

## LO FUNDS - CAT BONDS, SYST. HDG, (EUR) I

## FUND FACTS

Domicile	Luxembourg/SICAV
Fund inception date	16 February 2016
Currency of Fund	USD
Currency of share class	EUR Hedged
Registered in	AT, CH, DE, DK, ES, FI, FR, GB, IT, LI, LU, NL, NO, SE
Fund manager	G. Gawron, S. Vuille, M. Brogli
Net assets (all classes)	EUR 39.73 million
Number of positions	51
Liquidity (sub./red.)	Weekly (Friday)
Min. investment	CHF 1'000'000 or eq
Management fee	0.90%
Distribution fee	0.00%
Performance fee	0.00%
TER max (31 March 2016)	1.10%

## RISK AND REWARD PROFILE

1	2	3	4	5	6	7
Low						High

## CODES

Class A

ISIN	LU1349273646
Bloomberg	LCATEIA LX
Telekurs	31070265
NAV	EUR 10.09

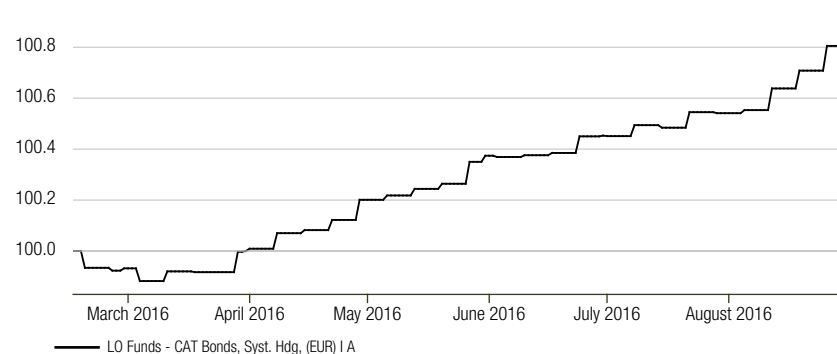
## FISCAL INFORMATION

EUSD	In Scope
UKRFS	No
DE InvStG	Transparent

## HIGHLIGHTS

LO Funds - CAT Bonds is an actively managed UCITS fund that invests in a diversified portfolio of catastrophe bonds ("CAT Bonds"). CAT Bonds are financial securities that transfer insurance risk to the capital markets. The investor in such securities receives a coupon made up of a floating money market component and an insurance premium. The premium compensates the investor for bearing the risk of a partial or total capital loss resulting from the occurrence of extraordinary predefined events such as an earthquake or a hurricane. Risk management is performed by fund managers at the portfolio level, alongside independent teams who monitor and manage investment as well as operational risk. The fund's long-only strategy has been in place since February 2016. Financial derivative instruments are used for hedging purposes only. The fund does not invest in instruments linked to life settlements.

## NET PERFORMANCE IN EUR Feb 16, 2016 - Aug 31, 2016



## NET PERFORMANCE IN EUR

	Cumulative Fund
1 month	0.39%
3 months	0.55%
Total return (since 16.02.2016)	0.93%

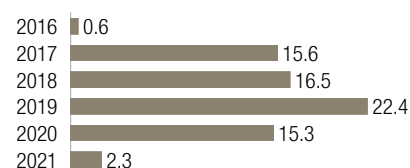
## STATISTICS 16.02.2016 - 31.08.2016

	Fund	Fund
Maximum drawdown	-0.07%	
Average coupon		3.14
Largest position		3.55%
Expected loss		1.29%
Attachement point		8.55%
95% VaR		3.09%
99% VaR		20.64%
Average duration		0.10

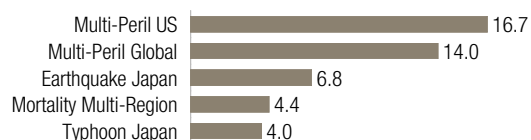
## TOP POSITIONS



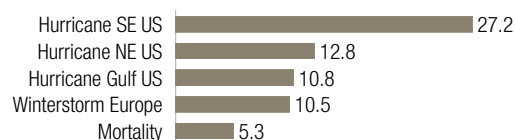
## MATURITIES



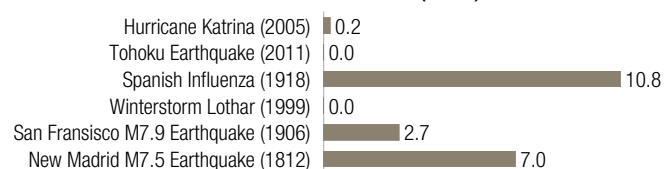
## TOP NOMINAL EXPOSURES



## EXPECTED LOSS CONTRIBUTION BY PERIL



## MODELLED IMPACT OF HISTORICAL EVENTS (LOSS)



## MONTHLY RETURNS IN %

	2016 Fund
January	
February	-0.07
March	0.07
April	0.20
May	0.17
June	0.08
July	0.09
August	0.39
September	
October	
November	
December	
<b>Year</b>	<b>0.93</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:

- If a predefined loss event occurs, the investment amount is not repaid in full at maturity. An event can lead to delayed payments, a partial or even total default of the investment amount. The strategy is subject to the risk of insured events, which are in each case based on the probability of occurrence and claim amounts of insured events.
- Model risk arises if the probabilities of occurrence and claim amounts of the covered event are not properly reflected in the model. The event probability of CAT Bonds is based on risk models. These are constantly being revised and developed, but they only represent an approximation of reality. These models may be subject to uncertainty and

## 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)

**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

errors. Consequently, event risks can be significantly under- or overestimated. Price risk is related to model risk to the extent that the value of CAT Bonds relies on the assessment of fundamentally unpredictable events whose probability the models seek to approximate.

- The proceeds of CAT Bond transactions are typically invested in money market funds or similar instruments backed by a government, governmental and/or supranational entity. Investors are exposed to the counterparty risk of these entities and, upon their potential default, to the market risk of the assets held as collateral.

For more details about risk, see section 5 "Risk Factors" of the prospectus.

different market 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.

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further information regarding the calculation methodology and the contribution of each holding in the representative account to the overall account's performance can be obtained by the Fund or the Management Company.

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