

LO FUNDS - TACTICAL ALPHA, (USD) S

Factsheet | July 2013

Asset Allocation

OVERVIEW

Legal Structure	SICAV
Domicile	Luxembourg
Reference Currency	USD Hedged
EU Withholding Tax *	
- Distribution	In Scope
- Redemption	In Scope

* Domicile country status; may differ from distribution country status

INVESTMENT STYLE

			CHF
			EUR
			USD
Fixed Income Abs. ret.	Equity Abs. ret.	Hedge Fund Abs. ret.	

RISK AND REWARD PROFILE

1	2	3	4	5	6	7
Low						High

FUND FACTS

Registered in	AT, CH, DE, ES, FR, GB, LI, LU, NL
Fund Launch	15 January 2010
Liquidity	Daily
Management Fee	0.00%
Min. Investment	To be defined
Performance Fee	15% above Eonia compounded 7 days (EUR)
TER (31.03.2013)	0.08%
Management Company	Lombard Odier Funds (Europe) S.A.

SECURITY NUMBERS

ISIN	Class A	LU0475848171
Telekurs	Class A	010838959

EXPECTED FUND CHARACTERISTICS

Top 10 Concentration	n/a
Average Number of Holdings	10-30
Tracking Error	n/a
Turnover	>150%

HIGHLIGHTS

- The Fund implements tactical overlay strategies by taking long and short positions on various asset classes with a Global Macro focus exploiting three time horizons and five different alpha sources.
- The Fund has an absolute return focus with an annual return objective of 5-7% above Cash (net of fees) with a volatility of 6-8%.
- A global risk budget is allocated among five sub-portfolios corresponding to three distinct investment time horizons.

RISKS INVOLVED

- The Fund has a directional exposures to international interest rates, equities (including emerging markets), currencies and commodities. The Fund uses financial derivative instruments as part of its investment strategy.
- In addition, the Fund bears a model risk which is mitigated by an ongoing review of its parameters and a discipline risk-budgeting and take-profit/stop loss rules.

FUND MANAGEMENT

- Founded in 1796, Lombard Odier & Cie is the oldest house of private bankers in Geneva and one of the largest in Switzerland and in Europe. The Lombard Odier Group is present in 17 countries.
- The Fund is managed by Lombard Odier Investment Managers which is a part of the Lombard Odier Group.
- The day-to-day management of the Fund is performed by our experienced Tactical Overlay team (More than 100 years of market experience, spread among 7 highly skilled PMs).

INVESTMENT APPROACH

- The Fund aims to deliver an absolute return of 5-7% p.a. over Cash (net of fees) by implementing global tactical asset allocation overlay strategies.
- The investment process is based on three different time horizons (i.e., Long, Medium and Short-term), with independent investment process and alpha sources within each.
- The long-term portfolio consists of a systematic valuation-based book investing in risk premium assets such as equity and fixed income. It monitors the risk environment on a daily basis and is "switched off" in a secured mode in abnormal risk conditions. The long-term book implements long-only positions, taking into account diversification criteria with a time horizon of 6 to 18 months.
- The mid-term portfolio is divided into three discretionary macro (i.e. Discretionary Global Macro, Discretionary Rates, and Discretionary FX) books which apply a rigorous assessment of economic, monetary and market cycles. The mid-term book can take long, short and relative positions with a time horizon of one week to six months.
- The short-term portfolio consists of a discretionary technical book which is only interested in technical analysis, with strict position sizing and risk management rules. The portfolio can take long or short positions through the use of derivatives with a time horizon of one day up to three weeks.

SELECTION PROCESS

- Macroeconomic views are generated following the analysis, interpretation and monitoring of multiple economic and financial indicators.
- Investment strategies are then deployed over five portfolios across three distinct time-horizons, each following its own decision and risk-budgeting process.

PORTFOLIO CONSTRUCTION AND RISK MANAGEMENT

- Stringent risk controls to monitor both UCITS restrictions as well as multiple internal risk limits on a constant basis.
- The Risk budget is allocated in function of the volatility level of the market.
- Under normal conditions, the target risk budget is equally distributed between the five sources alpha as below:
- Long-term portfolio: 20%
- Medium-term portfolio: Discretionary Global Macro: 20%, Discretionary Rates: 20%, Discretionary FX: 20%
- Short-term Portfolio: 20%

IMPORTANT INFORMATION - FOR AUTHORIZED USE ONLY

All documents on Lombard Odier Group mutual funds are distributed for information purposes only and do not constitute either a recommendation or a solicitation to subscribe to shares/units of the funds mentioned. The prospectus of the funds, the simplified prospectuses, the Articles of Incorporation, as well as the latest annual and semi-annual reports may be obtained free of charge upon request to the Swiss local representative : Lombard Odier Asset Management (Switzerland) SA, 6 av. des Morgines, 1213 Petit-Lancy and are available on the website funds.lombardodier.com. Please read these documents before investing and take note of the risk factors. Note: No guarantee can be provided that the funds presented will attain their objectives. The value of an investment may decline as well as increase. All persons interested in investing in one of the funds presented are recommended to seek advice from independent legal and tax advisors in order to ascertain whether the investment is appropriate to their own objectives.

The TER indicated in this document is calculated on the basis of the fees directly charged to the fund. Investors are advised to consult the latest annual or semi-annual fund report for further information (in particular in relation to the performance fee and synthetic TER).