

# LO Funds – Fallen Angels Recovery

## Syst. Multi Ccy Hdg, (EUR) I

### Fact Sheet (marketing document)

Fixed Income

31 December 2021

#### FUND FACTS

Domicile/Legal structure	Luxembourg/SICAV
Legal Status	UCITS
Fund inception date	30 November 2021
SFDR Classification	Article 8
Currency of Fund	USD
Currency of share class	EUR Hedged
Fund manager	A. Parker, J. Collet, A. Maitra, D. Yung
Net assets (all classes)	EUR 76.40 million
Liquidity (sub./red.)	Daily, 15:00
Min. investment	CHF 1'000'000 or eq
Management fee	0.50%
Distribution fee	0.00%
FROC	0.13%

#### HIGHLIGHTS

LO Funds – Fallen Angels Recovery is a long only corporate bond fund launched in November 2021. The Fund is actively managed. The Bloomberg Barclays Global Corporate ex-EM Fallen Angels 3% Issuer Capped TR Index is used to define the initial investment universe for individual security selection. The Bloomberg Barclays Global High Yield Corporate Total Return Index is used for performance comparison as well as for internal risk monitoring purposes. The Sub-Fund invests mainly in bonds of "Fallen Angels" issuers; that is, issuers that were previously rated investment grade and that are now rated below investment grade and which one or more of their issues are part of the Bloomberg Barclays Global Corporate ex-EM Fallen Angels 3% Issuer Capped TR index, denominated in any currencies (including Emerging Market currencies) and not graded lower than B.

The investment approach is threefold: 1. A systematic top-down approach used to construct the portfolio incorporating the opportunities identified by LOIM research. 2. A bottom-up contribution from credit analysts to enhance returns and reduce credit risk. 3. LOIM's expertise in sustainability, decarbonization and ESG.

Risk management is performed by fund managers at the portfolio level, alongside independent teams who oversee investment risks and operational risks.

#### RISK AND REWARD PROFILE

1	2	3	4	5	6	7
Low						High

CODES	Class A	Class D
ISIN	LU2346314383	LU2346315513
Bloomberg	LOFARSI LX	LOFARSH LX
NAV	EUR 10.11	EUR 10.11



## 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.
- **Liquidity risk:** Where a significant level of investment is made in financial instruments that may under certain circumstances have a relatively low level of liquidity, there is a material risk that the fund will not be able to transact at advantageous times or prices.

## 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 riskadjusted 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 between 1 (perfect correlation) and -1 (perfect opposite correlation). A correlation

This could reduce the fund's returns.

- **Concentration risk:** To the extent that the fund's investments are concentrated in a particular country, market, industry, sector or asset class, the fund may be susceptible to loss due to adverse occurrences affecting that country, market, industry, sector or asset class.

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

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").

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**Luxembourg:** Commission de Surveillance du Secteur Financier (CSSF), 291, route d'Arion, L-1150 Luxembourg; [www.cssf.lu](http://www.cssf.lu)

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