17	APPLE INC	3.0%	Equity Beta	0.92
PAYPAL HOLDINGS INC	-17	ISHARES USD ASIA HYLD BD-ETF	2.8%	Correlation Beta	0.45
ALCOA CORP	-26	SALESFORCE.COM INC	2.4%	Fixed Income Credit Rating	B+
FAST RETAILING CO LTD	-36		28.2%	Fixed Income Yield	8.1%
SNAP INC - A	-56	No. of positions	43	VaR at 97.5% confidence Lvl	2.4%



# Odyssey Optimum Return Fund

October 2021



## About Odyssey Optimum Return Fund

The Odyssey Optimum Return Fund ("OORF") provides multi-strategy exposure primarily to global equity and credit. Opportunistic investments may include structured products, derivatives, ETFs and funds. The objective of OORF is to provide attractive risk adjusted returns during equity bull markets and capital preservation during bear markets and periods of high volatility. The rigorous management of risk at both the security and portfolio level and the eschewment of tracking error to commonly used benchmarks is a major differentiator to most long only funds. Instead, the Fund aims to make investments that have a high probability of providing absolute return over the next 3-6 months.

OORF is structured as an Actively Managed Certificate (AMC). The Odyssey Optimum Return Index (OORI) is the underlying product and the calculation agent is Vontobel. The name has been changed to a "Fund" to avoid any confusion that the strategy tracks any market index.

## Terms

<b>Name</b>	Odyssey Optimum Return Index
<b>ISIN</b>	CH1101122534
<b>Issuer</b>	Vontobel Financial Products Ltd., DIFC Dubai, UAE
<b>Guarantor/Keep Well</b>	Vontobel Holding AG, Zurich (Moody's A3)/Bank Vontobel AG, Zurich (Moody's Aa3)
<b>Exchange Listing</b>	Swiss
<b>Denomination</b>	USD
<b>Minimum Investment</b>	100,000
<b>Factsheet Availability</b>	Daily

## Fund Manager



### Lanny Lim

Nationality: Australian

Years of Experience: 26

Country Experience: Singapore, Hong Kong, and Australia

Languages: English, Cantonese, and Mandarin

Lanny is a former Global Head of investment research for ABN Amro Bank. He has 15 years of experience managing multi-strategy absolute return mandates for large family offices and institutions with funds ranging in size from USD100mn to USD2.5bn. Lanny has been a winner of The Asset's Best of the Best performance over 3 years.

## Contact



### James Wheeler

Managing Director – Head of Distribution

Mobile: (852) 9441 7968

Email: [james.wheeler@odyssey-grp.com](mailto:james.wheeler@odyssey-grp.com)

## Disclaimer

Odyssey Asset Management (SG) Pte. Ltd. (“OAMSG”) is a Singapore based company that is licensed by the Monetary Authority of Singapore as a Licensed Fund Management Company, license number: CMS100922. Odyssey Asset Management Limited (“OAML”) is a Hong Kong based company that is licensed with the Hong Kong Securities & Futures Commission (“SFC”), license number: BHX656. OAML holds SFC licenses Type 1 (dealing in securities), Type 4 (advising on securities) & Type 9 (asset management). Both companies are subsidiaries of the Odyssey Group Limited and are collectively referred to Odyssey here. This document is for informational purposes only and does not constitute an offer or solicitation to sell any related or associated company’s product, service or related security. Any such offer or solicitation will be made only in accordance with the terms of all applicable securities and other laws. None of the information or analysis presented are intended to form the basis for any investment decision, and no specific recommendations or advice are intended. All indices used as reference are for illustrative purposes only, furthermore, the comments contained herein are opinions only and should not be relied upon as authoritative or without the recipient’s own independent verification or in substitution for the exercise of judgment by any recipient and are subject to change without notice. Any data herein are either calculated by Odyssey or obtained from sources believed to be reliable. Investors should note that the price of securities go up or down, that investments involve risk and that past performance does not guarantee future results. Investors are advised to seek independent financial advice. This document is for discussion purposes only and is not an offer to sell or the solicitation of an offer to buy securities or any other product or service. This document is furnished on a strictly confidential basis to a limited number of qualified persons and is intended for authorised recipients only and may not be reproduced or distributed in any format without the express written approval of the Odyssey Group Ltd or its related companies. By accepting delivery of this document, the recipient agrees unconditionally to be bound by a strict duty not to disclose any information included in this document to any other person. The receipt of the attached information by itself is not to be taken as constituting the giving of investment advice by Odyssey or its related companies to the recipient, nor to constitute such person a client of Odyssey or its related companies. This document provides further information on a security where Odyssey has provided financial advice or, where the recipient of the document has not entered an engagement for investment advice with Odyssey as an example of a product that Odyssey might recommend. Any relationship for investment advice begins only the signing of a formal engagement letter or related document. Before a formal engagement letter is signed, no assessment has been made with regards to the suitability of the security. The investor relies exclusively on his own assessment. Odyssey expressly disclaims any and all liability for representations, expressed or implied, contained in, or omissions from the attached information. In addition, some of the information contained in this document may have been obtained from sources outside of Odyssey or its related companies. You are reminded that the content is for personal use and general information only. Under no circumstances is the content intended for and hence the content should not be regarded as an offer or solicitation or recommendation to dispose/sell, an offer or solicitation to subscribe in, nor an offer or solicitation or recommendation to buy/acquire and under no circumstances should the content be constituted any form of legal, tax or other professional advice and therefore should not be relied upon in that regard for making any decision. Any past or projected performance data or targets are not to be relied upon and are in no way a guarantee of future performance. The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although Odyssey endeavours to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of their particular situation. This presentation has not been reviewed by the Monetary Authority of Singapore.

Refer to the full disclaimer here: <https://odyssey-grp.com/disclaimer-2/>