

Pillar 3 Disclosure

As at 5th April 2009

Odey (“the Firm”)

Incorporating Odey Asset Management LLP and Odey Investments Limited

Odey (the “Firm”) is authorised and regulated by the Financial Services Authority (the “FSA”). The Firm operates as a discretionary investment manager to professional and retail clients, including regulated and unregulated collective investment schemes.

The Firm is categorised as a limited licence firm by the FSA for capital purposes. It reports on a consolidated basis including its subsidiary Odey Investments Limited, a wholly owned subsidiary of the Firm providing management services.

Pillar 3 disclosure fulfils the Firm’s obligation to disclose to market participants key pieces of information on a firm’s capital, risk exposures and risk assessment processes.

I. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Executive Committee of the Firm determine its business strategy and the risk appetite. In conjunction with the Chief Operating Officer (COO), they have designed and implemented a risk management framework that recognizes the risks that the business faces. The Executive Committee also determine how those risks may be mitigated and assess on an ongoing basis the controls and procedures necessary to manage those risks.

The Firm considers the following as key risks to its business:

Business risk – This risk represents a fall in asset under management in the Funds or the loss of key staff which may reduce the fee income earned by the Firm and hinder its ability to finance its operations and reimburse its expenses. Business risks are assessed and mitigated as part of the Internal Capital Adequacy Assessment Process (“ICAAP”).

Operational risk – This risk covers a range of operational exposures from risk of trading errors to risk of breach of a Fund’s investment objectives. Legal and reputational risks are also included within the category of operational risk. Operational risks and mitigants are assessed as part of the ICAAP.

Credit risk – This risk relates to the exposure to the Funds for non-payment of management and performance fees and counterparty exposure relating to the Firm’s bank balances and any other debtors. This is monitored by the Firm’s accountant and reported monthly to the COO.

Market risk - The risk is the exposure to foreign exchange fluctuations due to investment management and performance fees being denominated in currencies other than sterling. The Firm operates currency bank accounts permitting it to receive/pay currency directly.

II. CAPITAL RESOURCES

The consolidated capital resources of the business comprise Tier 1 capital with deductions for illiquid assets.

As a limited licence **firm** the consolidated capital resources requirement is calculated as the total of Pillar 1 and Pillar 2 capital.

Pillar 1 capital is the greatest of:

1. a base capital requirement of Euro 50,000;
2. the sum of market and credit risk requirements; and
3. the Fixed Overhead Requirement (“FOR”).

Pillar 2 capital is calculated by the Firm as representing any additional capital to be maintained against any risks not adequately covered under the requirement in Pillar 1 as part of its ICAAP.

It is the Firm’s experience that its capital requirement normally consists of the FOR, although market and credit risks are reviewed monthly. The Firm applies a standardised approach to credit risk, applying 8% to the Firm risk weighted exposure amounts, consisting mainly of investment management and performance fees due but not paid, and bank balances. **Having performed the ICAAP it is the Firm’s opinion that no additional capital is required in excess of its Pillar 1 capital requirement.**

As at the date of this disclosure the Firm’s consolidated regulatory capital position is:

Capital item	£000
Tier 1 capital: Share Capital and Audited Reserves as at 5 April 2009	8,857
Total Capital Resources Requirement for 2009/10	1,567

III. MANAGEMENT OF THE ICAAP

The approach of the Firm to assessing the adequacy of its internal capital to support current and future activities is contained in the ICAAP. This process includes an assessment of the specific risks to the Firm and the internal controls in place to mitigate those risks. Finally, an assessment is made of the probability of occurrence and the potential impact, in order to arrive at a level of required capital, as relevant. The Firm stress tests future impact by considering the Firm’s forecast for the 5 years, based on the estimated impact of the loss of a key Fund Manager, prolonged downturn in markets and loss of a large investor. A Firm wind down scenario over 12 months is also considered.

The Firm’s ICAAP is formally reviewed by the Executive Committee annually, but will be revised should there be any material changes to the Firm’s business or risk profile.