OEI Mac

ODEY ASSET MANAGEMENT

Report for July-10

- The USD class returned +6.51%, the GBP 'A' class +6.44% and GBP 'B' class +5.04% in July '10 against an MSCI Europe USD return of +11.64%.
- Active currencies gave an overall contribution of +3.44% after our EUR/USD position added +3.61% and our GBP/EUR and GBP/USD positions returned -0.68% and +0.51% respectively.
- On the underlying fund, performance for the month was predominantly due by our long equity book (+3.66%), with the strongest contribution coming from the banks (+2.13%) led by Barclays (+1.58%), Lloyds TSB (+0.27%) and Bank of Ireland (+0.23%). Other notable performers included BP (+0.83%) and Infineon Technology (+0.21%).
- The short book returned -1.11% after modest gains on positions such as Capita Group and MAN Group were outweighed by the detractors, the worst of which were Next (-0.18%), Liberty International (-0.11%) and British Land (-0.09%). The other significant negative contribution came from our index hedges (-0.34%).

Manager's Report

Remember that at the end of June, the S&P had broken down, creating a dead cross technically which meant the imminent decline in stock markets. One month later and markets have had their best ever month for some time, but the bears can still point to both one year and ten year bonds hitting new highs, to show that nothing has really changed. Thus the bonds and equity markets do seem to be telling different stories.

The bond market is going with the double dip, believing 2011 will be a very difficult year for the world, with therefore all the risks to corporate profits. The stock markets believe nothing of the sort.

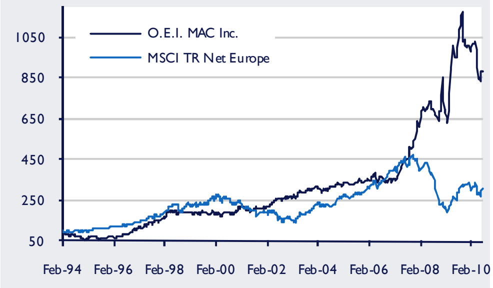
My view is that whereas I found it hard to sleep from 2005-2007, because no assets yielded me more than 6% gross and I could see consumer spending over-inflated by Ponzi credit, today I look at a world that is half way through its recovery programme. The policy mistakes of 2002-2007 demanded this massive bail out of the banks in 2007-2009 which saw private liabilities taken on by governments. Today the wiser governments are in the process of cutting public expenditure and following a flight path back to stability within 5 years.

Of course it feels quite scary because we are only half way through, but the understanding of the problem is now well known, and most importantly I am now being paid to take risk. My portfolio of shares must be at most on a P/E of 9 times net profits. What July did was to show that the authorities understand the problem. Both Basle III and the stress testing of the

Fund Data — 30-Jul-10

$ Class	1568.68
£ Class	287.64
£ B Class	164.58
Fund Size ($m)	569.09
Inception Date	21-Feb-94
Index	MSCI TR Net Europe

Performance — Since inception



Source for above table and chart: Daiwa Europe Fund Managers & MSCI. Calculation on a NAV basis with net income reinvested as at 30-July-10.

Performance — 30-Jul-10

$	Fund	Index	Rel
1-month	6.5	11.6	-5.1
3-month	-10.0	-2.7	-7.3
1-year	-11.5	6.8	-18.3
3-year	97.6	-30.0	127.6
YTD	-11.9	-7.0	-4.9
1yr to 31-Jul-2009	44.6	-25.5	70.1
1yr to 31-Jul-2008	54.5	-12.0	66.5
1yr to 31-Jul-2007	22.0	27.7	-5.7
1yr to 31-Jul-2006	10.5	22.2	-11.7
1yr to 29-Jul-2005	8.6	24.6	-16.0
1yr to 30-Jul-2004	6.7	21.8	-15.1
Since Incep	788.1	204.9	583.2
CAGR since inception	14.2	7.0	7.2

Performance Statistics — 30-Jul-10

	1-year	3-year	5-year	Inc
Fund annual s.dev.	21.9	30.8	24.9	19.4
Index annual s.dev	21.0	27.1	22.2	18.7
alpha	-1.4	2.8	1.7	1.0
beta	0.8	0.7	0.6	0.3
Correlation	0.8	0.6	0.6	0.3
Sharpe ratio	-0.5	0.8	0.8	0.6
Fund info ratio	-1.3	1.3	0.9	0.3
Treynor	-12.4	35.5	30.5	38.6
Jensen	-1.4	2.7	1.6	0.9

Underlying Asset — 30-Jul-10

	% NAV
Long Equity	114.5
Short Equity	-22.4
Bonds	-12.6
Commodity	2.2

Source for 3 tables above: Internal unaudited figures. All performance figures quoted are net of fees.

European Banks shared one thing. Banks have got enough capital for the job. This is important because no one has doubted, especially in the UK, the earnings power of these banks since the crisis. My favourites Barclays and Lloyds, trade on 5 times my earnings forecast. Along with BP, they are the highest yielding assets. But my BSkyB is on a 10% yield on my numbers. Glaxo, having navigated a tricky patent cliff for its major drugs is on an 11% yield. Avis is on a 12% earnings yield with a deleveraged balance sheet. Ericsson is on a 10% earnings yield after coming out of a 10 year Telecom capital spending Sahara.

Why do I think this is a bull market? Because I find myself talking numbers and strategy with companies and feel that their targets are achievable and not priced in by markets. I still maintain that stock markets can't go higher unless led by the banks. Who has led this recovery in July? Yes, the banks. Can it continue? Let me give you one example. JP Morgan, when they reported their earnings the other day, said they had surplus capital equal to 42% of their market capitalisation.

