

LO FUNDS - GLOBAL GOVERNMENT FUNDAMENTAL, SYST. HDG, (EUR) P

Factsheet November 2014

Fixed Income & Macro | Government

OVERVIEW

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

* Domicile country status; may differ from distribution country status

INVESTMENT STYLE

			Sovereign
			Investment grade
			High yield
Short duration	Medium duration	Long duration	

RISK AND REWARD PROFILE

1	2	3	4	5	6	7
Low						High

FUND FACTS

Registered in	AT, BE, CH, DE, ES, FR, GB, IT, LI, LU, NL, SE
Fund Launch	21 September 2012
Liquidity (sub./red.)	Daily
Management fee	0.375%
Distribution fee	0.375%
Min. investment	EUR 3'000
TER (31.03.2014)	1.00%
Management Company	Lombard Odier Funds (Europe) S.A.

SECURITY NUMBERS

ISIN	Class A	LU0572161585
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EXPECTED FUND CHARACTERISTICS

Top 10 Concentration	15-25%
Average Number of Holdings	100-150
Tracking error	0.5-3%
Turnover	100-150%

BENCHMARK

Name	Barclays Global Treasury Hedged (EUR)
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HIGHLIGHTS

- LO Funds - Global Government Fundamental is an actively managed UCITS portfolio. Its long-only global fixed income strategy has been in place since December 2010. It invests mainly in fixed income and currencies from developed markets. It seeks to offer higher risk-adjusted returns compared with traditional fixed income market cap indices. The investment approach is two-fold: a beta allocation based on LOIM Smart Beta methodology, differing from a traditional market-cap approach by allocating more to countries most likely to repay their debts based on fundamental criteria; and a discretionary component which relies on a strategic allocation reflecting the portfolio manager's top-down views and individual strategies produced by fixed income specialists aiming to deliver uncorrelated sources of returns. Risk management is performed by fund managers at a portfolio level, alongside independent teams who oversee investment risks and operational risks.

RISKS INVOLVED

- In addition to sovereign risk, which we aim to mitigate by our country allocation process and diversification, the Fund bears interest rate and currency risk and could exhibit negative performance in periods of increased risk aversion.

FUND MANAGEMENT

- Founded in 1796, Lombard Odier is the oldest private bank in Geneva and one of the largest in Europe. The Lombard Odier Group is present in 20 countries. The Lombard Odier Group is present in over 20 countries. The Fund is managed by the Global Fixed Income & Currencies Team composed of investment specialists dedicated to the analysis of the fixed income market. It is supported by the Quantitative Strategies team providing a skill set which augments the qualitative investment insights.

INVESTMENT APPROACH

- The Fund applies an investment approach which separates the construction and replication of its base allocation (beta replication) and the generation of Alpha sources (alpha overlay).
- The Fund's base allocation is constructed according to our proprietary fundamental approach. This approach, unlike traditional fixed income benchmarks which are constructed based on the level of indebtedness of countries (market cap weights), uses fundamental factors including macroeconomic measures, forward-looking obligations on the issuer and socio-political factors, as well as liquidity and valuation criteria to define country weights. The liquidity adjustment attributes a lower ranking to countries with lower liquidity while a value adjustment penalizes those countries with lower yields to avoid buying quality at an unreasonably high price.
- The active alpha overlay managed by the Global Fixed Income & Currencies Team is split in two parts—a macro overlay and a micro overlay. In the macro overlay, the lead portfolio manager actively manages macro risk factors inherent in the base allocation and implements the team's medium to long-term investment views. In the micro overlay, the individual portfolio managers of the Global Fixed Income & Currencies Team implement their own investment views according to their specific skillset and knowledge to generate uncorrelated positive alpha streams.

SELECTION PROCESS

- The Fund invests globally in sovereign bonds and currencies of OECD ex-Switzerland member states.
- It applies Lombard Odier Investment Managers' innovative approach based on a set of fundamental criteria, liquidity and valuation factors and it applies an active management overlay in which portfolio managers of the Global Fixed Income & Currencies Team aim to add value.

PORTFOLIO CONSTRUCTION AND RISK MANAGEMENT

- Our specific benchmark approach and target country allocations are guided by key economic fundamentals assessing a country's ability to repay debt as well as liquidity and valuation factors.
- Tactical investment decisions through alpha overlays are added by the Global Fixed Income & Currencies team to take advantage of market opportunities.
- The risk management team works closely with the portfolio management team to ensure a clear understanding of the risks in the portfolio. In addition, portfolio managers utilize multiple risk management tools to model and monitor the portfolio's positions.

IMPORTANT INFORMATION - The Fund(s) referenced in this communication is only registered for public offering in certain jurisdictions.

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 Lombard Odier Funds, Société d'Investissement à Capital Variable de droit luxembourgeois, 5, Allée Scheffer, L-2520 Luxembourg and are available on the website <https://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. Past performance is not a guide to future performance. The performance data do not take account of the commissions and costs incurred on the issue and redemption of units, performance is presented net of fees. Source of the figures: Lombard Odier. 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 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).