

# LO FUNDS - EMERGING LOCAL CURRENCY BOND FUNDAMENTAL, (CHF) S

Factsheet | July 2013

Fixed Income & Currencies | Emerging Markets

## OVERVIEW

Legal Structure	SICAV
Domicile	Luxembourg
Reference Currency	CHF Non-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, CH, DE, ES, FR, GB, LI, LU, NL
Fund Launch	12 January 2010
Liquidity	Daily
Management Fee	-
Min. Investment	To be defined
TER (31.03.2013)	0.13%
Management Company	Lombard Odier Funds (Europe) S.A.

## SECURITY NUMBERS

ISIN	Class A	LU0504824136
Telekurs	Class A	011229480

## EXPECTED FUND CHARACTERISTICS

Top 10 Concentration	30-50%
Average Number of Holdings	40-70
Tracking Error	n/a
Turnover	100-250%

## BENCHMARK

Name	JPM GBI-EM Global Diversified CHF
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## HIGHLIGHTS

- The Fund invests globally in fixed income securities issued by sovereign entities from emerging economies and denominated in local currencies, as well as in financial derivatives which are used to gain or hedge exposure to emerging currency short-term movements or long-term trends.
- It applies Lombard Odier Investment Managers' innovative fundamental weight driven (FWD) benchmark approach which determines each country allocation based on its economic fundamentals rather than its market capitalization, and therefore ensures higher allocations to sovereigns demonstrating a greater capacity to meet their obligations.

## RISKS INVOLVED

- In addition to sovereign risk, which is mitigated by our adoption of our LOIM FWD benchmark, the Fund bears interest rate, credit and currency risk and could exhibit negative performance in periods of increased risk aversion.

## FUND MANAGEMENT

- Founded in 1796, Lombard Odier Darier Hentsch & Cie is the oldest firm 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 our dedicated emerging debt team. Our Investment professionals have a broad range of backgrounds and are specialised within the emerging debt asset class.

## INVESTMENT APPROACH

- The Fund aims to outperform the LOIM - FWD Emerging Sovereign Bond Index, a proprietary benchmark. Unlike traditional fixed income benchmarks which are constructed based on the level of indebtedness of countries (market cap weighted), our benchmark is designed to ensure that the highest weights are attributed to the borrowers with the strongest economic fundamentals and therefore the greatest capacity to repay their obligations.
- The fund's replication of the LOIM FWD benchmark is managed by our dedicated Quant Strategies team with the objective to replicate the benchmark efficiently. This enables the Emerging Market Team to focus on generating out performance.
- The portfolio is mainly composed of debt instruments issued by sovereign entities from emerging economies and denominated in local currencies. It also contains financial derivatives, including forwards and non-deliverable forwards, which are used to gain or hedge currency exposure.

## SELECTION PROCESS

- The selection process of the Emerging Market Team complements the fundamental approach to country allocation with an active alpha overlay by combining discretionary and quantitative sources of alpha to take advantage of opportunities in the market. The professionals' local understanding of individual emerging markets adds additional returns above the fundamentally weighted benchmark.

## PORTFOLIO CONSTRUCTION AND RISK MANAGEMENT

- The fund's replication of the LOIM FWD benchmark is managed by our dedicated Quant Strategies team with the objective to replicate the benchmark efficiently. This enables the Emerging Market Team to focus on generating out performance.
- The independent risk management team monitors the portfolio on an ongoing basis. It is consistently interacting with the portfolio management team to ensure a clear understanding of the risks in the portfolio.

**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](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. 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).