

# LO Funds – Euro Government Fundamental (EUR) N Fact Sheet

Smart Beta • Fixed Income

30 April 2018

## FUND FACTS

Domicile/Legal structure	Luxembourg/SICAV
Legal Status	UCITS
Fund inception date	26 October 2009
Currency of Fund	EUR
Currency of share class	EUR
Fund manager	Y. Zufferey, S. Razmpa, S. Ahmed
Net assets (all classes)	EUR 24.98 million
Number of positions	254
Liquidity (sub./red.)	Daily, 12:00
Min. investment	CHF 1'000'000 or eq
Management fee	0.375%
Distribution fee	0.00%
FROC	0.17%
TER max (30 September 2017)	0.55%

## RISK AND REWARD PROFILE

1	2	3	4	5	6	7
Low						High

## CODES

	Class A
ISIN	LU0455375013
Bloomberg	LIGOVIA LX
NAV	EUR 13.23

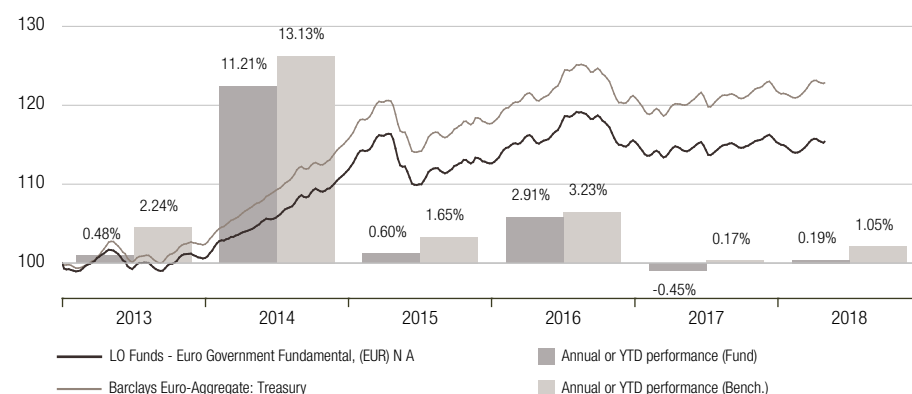
## RATINGS

Morningstar Rating	★★★★★
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## HIGHLIGHTS

LO Funds - Euro Government Fundamental is a systematic rule-based UCITS portfolio. Its long-only euro fixed income strategy has been in place since April 2011. It invests mainly in EMU sovereign bonds. It seeks to replicate the LOIM Euro Government Index and achieve higher risk-adjusted returns compared with traditional fixed income market-cap indices. It follows a proprietary fundamentally weighted approach that aims to gauge potential default risks by questioning the revenue to debt ratio of each issuer through a spectrum of fundamental factors. To achieve this, an economic allocation which includes macroeconomic, credit, social and demographic factors at the country level is applied. In addition, adjustments to take the liquidity of each bond into account and to assess the issuer's risk/reward profile in terms of yield are incorporated. Risk management is performed by fund managers at a portfolio level, alongside independent teams who oversee investment risks and operational risks.

## NET PERFORMANCE AND ANNUAL PERFORMANCE IN EUR Dec 31, 2012 - Apr 30, 2018

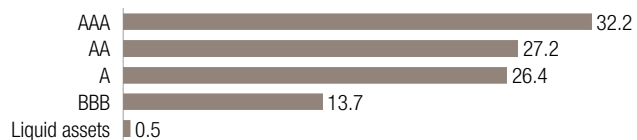
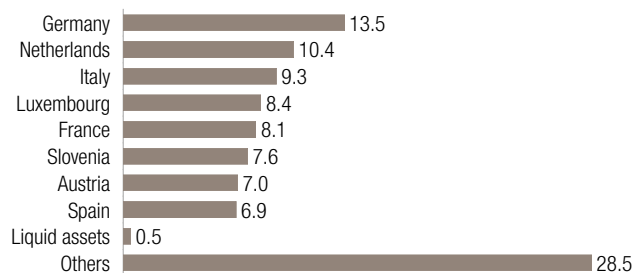


Value of investments is variable and can go down as well as up.

