



**LOMBARD ODIER**  
INVESTMENT MANAGERS

# Lombard Odier Selection

Prospectus

31 July 2024

Lombard Odier Selection  
is an investment Company  
with variable capital ("SICAV")  
incorporated in Luxembourg



# SUPPLEMENTARY INFORMATION FOR INVESTORS IN GERMANY

No notice has been provided granting authorization for distribution in Germany in relation to the Lombard Odier Selection sub-funds listed below; shares of these sub-funds may NOT be distributed to investors situated within the jurisdiction of the German Investment Code. The following sub-funds are NOT available to investors in Germany:

Antara,	The Conservative (USD),
Casta,	The Global Allocation (GBP),
Kapalea,	The Global Balanced 45 Fund,
Rethink Thematic Equity,	The Growth (CHF),
TargetNetZero (CHF) Credit Bond,	The Growth (EUR),
The Balanced (CHF),	The Growth 88 Fund,
The Balanced (EUR),	The Growth Portfolio Fund,
The Balanced (USD),	The LATAM Bond Fund (USD),
The Conservative (CHF),	The Sovereign Bond Fund,
The Conservative (EUR),	Valdeolí.

1. DekaBank Deutsche Girozentrale, Mainzer Landstrasse 16, 60325 Frankfurt am Main, Germany, has taken on the role of information and paying agent ("the German Information and Paying Agent") for the company in Germany.
2. Redemption and conversion applications for shares may be submitted to the German Information and Paying Agent. The redemption proceeds, any distributions and other payments are paid out to shareholders on their request through the German Information and Paying Agent.
3. The current version of the prospectus and the Key Information Documents (KID), the articles of incorporation, and the annual and semi-annual reports are available free of charge and in hardcopy from the German Information and Paying Agent. It is also possible to view the documentation referred to in the above section entitled "18.1 Documents Available for Inspection" via the German Information and Paying Agent.
4. The issue and redemption prices, and the conversion prices where applicable, are available free of charge on any bank working day from the German Information and Paying Agent in Frankfurt am Main. The issue and redemption prices, and the conversion prices where applicable, are also published at [www.fundinfo.com](http://www.fundinfo.com).
5. Notices to shareholders are sent to the registered shareholders in Germany by post and are available free of charge from the German Information and Paying Agent.
6. Additionally, the shareholders in Germany are notified in the following cases by means of a durable medium (§ 167 KAGB):
  - suspension of the redemption of the shares,
  - termination of the management of the fund or its liquidation,
  - any amendments to the articles of incorporation which are inconsistent with the previous investment principles, which affect material investor rights or which relate to remuneration and reimbursement of expenses that may be paid or made out of the asset pool,
  - merger of the fund with one or more other funds and
  - the change of the fund into a feeder fund or the modification of a master fund.

In the above-mentioned cases, notices to shareholders are published at [www.loim.com](http://www.loim.com).

## Special risks in Germany due to fiscal obligation to provide evidence

The company must provide the German tax authorities, on request, with supporting evidence to prove, for example, the validity of the declared tax bases. The means for calculating these tax bases can be interpreted in different ways, and no assurance can be given that the German tax authorities will recognize in every essential respect the calculation method used by the company. Furthermore, investors should be aware that, if past errors become apparent, corrections are generally not made retrospectively and are taken into account for the current fiscal year instead.

## **Income equalization procedure**

The net amount and the net realized gain/loss, as recorded in the profit and loss account and in the statement of changes in net assets, are determined on the basis of normal accounting/equalization practice.

### **Equalization – net income**

An equalization account is maintained to avoid fluctuations in the undistributed net income that is attributable to these shares upon issue and redemption. The equalization amount factored into the subscription price of the issued shares is credited to this account, and the equalization amounts due on redemption are debited from the account. In the event of a dividend payment, the balance of the equalization account is factored into the amount available for a distribution to the shareholders of these categories.

### **Equalization – realized gains and losses**

An equalization account is maintained to avoid fluctuations in the realized gains and losses that are attributable to the issued or redeemed shares. An equalization calculation is performed in relation to the realized gains and losses from the sale of securities, options, foreign exchange contracts, and foreign exchange forward contracts. The equalization amount factored into the subscription price of the issued shares is credited to the account, and the equalization amounts due on redemption are debited from the account.

# PROSPECTUS

Relating to the issue of Shares of

Lombard Odier Selection, in short LO Selection (the "Company" or "LOS")

The defined terms used in the prospectus shall have the meaning given to them in the Glossary.

Subscriptions are accepted on the basis of the current prospectus of the Company (the "Prospectus"), the relevant key information documents and the latest audited annual and the subsequent unaudited semi-annual accounts, if published, of the Company. These documents may be obtained free of charge at the registered office of the Company.

The Company reserves the right to reject, at its sole discretion, any subscription request for Shares and to accept any application in part only. The Company does not permit practices related to market timing and reserves the right to reject subscription and conversion orders from investors who the Company suspects of using such practices and to take the appropriate measures to protect other investors of the Company.

The Shares are offered on the basis of the information and representations contained in this Prospectus and shall only be held in accordance with the principles set forth in this Prospectus in order to ensure Company's compliance with certain legal and regulatory requirements. All other information given or representations made by any person must be regarded as unauthorised. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such an offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

The Shares have not been registered under the United States Securities Act of 1933 and, except in a transaction which does not violate such Act, may not be directly or indirectly offered or sold in the United States of America, any of its territories or possessions or areas subject to its jurisdiction, or to or for the benefit of a United States Person. For this purpose, the term "United States Person" shall mean any citizen, national or resident, of the United States of America, partnership organised or existing in any state, territory or possession of the United States of America, a corporation organised under the laws of the United States or of any state, territory or possession thereof, or any estate or trust, that is subject to United States Federal income taxation regardless of the source of its income. In addition, it should be noted that under the FATCA legislation, the direct or indirect holding, offering and/or selling of Shares may be forbidden to a wider range of investors than those falling within the United States Person definition mentioned above.

Investors should inform themselves as to and are responsible for complying with any applicable legal requirements on exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

Statements made in this Prospectus are based on the law and practice currently in force in the Grand Duchy of Luxembourg and are subject to changes therein.

Whilst using their best endeavours to attain the investment objectives, the Directors cannot guarantee the extent to which these objectives will be achieved. It should be remembered that the price of Shares of any Sub-Fund may go down as well as up.

The Directors have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts, the omission of which would make misleading any statement herein.

The distribution of this Prospectus and the offering of the Shares may be restricted in certain other jurisdictions. The above information is for general guidance only, and it is the responsibility of any person in possession of this Prospectus and of any person wishing to make application for Shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdictions. If you have any doubts about the contents of this Prospectus you should consult your stockbroker, solicitor or other financial adviser.

To the extent permitted by local foreign laws, the English version of the Prospectus shall prevail in case of discrepancies with its translation into another language.

The date of this Prospectus is 31 July 2024.



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# GLOSSARY AND DEFINITIONS

<b>1915 Law</b>	Luxembourg law of 10 August 1915 on commercial companies as amended from time to time
<b>2010 Law</b>	Luxembourg law of 17 December 2010 on undertakings for collective investment or any legislative replacements or amendment thereof as amended from time to time
<b>2015 Law</b>	Luxembourg law of 18 December 2015 relating to the automatic exchange of tax information
<b>A Shares</b>	Accumulation Shares
<b>ABS</b>	Asset-backed securities
<b>Alternative Currency</b>	Currency of a class of Shares issued in a currency other than the Reference Currency. Currencies used as Alternative Currencies are EUR, USD, CHF, GBP, and JPY
<b>Articles</b>	The articles of incorporation of the Company
<b>Asset Allocators</b>	The asset allocators appointed by the Management Company to provide asset allocation services for the Sub-Funds managed according to the multi-management concept as defined under paragraph 6.4.
<b>Benchmark Regulation</b>	Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds
<b>Board</b>	The board of Directors of the Company
<b>Bond Connect</b>	Scheme launched for mutual access between the Hong Kong and mainland China bond markets through a cross-border platform
<b>Business Day</b>	Every day which is a full bank business day in Luxembourg ( <i>i.e.</i> 24 December is not a full Business Day)
<b>Cash and Cash Equivalents</b>	<p>Cash, bank deposits, short-term deposits or other short-term instruments (including ABS/MBS) and money-market instruments issued by sovereign or corporate issuers, the residual maturity of which does not exceed 397 days. Bank deposits may be bank deposits at sight, such as cash held in current accounts with a bank accessible at any time (<i>i.e.</i>, ancillary liquid assets) or bank deposits that meet the criteria of article 41(1) of the 2010 Law.</p> <p>Securities issued by UCIs investing in short-term instruments with the following features: at the portfolio level, duration limited to 1 year, credit spread duration limited to 2 years, at the security level, legal final maturity of all bonds limited to 3 years, except for regularly amortising securitised products (such as ABS/MBS) whose weighted average life shall be limited to 1 year. For non-amortising or scheduled amortising securitized products (such as ABS/MBS) the expected final maturity shall be limited to 3 years.</p> <p>Securities issued by money market UCIs subject to restrictions as set forth in paragraph 3.1 (ii).</p> <p>Alternatively to holding securities issued by money market UCIs as part of their Cash and Cash Equivalents, all Sub-Funds may hold directly instruments of the same nature and in the same proportion as those comprising the portfolio of a given money market UCI, which may include fixed rate securities, the residual maturity of which does not exceed 397 days. FRNs that have frequent resets of the coupon, <i>i.e.</i> annually or more frequently, will be regarded as passive substitutes for short-term instruments, provided that their maximum residual maturity is of 762 days</p>
<b>CDS</b>	Credit default swap
<b>Central Administration Agent</b>	CACEIS Bank, Luxembourg Branch
<b>CESR</b>	Committee of European Securities Regulators (replaced by ESMA as of 1 January 2011)
<b>CESR Guidelines 10-788</b>	CESR's Guidelines on Risk Measurement and the Calculation of Global Exposure and Counterparty Risk for UCITS dated 28 July 2010
<b>CHF</b>	Swiss Francs
<b>China A-Shares</b>	Shares in mainland China-based companies that trade on Chinese stock exchanges

<b>CIBM</b>	China Interbank Bond Market – market which is part of an investment program implemented by PBOC allowing for direct investment in RMB securities and derivatives dealt on this market without the requirement of a license or quota
<b>CNH</b>	Offshore RMB as further described in the Risk Factor Annex
<b>CNY</b>	Onshore RMB as further described in the Risk Factor Annex
<b>Company</b>	Lombard Odier Selection
<b>Crystallisation Date</b>	Date on which the accrued Performance Fee (if any) becomes payable to the Management Company, as specified in the relevant Sub-Fund's Annex
<b>CSDR</b>	Regulation (EU) No 909/2014 on central securities depositories
<b>CSSF</b>	Commission de Surveillance du Secteur Financier, the Luxembourg supervisory authority
<b>Cut-off time</b>	Deadline to submit subscription, redemption or conversion applications to the Company as set out in the table under Section 12.1
<b>D Shares</b>	Distribution Shares
<b>Dealing Charge</b>	Charge which may be levied discretionarily by the Company at the rate disclosed in Annex A in relation to a given Sub-Fund in addition to the Issue and Redemption Prices or upon conversion of Shares of one Sub-Fund into Shares of another Sub-Fund in favour of the relevant Sub-Fund, in order to mitigate the effect of portfolio transactions costs resulting from subscriptions or redemptions as described in paragraph 10.4.
<b>Depository</b>	CACEIS Bank, Luxembourg Branch
<b>Direct Costs</b>	Costs described in paragraph 10.5.3
<b>Directors</b>	The directors of the Company
<b>Distribution Fee</b>	The distribution fee payable to the Global Distributor as described in paragraph 10.5.3 at the rates set out in Annex A
<b>EEA</b>	European Economic Area
<b>Eligible State</b>	A member State of OECD and all other countries of Europe, the American Continents, Africa, Asia, the Pacific Basin and Oceania
<b>Emerging Markets</b>	Markets or countries with a low to middle per capita income or, at the discretion of the Management Company, any country or market that is a component in an emerging market index of a major index provider. Examples of emerging markets include Indonesia, some countries of Latin America, some countries in Southeast Asia, most countries in Eastern Europe, Russia, some countries in the Middle East, and parts of Africa. Investors may obtain, free of charge, from the Company, on written request sent to its registered office, an updated list of Emerging Markets
<b>EPM</b>	Efficient portfolio management
<b>Equity Fund</b>	As defined in 21.2
<b>ESG or ESG Factors</b>	<p>Environmental, social and governance characteristics or factors that can be further described as follows:</p> <p>"Environmental" can include issues relating to the quality and functioning of the natural environment and natural systems. These can include without limitation: biodiversity loss; greenhouse gas emissions, deforestation, climate change, renewable energy, energy efficiency, air, water or resource depletion or pollution, waste management, stratospheric ozone depletion, changes in land use and ocean acidification.</p> <p>"Social" can include issues relating to the rights, well-being and interests of people and communities. These can include without limitation: human rights, labour standards in the supply chain, child and slave labour, workplace health and safety, freedom of association and freedom of expression; diversity; relations with local communities, health and access to medicine, consumer protection, and controversial weapons.</p> <p>"Governance" can include issues relating to the governance of companies. These can include without limitation: board structure, size, diversity, skills and independence, executive pay, shareholder rights, stakeholder interaction, disclosure of information, business ethics, bribery and corruption, internal controls and risk management.</p>

