

# LO Funds – CAT Bonds

## Syst. NAV Hdg, (EUR) P

### Fact Sheet

High Conviction • Alternative Funds

31 July 2019

#### FUND FACTS

Domicile/Legal structure	Luxembourg/SICAV
Legal Status	UCITS
Fund inception date	16 February 2016
Currency of Fund	USD
Currency of share class	EUR Hedged
Fund manager	G. Gawron, S. Vuille, M. Brogli
Net assets (all classes)	EUR 94.46 million
Liquidity (sub./red.)	Weekly (Friday)
Min. investment	EUR 100'000 or equivalent
Management fee	0.90%
Distribution fee	0.50%
FROC	0.35%
TER max (31 March 2019)	1.75%

#### RISK AND REWARD PROFILE

1	2	3	4	5	6	7
Low						High

#### CODES

ISIN	LU1349274610
Bloomberg	LCATEPA LX
NAV	EUR 9.38

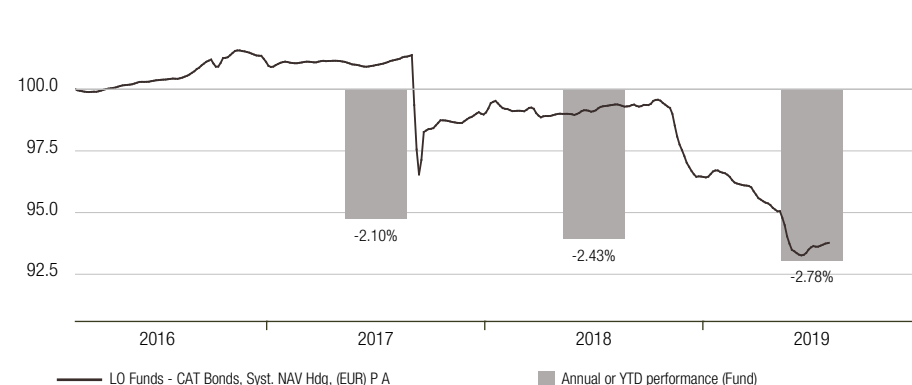
#### RATINGS

Morningstar Category	EAA Fund Other Bond
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#### 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 AND ANNUAL PERFORMANCE IN EUR Feb 16, 2016 - Jul 31, 2019



#### NET PERFORMANCE IN EUR

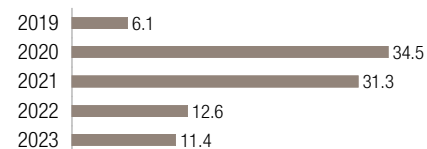
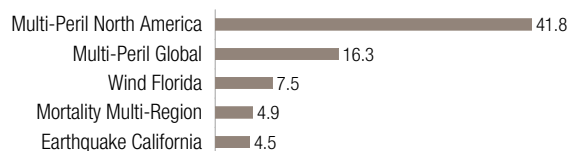
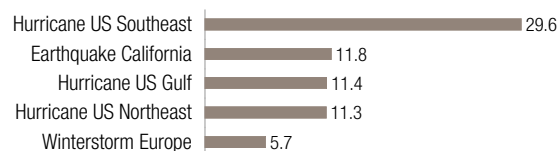
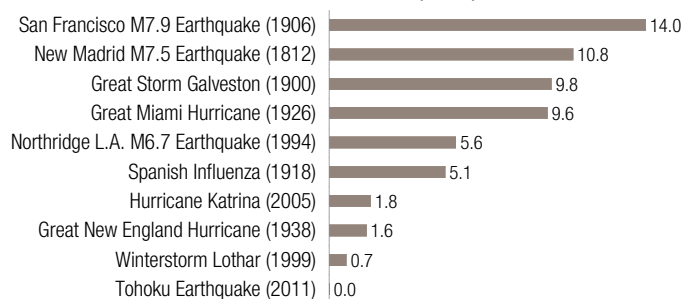
	Cumulative Fund
YTD	-2.78%
1 month	0.08%
3 months	-1.17%
1 year	-5.64%
3 years	-6.62%
Total return (since 16.02.2016)	-6.23%