NET PERFORMANCE IN EUR	Cumulative		Annualized	
	Fund	Bench.	Fund	Bench.
YTD	0.19%	1.05%	-	-
1 month	-0.41%	-0.38%	-	-
3 months	0.95%	1.41%	-	-
1 year	0.80%	2.23%	-	-
3 years	0.78%	3.29%	0.26%	1.08%
5 years	13.28%	19.37%	2.52%	3.59%
Total return (since 02.12.1987)	591.11%	-	6.54%	-

## STATISTICS 30.04.2013 - 30.04.2018

	Fund	Bench.		Fund
Annualised volatility	3.96%	4.06%	Average coupon	2.88%
Sharpe ratio	0.67	0.92	Average maturity	9.23
Max. drawdown	-5.52%	-5.41%	Average rating	AA-
Correlation		0.985	Modified duration	7.61
Tracking error		0.70%	Yield to maturity	0.49%
			Number of positions	254
			Non Government Bonds	0.00%

**CREDIT RATINGS (IN %)****MATURITIES (IN %)****COUNTRIES (IN %)****CURRENCIES (IN %)****MONTHLY RETURNS**

IN %	2013		2014		2015		2016		2017		2018	
	Fund	Bench.	Fund	Bench.	Fund	Bench.	Fund	Bench.	Fund	Bench.	Fund	Bench.
January	-1.1	-0.5	2.6	2.2	2.4	2.3	2.0	2.0	-1.9	-2.1	-0.8	-0.4
February	0.9	0.2	0.1	0.7	0.4	0.7	0.9	1.0	1.1	1.2	-0.0	0.2
March	0.6	0.7	0.6	0.9	1.3	1.2	0.4	0.5	-0.6	-0.6	1.4	1.6
April	1.5	2.5	0.5	0.9	-1.6	-1.4	-1.2	-1.1	0.3	0.5	-0.4	-0.4
May	-1.2	-1.3	1.2	1.0	-1.4	-1.5	0.9	1.0	0.2	0.6		
June	-1.3	-1.5	0.4	1.1	-2.5	-2.6	2.3	2.3	-0.6	-0.5		
July	0.7	0.7	1.1	0.9	2.0	2.3	0.7	0.8	0.1	0.2		
August	-0.7	-0.5	1.5	1.9	-1.2	-1.1	-0.4	-0.3	0.9	0.8		
September	0.7	0.8	0.5	0.1	1.3	1.3	0.3	0.2	-0.5	-0.5		
October	1.3	1.4	0.2	0.2	0.9	1.0	-2.0	-2.1	0.8	1.1		
November	0.1	0.3	1.1	1.4	0.3	0.4	-1.4	-1.6	0.2	0.3		
December	-0.8	-0.6	1.0	1.1	-1.1	-1.0	0.6	0.7	-0.6	-0.8		
<b>Year</b>	<b>0.5</b>	<b>2.2</b>	<b>11.2</b>	<b>13.1</b>	<b>0.6</b>	<b>1.6</b>	<b>2.9</b>	<b>3.2</b>	<b>-0.4</b>	<b>0.2</b>	<b>0.2</b>	<b>1.0</b>

## PARTICULAR RISKS

The following risks may be materially relevant but may not always be adequately captured by the synthetic risk indicator and may cause additional loss:

- **Credit risk:** A significant level of investment in debt securities or risky securities implies that the risk of, or actual, default may have a material impact on performance. The likelihood of this depends on the credit-worthiness of the issuers.
- **Model Risk:** Models may be misspecified, badly implemented or may become inoperative when significant changes take place in the financial markets or in the organization. Such a

## GLOSSARY

**Credit Ratings:** The credit ratings breakdown mentioned for convertible funds is a blend of ratings performed internally as well as ratings provided by external sources.