I think that this is still a self help environment. Companies need to buy back their shares with all this surplus cash. But it is also potentially a great time to be investing. US fixed assets have never been older. China is enjoying a wage boom which we should cheer to the skies because it will make investing in the western world that much more attractive.

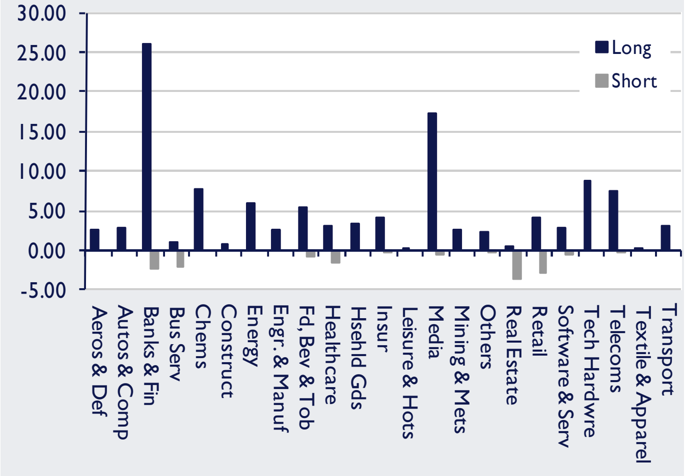
The only thing that was needed was governments who were aware that their job was to create the environment conducive to investment. In the UK we appear to have one, the USA don't. No wonder sterling has risen 12% against the dollar since the election.

Allocation & Exposure report

ODEY ASSET MANAGEMENT

Underlying allocation by sector (OEI)

At 30-July-10



Internal unaudited figures

Top Holdings (OEI)

At 30-July-10

Equities

Rank	Security	Strategy	Market Value (%)
1	British Sky Broadcasting Plc	Long	13.2
2	Barclays Plc	Long	9.5
3	Ericsson Lm-B Shs	Long	6.4
4	Euro Stoxx 50 Sep10	Short	5.2
5	Bp Amoco Plc: - Cfd	Long	3.8

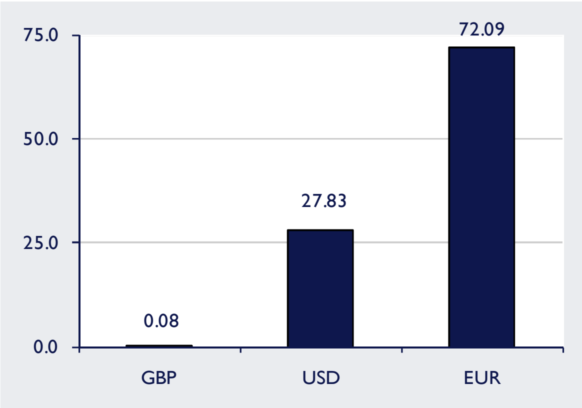
Non Equities

Rank	Security	Strategy	Market Value (%)
1	Long Gilt Future Sep10	Short	15.0
2	Jpn 10y Bond	Short	8.6
3	Wheat Future	Long	2.2
4	IFX 7 1/2 2014	Long	0.8
5	Avis 5.66% 2011	Long	0.4

Internal unaudited figures

Currency exposure (OEI Mac)

At 30-July-10

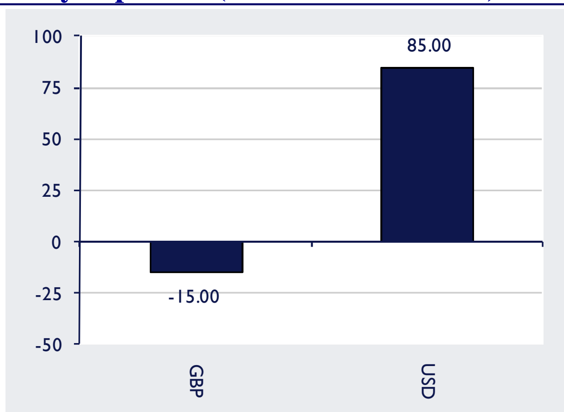


Currency exposure is shown net of all assets held by the fund, including any forward currency positions.

Internal unaudited figures

Currency exposure (OEI Mac £ B Class)

At 30-July-10



As the OEI Mac £ B Class is currently not fully hedged, investors have an additional exposure shown above.

Internal unaudited figures

Investment objective

The investment objective of the Fund is to achieve long-term capital appreciation by investing in the master fund Odey European Inc and also by trading and investing in currencies. The Fund will invest fully, so far as is consistent with efficient management, and its transactions in currencies may be for either hedging purposes or to realise trading profits.

Fund details

Benchmark	Primary: Cash Secondary: MSCI Europe Total Return ($) Index
Fund inception date	21 February, 1994
Fund type	Cayman Island OEIC
Listing	Irish Stock Exchange
Base currency	$
Share classes	A and B £ Shares and $
Dealing	1st /15th based on funds received previous day forward to 5pm Dublin time
Front end fee	Up to 5%
Exit fee	1% if held < 1yr
Annual Management fee	1%
Performance fee	20% of net gains on an equalisation basis with an annual high water mark
Anti-dilution fee	0.5% NAV on Subs/reds
Min. investment	$100k or £ equivalent
Dividends	Not distributed in accordance with the fund's investment objective
Administrator	Daiwa Europe Fund Mangers Ireland Ltd
Auditor	Deloitte & Touche
Price reporting	Prices published daily in Financial Times
SEDOL	US$ 3075630 £ B0026B7 £ B class B2QD4Z9
ISIN	$ - KYG6738C1289 £ A Class- KYG6738C1107 B Class £-KYG6738C1362

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