<b>ESMA</b>	European Securities and Markets Authority
<b>EU</b>	European Union
<b>EUR</b>	Euro
<b>Euro-CRS Directive</b>	Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation
<b>FATCA</b>	The Foreign Account Tax Compliance provisions contained in the Hiring Incentives to Restore Employment Act signed into US law in March 2010; FATCA is construed as: <ul style="list-style-type: none"> <li>(i) sections 1471 through 1474 of the US Internal Revenue Code and any successor provisions, associated legislation, regulations and guidance, and similar legislation, regulations and guidance enacted to implement similar tax reporting or withholding tax regimes;</li> <li>(ii) any intergovernmental agreement, treaty, legislation, regulation, guidance and other agreement entered into in order to comply with, facilitate, supplement or implement the legislation, regulations or guidance described under (i);</li> <li>(iii) any legislation, regulations or guidance issued by an applicable governmental entity that gives effect to the matters described under paragraphs (i) and (ii)</li> </ul>
<b>Feeder</b>	A feeder UCITS as defined under paragraph 4.2 (g)
<b>FFI</b>	Foreign financial institution(s) under FATCA
<b>FRN</b>	Floating-rate note
<b>FROC</b>	Fixed Rate of Operational Costs as defined under paragraph 10.5.3
<b>FSB Task Force on Climate-related Disclosures</b>	Task force on climate-related financial disclosures created by the Financial Stability Board to improve and increase reporting of climate-related financial information
<b>Fund Servicing Costs</b>	Costs described in paragraph 10.5.3
<b>G20</b>	Group of Twenty established in September 1999
<b>GBP</b>	British pound sterling
<b>GDPR</b>	Regulation (EU) n°2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regards to the processing of personal data and on the free movement of such data
<b>GITA</b>	German Investment Tax Act passed by the Federal Council of Germany, as amended from time to time
<b>Global Exposure</b>	Measure designed to limit either the incremental exposure and leverage generated by a Sub-Fund through the use of financial derivative instruments (including embedded derivatives) or the market risk of a Sub-Fund's portfolio
<b>Group of Assets</b>	Assets with common characteristics such as but not limited to the same region, country, currency and/or sector
<b>IML</b>	Institut Monétaire Luxembourgeois (replaced by CSSF)
<b>Initial Charge</b>	The initial charge described in paragraph 10.1
<b>Institutional Investors</b>	Institutional investors within the meaning of article 174 (2) c) of the 2010 Law
<b>Investment Advisers</b>	The investment advisers appointed by the Investment Managers, with the prior approval of the Management Company, to provide investment advisory services with no discretionary asset management power.
<b>Investment Managers</b>	The investment managers listed in paragraph 6.3 appointed by the Management Company, with the agreement of the Board, to provide day-to-day discretionary investment management services for the Sub-Funds.
<b>IPCC</b>	Intergovernmental Panel on Climate Change which is the United Nations body for assessing the science related to climate change.
<b>IRS</b>	Interest rate swap

<b>ITR</b>	The "implied temperature rise" as further detailed in Schedule II of the SFDR Annex
<b>Issue Price</b>	The price at which Shares shall be issued, such price being the Net Asset Value per Share for the relevant Sub-Fund, subject to, as the case being, any Swing Pricing adjustment or a Dealing Charge and increased by the Initial Charge.
<b>JPY</b>	Japanese Yen
<b>LOIM</b>	Lombard Odier Investment Managers, the asset management division of the Lombard Odier Group
<b>LOIM Sustainable Investment Framework</b>	The Lombard Odier Investment Managers approach to determine whether an investment is sustainable or not as further detailed in the Schedule III of the SFDR Annex.
<b>Lombard Odier ESG/CAR Industrial Materiality Rating Methodology or LO ESG Materiality Rating Methodology</b>	The Lombard Odier Investment Managers proprietary "Consciousness", "Actions" and "Results" industrial materiality rating methodology, also known as the "LO ESG Materiality Rating Methodology", described in Schedule I of the SFDR Annex
<b>LOS</b>	Lombard Odier Selection
<b>Management Company</b>	Lombard Odier Funds (Europe) S.A.
<b>Management Fee</b>	The management fee payable to the Management Company as described in paragraph 10.5.1 at the rates set out in Annex A
<b>Master</b>	A Master UCITS as defined under paragraph 4.2 (g)
<b>MBS</b>	Mortgage-backed securities
<b>MYR</b>	Malaysian Ringgit
<b>Member State</b>	A member State of the European Union as well as any States within the meaning of "Member State" as defined in article 1 of the 2010 Law
<b>MiFID II</b>	The corpus of rules formed by (i) the Directive 2014/65/EU of the European Parliament and the Council of 15 May 2014 on markets in financial instruments, the Regulation (EU) No 600/2014 of the European Parliament and the Council of 15 May 2014 on markets in financial instruments, (ii) any binding guidelines or other delegated acts and regulations issued from time to time by the EU relevant authorities pursuant to the Directive 2014/65/EU and the Regulation No 600/2014 and, (iii) as the context may require, any applicable domestic law, regulation and administrative practice or ruling deriving from texts or acts under items (i) and (ii)
<b>Mixed Fund</b>	As defined in 21.2
<b>NAV</b>	Net asset value
<b>Net Asset Value</b>	Total assets of the relevant Sub-Fund less its liabilities
<b>Net Asset Value per Share</b>	Total net assets of the relevant Sub-Fund, being the market value of its assets less its liabilities, divided by the number of Shares of the relevant Sub-Fund
<b>OECD</b>	Organization for Economic Cooperation and Development
<b>Official Listing</b>	Official listing on a stock exchange in an Eligible State
<b>Operational Costs</b>	Costs described in paragraph 10.5.2
<b>OTC derivatives</b>	Financial derivative instruments dealt in over-the-counter
<b>Payment Date</b>	Date of on which the payment of the Issue Price shall be made in full for value or on which payment of the Redemption Price will ordinarily be made, as set out in the table in paragraph 12.1.
<b>PBOC</b>	People's Bank of China

<b>Performance Fee</b>	The performance fee payable to the Management Company as described in paragraph 10.5.1 at the rates set out in Annex A (if any)
<b>Prospectus</b>	The current prospectus of the Company
<b>Redemption Price</b>	The price at which Shares shall be redeemed, such price being the Net Asset Value per Share for the relevant Sub-Fund; subject to, as the case being, any Swing Pricing adjustment or a Dealing Charge
<b>Reference Currency</b>	Currency in which Shares of a Sub-Fund are issued
<b>Regulated Market</b>	Regulated market, other than Official Listing, which operates regularly and is recognized and open to the public in an Eligible State
<b>RESA</b>	<i>Recueil Electronique des Sociétés et Associations</i> , the Luxembourg official electronic platform of central publication regarding companies and associations, which has replaced the <i>Mémorial C, Recueil des Sociétés et Associations</i>
<b>Risk Factors Annex</b>	The list of risk factors set out in Annex B
<b>RMB</b>	Renminbi; the official currency of the People's Republic of China is used to denote the Chinese currency traded in the onshore markets (in mainland China), through onshore RMB (CNY), and the offshore markets (mainly in Hong Kong), the offshore RMB (CNH); for clarification purposes, all references to RMB in the name of a Share class or in the Reference Currency must be understood as a reference to offshore RMB (CNH)
<b>SFDR</b>	Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial sector
<b>SFDR Annex</b>	The Annex C of this Prospectus in which the sustainability disclosures required by SFDR in relation to each Sub-Fund are set out
<b>SFDR RTS 2022/1288</b>	Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing SFDR with regard to the content and presentation of the information in relation to the principle of 'do no significant harm', specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports
<b>SFIs</b>	Structured financial instruments
<b>SFTR</b>	Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012
<b>SGD</b>	Singapore dollar
<b>Shares</b>	Shares of the Company
<b>Stock Connect</b>	The Shanghai-Hong Kong Stock Connect, which is a securities trading and clearing links programme developed by the Stock Exchange of Hong Kong Limited (" <b>SEHK</b> "), the Shanghai Stock Exchange (" <b>SSE</b> "), Hong Kong Securities Clearing Company Limited (" <b>HKSCC</b> ") and China Securities Depository and Clearing Corporation Limited (" <b>ChinaClear</b> ") with an aim to achieve mutual stock market access between the People's Republic of China and Hong Kong. Stock Connect comprises the Northbound link, through which a Sub-Fund may purchase and hold SSE Securities, and the Southbound link, through which investors in Mainland China may purchase and hold shares listed on the SEHK. The Company will trade through the Northbound link.
<b>Sub-Funds</b>	The Sub-Funds of the Company, each corresponding to a distinct part of the assets and liabilities of the Company
<b>Sub-Investment Managers</b>	The sub-investment managers appointed by the Investment Managers, with the prior approval of the Management Company and without prejudice to the responsibility of the Investment Managers, to provide investment management services with discretionary asset management power.
<b>Sustainable Development Goals</b>	A sustainable development initiative under the United Nations that has been adopted by a range of world governments. The goals are defined around various criteria focusing on the development that meet present needs and without compromising the needs of future generations.

<b>Swing Factor</b>	Percentage applied to the Issue Price or the Redemption price according to the Swing Pricing as described in paragraph 15.1
<b>Swing Pricing</b>	Mechanism described in paragraph 15.1
<b>T-Bills</b>	Treasury bills
<b>Target Sub-Fund</b>	A Sub-Fund whose Shares are subscribed, acquired and/or held by another Sub-Fund
<b>Taxonomy Regulation</b>	Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment
<b>TRS</b>	Total return swap
<b>UCIs</b>	Undertakings for collective investment, including UCITS
<b>UCITS</b>	Undertakings for collective investment in transferable securities
<b>UCITS Directive</b>	Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to UCITS, as amended from time to time
<b>UCITS Rules</b>	The corpus of rules formed by (a) the UCITS Directive, (b) the delegated act referred to in Article 26b of the UCITS Directive, i.e. the Commission Delegated Regulation (EU) supplementing the UCITS Directive to be adopted by EU Commission pursuant to Article 112a of the UCITS Directive, and (c) any national laws and regulations which are taken in relation to (or transposing either of) the foregoing, including the 2010 Law.
<b>UN SDGs</b>	United Nations' sustainable development goals
<b>US</b>	United States
<b>USD</b>	Dollars of the United States of America
<b>U.S. Person</b>	Any citizen, national or resident of the United States of America, partnership organized or existing in any state, territory or possession of the United States of America, a corporation organized under the laws of the United States or of any state, territory or possession thereof, or any estate or trust that is subject to United States Federal income tax regardless of the source of its income
<b>Valuation Day</b>	The relevant Business Day (daily or weekly) as set out in the table under Section 12 where the Sub-Funds are priced and Shares are issued and/or may be redeemed and converted and which is also a bank business day in the principal market or stock exchange on which a material part of a Sub-Fund's investments for the time being are quoted
<b>VaR</b>	Value at Risk. The VaR is a statistical methodology that predicts the maximum potential loss that a Sub-Fund could make, calculated to a certain confidence level.

# 1. LIST OF PARTIES AND ADDRESSES

## **The Company**

Lombard Odier Selection, in short LO Selection

## **Registered Office**

291, route d'Arlon, 1150 Luxembourg, Grand Duchy of Luxembourg

## **Board of Directors**

Mariusz Baranowski

Mark Edmonds

Alexandre Meyer

Yvar Mentha

Hugues Girard

Marc Giesbrecht

John Ventress

Yvar Mentha, Mariusz Baranowski and Hugues Girard are former employees of the Lombard Odier Group. Mark Edmonds, Alexandre Meyer, Marc Giesbrecht and John Ventress are employees of the Lombard Odier Group.

## **Management Company and Domiciliary Agent**

Lombard Odier Funds (Europe) S.A.

291, route d'Arlon, 1150 Luxembourg, Grand Duchy of Luxembourg

**Email address:** luxembourg-funds@lombardodier.com

**Website:** www.loim.com

## **Directors of the Management Company**

Alexandre Meyer

Mark Edmonds

John Ventress

Alexandre Meyer, Mark Edmonds and John Ventress are employees of the Lombard Odier Group.

## **Dirigeants of the Management Company**

Mark Edmonds

Ingrid Robert

Hema Jewootah

Sacha Reverdiau

Cédric Intesse

Mark Edmonds, Ingrid Robert, Hema Jewootah, Sacha Reverdiau and Cédric Intesse are employees of the Lombard Odier Group.

## **Investment Managers, Sub-Investment Managers and Investment Advisers**

Bank Lombard Odier & Co Ltd

11, rue de la Corraterie, 1204 Geneva, Switzerland

Lombard Odier (Europe) S.A.

291, route d'Arlon, 1150 Luxembourg, Grand Duchy of Luxembourg

Lombard Odier Funds (Europe) S.A. – Dutch Branch

Parklaan 26, 3016 BC Rotterdam, The Netherlands

Lombard Odier (Europe) S.A., Succursale en France  
8, rue Royale, 75008 Paris, France

Lombard Odier (Europe) S.A., UK Branch  
Queensberry House, 3 Old Burlington Street, London W1S 3AB, United Kingdom

Lombard Odier Asset Management (Europe) Limited  
Golding's House, Hay's Galleria, 2 Hay's Lane, London, SE1 2HB, United Kingdom

Lombard Odier Asset Management (Switzerland) SA  
6, avenue des Morgines, 1213 Petit-Lancy, Switzerland

Lombard Odier (Europe) S.A., sucursal en España  
Paseo de la Castellana 66, 4a PI – 28046, Madrid, Spain

Lombard Odier (Hong Kong) Limited  
1601 Three Exchange Square, 8 Connaught Place, Central, Hong Kong

Lombard Odier (Singapore) Ltd.  
9 Raffles Place - #46-02 Republic Plaza, Singapore 048619

### **Global Distributor**

Lombard Odier Funds (Europe) S.A.  
291, route d'Arlon, 1150 Luxembourg, Grand Duchy of Luxembourg

### **Distributors**

Any other financial intermediary that may be appointed for the marketing and sale of the Shares as defined under Section 11 of the Prospectus.

