ODYSSEAN
CAPITAL LLP

Odyssean Investment Trust PLC

Q1 2020 Update

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Executive Summary – Q1 2020

NAV per share decline, albeit significantly less bad than the market

- Relatively resilient performance during extremely challenging period for markets
  - NAV Total Return per share -21.4%[1,2], significantly less than the NSCI +AIM ex IC index ("Comparator") fall of 32.7% [2,3]
  - Outperformance delivered each month during Q1
  - NAV benefitted from the takeover of Huntsworth by CD&R in early March
  - Cash balance increased in January, through profit taking. Some capital deployed through March into three new investments. Cash ended the period at c.10% (16% including the holding in Huntsworth which is near cash)
- NAV Total Return per share since inception -7.7%[1,2]. Comparator -30.1% [2,3]
  - Average cash weight 32% since inception
- Rapid and substantial deterioration in investor sentiment through the quarter, regardless of asset class, and severe volatility
- Numerous dividends cancelled or suspended as companies embark on cash conservation strategies
- OIT's shares ended the period trading at <1% discount to NAV
- In line with the commitments in the May 2018 IPO Prospectus, c.£1.4m of available profits from takeovers of Consort Medical and Huntsworth to buy back shares if the discount exceeds 5% for more than 60 days

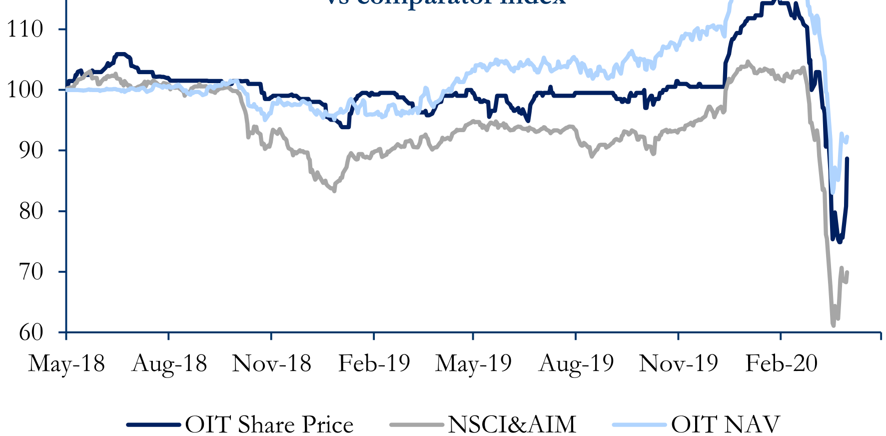
As at 31st March 2020. Performance measured from COB 1st May 2018 Source: [1] Odyssean Capital [2] Link Asset Services. [3]Bloomberg. The NSCI + AIM ex Investment Company index is only used for the purposes of calculating performance fees. The investment strategy is unconstrained and not benchmarked against any particular index.. Past performance is no guarantee of future performance and the value of investments can go up and down

Performance update

Extremely challenging period for markets, NAV impacted but relatively more robust

Performance	%		
	Q1-20	LTM	Since inception
NAV Total Return Per Share[1]	-21.4%	-5.8%	-7.7%
Share price return[3]	-20.4%	-9.3%	-10.0%
NSCI + AIM ex IC Total Return[3]	-32.7%	-22.8%	-30.1%
Average cash balance[2]	9%	12%	32%

Rebased NAV per share and share price vs comparator index[1]



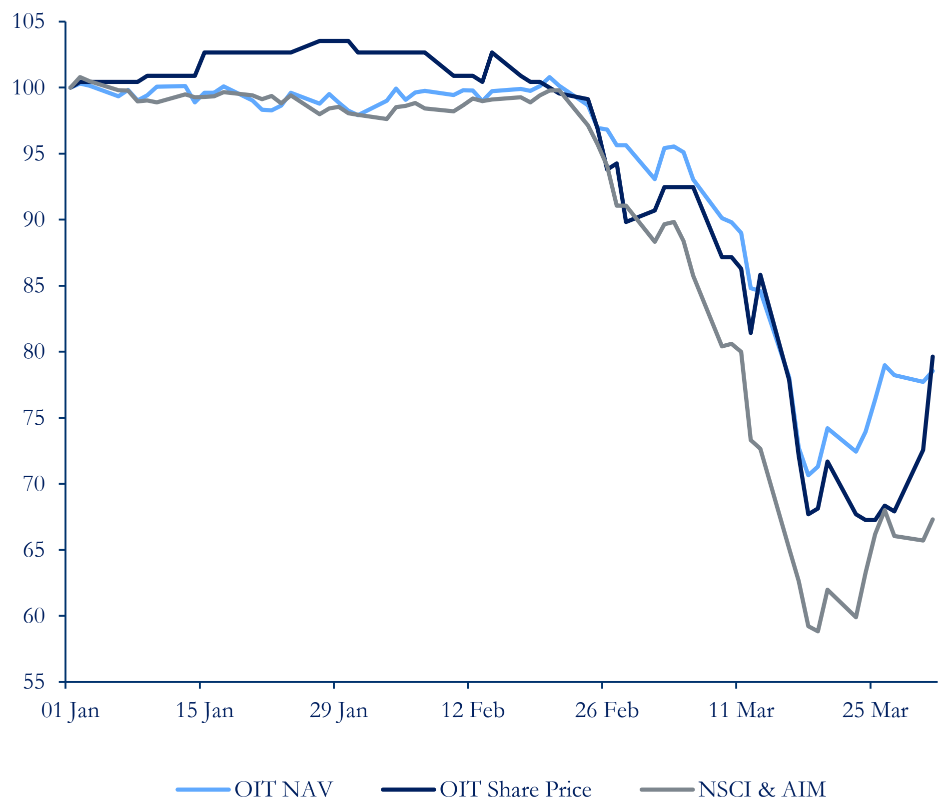
- NAV per share fell 21.4% in quarter as market was significantly impacted by COVID-19
  - NAV performance benefitted from cash raised early in the period (profit taking) and Huntsworth take over
  - Portfolio focused on lower cyclicality, higher quality global market leaders. Less impacted by aggressive de-ratings
  - Minimal exposure to oil & gas, retail and leisure companies
- NAV per share saw a fall of only 5.8% over last twelve months vs. a 22.8% fall in comparator index
- Shares traded at a <1% discount to NAV at period end