	Annualized Fund
	-
	-
	-
	-
	-2.25%
	-1.84%

#### STATISTICS 16.02.2016 - 31.07.2019

	Fund
Annualised volatility	2.30%
Sharpe ratio	-0.62
Max. drawdown	-7.96%

	Fund
Yield to maturity	9.11%
Number of positions	99
Largest position	5.18%
Expected loss	2.30%
Attachment point	9.48%
95% VaR	3.91%
99% VaR	43.68%
Average duration	0.33

**TOP POSITIONS****MATURITIES****TOP NOMINAL EXPOSURES****EXPECTED LOSS CONTRIBUTION BY PERIL****MODELLED IMPACT OF HISTORICAL EVENTS (LOSS)****MONTHLY RETURNS IN %**

	2016 Fund	2017 Fund	2018 Fund	2019 Fund
January		0.2	0.3	0.3
February	-0.1	-0.0	0.0	-0.6
March	0.0	0.1	-0.4	-0.5
April	0.2	-0.0	0.2	-0.8
May	0.2	-0.1	0.1	-1.5
June	0.1	-0.1	-0.0	0.2
July	0.1	0.2	0.3	0.1
August	0.3	0.3	-0.1	
September	0.5	-3.0	-0.1	
October	0.1	0.3	-0.1	
November	0.2	0.1	-2.1	
December	-0.6	0.1	-0.6	
<b>Year</b>	<b>1.0</b>	<b>-2.1</b>	<b>-2.4</b>	<b>-2.8</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

## 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 conditions, providing investors with diversification benefits. Correlation is measured

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The fund mentioned in this document (hereinafter the "Fund") is a Luxembourg investment company with variable capital (SICAV). The Fund is authorised and regulated by the Luxembourg Supervisory Authority of the Financial Sector (CSSF) as a UCITS within the meaning of EU Directive 2009/65/EC, as amended. The management company of the Fund is Lombard Odier Funds (Europe) S.A. (hereinafter the "Management Company"), a Luxembourg based public limited company (SA), having its registered office at 5, Allée Scheffer, L-2520 Luxembourg, authorized and regulated by the CSSF as a Management Company within the meaning of EU Directive 2009/65/EC, as amended. The Fund is only registered for public offering in certain jurisdictions. Consequently, the offering of the Fund's shares may be restricted in certain jurisdictions. Prospective investors must inform themselves of, and observe, such restrictions, including legal, tax, foreign exchange or other restrictions in their relevant jurisdictions. Neither this document nor any part of it shall form the basis of, or be relied on in connection with, any contract to purchase or subscription for the Fund's shares. **Any such acquisition may only be made on the basis of the official documents of the Fund each in their final form.** The articles of association, the prospectus, the Key Investor Information Document, the subscription form and the most recent annual and semi-annual reports are the only official offering documents of the Fund's shares (the "Offering Documents"). They are available in English and in French, free of charge, and in hardcopy at the registered office of the Fund or of the Management Company, from the distributors of the Fund or from the local representatives as mentioned below.

an approximation of reality. These models may be subject to uncertainty and 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 appendix B "Risk Factors" of the prospectus.

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.

**FROC (Fixed Rate of Operational Costs):** The Operational Costs cover expenses directly incurred by the Company ("Direct Costs") and those resulting from the activities carried out by the Management Company on behalf of the Company ("Fund Servicing Costs").

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

**Important information on target performance/risk:** Target performance/risk represents a portfolio construction goal. It does not represent past performance/risk and may not be representative of actual future performance/risk.

**Important information on portfolio composition:** The portfolio information provided in this document is for illustrative purposes only and does not purport to be recommendation of an investment in, or a comprehensive statement of all of the factors or considerations which may be relevant to an investment in, the referenced securities. They illustrate the investment process undertaken by the manager in respect of a certain type of investment, but may not be representative of the Fund's past or future portfolio of investments as a whole and it should be understood that they will not of themselves be sufficient to give a clear and balanced view of the investment process undertaken by the manager or of the composition of the investment portfolio of the Fund. As the case may be, 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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