### **Depository, Central Administration Agent, Registrar, Transfer Agent and Paying Agent**

CACEIS Bank, Luxembourg Branch  
5, allée Scheffer, 2520 Luxembourg, Grand Duchy of Luxembourg

### **Independent Auditor**

PricewaterhouseCoopers, société coopérative  
Réviseur d'entreprises  
2, rue Gerhard Mercator, 1014 Luxembourg, Grand Duchy of Luxembourg

### **Legal Adviser**

Elvinger, Hoss Prussen, société anonyme  
2, place Winston Churchill, 1340 Luxembourg, Grand Duchy of Luxembourg

### **Foreign Representatives**

In Switzerland

Representative

Lombard Odier Asset Management (Switzerland) SA  
6, avenue des Morgines, 1213 Petit-Lancy, Switzerland

Paying Agent

Bank Lombard Odier & Co Ltd  
11, rue de la Corraterie, 1204 Geneva, Switzerland

In Spain

Allfunds Bank, S.A.U.  
C/ de los Padres Dominicos, 7, 28050, Madrid, Spain



In Italy

Paying Agents

Société Générale Securities Services S.p.A.  
Via Benigno Crespi, 19/A - MAC 2, 20159 Milan, Italy

In France

Centralising Agent

CACEIS Bank  
89-91 rue Gabriel Péri, 92120 Montrouge, France

In the Netherlands

Lombard Odier Funds (Europe) S.A. – Dutch Branch  
Parklaan 26, 3016 BC Rotterdam, The Netherlands

In the United Kingdom

Lombard Odier Asset Management (Europe) Limited  
Golding's House, Hay's Galleria, 2 Hay's Lane, London, SE1 2HB, United Kingdom

In Belgium

CACEIS Bank, Belgium Branch  
Avenue du Port 86C, b320, 1000 Brussels, Belgium

In Germany

DekaBank Deutsche Girozentrale  
Mainzer Landstrasse 16, 60325 Frankfurt/Main, Germany

In Austria

Erste Bank der oesterreichischen Sparkassen AG  
Am Belvedere 1, 1100 Wien, Austria

In Liechtenstein

LGT Bank AG  
Herrengasse 12, 9490 Vaduz, Liechtenstein

In Sweden

SKANDINAVISKA ENSKILDA BANKEN AB (publ)  
Kungsträdgårdsgatan, SE-106 40 Stockholm, Sweden

## 2. LEGAL FORM

### 2.1 The Company

The Company is organised as a "société d'investissement à capital variable" under the 1915 Law falling under Part I of the 2010 Law complying with the requirements of the UCITS Directive.

The Company was incorporated on 31 August 1999 for an unlimited period of time under the name "LO Selection". The Company changed its name to Lombard Odier Darier Hentsch Selection, in short LODH Selection in 2003 and finally in 2010 to Lombard Odier Selection, in short LO Selection. The Articles were last amended on 20 May 2019 and restated Articles were published in the RESA n° RESA\_2019\_130 of 5 June 2019. The minimum share capital of the Company is EUR 1,250,000.

The Company is registered under number B-71.379 in the Luxembourg Trade and Companies Register. Its Articles are available for inspection there and a copy may be obtained upon request. Its registered office is at 291, route d'Arlon, 1150 Luxembourg, Grand Duchy of Luxembourg.

The Directors are listed in Section 1.

There are no provisions in the Articles expressly governing the remuneration (including pension or other benefits) of the Directors. The Directors shall be reimbursed their out-of-pocket expenses and their remuneration shall be approved by the shareholders of the Company in general meeting. Directors affiliated to the Lombard Odier Group of Companies are not entitled to a fee for their services.

The capital of the Company is represented by Shares of no par value of different classes which relate to Sub-Funds and shall at any time be equal to the total net assets of the Company.

The liabilities of each Sub-Fund shall be segregated on a Sub-Fund by Sub-Fund basis with third party creditors having recourse only to the assets of the Sub-Fund concerned.

### 2.2 The Shares

Shares of the Company have no par value and have like rights and privileges. Each Share shall carry the right to participate in the profits and the results of the relevant Sub-Fund's operations. The Shares shall have no preferential, pre-emption, conversion or exchange rights. There are no, nor is it intended that there will be any, outstanding options or special rights relating to any Shares. Each whole Share entitles the holder thereof at all general meetings of shareholders and at all special meetings of the relevant Sub-Fund or class of Shares to one vote which may be cast in person or by appointing another as his/her/its proxy or by means of voting forms. To the extent permitted by law, the Board may suspend the right to vote of any shareholder which does not fulfil its obligations under the Articles or any document stating its obligations towards the Company and/or the other shareholders.

The Shares are freely transferable, except that the Board may, according to the Articles and as further detailed in Section 13 below, restrict the direct or indirect holding of Shares or the ownership of Shares by certain persons, firms or corporate body or make proposals regarding existing shareholders' holdings in order to comply with legal or regulatory requirements.

Shares are issued in registered form only ("Registered Shares"). Confirmation advices will be sent to shareholders the next Business Day following execution of the subscription order or, where the confirmation is received by the Management Company from a third party, the first Business Day following receipt of the confirmation from the third party. Registered Share certificate(s) will not be issued, unless specifically requested by investors in which case certificates will be dispatched to the applicant(s) to the address given on the application form within 30 days after acceptance of the subscription. The cost relating to the issue of Share certificates will be borne by the requesting shareholders.

The Articles permit the issue of Shares of different classes, which each relates to a different Sub-Fund. Classes of Shares may differ with regard to their dividend policy, investor eligibility criteria, fee structure or other specific features.

The Company issues Shares in registered form. If and to the extent permitted by law, and in particular under the conditions provided for in the Luxembourg law of 6 April 2013 relating to dematerialised securities (the "2013 Law"), the Board may at its discretion decide to issue, in addition to Shares in registered form, Shares in dematerialised form.

At present the Board has decided that the following classes of Shares may be issued:

- Seven main classes of Shares (S Shares, U Shares, P Shares, I Shares, M Shares, N Shares and EM Shares) that differ mainly in terms of fees, type of investor and minimum initial investment and holding amount.
- A Shares or D Shares.

Fractions of Shares can be allotted and issued.

The Board may decide not to launch a Share class should the expected monies not reach a certain threshold under which such Share class would be considered as suboptimal in terms of operational efficiency.

The following table shows the main features of the different classes of Shares available for each Sub-Fund.

Classes	Type of investor <sup>1</sup>
<b>S Shares</b>	Institutional Investors with discretionary mandates <sup>2</sup>
<b>U and N Shares</b>	All investors
<b>I Shares</b>	Institutional Investors or all investors as indicated in Annex A
<b>P Shares</b>	All investors
<b>M Shares</b>	(i) financial intermediaries who provide discretionary portfolio management or independent advisory services (ii) financial intermediaries who provide other investment services which are subject to separate fee arrangements with their clients and who do not or are not eligible to receive and retain fees or commissions from third parties in relation to those services (iii) other investors determined by the Board or the Management Company in their discretion
<b>EM Shares</b>	Lombard Odier Group entities investing on behalf of clients who are current or retired employees of the Lombard Odier Group, as well as related persons to such employees, and who have signed specific agreements determined by the Board or the Management Company in their discretion

	S Shares	U and N Shares	I Shares	P Shares	M Shares	EM Shares
<b>Minimum Initial Investment and Minimum Holding <sup>3</sup></b>	No <sup>4</sup>	As indicated in Annex A	As indicated in Annex A	As indicated in Annex A	As indicated in Annex A	As indicated in Annex A
<b>Management Fees</b>	No <sup>5</sup>	Yes	Yes	Yes	Yes	Yes
<b>Performance Fees</b>	No <sup>5</sup>	Yes if set out in Annex A	Yes if set out in Annex A	Yes if set out in Annex A	Yes if set out in Annex A	Yes if set out in Annex A
<b>Distribution Fees</b>	No	No	No	Yes if set out in Annex A	No	No
<b>Forms available / dividend policy</b>	A Shares	A Shares	A Shares	A Shares	A Shares	A Shares
	D Shares	D Shares	D Shares	D Shares	D Shares	D Shares
<b>Forms available / Alternative currencies <sup>6</sup></b>	EUR / USD / CHF / GBP / JPY	EUR / USD / CHF / GBP / JPY	EUR / USD / CHF / GBP / JPY	EUR / USD / CHF / GBP / JPY	EUR / USD / CHF / GBP / JPY	EUR / USD / CHF / GBP / JPY
<b>Forms available / Currency hedging policy <sup>7</sup></b>	No hedging / Systematic hedging	No hedging / Systematic hedging	No hedging / Systematic hedging	No hedging / Systematic hedging	No hedging / Systematic hedging	No hedging / Systematic hedging
<b>"Connect" Share class <sup>8</sup></b>	No	Yes	Yes	Yes	Yes	No

<sup>1</sup> The Board or the Management Company may waive the eligibility criteria in relation to any given class of Shares.

<sup>2</sup> S Shares are intended for Institutional Investors who have concluded a specific remuneration agreement in respect of their investment in class S Shares of a Sub-Fund with the Company, the Management Company or any other entity of the Lombard Odier Group. Invoices issued by the Management Company will be paid directly by such Institutional Investor.

<sup>3</sup> The Board may waive the initial minimum investment and minimum holding for all classes of Shares.

<sup>4</sup> The minimum initial investment and minimum holding amount will be indicated in the specific remuneration agreement entered into with the Company, the Management Company or any other entity of the Lombard Odier Group.

<sup>5</sup> No Management Fees and Performance Fees are levied on the S Shares of each Sub-Fund. The minimum initial investment and minimum holding amount will be indicated in this agreement.

<sup>6</sup> Sub-Funds may issue classes of Shares in any Alternative Currency. If a Sub-Fund offers the possibility of issuing Shares in an Alternative Currency this will be mentioned in Annex A of a given Sub-Fund. In addition, the list of Sub-Funds with a class of Shares issued in an Alternative Currency is disclosed in the annual and semi-annual reports and on the Lombard Odier Group website ([www.loim.com](http://www.loim.com)) and can be obtained at the registered office of the Company.

<sup>7</sup> When a currency hedging policy is applied at a Share class level, the amount of the hedging shall be between 95% and 105% of the total net assets of the Share class in Alternative Currency. Changes in the market value of the sub-Fund's portfolio, as well as subscriptions and redemptions of Share classes in Alternative Currency, can result in the hedging temporarily deviating from the aforementioned range. Necessary steps will be taken to bring the hedging back within the aforementioned limits.

<sup>8</sup> Upon Board's decision, a Share class in the "Connect" form may be created. "Connect" Shares are offered:

1. to investors who (i) are eligible to invest into either the U, N, I, P or M Share class of a given Sub-Fund and (ii) have invested a certain amount or provide or commit to provide a certain amount of subscriptions into such Sub-Fund (investors in this situation may include, but are not limited to, financial intermediaries such as distributors); or
2. to (i) Lombard Odier (Europe) S.A. and its branches or affiliates (hereafter "LOESA"), when investing on behalf of their clients under a discretionary portfolio management mandate made available as of or after 01.05.2019 and (ii) clients of Lombard Odier (Europe) S.A. and its branches under an eligible advisory contract made available as of or after 1 January 2023. Exceptions to the above-mentioned criteria can be decided on the basis of objective reasons by the Board acting in the best interest of the shareholders upon the request of LOESA.

The characteristics attributable to such Share class as well as the conversion between "Connect" Shares are determined on a case-by-case basis by the Board having due regard to applicable laws and regulations, including the principle of equal treatment of shareholders. A "Connect" Share class is designated with a "X" and successive X Share classes in a given Sub-Fund are numbered X1, X2, X3 ...

The classes of Shares available for each Sub-Fund and their respective features are mentioned in Annex A of a given Sub-Fund.

Although assets attributable to different Sub-Funds of the Company are segregated (see paragraph 2.1), investors should be aware that there exists no legal segregation of assets between different classes of Shares within the same Sub-Fund. Therefore, in case that the net assets attributable to a class of Shares of a Sub-Fund are not sufficient to cover the charges and expenses relating to a specific class of Shares, such charges and expenses will be paid out of the net assets of the other classes of Shares of the same Sub-Fund.

## 2.3 The Shareholders

Classes of Shares restricted to Institutional Investors are subject to a *taxe d'abonnement* of 0.01% per annum on their Net Asset Value whereas classes of Shares which are not restricted to Institutional Investors are subject to a *taxe d'abonnement* of 0.05% p.a. (see Section 17). Therefore, conversion from Shares of one class of Shares into another class of Shares is only permitted if the investor complies with all the conditions required for the class of Shares into which Shares are to be converted.

# 3. INVESTMENT OBJECTIVES AND POLICIES

## 3.1 General Provisions Common to all Sub-Funds

The Company aims to provide investors with the opportunity of participating in a wide selection of financial markets through a range of actively managed Sub-Funds.

The investment policies of the Company are determined by the Directors, after taking into account the political, economic, financial and monetary factors prevailing in the selected markets.

The list of the Sub-Funds currently offered for subscription with the description of their investment policies and main characteristics can be found in Annex A.

The Directors may decide to create additional Sub-Funds. In such case this Prospectus will be updated.

Throughout the Prospectus each Sub-Fund will be referred to by its name as defined in Annex A.

**Unless otherwise mentioned in Annex A in relation to a given Sub-Fund** and always subject to the limits permitted by the Investment Restrictions described in Section 4, the following principles will apply to the Sub-Funds:

**(i) Cash and Cash Equivalents**

Subject to lower or higher limits set out in the investment objective and policy of a Sub-Fund and in accordance with the applicable diversification rules, the Sub-Funds may hold on a temporary and ancillary basis up to 49% of their net assets in Cash and Cash Equivalents. Such limit does not apply under extraordinary market conditions and is subject to liquidity considerations. In particular, a Sub-Fund may hold its net assets in Cash and Cash Equivalents in excess of the above-mentioned limit pending investment upon receipt of subscription monies, pending redemptions in order to maintain liquidity, for EPM or for short-term defensive purposes when the Investment Manager believes it is in the best interest of the shareholders to do so. During these periods, a Sub-Fund may not achieve its investment objective and policy. Bank deposits which qualify as ancillary liquid assets in accordance with section 4.3 of the Prospectus are in principle limited to 20% of the Sub-Fund's net assets and can only be used in the circumstances foreseen in section 4.3 of the Prospectus.