As at 31th March 2020. Performance measured from COB 1/5/18, share performance since inception assumes IPO price of 100p. Source: [1]Link Asset Services, Bloomberg, Odyssean Capital; Numis Smaller Companies plus AIM ex Investment Companies Total Return Index. Rebased to start NAV [2] Link Asset Services, Odyssean Capital [3] Bloomberg Past performance is no guarantee of future performance and the value of investments can go up and down

Performance during the period

NAV decoupled from the market from mid February onwards

Q1 2020 Rebased NAV per share and share price vs rebased index[1]



- What has helped performance in Q1
  - Cash balance
  - Takeovers of Huntsworth (March 20) and Consort Medical (Q4 but cash received Feb 20)
  - Few highly geared companies
  - Portfolio typically comprised of less cyclical companies
  - Low exposure to hard hit sectors (Consumer, Oil & Gas)
- How we used cash during Q1
  - From end of Q4 to late February, profits taken on holdings which performed well in Q4 19
  - Net cash peaked at £11.2m on 21st February
  - Deployed cash through early March.
  - From mid to end March "one in, one out" broadly matching purchase with sales
  - Net cash ended period at £7.8m
  - Residual Huntsworth position to be held until deal completes in April 2020

As at 31th March 31 2020. Performance measured from 1/1/20. Source: [1]Link Asset Services, Bloomberg, Odyssean Capital; Numis Smaller Companies plus AIM ex Investment Companies Total Return Index. Rebased to 100
Past performance is no guarantee of future performance and the value of investments can go up and down

Actions taken during the quarter

Business

- Focus on health and welfare of team and their immediate families
- Business continuity plan enacted 11th March – team has been working from home since then. Systems performing as expected

Investment & Portfolio Management

- Working assumption was that every company will be impacted, in some way, by the COVID-19 pandemic
- Maintain strong net cash balance within the portfolio. Deploy/recycle capital selectively, as liquidity allowed
- Identify portfolio companies most likely to have material trading and balance sheet issues
  - Speak with CFO/CEO/Chairman - suggest dividends are cancelled, enquire about balance sheet liquidity, covenants, identity of banks and structure and duration of lending
  - Where appropriate, suggest actions to strengthen balance sheets and Board
- Sell down companies likely to be impacted and where the share prices/ratings did not reflect this risk
- Build a pipeline of new investment opportunities/refresh due diligence on companies on the watch list

Performance drivers in Q1

Key stock contributors

Largest positive contributors

HUNTSWORTH	• Recommended take over bid from PE house CD&R in early March • The offer price of 108p per share represented a 50% premium, although slightly below our view of fair value • Takeover will complete in mid April
CLINIGEN GROUP PLC	• A new position started in the quarter. Shares were bought on weakness and ended the period above cost • Rating depressed by geared balance sheet – we think concerns are overdone • We see the business as well placed to trade through the COVID-19 uncertainty with substantial scope for a re-rating
DEVRO	• Entered period following share price weakness in Q4-19 • Business has seen limited disruption to operations from COVID-19 to date and demand remains robust with food production an essential service

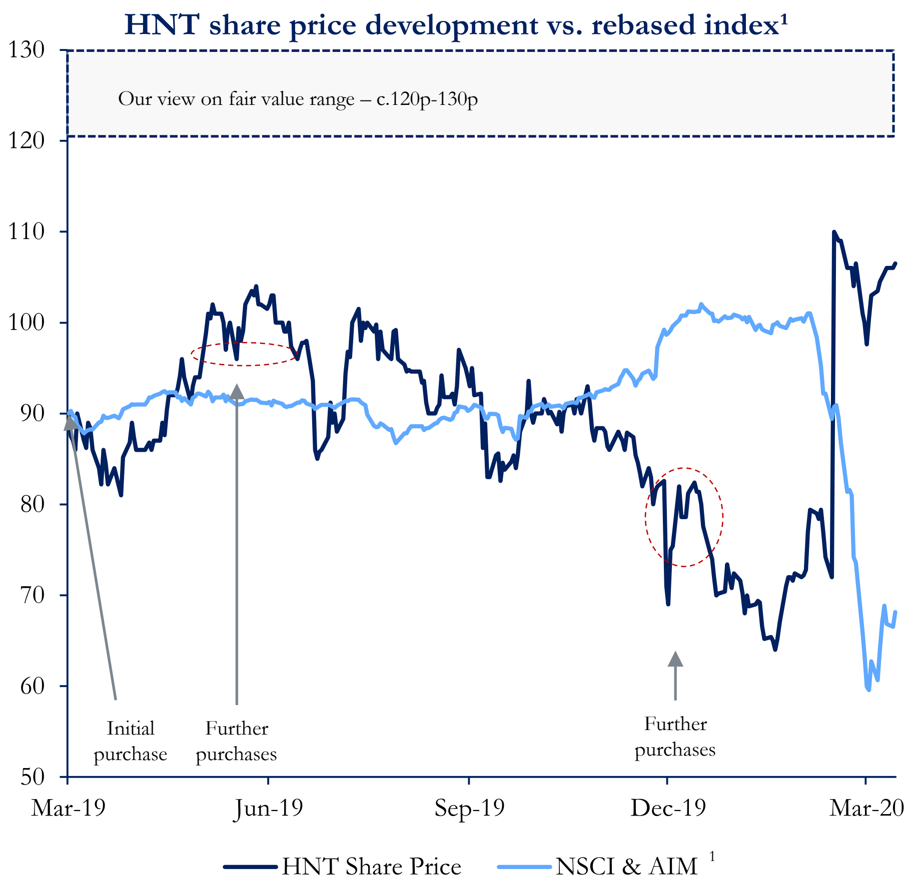
Largest negative contributors

FLOWTECH FLUIDPOWER	• A disappointing Q4 trading update in January flagged Brexit uncertainty through the end of 2019 had impacted end market demand, with this expected to continue in FY20. Subsequent escalation of COVID-19 impact on the UK economy saw shares down 56% in the period • We remain actively engaged with the company and see significant mid-term value from these levels
nccgroup	• Solid interim results in January flagging positive momentum in the business were superseded by concerns that COVID-19 would see reductions in demand for cyber security consulting services • Shares fell 26% across the period • Our medium to long term views on the prospects for NCC are unchanged
volution group	• Shares entered the period following strong run on improved UK sentiment post election • A solid set of interim results were overshadowed by COVID-19 concerns given end market exposure to cyclical construction markets. Shares fell 39% across period

Source: Odyssean analysis. Assumes total consideration for stock purchases including fees and tax is invested at index closing level on day of transaction. *Comparator Index, Numis Smaller Companies Index plus AIM ex Investment Companies Track Record. [1]Link, Bloomberg, Odyssean Capital LLP. Past performance is no guarantee of future performance and the value of investments can go down as well as up.