**Risk and Reward Profile:** This indicator (SRRI) represents the annualized historical volatility of the Sub-Fund over a 5-year period. Where there are less than 5 years worth of data, missing returns are simulated using an appropriate benchmark. The SRRI may change over time and should not be used as an indicator of future risk or returns. Even the lowest risk classification does not imply that the Sub-Fund is risk-free or that capital is necessarily guaranteed or protected.

**Total Expense Ratio (TER):** The total fees involved in managing and operating a fund. The TER included the annual management fee and other charges, for example legal, admin, and audit costs (source: annual audited reports or semi annual non audited reports). The Total Expense Ratio (TER) is calculated twice per year and is subject to change between calculation dates.

**Volatility:** A statistical measure of the fluctuations of a security's price. It can also be used to describe fluctuations in a particular market. High volatility is an indication of higher risk.

**Sharpe Ratio:** A measure of risk-adjusted performance. The higher the ratio, the better risk-adjusted performance has been.

**Drawdown:** A draw down is usually quoted as the percentage between the peak and trough of an investment during a specific period. It can help to compare an investment's possible reward to its risk.

**Correlation:** Correlation is a measure of how securities or asset classes move in relation to each other. Highly correlated investments tend to move up and down together while investments with low correlation tend to perform in different ways in different market

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**Spain.** Supervisory Authority: Comisión Nacional del Mercado de Valores (CNMV). Representative: Allfunds Bank S.A. C/Nuria, 57 Madrid.

An investment in the Fund is not suitable for all investors. Making an investment in a Fund is speculative. There can be no assurance that the Fund's investment objective will be achieved or that there will be a return on capital. Past or estimated performance is not necessarily indicative of future results and no assurance can be made that profits will be achieved or that substantial losses will not be incurred. Where the fund is denominated in a currency other than an investor's base currency, changes in the rate of exchange may have an adverse effect on price and income. All performance figures reflect the reinvestment of interest and dividends and do not take account the commissions and costs incurred on the issue and redemption of shares/units; performance figures are

model could unduly influence portfolio management and expose to losses.

- **Financial, economic, regulatory and political risks:** Financial instruments are impacted by various factors, including, without being exhaustive, the development of the financial market, the economic development of issuers who are themselves affected by the general world economic situation, and economic, regulatory and political conditions prevailing in the relevant country.

For more details about risk, see appendix B "Risk Factors" of the prospectus.

conditions, providing investors with diversification benefits. Correlation is measured between 1 (perfect correlation) and -1 (perfect opposite correlation). A correlation coefficient of 0 suggests there is no correlation.

**Tracking Error:** A measure of how closely an investment portfolio follows the index against which it is benchmarked.

**Bond Floor:** The lowest value that convertible bonds can fall to, given the present value of the remaining future cash flows and principal repayment. The bond floor is the value at which the convertible option becomes worthless because the underlying stock price has fallen substantially below the conversion value.

**Delta:** The ratio comparing the change in the price of the underlying asset to the corresponding change in the price of a derivative.

**Premium:** If a fixed-income security (bond) is purchased at a premium, existing interest rates are lower than the coupon rate. Investors pay a premium for an investment that will return an amount greater than existing interest rates.

**Yield to Maturity:** The rate of return anticipated on a bond if it is held until the maturity date.

**Coupon:** The interest rate stated on a bond when it's issued.

**Modified Duration:** This formula is used to determine the effect that a 100-basis-point (1%) change in interest rates will have on the price of a bond.

**Average Duration:** The average modified duration of the portfolio expressed in years.

**Expected Loss:** Annual average expected loss to the portfolio expressed in percent.

**Attachment Point:** The modelled probability of a negative portfolio return in any given year.

estimated and unaudited. Net performance shows the performance net of fees and expenses for the relevant fund/share class over the reference period.

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Source of the figures: Unless otherwise stated, figures are prepared by LOIM.

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