The Company will regard FRNs that have frequent resets of the coupon, *i.e.* annually or more frequently, as passive substitutes for short-term instruments, provided that their residual maturity does not exceed 762 days.

For the purposes of computing the investment ratios mentioned in a given Sub-Fund's description, Cash and Cash Equivalents held on a temporary basis will not be taken into account if the ratio refers to the Sub-Fund's portfolio and will be taken into account if the ratio refers to the Sub-Fund's net assets.

**(ii) Units of UCIs**

Subject to lower or higher limits set out in Annex A in relation to a given Sub-Fund or unless investments in units of eligible UCIs is part of the investment objective and policy of a Sub-Fund, the Sub-Funds may hold up to 10% of their net assets in units of eligible UCIs.

The UCIs may have different investment strategies or restrictions than those applied to the Sub-Funds.

The securities issued by collective investment vehicles with at least 50% of their net assets, according to their investment policy, invested in a particular class of assets will themselves be treated as securities of such class of assets for the purposes of the investment policy and restrictions set out in this Prospectus (example: collective investment vehicles with at least 50% of their net assets, according to their investment policy, invested in shares and other securities equivalent to shares will be treated as equity securities). Where a collective investment vehicle is structured as an umbrella and the Company holds securities belonging to one or more sub-funds of such collective investment vehicle, the same principle shall apply *mutatis mutandis* to the securities of each sub-fund.

**(iii) Financial derivative instruments**

The Management Company and Investment Managers may use all categories of financial derivative instruments authorised by Luxembourg law or by Circulars issued by the CSSF and in particular the categories mentioned in paragraph 4.1 (vii).

Financial derivative instruments may be used for one of the following strategies: for hedging purposes, for EPM or as part of the investment strategy of a Sub-Fund. A description of those strategies is mentioned in paragraph 4.1 (vii).

As stated in paragraph 4.2, the Company may apply the VaR approach or the commitment approach to calculate the Sub-Funds' Global Exposure.

The leverage effect of investments in some financial instruments and the volatility of the prices of options, futures and other derivative contracts would normally make the risk attached to investment in the Shares of the Sub-Funds higher than is the case with conventional investment policies. Additional risks associated with the use of financial derivative instruments are described in the Risk Factors Annex.

(iv) **Techniques and instruments for the purpose of EPM relating to transferable securities and money market instruments**

These techniques and instruments include, but are not limited to, repurchase agreements and securities lending.

None of these techniques are used by any Sub-Fund at the date of this Prospectus. More generally, the Company does not use securities financing transaction within the meaning of SFTR.

(v) **SFIs**

Subject to lower or higher limits set out in Annex A in relation to a given Sub-Fund or unless the use of SFIs is part of the investment objective and policy of a Sub-Fund, the Sub-Funds may hold up to 10% of their net assets in SFIs which are eligible transferable securities (as specified in Section 4) organised solely for the purposes of restructuring the investment characteristics of certain other investments (the "Underlying Investments") and issued by first class financial institutions (the "Financial Institutions"). The Financial Institutions issue transferable securities (the SFIs) backed by or representing interests in the Underlying Investments.

The Sub-Funds may invest in SFIs such as, but not limited to, equity-linked securities, participatory notes, capital protected notes and structured notes, including securities/notes that are issued by companies advised by the Management Company or any entity of its group. When the SFI embeds a derivative instrument, the embedded derivative must be taken into account when applying the restrictions mentioned in paragraph 4.2 (j).

Sub-Funds investing in convertible bonds, often use SFIs as a substitute to convertible bonds to achieve the same market exposure.

(vi) **Currencies**

Shares of each Sub-Fund are issued in the Reference Currency. However, Shares of each Sub-Fund may also be issued in Alternative Currency (USD, GBP, CHF, EUR, JPY) of a Sub-Fund (see paragraph 2.2) as indicated in Annex A in relation to a given Sub-Fund. Unless otherwise mentioned in Annex A in relation to a given Sub-Fund, the currency risk for a class of Shares issued in an Alternative Currency will not be hedged. Costs related to the currency conversion, if any, of subscription or redemption amounts from or into the Reference Currency, will be borne by each class of Shares issued in Alternative Currency.

The Reference Currency of a Sub-Fund is always mentioned in the Sub-Fund's description (see Annex A in relation to a given Sub-Fund) and sometimes between brackets in its name. Sub-Funds may invest in securities denominated in other currencies than their Reference Currency, even when the Reference Currency is mentioned between brackets in their name.

(vii) **Emerging Markets**

Subject to lower or higher limits set out in Annex A in relation to a given Sub-Fund, the Sub-Funds whose investment objective and policy give discretion to the Investment Manager with regard to the selection of markets (including Emerging Markets) or currencies may hold up to 49% of their net assets in securities issued in Emerging Markets and/or Emerging Market currencies (including CNH).

When such limit is exceeded following the reclassification of a market previously regarded as "non-emerging", the Investment Manager will have discretion as to whether measures should be taken having regard to the best interest of the shareholders.

The attention of investors is drawn to the Risk Factors annex which sets out the risks associated with the investments in Emerging Markets.

(viii) **Risks associated with investments in the Sub-Funds**

All Sub-Funds are directly or indirectly exposed to various forms of investment risks through the financial instruments in which they invest. **The attention of investors is drawn to the Risk Factors Annex which sets out the risk factors applicable to the Sub-Funds.** Some risks concern all Sub-Funds (see section "General" of the "Risk Factors Annex") whereas others are Sub-Fund specific (see section "Risk Factors Specific To Certain Sub-Funds" of the "Risk Factors Annex").

(ix) **Profile of the typical investor**

The profile of the typical investor for each Sub-Fund can be found in Annex A.

An investment in a Sub-Fund is not a deposit in a bank or other insured depositary institution. Investment may not be appropriate for all investors. The Sub-Funds are not intended to be a complete investment program and investors should consider their long-term investment goals and financial needs when making an investment decision about the Sub-Funds. An investment in a Sub-Fund is intended to be a long-term investment. The Sub-Funds should not be used as trading vehicle.

Whilst using their best endeavours to attain the Company's objectives, the Directors cannot guarantee the extent to which the investment objectives will be achieved.

(x) **Benchmark Regulation**

Under the Benchmark Regulation, benchmark administrators needed to apply for authorisation or registration by 1 January 2020. Upon such authorisation or registration, the benchmark administrator or the benchmark appears on the register of administrators and benchmarks maintained by ESMA pursuant to article 36 of the Benchmark Regulation. Any third country benchmark administrators mentioned in this Prospectus and who are not yet authorized or registered or whose indices have not been endorsed by an EU benchmark administrator pursuant to the Benchmark Regulation benefit from transitional provisions up to 31 December 2025. If applicable, once the relevant benchmark administrator or the benchmark used by a Sub-Fund appears on ESMA's register of administrators and benchmarks, the Company will update this Prospectus at the next occasion. Annex A indicates whether the Benchmark Regulation is relevant to a Sub-Fund.

The Management Company maintains a written plan setting out the actions that will be taken in the event that a benchmark materially changes or ceases to be provided in accordance with article 28 of the Benchmark Regulation. The content of such plan can be provided free of charge upon request at the registered office of the Company.

(xi) **SFDR**

**Article 3 - Transparency of sustainability risk policies**

Information on the Management Company's policies on the integration of sustainability risks in the investment decision-making process is published on [www.loim.com](http://www.loim.com).

**Article 4 - Transparency of adverse sustainability impacts at entity level**

The Management Company considers principal adverse impacts of investment decisions on sustainability factors and has published a statement on due diligence policies with respect to those impacts on [www.loim.com](http://www.loim.com).

**Article 6 - Transparency of the integration of sustainability risks**

- (a) The manner in which sustainability risks are integrated into investment decisions - information concerning the manner in which sustainability risks are integrated into the investment processes of Investment Managers for each Sub-Fund is integrated within the information provided in the SFDR Annex.
- (b) Results of the assessment of the likely impacts of sustainability risks on returns – the likely impacts of sustainability risks are difficult to quantify. The Investment Managers believe that the environmental, social and governance and wider sustainability practices of a company/issuer are inherently linked to its long-term success and that those companies/issuers with ESG/sustainability aligned business practices and operations are more likely to succeed and create long-term value. There can be no guarantee, however, regarding the performance of individual companies/issuers within the portfolios of Sub-Funds nor on the returns of each of the Sub-Fund as a whole.

**Article 7 - Transparency of adverse sustainability impacts at financial product level**

To the extent a Sub-Fund considers principal adverse impacts on sustainability factors, an explanation of how they are considered can be found in the SFDR Annex.

**Article 8 - Transparency of the promotion of environmental or social characteristics in pre-contractual disclosures**

For Sub-Funds promoting environmental or social characteristics, transparency on how those characteristics are met as well as additional information required by the SFDR RTS 2022/1288 can be found in the SFDR Annex.

### **Article 9 - Transparency of sustainable investments in pre-contractual disclosures**

At the date of this Prospectus, no Sub-Fund has been classified by the Management Company as a financial product subject to Article 9 of SFDR.

### **Article 10 - Transparency of the promotion of environmental or social characteristics and of sustainable investments on websites**

For Sub-Funds subject to Article 8 of SFDR as described above, information concerning the following matters can be found at [www.loim.com](http://www.loim.com):

- (a) a description of the environmental or social characteristics;
- (b) information on the methodologies used to assess, measure and monitor the environmental or social characteristics for the financial product, including its data sources, screening criteria for the underlying assets and the relevant sustainability indicators used to measure the environmental or social characteristics of the financial product;
- (c) the information referred to in Article 8 of SFDR;
- (d) information referred to in Article 11 of SFDR (transparency of the promotion of environmental or social characteristics in periodic reports).

#### **(xii) CSDR cash penalty management**

CSDR has been designed amongst other things to prevent and address settlement fails and to encourage settlement discipline, by monitoring settlement fails and collecting and distributing cash penalties in case of failed trades. To this effect, the Management Company has put in place an operational framework for the management of cash penalties receivable ("Positive Penalties") and cash penalties payable ("Negative Penalties") pursuant to the CSDR regime in respect of transactions undertaken for the account of the relevant Sub-Funds. Under this framework, Positive Penalties and Negative Penalties are netted off against one another and the balance less any debit interest or including any negative credit interest is either credited to the relevant Sub-Funds (in the case that Positive Penalties exceed Negative Penalties over the relevant period, also defined as "Positive Balance") or debited from the relevant Sub-Funds (in the case that Negative Penalties exceed Positive Penalties over the relevant period, also defined as "Negative Balance"). The Management Company will reimburse any Negative Balance to the relevant Sub-Fund(s) and reserves its rights to ask the respective Investment Manager(s) to cover for Negative Penalties and/or reclaim Negative Penalties directly from the party at fault (in which case, the amounts successfully reclaimed shall be included in the calculation of the Positive or Negative Balance). The period over which (i) Positive Penalties and Negative Penalties are netted off against one another, and (ii) the resulting Positive and Negative Balances are credited to, respectively debited from the relevant Sub-Fund(s), shall be determined at the discretion of the Management Company.

## **3.2 Investment-Grade Rating and Lower Grade Securities**

According to generally accepted rating principles in the financial services industry, investments in debt securities are classified in two broad categories:

- investment grade securities with ratings by Fitch, S&P, Moody's or equivalent ranging from AAA (Aaa or equivalent) to BBB (Baa or equivalent);
- speculative investments with ratings of BB (Ba) and below.

For the purposes of the foregoing securities rating limitations, a security will be deemed to be within the relevant rating category even if the rating agency has assigned a modifier, such as a "minus", to the rating. For example, a security rated A- by S&P will be deemed to be rated A for these purposes.

In the absence of a rating from the rating agencies (such as, but not limited to, Fitch, S&P or Moody's),

- in case of government bonds or government money market instruments, the equivalent long term debt sovereign rating of the country may be used as an alternative for the rating of these securities;
- in case of bonds or money market instruments issued by a corporate, the rating of the issuer may be used as an alternative for the rating of these securities.



If finally, no rating is available from the rating agencies, or, if so described in the relevant investment policy, the Investment Manager will be entitled to invest in securities which, in its opinion are deemed to be within the relevant rating category. When rating agencies assign different ratings to a given security and unless otherwise specified in the investment objective and policy of a Sub-Fund, the Investment Manager may consider the highest rating as the valid one.

If a Sub-Fund invests in bonds, it will generally be invested in bonds, fixed or floating-rate securities and short-term-debt securities of Investment Grade quality (BBB or better, or of equivalent quality in the opinion of the Investment Manager of the relevant Sub-Fund) unless otherwise mentioned in the description of a given Sub-Fund.

Units of permitted UCIs with, according to their investment policy, at least 50% of their assets invested in fixed-income securities will be deemed to be investment-grade debt securities unless otherwise provided in the description of the investment policy of the collective investment vehicle.

Investment in straight bonds, convertible bonds, other debt securities or associated instruments rated BB or below, or of equivalent quality in the opinion of the Investment Manager, can involve additional risks. Securities rated B or equivalent are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and principal or maintain other terms of the offer documents over any long period of time. Whilst such issues are likely to have some quality and protective characteristics, these are outweighed by large uncertainties or major risk exposure to adverse economic conditions. Risks associated with the use of lower grade securities are described in the Risk Factors Annex.