Huntsworth case study

Opportunistic bid in a challenging market. Highlights market inefficiency



- Initial investment thesis:
  - Simplify and focus equity story on healthcare comms. business through disposal of legacy traditional PR operations
  - Acceleration of growth following short term headwinds in healthcare marketing business
  - Platform for further accretive bolt-ons in healthcare
  - Attractive to larger trade buyers and private equity
- What happened
  - Shares drifted down from mid 2019 after downgrades of growth expectations, and elevated leverage following bolt-on M&A
  - We made further investments seeing value as a discount to SOTP, with quality of healthcare business under-rated by the market
- Result
  - Private equity house CD&R bid for Huntsworth at 108p, a c.50% premium to closing price
  - Offer below our view of c.120p-130p fair value, but attractive given market situation
  - IRR to end March 2020 of c.38% - exceeding our return target and market performance over period

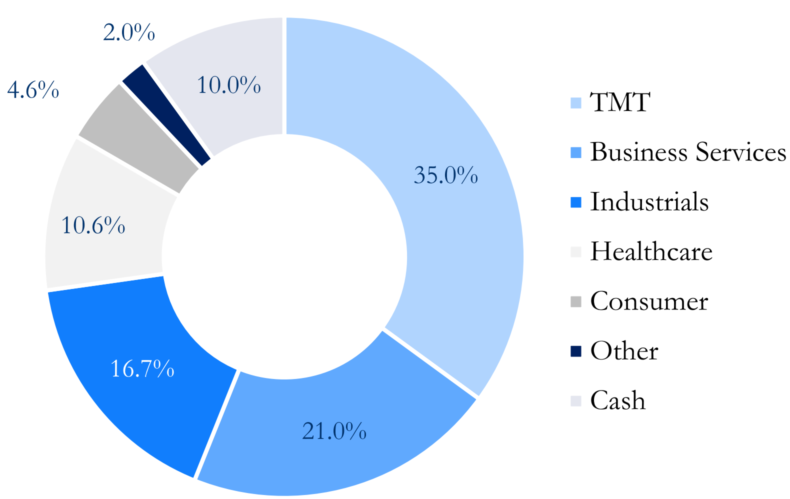
As at 31th March 31 2020.

[1] Numis Smaller Companies plus AIM ex Investment Companies Total Return Index used as proxy for wider market. Indexed to opening Huntsworth share price on 1st March 2019

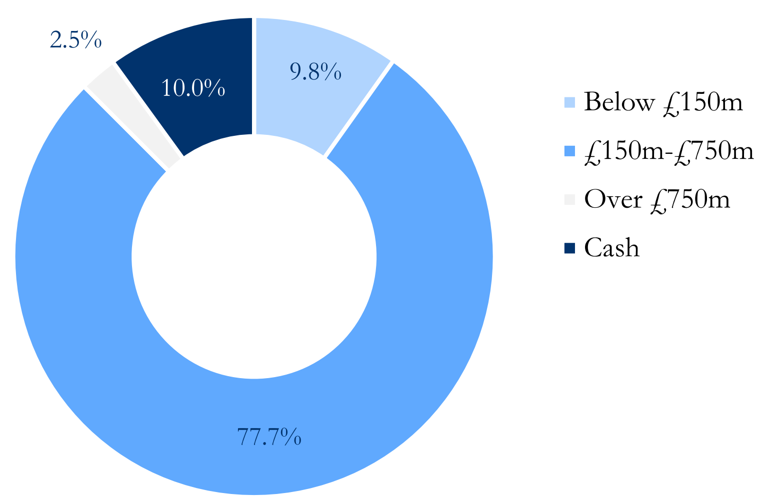
Portfolio update

Focused on our core sectors and core market cap range

Holding by sector [1]



Holding by market cap [1]



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

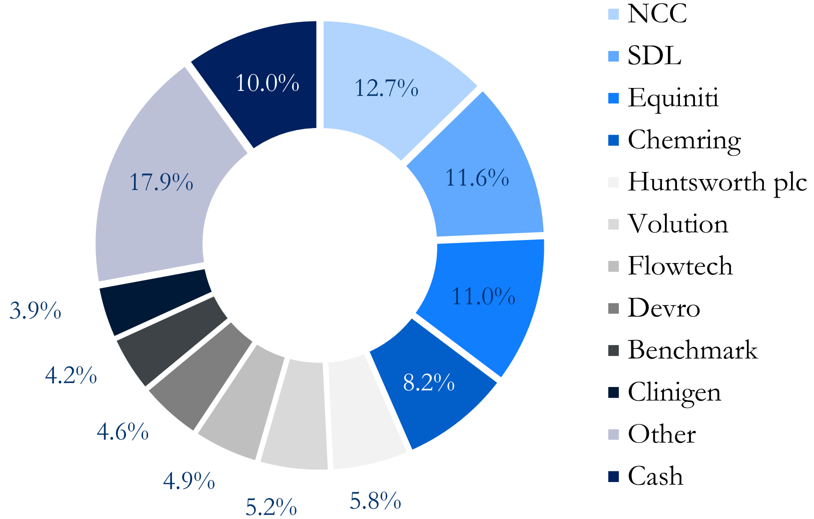
- 86% of invested exposure in core target market cap range of £150m-£750m
- Holdings outside of core range are either specific, compelling opportunities, or investments which have moved out of core range since initial investment