## 4. INVESTMENT RESTRICTIONS

### 4.1 Eligible Assets

Whilst the Company has broad powers under its Articles as to the type of investments it may take and the investment methods it may adopt, the Directors have resolved that the Company may only invest in:

#### **Transferable securities and money market instruments**

- (i) transferable securities and money market instruments admitted to Official Listing; and/or
- (ii) transferable securities and money market instruments dealt in a Regulated Market; and/or
- (iii) recently issued transferable securities and money market instruments, provided that the terms of issue include an undertaking that application will be made for admission to an Official Listing or a Regulated Market and such admission is achieved within a year of the issue;
- (iv) money market instruments other than those admitted to an Official Listing or dealt in on a Regulated Market, which are liquid and whose value can be determined with precision at any time, if the issuer or issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that they are:
  - issued or guaranteed by a central, regional or local authority or central bank of a Member State, the European Central Bank, the EU or the European Investment Bank, a non-Member State or, in the case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong, or
  - issued by an undertaking, any securities of which are admitted to an Official Listing or dealt in on Regulated Markets referred to in items (i) and (ii) above, or
  - issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by Community law such as a credit institution which has its registered office in a country which is an OECD member state and a FAFT state, or

- issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second and the third indents and provided that the issuer is a company whose capital and reserves amount to at least ten million euros (EUR 10,000,000) and which presents and publishes its annual accounts in accordance with directive 2013/34/EU as amended, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

The Company may also invest in transferable securities and money market instruments other than those referred to in items (i) to (iv) above provided that the total of such investment shall not exceed 10 per cent of the net assets attributable to any Sub-Fund.

### **Units of UCITS and UCIs**

- (v) units of UCITS authorised according to the UCITS Directive and/or other UCIs within the meaning of article 1, paragraph (2) letters (a) and (b) of the UCITS Directive, should they be situated in a Member State or not, provided that:
- such other UCIs are authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in Community law, and that cooperation between authorities is sufficiently ensured, such as UCIs which have been authorised under the laws of any Member State or under the laws of Canada, Hong Kong, Jersey, Japan, Norway, Switzerland or the United States of America;
  - the level of protection for unit-holders in the other UCIs is equivalent to that provided for unit-holders in a UCITS, and in particular that the rules on asset segregation, borrowing, lending, uncovered sales of transferable securities and money market instruments are equivalent to the requirements of the UCITS Directive;
  - the business of the other UCIs is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period;
  - no more than 10% of the UCITS' or the other UCIs' net assets (or of the net assets of the relevant sub-fund), whose acquisition is contemplated, can, according to their constitutional documents, be invested in aggregate in units of other UCITS or other UCIs.

In accordance with article 46 (3) of the 2010 Law, no subscription or redemption fees may be charged to the Company if the Company invests in Target Sub-Funds or in units of other UCITS and/or other UCIs that are managed, directly or by delegation, by the Management Company or by any other company with which the Management Company is linked by common management or control, or by a direct or indirect holding of more than 10% of the capital or voting rights.

When a Sub-Fund of the Company invests its assets in other UCITS or UCIs or a Target Sub-Fund: (a) the maximum level of the management fee that may be charged both to the Sub-Fund and to such other UCITS or UCI or Target Sub-Fund (including invoices paid by a Sub-Fund as part of a remuneration agreement or assimilated agreement when investing into a class bearing no management fee of an underlying UCITS, UCI or Target Fund) can be found in Annex A in respect of each Sub-Fund and (b) the management fee effectively charged at such UCITS, UCIs or Target Sub-Fund level can be found in the annual report, available on Lombard Odier Group website ([www.loim.com](http://www.loim.com)).

Under the conditions set forth by the Luxembourg laws and regulations, any Sub-Fund may subscribe, acquire and/or hold Shares of any other Sub-Fund (the "Target Sub-Fund") provided that:

- the Target Sub-Fund does not, in turn, invest in the Sub-Fund invested in this Target Sub-Fund; and
- pursuant to the investment restrictions and policy of the Target Sub-Fund, the Target Sub-Fund whose acquisition is contemplated may not invest in aggregate more than 10% of its assets in shares of other UCITS or UCIs, including another Sub-Fund; and
- voting rights, if any, attaching to the relevant securities are suspended for as long as they are held by the Sub-Fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
- in any event, for as long as these securities are held by the Company, their value will not be taken into consideration for the calculation of the net assets of the Company for the purposes of verifying the minimum threshold of the net assets imposed by the 2010 Law.

The Sub-Funds qualifying as Feeder, shall invest at least 85% of their assets in another UCITS or a sub-fund of a UCITS, under the conditions set forth by the Luxembourg laws and regulations and as provided for in this Prospectus.

If qualified as Feeder, a Sub-Fund may hold up to 15% of its assets in one or more of the following:

- ancillary liquid assets; and
- financial derivative instruments which may be used only for hedging purposes in accordance with the relevant provisions of the 2010 Law.

None of the Sub-Funds whose Shares are distributed in Switzerland will qualify as a Feeder.

### **Deposits with credit institutions**

- (vi) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than twelve months, provided that the credit institution has its registered seat in a Member State or, if the registered seat of the credit institution is situated in a non-Member State, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law such as a credit institution which has its registered office in a country which is an OECD member state and a FAFT state.

### **Financial derivative instruments**

- (vii) financial derivative instruments, including equivalent cash-settled instruments, admitted to an Official Listing or dealt in on a Regulated Market referred to in items (i) and (ii) above; and/or OTC derivatives, provided that:
- the underlying consists of instruments described in sub-paragraphs (i) to (vi), financial indices, interest rates, foreign exchange rates or currencies, in which the Sub-Funds may invest in accordance with their investment policies,
  - the counterparties to OTC derivative transactions are only first-class counterparties that are internationally recognized financial institutions. Counterparties may not, as a rule and unless the Board resolve otherwise, have a credit rating below BBB-. Counterparties are domiciled in an OECD member State and specialized in OTC derivatives. When selecting counterparties, in addition to an analysis of credit quality and other financial aspects (including qualitative and quantitative criteria), the following criteria are taken into account: market share or specific potential, market knowledge and organization (front, collateral management, back office),
  - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative, and
  - collateral received in respect of OTC derivatives consists of cash in USD, GBP, EUR and CHF and of debt obligations issued by a governmental entity of a Member State or an OECD member State adjusted by the applicable margin in accordance with the table below (the "Haircut"):

	<b>Haircut applicable to collateral received in respect of OTC derivatives</b>
Cash	0%
Debt obligations	0,75% to 10% according to the maturity of the debt obligation ( <i>i.e.</i> the longer the maturity, the higher is the applicable haircut) and to the robustness of its issuer

Collateral received, including cash, will not be sold, reinvested or pledged.

The collateral transferred to the Sub-Fund in the context of the activities described in this section are held by the Depositary or a sub-custodian of the Depositary for which the custody of the collateral has been delegated under the responsibility of the Depositary.

Securities collateral is diversified to ensure that a maximum exposure to a given issuer is limited to 20% of the assets. By way of derogation, the Company may be fully collateralized in securities issued or guaranteed by a Member State, one or more of its local authorities, a member State of the OECD or of the G20 or Singapore or by public international bodies of which one or more Member States are members.

Bonds received as collateral must have a maturity of less than 20 years.

The Company shall only accept highly liquid assets with not less than a daily liquidity.

Counterparties are not allowed to deliver securities (such as equities and bonds) issued by themselves or any of their subsidiaries.

The exchange of collateral is controlled and organised daily based of the exposure to OTC derivative transactions versus the valuation of the collateral adjusted by margins. Collateral is valued on a daily basis based on the mark-to-market method. All revenues arising from the activities mentioned above, net of direct and indirect operational costs, must be returned to the Company.

### **Categories of financial derivative instruments**

The Company may use all the financial derivative instruments authorised by the Luxembourg Law or by Circulars issued by the CSSF and in particular, but not exclusively, the following financial derivative instruments:

- financial derivative instruments linked to market movements ("market derivatives") such as call and put options, contracts for difference, swaps or futures contracts on securities, financial indices (including but not limited to indices based on financial derivatives on commodities or indices on property), baskets or any kind of financial instruments;
- financial derivative instruments linked to currency fluctuations ("currency derivatives") such as forward currency contracts or call and put options on currencies, currency swaps or forward foreign exchange transactions;
- financial derivative instruments linked to interest rate risks ("interest rate derivatives") such as call and put options on interest rates, IRS, forward rate agreements, interest rate futures contracts, swaptions whereby one party receives a fee in return for agreeing to enter into a forward swap at a predetermined fixed rate if some contingency event occurs (e.g. where future rates are set in relation to a benchmark), caps and floors whereby the seller agrees to compensate the buyer if interest rates rise above, respectively fall below a pre-agreed strike rate on pre-agreed dates during the life of the agreement in exchange of an up front premium;
- financial derivative instruments related to credit risks ("credit derivatives"), such as credit spread derivatives, CDS or TRS. When a Sub-Fund invests in TRS or other financial derivative instruments with similar characteristics, the information required by CSSF Circular 14/592 implementing ESMA Guidelines for competent authorities and UCITS management companies (ESMA/2012/832 - revised ESMA/2014/937) can be found in Annex A. Unless otherwise mentioned in Annex A, a Sub-Fund may not invest in TRS. Credit derivatives are designed to isolate and transfer the credit risk associated with a particular reference asset such as credit spread derivatives in which the payments may be made either by the buyer or the seller of the protection based on the relative credit value of two or more reference assets, or such as CDS whereby one counterpart (the protection buyer) pays a periodic fee in return for a contingent payment by the protection seller following a credit event of a reference issuer. The protection buyer must either sell particular obligations issued by the reference issuer for its par value (or some other designated reference or strike price) when a credit event occurs or receive a cash settlement based on the difference between the market price and such reference price. A credit event is commonly defined as a downgrading of the rating assigned by a rating agency, bankruptcy, insolvency, receivership, material adverse restructuring of debt or failure to meet payment obligations when due. In TRS, the buyer makes a regular payment at a variable rate, in return for all the results relating to a notional amount of a particular reference asset (coupons, interest payments, change in asset value) which accrue over a period of time agreed with the seller. The seller "transfers" to the buyer the economic performance of the reference asset, but remains the owner of the asset. Credit derivatives can carry a higher risk than direct investment in bonds. The market for credit derivatives may sometimes be more illiquid than bond markets.

### **Strategies used for financial derivative transactions**

Financial derivative transactions may be used for one of the following strategies: for hedging purposes of the investment positions, for EPM or as part of the investment strategy of a Sub-Fund.

Transactions on derivatives entered into for hedging purposes aim to protect portfolios against market movements, credit risks, currency fluctuations, inflation risks and interest rate risks. Hedging presupposes the existence of a relation between the underlying financial instrument of the derivative and the financial instrument to be hedged.

In order to be considered for EPM, transactions on derivatives must be entered into for one or more of the following specific aims: reduction of risk, reduction of cost, or generation of additional capital or income for the Sub-Fund with an appropriate level of risk, taking into account the risk profile of the Sub-Fund. Transactions entered into for EPM must be economically appropriate, which implies that they are realised in a cost-effective way. The following are some examples of financial derivative transactions entered into for EPM:

- buying of call options or selling of put options on indices, for recently created Sub-Funds or for Sub-Funds holding Cash and Cash Equivalents on a temporary basis, pending investments, provided such indices comply with the conditions mentioned in paragraph 4.2 (f) and the exposure to the underlying indices does not exceed the value of the Cash and Cash Equivalents pending investment;

- replacing, on a temporary basis and for fiscal or other economical reasons, direct investments in securities by derivative exposure to the same securities;
- proxy hedging of the Reference Currency of a Sub-Fund used to reduce the currency exposure of an investment towards a currency which is sufficiently correlated with the Reference Currency, provided that direct hedging against the Reference Currency is not possible or less advantageous for the Sub-Fund. Two currencies are sufficiently correlated (i) if they belong to the same monetary union, or (ii) if they are scheduled to belong to the same monetary union, or (iii) if one of the currencies is part of a currency basket against which the central bank for the other currency explicitly manages its currency within a band or corridor that is either stable or sloping at a predetermined rate, or (iv) if in the opinion of the Investment Manager the currencies are deemed to be sufficiently correlated;
- proxy hedging of a currency of investment of a Sub-Fund used to reduce the currency exposure of an investment towards the Reference Currency whereby the Sub-Fund sells a currency which is sufficiently correlated to the currency of investment, provided that direct hedging of the currency of investment is not possible or less advantageous for the Sub-Fund;
- cross hedging of two currencies of investment whereby a Sub-Fund sells one of the currencies of investment and purchases another currency pending investment in that currency, maintaining the total exposure of the Reference Currency unchanged.

Transactions on derivatives entered neither for hedging purposes nor for EPM may be used as part of the investment strategy. However, this has to be mentioned in the description of the Sub-Funds concerned (Annex A) and is always subject to the limits permitted by the Investment Restrictions. The use of financial derivative instruments as part of the investment strategy may result in a higher level of leverage and increase the overall risk exposure (*i.e.* the total exposure on derivatives, portfolio and other assets) of a Sub-Fund and the volatility of its Net Asset Value.

## 4.2 Investment Limits Applicable to Eligible Assets

The following limits are applicable to the eligible assets mentioned in paragraph 4.1:

### **Transferable securities and money market instruments**

- The Company will invest no more than 10% of the net assets of any Sub-Fund in transferable securities or money market instruments issued by the same issuer.
- Moreover, where the Company, on behalf of a Sub-Fund, holds investments in transferable securities or money market instruments of any issuing body which by issuer exceed 5% of the net assets of such Sub-Fund, the total of all such investments must not account for more than 40% of the total net assets of the Sub-Fund.
- The limit of 10% laid down in sub-paragraph (a) above may be increased to a maximum of 35% in respect of transferable securities and money market instruments which are issued or guaranteed by a Member State, by its local authorities, by another member State of the OECD or of the G20 or Singapore or by public international bodies of which one or more Member States are members, and such securities need not be included in the calculation of the limit of 40% stated in sub-paragraph (b).
- Notwithstanding the limits set forth under sub-paragraphs (a) and (c) above, each Sub-Fund is authorised to invest in accordance with the principle of risk spreading, up to 100% of its net assets in different transferable securities and money market instruments issued or guaranteed by a Member State, by its local authorities, by an OECD member State, Singapore or any member State of the G20 or by a public international body of which one or more Member State(s) are member(s), provided that (i) such securities are part of at least six different issues, and (ii) the securities from any one issue do not account for more than 30% of the net assets of such Sub-Fund.
- The limit of 10% laid down in sub-paragraph (a) above may be increased to a maximum of 25% in respect of certain debt securities if they are issued by credit institutions having their registered office in a Member State and which are subject, by law, to special public supervision designed to protect the holders of debt securities. In particular, sums deriving from the issue of such debt securities must be invested pursuant to the law in assets which, during the whole period of validity of such debt securities, are capable of covering claims attaching to the debt securities and which, in the event of bankruptcy of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest.