Source: [1] Odyssean Capital LLP, Link. as at 31st March 2020

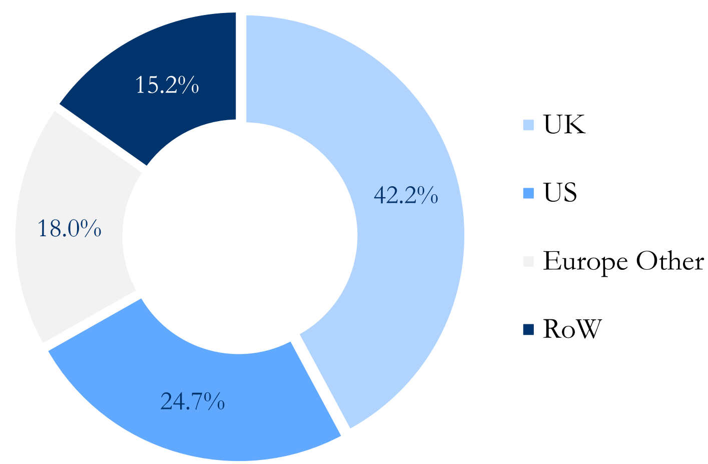
Portfolio

High conviction portfolio. Weighted towards market leaders with international earnings

Top portfolio holdings[1]



Revenue exposure of portfolio[2] (NAV weighted exc. cash)



- Top 10 holdings account for 72% of NAV
- Largest positions focused on less cyclical companies and recovery situations, with significant self-help opportunity

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

Source: [1] Odyssean Capital LLP, Link. as at 31 March 2020. [2] FactSet company filings

Environment and social engagement commencing

Will be formally integrated into our investment process

- Odyssean has historically focused on "G" and financial performance
- Plans to formally integrate E and S into the investment process and engagement
- Will not use negative screening. However investment approach tends to avoid companies which screen badly for E&S factors – e.g. resources; sub prime lending
- Pragmatic engagement approach for smaller companies
  - Who on the Board is responsible for sustainability?
  - Has the company identified its key stakeholders and evaluated its sustainability risks?
  - How is the company monitoring and reducing the key 1-2 sustainability risks?
  - How is the company reporting on sustainability to investors?

Portfolio company voting record over Q1

		Comment
Number of meetings	2	Benchmark and Chemring
Number of resolutions	34	
Number voted	34	
Voted with management	33	
Voted against management	1	Issuance of >10% of capital without pre-emption rights

Portfolio governance news

Flowtech Fluidpowder Plc

Significant board changes announced

- Bill Wilson, existing NED, to become Exec Chairman
  - Rejoined the Board as a non-Executive in 2018. Previous Chairman of the company prior to its IPO in 2014
- Roger McDowell to join the board as a Senior NED and Chairman of Remcom
- Additional new NED to be appointed in due course. Process ongoing

Our Views

- Highly supportive of change
  - Wilson and McDowell are highly experienced in distribution businesses
  - Wilson will support mgmt. team through challenging period of 2020, as well as support operational improvement initiatives and a return to sustainable organic growth over the medium to long term
  - McDowell well known to us – a highly experienced Senior Non-Executive
  - Board will be balanced 50/50, Exec/non-Exec

+ independent Investor Relations advisors engaged since late 2019

Outlook & Data

Outlook

Market and valuation views

- Market Outlook
  - Global bear market for equities. Unclear what the shape of the recession or bear market will be ("L, U or V") or how significant it will be over a year
  - No strong view on whether markets have "hit the bottom"
  - Massive international governmental monetary and fiscal support
  - Banks better prepared for the downturn than 2008/9 (in the UK and US). European Banks in a less good shape – do not anticipate a lending crisis….yet
  - Difficult to see a sustainable improvement in sentiment before the end of the summer a) companies with a calendar year end will be reporting their interims b) the equity market will start to look forward to 2021 earnings recovery potential
  - UK has strengthened hand in the Brexit negotiations

- Valuations
  - Traditional p/e or EV/EBITDA or EV/EBITA ratios of little meaningful use given current market uncertainties
  - Many companies are finding it impossible to give guidance. Consensus data is meaningless or out of date
  - Our focus is on EV/Sales as a valuation metric, and p/book for more asset intensive businesses, overlaid with a view on the sustainability of a business given its business model and balance sheet

Outlook

Our working assumptions and views on potential performance from here

- Assumptions
  - Widespread falls in quoted company earnings in 2020. Very few companies immune
  - Wholesale de-ratings and share price falls - some rational, some over-reactions
  - Any companies with >1.5x net debt/EBITDA, regardless of earnings visibility or asset backing, see highest de-ratings
  - Numerous balance sheet repairs through equity issuance will be needed. Whilst a few have started, we expect these to continue through 2020
  - There will be small cap companies that will need to find new shareholders to fund rights issues/placings
  - There will be wholesale earnings recoveries in 2021. However it is likely to be some years before 2019 earnings will be reached again
  - Higher quality companies, with good market positions and adeptly managed, will use this crisis to strengthen their long-term competitive positions
- Our central assumptions for future short to medium term portfolio performance
  - We anticipate continued volatility in portfolio company share prices for some months. As a result, we anticipate very limited daily correlation of the portfolio with the market due to concentrated portfolio and style
  - The NAV may lag on days where the market rallies hard, and/or where the market is driven by sectors which the portfolio has limited exposure (e.g. resources; consumer). Historically outperformance has tended to be generated in sideways/down markets and the NAV has tended to lag sudden strong market recoveries[1]
  - Potential for more shorter term NAV volatility as Q2 progresses
    - New investments will typically be made into slightly more geared and more cyclical companies
    - Anticipate cash balance reducing progressively during 2020

[1] Monthly performance since inception – NAV has outperformed the broader market (as measured by the NSCI & AIM ex IC Total Return Index) in 69% of months where the market has been negative/generated monthly return of less than 1%. In comparison, in total it has outperformed in 57% of months since IPO. Source: Link; Odyssean Capital

Our high level investment selection criteria - unchanged

Clarity enables us to quickly prioritise and spend time effectively

Focus	Rationale
• Niche market leaders with higher quality business models	• Market leaders with strong business models and adept management teams will survive and potentially take share
• Self-help/improvement potential	• Self-help/improvement potential helps cushion impact of softened sales
• Where possible, international earnings	• Geographic diversification of sales reduce dependence on one particular country
• Avoid extreme balance sheet distress	• Avoiding extreme balance sheet distress minimises risk of permanent capital loss
• Avoid resource companies	• Primary driver of resource companies share price is the commodity price, which is outside of management control

Tactics – we have a clear plan (1 of 2)

How we aim to create the next 3-5 years of strong performance

- Anticipate net cash balance to fall from c.16% (including Huntsworth) to 5-15% by the end of June, and 2-10% by the late Autumn. This change is unlikely to be linear. We are not attempting to market time but to increase exposure in stages

- Existing portfolio
  - Higher earnings visibility businesses, typically undergeared, where ratings and share prices have held up well, are likely to be sold down/reduced by us on the basis of fundamental and relative value, and replaced by more attractive risk/reward situations elsewhere
  - Where appropriate, we will seek to back equity raises provided there is compelling case to follow our money. We may well seek to increase our holdings via over subscribing to an equity raise
  - Increased corporate engagement with portfolio companies is likely

- Anticipate above trend increase in new portfolio positions through 2020

- Active pipeline of fully researched and partially researched companies
  - We have probably identified many of the new investments we wish to make over the rest of 2020. Three considerations:
    - Timing
    - Price
    - Liquidity

Tactics – we have a clear plan (2 of 2)

Plan for new investments

- Near term focus has been adding **less cyclical** companies
  - Seek out highly cash generative business models and 1.5-2.5x net debt/EBITDA, which have been de-rated aggressively
- We will seek to increase exposure to **cyclicals** over the next 3 months
  - Stronger balance sheets, but are valued at close to tough multiples of trough earnings
  - Weaker balance sheets, where we will seek to invest the vast majority of any investment through an equity raise. We will be engaging with the corporate broking community to ensure we see a good pipeline of opportunities as well as proactively approaching companies
  - Quality threshold – e.g. recovered operating margins need to be able to exceed 10%. Asset which could be coveted by trade/financial buyers. Avoid poison pills
  - No interest in deep value (e.g. highly indebted pub companies, leisure)
  - Unless completely compelling, low appetite for consumer facing companies. However we may look at B2B players which service consumer-facing companies
  - Resource companies remain outside of our scope

UK equity indices de-rated significantly after the Q4 flurry

Consensus numbers almost certainly have not reflected full scale of downgrades

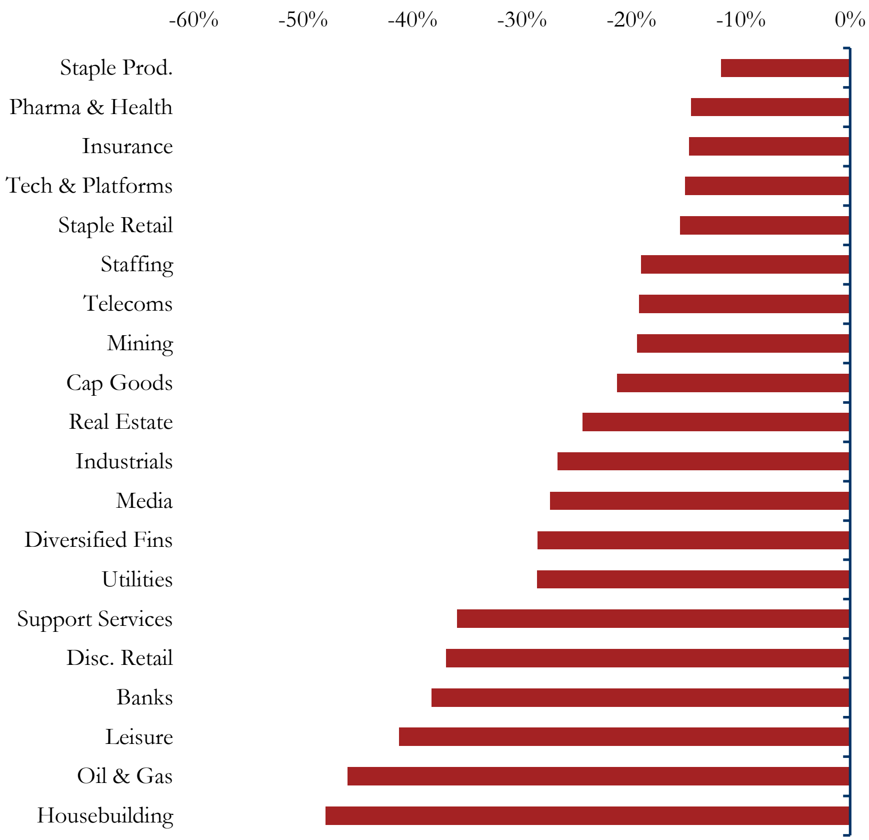
12m Forward PE ratio by index[1]

Source: [1]Peel Hunt as at 31th March 2020. Indices are ex Investment Companies

March 2020 saw considerable sector performance divergence

Consumer and Oil & Gas were the weakest sectors

1 month performance of UK SMID sectors[1]