Such debt securities need not be included in the calculation of the limit of 40% stated in sub-paragraph (b). But where the Company, on behalf of a Sub-Fund, holds investments in such debt securities of any issuing body which individually exceed 5% of the net assets of such Sub-Fund, the total of all such investments must not account for more than 80% of the total net assets of the Sub-Fund.

- (f) Without prejudice to the limits laid down in sub-paragraph (n), the limit of 10% laid down in sub-paragraph (a) above is raised to a maximum of 20% for investment in equity and/or debt securities issued by the same body when the aim of the investment policy of a given Sub-Fund is to replicate the composition of a certain equity or debt securities index which is recognised by the CSSF, on the following basis:

- the composition of the index is sufficiently diversified,
- the index represents an adequate benchmark for the market to which it refers,
- it is published in an appropriate manner.

This limit is 35% where that proves to be justified by exceptional market conditions in particular in Regulated Markets where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

Securities mentioned in sub-paragraph (f) need not be included in the calculation of the limit of 40% stated in sub-paragraph (b).

### **Units of UCITS and UCIs**

- (g) The Company may invest up to 20% of the net assets of each Sub-Fund in securities of a same UCITS or UCI.

For the purpose of this provision, each sub-fund of a UCITS or UCI with multiple compartments shall be considered as a separate issuer, provided that the principle of segregation of liabilities of the different compartments is ensured in relation to third parties.

Investments in other UCIs may not exceed 30% of the Sub-Fund's net assets.

The underlying investments held by the UCITS or other UCIs in which the Company invests do not have to be considered for the purpose of applying the investment limitations mentioned in paragraph 4.2.

Under the conditions set forth by Luxembourg laws and regulations, new Sub-Funds of the Company may qualify as Feeder or as Master. A Feeder shall invest at least 85% of its net asset value in securities of a same Master or sub-fund of a UCITS. An existing Sub-Fund may convert into a Feeder or a Master subject to the conditions set forth by Luxembourg laws and regulations. An existing Feeder or Master may convert into a standard UCITS sub-fund which is neither a Feeder nor a Master. A Feeder may replace the Master with another Master. When qualifying as Feeder, reference to such qualification will be included in a given Sub-Fund's description in Annex A. None of the Sub-Funds whose Shares are distributed in Switzerland will qualify as a Feeder.

### **Deposits with credit institutions**

- (h) The Company may not invest more than 20% of the net assets of a Sub-Fund in deposits made with the same body.

### **Financial derivative instruments**

- (i) **Counterparty risk exposure**

The risk exposure to a counterparty of the Company in an OTC derivative transaction may not exceed 10% of the net assets of a Sub-Fund when the counterparty is a credit institution referred to above in sub-paragraph 4.1 (vi) or 5% of its net assets in other cases and shall be combined with the risk exposure to a counterparty of the Company in an EPM technique. Embedded derivatives of SFIs will not be taken into account when calculating the risk exposure to a counterparty, except if the issuer of the SFI is allowed to pass the counterparty risk of underlying derivatives to the Company.

- (j) **Global Exposure relating to financial derivative instruments**

To calculate the Sub-Fund's Global Exposure, the Company may apply the VaR approach or the commitment approach. The approach used for each Sub-Fund, the type of VaR (absolute or relative) as well as the reference portfolio used in case of relative VaR are disclosed in Annex A in relation to a given Sub-Fund.

Where the VaR approach is used to assess a Sub-Fund's Global Exposure, the Company can use the relative VaR approach or the absolute VaR approach. Under the relative VaR approach, the Company will ensure that the Global Exposure does not exceed twice the VaR (200%) of the reference portfolio mentioned in Annex A in relation to a given Sub-Fund. The reference portfolios are used for VaR limitation purpose and not for performance measurement purpose. Under the absolute VaR approach, the Company will ensure that the absolute VaR of a Sub-Fund is not greater than 20% of its total net assets. The VaR is a statistical methodology that predicts the maximum potential loss that a Sub-Fund could make, calculated to a certain confidence level.

When the commitment approach is used, the Global Exposure relating to derivatives may not exceed the total net assets of a Sub-Fund. Accordingly, the Global Exposure associated with the investments of the Sub-Fund may amount to 200% of the total net assets of the Sub-Fund. As borrowing is allowed up to a maximum of 10%, the Global Exposure can reach 210% of the total net assets of the relevant Sub-Fund.

The Global Exposure relating to derivatives may not exceed the total net assets of a Sub-Fund.

(k) **Concentration limits**

The Global Exposure of the underlying assets shall not exceed the investment limits laid down under sub-paragraphs (a), (b), (c), (e), (h), (i), (n) and (o). The underlying assets of index based derivative instruments are not combined to the investment limits laid down under sub-paragraphs (a), (b), (c), (e), (h), (i), (n) and (o).

When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of the above mentioned restrictions.

The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

(l) **Expected leverage**

As required by CSSF, the expected leverage is disclosed for each Sub-Fund following the VaR approach in Annex A in relation to a given Sub-Fund. The leverage is defined as the sum of the absolute value of the notionals of the financial derivative instruments held in each Sub-Fund's portfolio (excluding the investment portfolio) divided by its total net assets. Shareholders should note that the sum of notional calculation methodology does not take into account any netting and hedging arrangements a Sub-Fund may have in place. In addition they should note that leverage per se is not an accurate risk indicator. A higher degree of leverage does not necessarily imply a higher degree of risk (whether market credit or liquidity risks).

Therefore, in their assessment of risk, investors should, not focus solely on leverage but also consider other meaningful risk measures such as the Global Exposure as referred to in paragraph (j) above. Investors should note that the leverage can exceed expected leverage as indicated in Annex A in relation to a given Sub-Fund.

(m) **Sales of financial derivative instruments with physical delivery or cash settlement**

The Sub-Funds may not carry out uncovered sales of financial derivative instruments.

When the derivative provides, either automatically or at the counterpart's choice, for physical delivery of the underlying financial instrument on maturity or exercise, and provided that physical delivery is common practice on the instrument concerned, the Sub-Fund must hold this underlying financial instrument as cover in its portfolio.

In cases where the underlying financial instrument of a financial derivative instrument is highly liquid, the Sub-Fund is allowed to hold exceptionally other liquid assets as cover provided that they can be used at any time to purchase the underlying financial instrument to be delivered and that the additional market risk which is associated with that type of transaction is adequately measured.

Where the financial derivative instrument is cash-settled either automatically or at the Company's discretion, the Sub-Fund is allowed not to hold the specific underlying instrument as cover. In this case, the following categories of instruments constitute an acceptable cover:

- cash;
- liquid debt instruments with appropriate safeguards (in particular, haircuts);
- other highly liquid assets, such as, but not limited to, shares of companies admitted to Official Listing on a stock exchange or dealt in a Regulated Market, recognised by the CSSF in consideration of their correlation with the underlying of the financial derivative instrument, subject to appropriate safeguards;

are considered as "liquid" those instruments which can be converted into cash in no more than seven Business Days at a price closely corresponding to the current valuation of the financial instrument on its own market. This cash amount must be at the Sub-Fund's disposal at the maturity/expiry or exercise date of the financial derivative instrument.

**(n) Maximum exposure to a single body**

The Company may not combine:

- investments in transferable securities or money market instruments issued by a single body and subject to the 10% limit by body mentioned in sub-paragraph (a), and/or
- deposits made with the same body and subject to the limit mentioned in sub-paragraph (h), and/or
- exposures arising from OTC derivative transactions undertaken with the same body and subject to the 10% respectively 5% limits by body mentioned in sub-paragraph (i),

in excess of 20% of the net assets of any Sub-Fund.

The Company may not combine:

- investments in transferable securities or money market instruments issued by a single body and subject to the 35% limit by body mentioned in sub-paragraph (c), and/or
- investments in certain debt securities issued by the same body and subject to the 25% limit by body mentioned in sub-paragraph (e), and/or
- deposits made with the same body and subject to the 20% limit by body mentioned in sub-paragraph (h), and/or
- exposures arising from OTC derivative transactions undertaken with the same body and subject to the 10% respectively 5% limits by body mentioned in sub-paragraph (i),

in excess of 35% of the net assets of any Sub-Fund.

**(o) Eligible assets issued by the same group**

Companies which are included in the same group for the purposes of consolidated accounts, as defined in Directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the investment limits mentioned in sub-paragraph (a), (b), (c), (e), (h), (i), and (n).

The Company may cumulatively invest up to 20% of the net assets of any Sub-Fund in transferable securities and/or money market instruments within the same group.

**(p) Acquisition limits by issuer of eligible assets**

The Company will not:

- acquire shares carrying voting rights which would enable the Company to take legal or management control or to exercise significant influence over the management of the issuing body;
- own in any one Sub-Fund or the Company as a whole, more than 10% of the non-voting shares of any issuer;
- own in any one Sub-Fund or the Company as a whole, more than 10% of the debt securities of any issuer;
- own in any one Sub-Fund or the Company as a whole, more than 10% of the money market instruments of any issuer;
- own in any one Sub-Fund or the Company as a whole, (i) more than 25% of the units of the same UCITS or other UCI or (ii) more than 25% of the units of any one sub-fund comprising the UCITS or other UCI with an umbrella structure.

The limitations mentioned under third, fourth and fifth indents above may be disregarded at the time of acquisition, if at that time the gross amount of debt securities or of money market instruments or of UCITS or UCI or the net amount of the instruments in issue cannot be calculated.



The ceilings set forth above do not apply in respect of:

- transferable securities and money market instruments issued or guaranteed by a Member State or by its local authorities;
- transferable securities and money market instruments issued or guaranteed by any other Eligible State which is not a Member State;
- transferable securities and money market instruments issued or guaranteed by a public international body of which one or more Member State(s) are member(s);
- shares in the capital of a company which is incorporated under or organised pursuant to the laws of a state which is not a Member State provided that (i) such company invests its assets principally in securities issued by issuers of the state, (ii) pursuant to the law of that state a participation by the relevant Sub-Fund in the equity of such company constitutes the only possible way to purchase securities of issuers of that state, and (iii) such company observes in its investments policy the restrictions referred in this Prospectus;
- shares held by one or more investment companies in the capital of subsidiary companies which, exclusively on its or their own behalf carry on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the redemption of units at the request of unitholders.

If the limitations in paragraph 4.2 are exceeded for reasons beyond the control of the Company or as a result of redemption requests for Shares of the Company or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its shareholders.

While ensuring observance of the principle of risk spreading, recently created Sub-Funds may derogate from limitations in paragraph 4.2 other than those mentioned under sub-paragraph (i) and (o) for a period of six months following the date of their launch.

### 4.3 Liquid Assets

A Sub-Fund's holding of Cash and Cash Equivalents may comprise ancillary liquid assets which are bank deposits at sight, such as cash held in current accounts with a bank accessible at any time.

Ancillary liquid assets are used to cover current or exceptional payments or for the time necessary to reinvest in eligible assets under article 41(1) of the 2010 Law or for a period strictly necessary in case of unfavorable market conditions.

The holding of ancillary liquid is in principle limited to 20% of the net assets of a Sub-Fund but can be temporarily breached (i) for a period of six months following the date of authorization of a newly created Sub-Fund or (ii) for a period of time strictly necessary when, because of exceptionally unfavorable market conditions, circumstances so require and where such breach is justified having regard to the best interests of shareholders.

### 4.4 Unauthorised Investments

The Company will not:

- (i) make investments in, or enter into transactions involving, precious metals and certificates involving these, commodities, commodities contracts, or certificates representing commodities;
- (ii) purchase or sell real estate or any option, right or interest therein, provided the Company may invest in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein;
- (iii) carry out uncovered sales of transferable securities, money market instruments or other financial instruments referred to in sub-paragraphs 4.1 (iv), (v) and (vii); provided that this restriction shall not prevent the Company from making deposits or carrying out other accounts in connection with financial derivatives instruments, permitted within the limits referred to above, provided further exposure resulting from financial derivative instruments may be covered as mentioned in paragraph 4.2 (k);
- (iv) make loans to, or act as a guarantor on behalf of third parties, provided that for the purpose of this restriction i) the acquisition of transferable securities, money market instruments or other financial instruments referred to in sub-paragraphs 4.1 (iv), (v) and (vii), in fully or partly paid form and ii) the permitted lending of portfolio securities shall be deemed not to constitute the making of a loan;

- (v) borrow for the account of any Sub-Fund amounts in excess of 10% of the total net assets of that Sub-Fund taken at market value, any such borrowing to be from a bank and to be effected only as a temporary measure for extraordinary purposes including the redemption of Shares. In no circumstances, borrowing shall be part of the investment strategy of a Sub-Fund. However, the Company may acquire for the account of any Sub-Fund foreign currency by way of a back-to-back loan.

The Company will in addition comply with such further restrictions as may be required by the regulatory authorities in any country in which the Shares are marketed.

## 4.5 Risk Management Procedure

In accordance with CSSF Regulation 10-4, CESR Guidelines 10-788 and CSSF Circular 11/512, the Management Company employs a risk management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of each sub-fund. The Management Company employs, if applicable, a process for accurate and independent assessment of the value of any OTC derivative instrument.