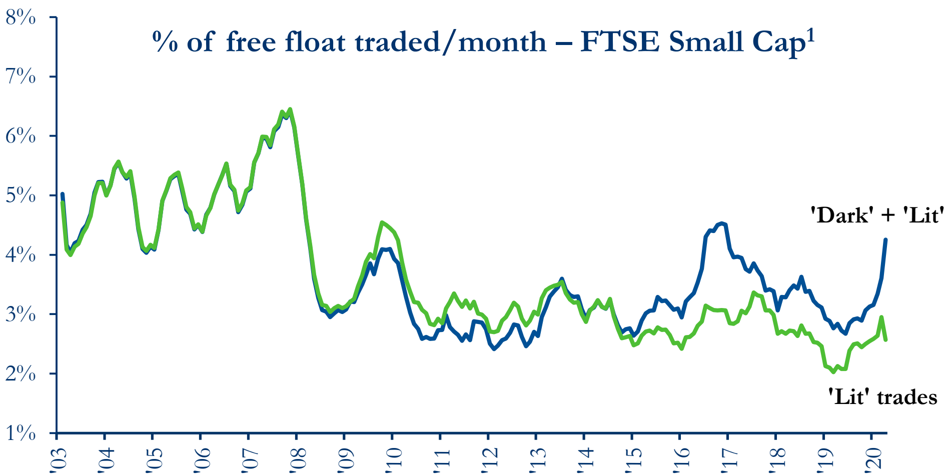


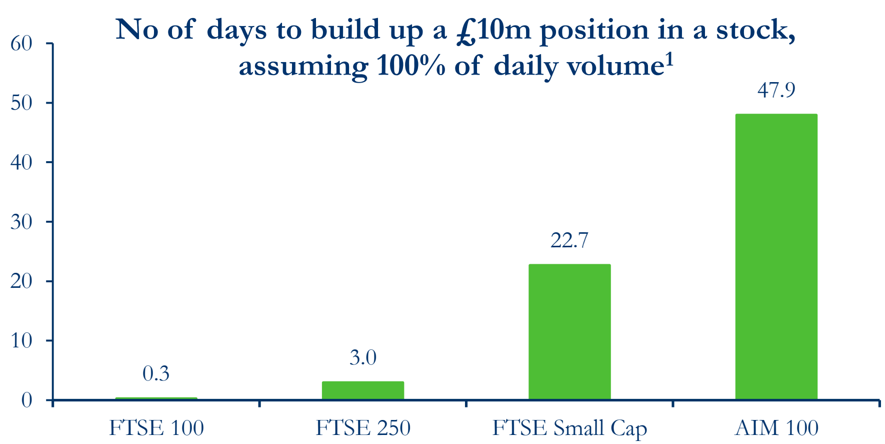
- In retrospect, the sector outliers are not a surprise
- Housebuilders, resource companies and balance-sheet financial companies are excluded from out investment process
  - This has been a tailwind for NAV performance in Q1 2020
  - Were these sectors to recover sharply, the NAV might lag

Source: [1]Odyssean Capital, Liberum, Bloomberg as at 31 March 2010. NB: We use the FTSE 250, Small Cap and AIM 100

Liquidity seems to have improved

Liquidity "on the ground" less good than headline levels





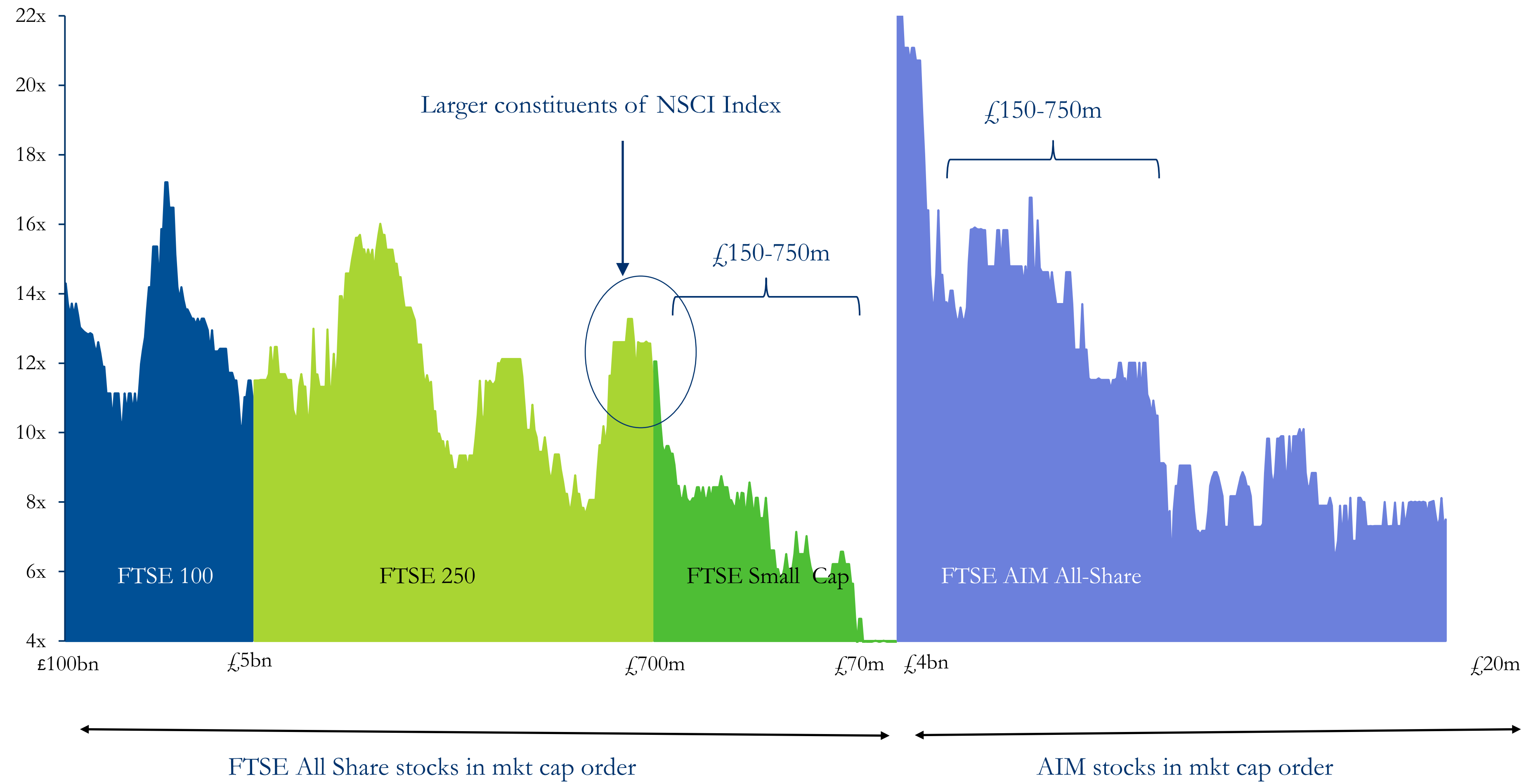
- Liquidity of UK Smaller quoted companies has increased during the turmoil
- c.50% of trades by value now dark pools
  - Assumption – large blocks dominate dark pool activity
- As yet, no anecdotal evidence of widespread outflows from open ended small company funds -> limited evidence of forced selling
- Our experience is that liquidity "on the ground" is less good than charts suggest, unless investors are fleeing companies which have severe balance sheet issues and investors do not want to back a recapitalisation
- How we intend on managing liquidity
  - No liquidity "budget" – driven by closed ended fund structure. No contamination from other mandates in daily dealing funds
  - Participate in secondary fundraisings – guaranteed liquidity in size at known price
  - Use of full time specialist small cap dealer

Source: [1]Odyssean Capital, Liberum, Bloomberg

Full list Smaller Companies trade at material discounts

AIM retains its considerable premium rating

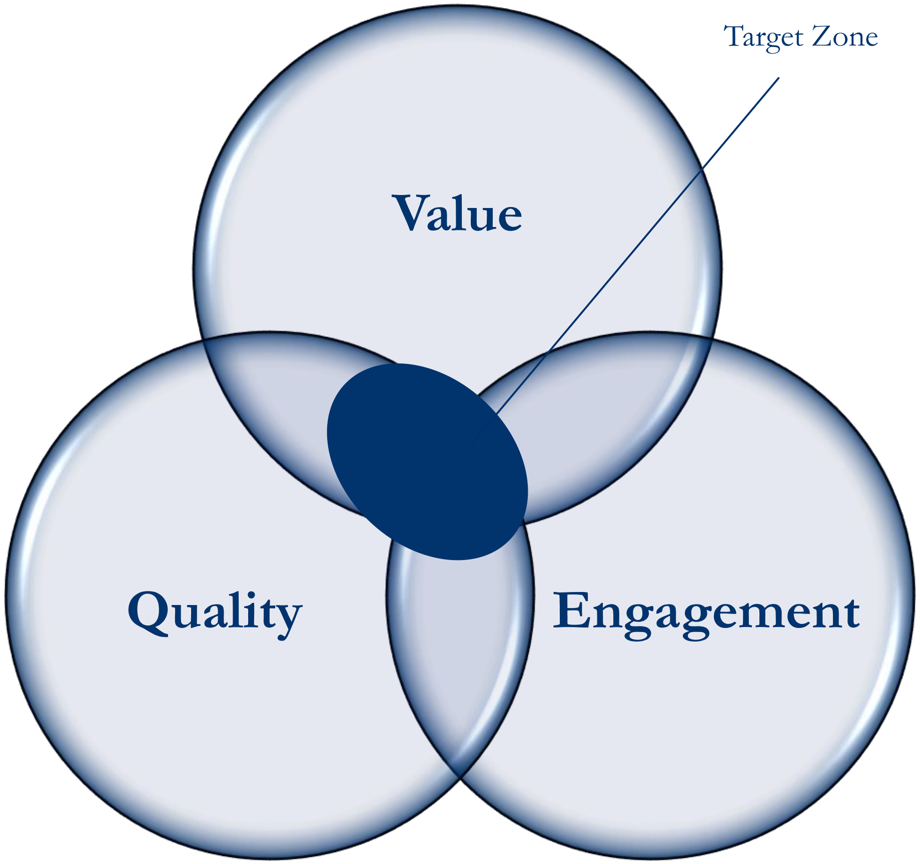
12m forward rolling median P/E – largest to smallest



Source: Odyssean Capital, Liberum, Datastream

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"