## 5. DIVIDEND POLICY

The Company offers for each Sub-Fund Shares in the form of:

- A Shares on which the Company shall not distribute any dividend and on which all net investment income and all net realised and unrealised capital gains will be accumulated and will increase the Net Asset Value of the A Shares of the relevant Sub-Fund, and/or
- D Shares on which the Company shall distribute all or substantially all (but at least 85%) of the net investment income. The dividends in respect of such D Shares are payable annually out of the income accruing during the period 1 October to 30 September. However, for certain Sub-Funds and at the discretion of the Directors, there may be, within the same class of Shares, (i) Shares with one annual dividend only and/or (ii) Shares with one or more interim dividends and/or (iii) different distributing dividend policies dictated by consideration of either certain tax legislations or regulations or local requirements of specific markets or investors-specific needs where the Sub-Funds are distributed. Annual dividends will normally be paid within two months of the year end to the holders of D Shares on the record date determined by the Directors in respect of each period. If the amount available for distribution is less than the equivalent of EUR 0.05 per Share, no dividend will be declared and the amount will be carried forward to the next period.

Interim dividends may be paid out on the Shares of any Sub-Fund or class of Shares upon decision of the Board.

Except as otherwise mentioned in Annex A in relation to a given Sub-Fund, it is not the intention of the Company to distribute the net realised capital gains and unrealised capital gains by way of dividend. However, during any fiscal year, the Directors may propose to distribute part of the net realised capital gains. Cash dividends remaining unclaimed on D Shares five years after their declaration will be forfeited and will revert to the relevant Sub-Fund.

## 6. MANAGEMENT, INVESTMENT MANAGEMENT AND ADVICE

The Directors are responsible for the Company's management and control including the determination of investment policy. They have appointed Lombard Odier Funds (Europe) S.A. as management company of the Company. The Management Company is authorised to act as fund management company in accordance with Chapter 15 of the 2010 Law. The Management Company has appointed the Dirigeants listed in the "List of Parties and Addresses", to direct and coordinate the operations of the Company and has appointed or may appoint any of the Investment Managers listed in the "List of Parties and Addresses" and in paragraph 6.3 below to advise on investments and assume the day to day management of the investments of the Company.

## 6.1 Management Company and Domiciliary Agent

The Company has signed a management company agreement with the Management Company dated 2 September 2010 (the "Management Company Agreement"). Under this agreement, the Management Company was entrusted with the day-to-day management of the Company and with the responsibility to perform, directly or by way of delegation, all functions relating to the Company's investment management, administration and marketing, as well as distribution of the Company's Shares. The Management Company also acts as domiciliary agent for the Company.

The Management Company was organised for an unlimited period as a société anonyme under the laws of the Grand Duchy of Luxembourg by a notarial deed dated 23 April 2010 which was published in the Mémorial on 20 May 2010. The latest amendments to the articles of incorporation of the Management Company came into force with effect as of 11 January 2019 and were published in the RESA n°2019\_092 of 18 April 2019. The Management Company's registered and principal office is at 291, route d'Arlon, 1150 Luxembourg. It is registered on the R.C.S. Luxembourg under No. B-152.886.

The issued capital of the Management Company is two million eight hundred ten thousand two hundred five Euros (EUR 2,810,205.-), consisting of three thousand one hundred and seventy (3,170) shares in registered form with a nominal value of eight hundred eighty six point fifty Euros (EUR 886.50.-) per share, all of which are fully paid up.

The Management Company is an indirectly wholly-owned subsidiary of Compagnie Lombard Odier SCmA (the "SCmA").

The purpose of the Management Company is the creation, the promotion, the administration, the management and the marketing of Luxembourg and foreign UCITS, alternative investment funds ("AIFs") within the meaning of the Luxembourg law of 12 July 2013 on alternative investment funds managers ("AIFM"), as may be amended from time to time (the "AIFM Law") and other regulated funds, collective investment vehicles or other investment vehicles. More generally the Management Company may carry out any activities connected with the services it provides to investment vehicles to the furthest extent permitted by the 2010 Law, the AIFM Law and any other applicable laws and regulations. The Management Company may carry out any activities connected directly or indirectly to, and/or deemed useful and/or necessary for the accomplishment of its object, remaining, however, within the limitations set forth in, but to the furthest extent permitted by, the provisions of the 2010 Law, the AIFM Law and any other applicable laws and regulations. The Management Company is authorised by the CSSF as a management company under Chapter 15 of the 2010 Law and as an AIFM under Chapter 2 of the AIFM Law.

## 6.2 Dirigeants of the Management Company

The Board of the Management Company has, with the approval of the Directors, granted a mandate to the Dirigeants mentioned under "List of Parties and Addresses" in order to supervise and coordinate the activities of the Company, in compliance with the provisions of the CSSF Regulation 10-4 and CSSF Circular 18/698. The Dirigeants shall supervise and coordinate the functions delegated to the different service providers and shall ensure that an appropriate risk management method is applied to the Company.

## 6.3 Investment Managers, Sub-Investment Managers and Investment Advisers

The Management Company has appointed or may appoint, with the agreement of the Board, the Investment Managers pursuant to several Investment Management Agreements to provide day-to-day discretionary investment management services for the Sub-Funds, subject to the direction of the Management Company and supervision of the Board. With respect to Investment Managers listed below that are part of the Lombard Odier Group, it should be noted that all or some of them may be managing one or more Sub-Funds at the date of issue of this Prospectus and that the allocation of Sub-Funds may evolve overtime.

Information regarding the allocation of Sub-Funds to each Investment Manager/Sub-Investment Manager is published in the annual and semi-annual reports. Investors may receive from the Company, on written request, an up-dated list of the Investment Managers/Sub-Investment Manager.

Subject to the prior approval of the Management Company and without prejudice to the responsibility of the Investment Manager, (i) one or more employee of any entity belonging to the Lombard Odier Group listed below (an "LO Entity") may assist any Investment Manager and (ii) Investment Managers may appoint Sub-Investment Managers and/or Investment Advisers.

The following entities either act as or may be appointed to act as Investment Manager, Sub-Investment Manager or Investment Adviser in relation to one or more sub-Funds:

**Bank Lombard Odier & Co Ltd ("LOC")**, a wholly-owned subsidiary of the SCmA, is one of the oldest (founded in 1796) and largest private banks in Switzerland, and concentrates on asset management for institutional and private clients worldwide. LOC's long experience in international financial markets, backed up by a strong commitment to research, has made it a recognised leader among international investment managers.

**Lombard Odier Asset Management (Europe) Limited ("LOAM Europe")**, an indirectly wholly-owned subsidiary of the SCmA, and was incorporated in London in 2009. LOAM Europe is authorised and regulated by the Financial Conduct Authority in the United Kingdom and manages equity and fixed interest portfolios for institutional clients world-wide.

**Lombard Odier (Europe) S.A.** is a credit institution incorporated in Luxembourg and subject to the supervision of the CSSF.

**Lombard Odier (Europe) S.A., Succursale en France**, authorized and regulated in France by the Autorité de Contrôle Prudentiel et de Résolution, is a branch of Lombard Odier (Europe) S.A..

**Lombard Odier (Europe) S.A., UK Branch**, authorized and regulated in the United-Kingdom by the Prudential Regulation Authority and the Financial Conduct Authority, is a branch of Lombard Odier (Europe) S.A..

**Lombard Odier Asset Management (Switzerland) SA ("LOAM Switzerland")**, an indirectly wholly-owned subsidiary of the SCmA, was incorporated in Geneva in 1972. It is regulated by the Swiss Financial Markets Supervisory Authority (FINMA) as a fund management company.

**Lombard Odier Funds (Europe) S.A. – Dutch Branch**, is a branch of the Management Company established in the Netherlands and is authorized to perform portfolio management activities on behalf of UCITS funds.

**Lombard Odier (Europe) S.A., sucursal en España**, registered in the Commercial Registry of Madrid in volume 31152, folio 1, page M-560642, is a branch of Lombard Odier (Europe) S.A., a credit institution incorporated in Luxembourg and subject to the supervision of the CSSF. It is regulated and registered in Spain by the Banco de España (BdE) with number 1547 and authorized by the Comisión Nacional de Mercado de Valores (CNMV) to provide financial services.

**Lombard Odier (Hong Kong) Limited ("LO Hong Kong")**, an indirectly wholly-owned subsidiary of the SCmA, was incorporated in Hong Kong on 7 July 1987 and is supervised by the Securities and Futures Commission (SFC). LO Hong Kong has many years of experience in researching the economies of Asian countries and in managing mutual funds invested in these markets.

**Lombard Odier (Singapore) Ltd ("LO Singapore")**, an indirectly wholly-owned subsidiary of the SCmA, was incorporated in Singapore on 14 December 2006. LO Singapore is regulated by the Monetary Authority of Singapore (MAS) and provides investment services to institutional and private investors.

## 6.4 Multi-management and Asset Allocators

The Management Company may, with the agreement of the Board, appoint an Asset Allocator to provide asset allocation services for the Sub-Funds managed according to the multi-management concept (the "Asset Allocator").

Within the multi-management concept, the Asset Allocator may appoint different managers to provide one of the following services:

- (i) day-to-day investment management services to allocated portfolios of the same Sub-Fund. In this case, the Investment Managers are referred to as "Portfolio Managers"; or
- (ii) investment advisory services with no discretionary asset management power in relation to the portfolio of the Sub-Fund for which the Asset Allocator is acting as Portfolio Manager. In this case, the Investment Managers are referred to as "Portfolio Adviser".

Various selection criteria may be used to select or replace Portfolio Managers/Advisers, such as their performance, investment process and management style, their complementary skills, etc., taking into consideration the relevant market outlook and trends. The Management Company has delegated the selection and replacement of the Portfolio Managers/Advisers to the Asset Allocator, but remains responsible, together with the Board, for the supervision of the Portfolio Managers. The Asset Allocator will use its discretion for the selection and replacement of the Portfolio Managers/Advisers at any time and may also decide for certain periods of time to concentrate the investment management on one Portfolio Manager or to perform itself the day-to-day investment management of all or a portion of a given Sub-Fund, without prior notification to the investors and will be responsible for the asset allocation among the Portfolio Managers/Advisers.

For the time being no Sub-Funds are managed according to the multi-management concept.

The Asset Allocator appointed in relation to Sub-Funds managed according to the multi-management concept can be found in Annex A. Information regarding portfolios allocated to each Portfolio Manager is published in the annual and semi-annual reports and is updated on the Lombard Odier Group web site ([www.loim.com](http://www.loim.com)). Investors may obtain, free of charge, from the Company, on written request sent to its registered office, an up-dated list of the Portfolio Managers participating to the multi-management concept.

## 6.5 Investor Committee

The Board or, upon delegation, the Management Company or the Investment Managers may establish for certain Sub-Funds, an Investor Committee, whose members will consist of, as well as certain Directors, the main shareholders of the relevant Sub-Funds and other persons such as representatives of the Investment Manager.

Whilst not participating in specific investment decisions, the Investor Committee will consult with and advise the Management Company and Investment Managers of the relevant Sub-Funds from time to time with respect to global economic, political and business trends and developments.

## 6.6 Co-management

In order to reduce operational and administrative charges whilst allowing a wider diversification of the investments, the Directors may decide that part or all of the assets of any Sub-Fund will be co-managed with assets belonging to other Luxembourg collective investment schemes or that part or all of the Sub-Funds will be co-managed amongst themselves. In the following paragraphs, the words "co-managed entities" shall refer to any Sub-Fund and all entities with and between which there exists any given co-management arrangement and the words "co-managed Assets" shall refer to the entire assets of these co-managed entities which are co-managed pursuant to the same co-management arrangement.

Under the co-management arrangement, the Management Company and the Investment Managers, as the case may be, will be entitled to take on a consolidated basis for the relevant co-managed entities, investment and disinvestment decisions which will influence the composition of the Sub-Funds' portfolio. Each co-managed entity shall hold a portion of the co-managed Assets corresponding to the proportion of its net assets to the total value of the co-managed Assets. This proportional holding shall be applicable to each and every line of investment held or acquired under co-management. In case of investment and/or disinvestment decisions these proportions shall not be affected and additional investments shall be allotted to the co-managed entities pursuant to the same proportion and assets sold shall be levied proportionately on the co-managed Assets held by each co-managed entity.

In case of new subscriptions in one of the co-managed entities, the subscription proceeds shall be allotted to the co-managed entities pursuant to the modified proportions resulting from the net asset increase of the co-managed entity which has benefited from the subscriptions and all lines of investment shall be modified by a transfer of assets from one co-managed entity to the other in order to be adjusted to the modified proportions. In a similar manner, in case of redemptions in one of the co-managed entities, the cash required may be levied on the cash held by the co-managed entities pursuant to the modified proportions resulting from the net asset reduction of the co-managed entity which has suffered from the redemptions and, in such case, all lines of investment shall be adjusted to the modified proportions. Shareholders should be aware that, in the absence of any specific action by the Directors or their appointed agents, the co-management arrangement may cause the composition of assets of a Sub-Fund to be influenced by events attributable to other co-managed entities such as subscriptions and redemptions. Thus, all other things being equal, subscriptions received in one entity with which any Sub-Fund is co-managed will lead to an increase of this Sub-Fund's reserve of cash. Conversely, redemptions made in one entity with which any Sub-Fund is co-managed will lead to a reduction of this Sub-Fund's reserve of cash. Subscriptions and redemptions may however be kept in the specific account opened for each co-managed entity outside the co-management arrangements and through which subscriptions and redemptions to these specific accounts, together with the possibility for the Directors or their appointed agents to decide at any time to terminate a Sub-Fund's participation in the co-management arrangement, permit the Sub-Fund to avoid the readjustments of its portfolio if these readjustments are likely to affect the interest of the Company and of its shareholders.

If a modification of the composition of the Sub-Fund's portfolio resulting from redemptions or payments of charges and expenses peculiar to another co-managed entity (*i.e.* not attributable to such Sub-Fund) is likely to result in a breach of the investment restrictions applicable to this Sub-Fund, the relevant assets shall be excluded from the co-management arrangement before the implementation of the modification in order for it not be affected by the ensuing adjustments.