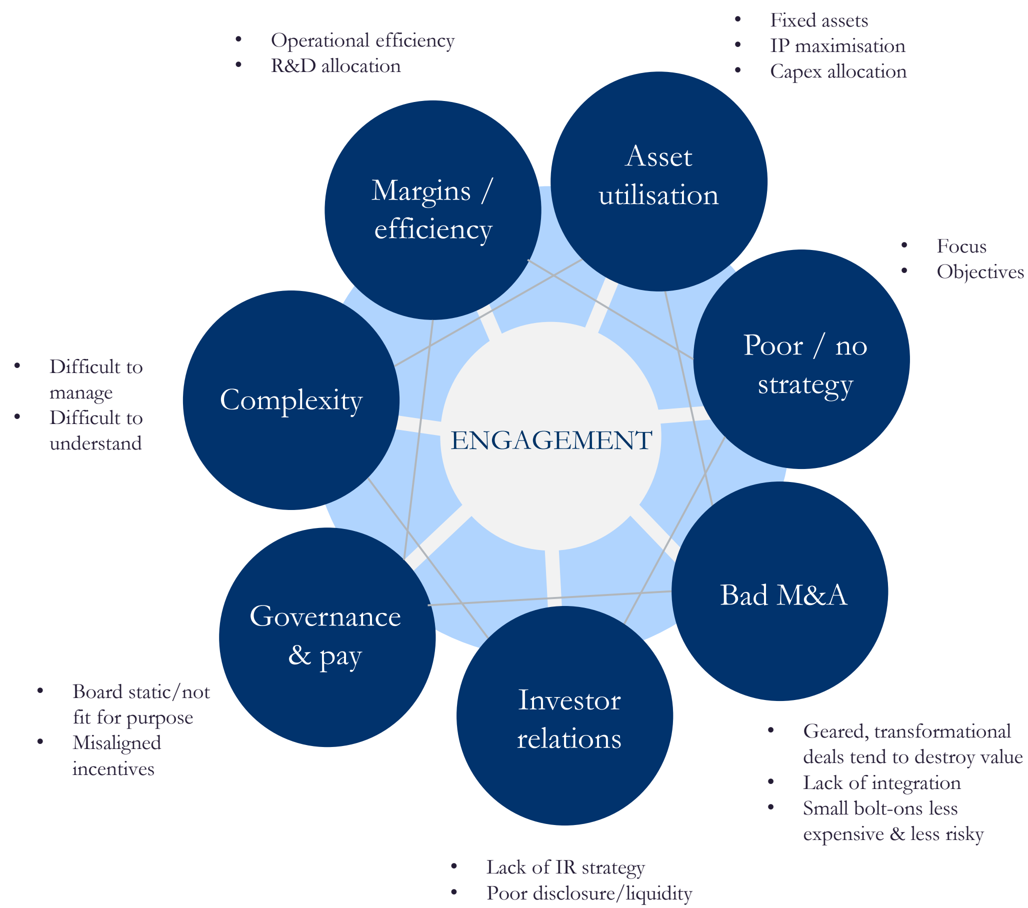
Engagement

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

Corporate Engagement

Goal to augment returns from stock selection

- We use engagement to create, defend or recover value and to deliver differentiated returns
- The investment team has more than 15 years experience engaging with smaller companies
- Historic focus on governance/financial performance/IR
- Scope for engagement and plan is identified prior to investment
- Our principles
  - Not "messianic" – first objective is to make money
  - We do not invest using negative screens
  - Aim to see companies improve during our period of ownership
  - Engage in private, with other stakeholders
  - Aim for "win-win"



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 cyclicality
  - B2B focus
  - High/improving ROCE/cash margins
  - In-house sector expertise

Odyssean: view of main sectors

	Low cyclicality	B2B focus	High ROCE/cash 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

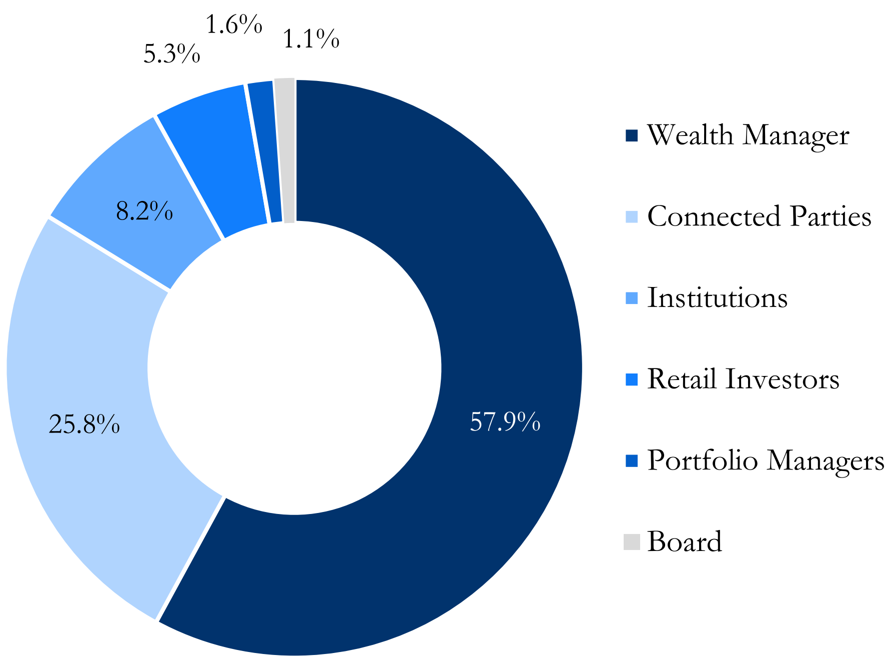
	Typical Long Only	Odyssean Strategy	Typical Private Equity
Number of positions	50-100	Up to 25	10-15
Typical position size	1%	3-8% at cost, max 20%	10%
Typical holding period	Variable	3-5 years	3-5 years
Due diligence	Light to Medium	Medium to High	High/Forensic
Typical target ownership	0.5-3%	2-20%	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

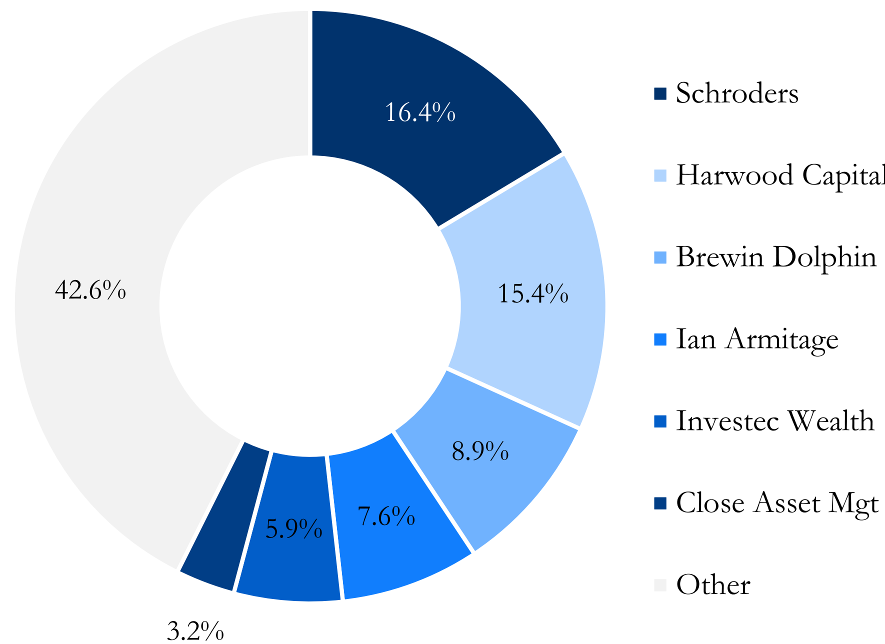
Shares in issue	88,257,211
Max size for Investment Trust strategy	250m shares
Domicile	UK Full listing, London Stock Exchange
Board	Fully independent. Will use all fees, post tax, to buy shares
AIFM	Internally managed small scope UK registered AIFM. Portfolio Management delegated to Odyssean Capital
Discount control/realisation opportunity	Opportunity for shareholders to rollover or realise all of their investment at NAV less costs, every 7th year post IPO 50% of profit from takeovers to be used to buy back shares if the average discount exceeds 5% for 60 days
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

OIT shareholder base

Shareholder base by investor type (as at 31st March 2020) [1]



Disclosable shareholders (as at 31st March 2020) [1]



Source: [1] Equiniti as at 31st March 2020, Odyssean Capital LLP

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