In order to assure that investment decisions are fully compatible with the investment policy of the Sub-Fund, co-managed Assets of any Sub-Fund shall only be co-managed with assets intended to be invested pursuant to investment objectives identical to those applicable to the co-managed Assets of such Sub-Fund. Co-managed Assets of any Sub-Fund shall only be co-managed with assets for which the Depositary also acts as depositary in order to assure that the Depositary is able, with respect to the Sub-Fund, to fully carry out its functions and responsibilities pursuant to the 2010 Law. The Depositary shall at all times keep the Company's assets segregated from the assets of other co-managed entities and shall therefore be able at all times to identify the assets of the Sub-Fund. Since co-managed entities may have investment policies which are not strictly identical to the investment policy of one of the Sub-Funds, it is possible that the common policy implemented may be more restrictive than that of the Sub-Fund.

The Dirigeants or the Board may decide at any time and without notice to terminate the co-management arrangement.

Shareholders may at all times contact the registered office of the Company to be informed of the percentage of assets which are co-managed and of the entities with which there is such a co-management arrangement at the time of their request.

Co-management arrangements with non-Luxembourg entities shall be authorised provided that (1) the co-management agreement to which the non-Luxembourg entity is a party is subject to Luxembourg law and the jurisdiction of the Luxembourg courts, or that (2) the rights of each co-managed entity concerned are established in such a way that no creditor, liquidator or bankruptcy curator of the non-Luxembourg entity concerned has access to the assets of the Sub-Funds or has the right to freeze them.

## 7. DEPOSITARY

The Company has, by an agreement effective as of 18 March 2016 (the "Depositary Agreement"), appointed CACEIS Bank, acting through its Luxembourg branch, CACEIS Bank, Luxembourg Branch as Depositary of the assets of the Company. The Depositary is the Luxembourg branch of CACEIS Bank, a public limited liability company (*société anonyme*) incorporated under the laws of France, having its registered office located at 89-91 rue Gabriel Péri, 92120 Montrouge, France, registered with the French Register of Trade and Companies under number 692 024 722 RCS Nanterre. It is an authorised credit institution supervised by the European Central Bank ("ECB") and the *Autorité de contrôle prudentiel et de résolution* ("ACPR"). It is further authorised to exercise through its Luxembourg branch banking and central administration activities in Luxembourg.

The Depositary Agreement has been entered into for an unlimited period of time and may be terminated by the Company subject to a three (3) month prior notice or by the Depositary subject to a six (6) months prior notice. The Depositary will continue to hold the Company's assets until a replacing depositary is appointed.

In its function as depositary, the Depositary shall perform the duties resulting from the UCITS Rules.

The principal duties of the Depositary, as depositary, are as follows:

- (a) the safe-keeping of the assets of the Company that can be held in custody (the "Financial Instruments") including:
  - (i) financial instruments and shares or units of collective investment funds registered or held in an account directly or indirectly in the name of the Depositary or a third party or a correspondent to whom custody functions are delegated, notably at the level of the central securities depositary; and
  - (ii) financial instruments which are provided as collateral to a third party or are provided by a third party for the benefit of the Company, as long as they are owned by the Company;
- (b) the record-keeping of assets that cannot be held in custody in respect of which the Depositary must verify their ownership;
- (c) to ensure that the Company's cash flows are properly monitored, and in particular to ensure that all payments made by or on behalf of investors upon the subscription of Shares in a Sub-Fund have been received and that all cash of the Company has been booked in cash accounts that the Depositary can monitor and reconcile;
- (d) to ensure that the issue, redemption and conversion of Shares of a Sub-Fund are carried out in accordance with Luxembourg applicable laws and the Articles;
- (e) to ensure that the value of the Shares of a Sub-Fund is calculated in accordance with the UCITS Rules and the Articles;
- (f) to carry out the instructions of the Company, unless they conflict with Luxembourg applicable laws or the Articles;

- (g) to ensure that in transactions involving the Company's assets any consideration is remitted to the Company within the usual time limits; and
- (h) to ensure that the Company's income is applied in accordance with the UCITS Rules and the Articles.

In relation to the Depositary's safe-keeping duties of financial instruments referred to under (a) above, the Depositary is liable to the Company or the shareholders for any loss of such Financial Instruments held by the Depositary or any delegate.

In relation to the other depositary's duties, the Depositary is liable to the Company or the shareholders for all other losses suffered by it or them as a result of the Depositary's negligent or intentional failure to properly fulfil such obligations.

Investors are invited to consult the Depositary Agreement to have a better understanding and knowledge of the limited duties and liabilities of the Depositary acting as depositary. Investors' particular attention is drawn to chapter IX of the Depositary Agreement.

The Depositary is authorized to delegate its safekeeping duties under Luxembourg Law to sub-custodians and to open accounts with such sub-custodians.

A list of these sub-custodians is available on the website of the Depositary ([www.caceis.com](http://www.caceis.com), section "veille réglementaire"). Such list may be updated from time to time. A complete list of all sub-custodians may be obtained, free of charge and upon request, from the Depositary.

There are many situations in which a conflict of interest may arise, notably when the Depositary delegates its safekeeping functions or when the Depositary also performs other tasks on behalf of the Company, such as administrative agency and registrar agency services. These situations and the conflicts of interest thereto related have been identified by the Depositary. In order to protect the Company's and its shareholders' interests and comply with applicable regulations, a policy and procedures designed to prevent situations of conflicts of interest and monitor them when they arise, have been set in place within the Depositary aiming namely at:

- (a) identifying and analysing potential situations of conflicts of interest;
- (b) recording, managing and monitoring the conflict of interest situations either in:
  - relying on the permanent measures in place to address conflicts of interest such as maintaining separate legal entities, segregation of duties, separation of reporting lines, insider lists for staff members; or
  - implementing a case-by-case management to (i) take the appropriate preventive measures such as drawing up a new watch list, implementing a new Chinese wall, making sure that operations are carried out at arm's length and/or informing the concerned shareholders of the Company, or (ii) refuse to carry out the activity giving rise to the conflict of interest.

Up-to-date information regarding the identity of the Depositary, the description of its duties and of conflicts of interest that may arise, the safekeeping functions delegated by the Depositary and any conflicts of interest that may arise from such a delegation are also made available to investors on the website of the Depositary, as mentioned above, and upon request.

The Depositary has established a functional, hierarchical and/or contractual separation between the performance of its UCITS depositary functions and the performance of other tasks on behalf of the Company, notably, administrative agency and registrar agency services.

The Depositary has neither decision-making discretion nor any advice duty relating to the Company's investments. The Depositary is a service provider to the Company and is not responsible for the preparation of this Prospectus and therefore accepts no responsibility for the accuracy of any information contained in this Prospectus or the validity of the structure and investments of the Company.

Up-to-date information regarding the above is available upon request at the registered office of the Company.

## **8. CENTRAL ADMINISTRATION, REGISTRAR, TRANSFER AGENT AND PAYING AGENT**

Pursuant to an agreement (the "Central Administration Agreement") between CACEIS Bank, Luxembourg Branch and the Management Company, CACEIS Bank, Luxembourg Branch has been appointed to act for the Company in Luxembourg as Central Administration, Registrar and Transfer Agent and Paying Agent (the "Central Administration Agent").

The Central Administration Agent is the Luxembourg branch of CACEIS Bank, a public limited liability company (société anonyme) incorporated under the laws of France, having its registered office located at 89-91 rue Gabriel Péri, 92120 Montrouge, France, registered with the French Register of Trade and Companies under number 692 024 722 RCS Nanterre. It is an authorised credit institution supervised by the European Central Bank ("ECB") and the Autorité de contrôle prudentiel et de résolution ("ACPR"). It is further authorised to exercise through its Luxembourg branch banking and central administration activities in Luxembourg.

The Central Administration Agent may delegate part or all of its functions to a third party service provider, in the conditions provided for in the Central Administration Agreement and under its responsibility.

This Agreement may be terminated by either party giving 3 months prior notice, or with immediate effect by the Management Company should it be in the interest of the Shareholders.

The Central Administration Agent may outsource, for the performance of its activities (i.e., central administration, including registrar and transfer agent activities), IT and operational functions related to such activities with other entities of the CACEIS group, located in Europe or in third countries, notably in Switzerland, Canada and Malaysia (see <https://www.caceis.com/who-we-are/where-to-find-us/> for the country of establishment of the entities of the CACEIS group that may provide the outsourced activities). In this context, the Central Administration Agent may notably be required to transfer to the outsourcing provider data related to the individual investor or individual(s) related to a corporate investor, such as name, address, place and date of birth, nationality, identity document number, etc. ("Confidential Information"). In accordance with Luxembourg law, the Central Administration Agent has to disclose to the Company a certain level of information regarding the outsourced activities. The Company will communicate to the investors any material changes to the information disclosed in this paragraph prior to their implementation.

Confidential Information may be transferred to sub-contractors established in countries where professional secrecy or confidentiality obligations are not equivalent to the Luxembourg professional secrecy obligations applicable to the Central Administration Agent. In any event, the Central Administration Agent is legally bound to, and has committed to the Company that it will enter into outsourcing arrangements with sub-contractors which are either subject to professional secrecy obligations by application of law or which will be contractually bound to comply with strict confidentiality rules. The Central Administration Agent further committed to the Company that it will take reasonable technical and organisational measures to ensure the confidentiality of the Confidential Information subject to the data transfer and to protect Confidential Information against unauthorised processing. Confidential Information will therefore only be accessible to a limited number of persons within the relevant sub-contractor, on "a need to know" basis and following the principle of the "least privilege". Unless otherwise authorised/required by law, or in order to comply with requests from national or foreign regulatory authorities or law enforcement authorities, the relevant Confidential Information will not be transferred to entities other than the sub-contractors.

## 9. INDEPENDENT AUDITOR AND LEGAL ADVISER

PricewaterhouseCoopers, société coopérative, Réviseur d'entreprises, 2, rue Gerhard Mercator, 1014 Luxembourg, Grand Duchy of Luxembourg act as the Independent Auditors of the Company.

The Company's legal advisers are Elvinger, Hoss Prussen, société anonyme ("EHP"), 2, place Winston Churchill, 1340 Luxembourg, Grand Duchy of Luxembourg.

EHP has been appointed to act as legal counsel to the Company with respect to Luxembourg law. No independent legal counsel has been retained to represent the individual Shareholders.

EHP's representation of the Company, is limited to those specific matters upon which it has been consulted. There may exist other matters which would have a bearing on the Company, the Management Company, the Investment Managers and/or any of their affiliates upon which EHP has not been consulted. EHP does not undertake to monitor the compliance of the Company, the Management Company or the Investment Managers with the investment program, valuation procedures and other guidelines set out herein, nor does it monitor compliance with applicable laws. Additionally EHP relies upon information furnished to it by the Company, the Management Company and/or the Investment Managers, and does not investigate or verify the accuracy and completeness of information set out herein concerning the Company, the Management Company, the Investment Managers, or other service providers or their affiliates and personnel.



# 10. CHARGES AND EXPENSES

## 10.1 Initial Charge

On subscription for Shares of any Sub-Fund, the Directors have determined that an Initial Charge not exceeding 5% of the Issue Price may be payable to the Global Distributor or any Distributor in remuneration of their services, including but not limited to, (i) the handling and transmission of subscription orders to the transfer agent, (ii) the settlement of subscription orders, (iii) the transmission of the relevant legal and marketing documents, at the request of investors, (iv) the controls of minimum investment amount requirements and other eligibility criteria applicable to each Sub-Fund, respectively each class of Share, and (v) the processing of corporate actions.

## 10.2 Redemption Charge

There is no redemption charge payable on redemption.

## 10.3 Conversion Charge

On conversions between the different Sub-Funds the Directors have determined that the Global Distributor or any Distributor may levy a conversion charge of up to 0.50% of the Net Asset Value of the Shares being converted in remuneration of the services mentioned under paragraph 10.1 above in relation to the conversion, subject to the restriction mentioned at paragraph 2.3.

## 10.4 Dealing Charge

In addition to the charges mentioned above, the Issue and Redemption Prices of the Shares may be increased, respectively reduced by a Dealing Charge levied by the Company in favour of the relevant Sub-Fund, in order to mitigate the effect of portfolio transactions costs resulting from subscriptions or redemptions. In case of conversion between Sub-Funds (but not between classes of Shares within the same Sub-Fund), two Dealing Charges may be levied by the Company, the first in favour of the original Sub-Fund and the second in favour of the new Sub-Fund. The Dealing Charges are applicable at the discretion of the Directors. Any such application of a Dealing Charge and the rate applicable are mentioned in the Annex A in relation to a given Sub-Fund. Shareholders will be treated equally in this respect.

When the Directors decide to make a Dilution Adjustment, as defined in paragraph 15.1, no Dealing Charge will be levied on the Shares nor will any class of Shares be subject to the Swing Pricing.

## 10.5 Annual Charges

### 10.5.1 Management Fee and Performance Fee

For the M, N, P, U, I and EM classes of Shares, the Management Company is entitled to a Management Fee calculated and accrued at each Valuation Day by reference to the Net Asset Value of the relevant Sub-Fund and payable monthly in arrears.

In addition to the Management Fee, the Management Company may be entitled to a Performance Fee for certain Sub-Funds. Any Performance Fee, the rate applicable and calculation method are mentioned in the Annex A in relation to a given Sub-Fund.

The Management Fees and Performance Fees payable to the Management Company for its services in respect of each Sub-Fund can be found in Annex A (the "Maximum Management Fee").

The Management Fee effectively paid to the Management Company cannot exceed the Maximum Management Fee (the "Effective Management Fee"). The Effective Management Fee is disclosed in the annual report and in the Sub-Funds' factsheets (if any), available on the Lombard Odier Group website ([www.loim.com](http://www.loim.com)).

No Management Fees and Performance Fees are payable on the S classes of Shares. Investors willing to subscribe S Shares have to enter into a remuneration agreement with the Company, the Management Company or any other entity of the Lombard Odier Group. Invoices issued by the Management Company to the Company, according to the provisions of the Management Company Agreement (see Section 6), will be paid directly by such Institutional Investor.

The Management Company pays the following fees out of the Management Fee and Performance Fee:

- the investment management fees and performance fees payable to the Investment Managers;
- the investment advisory fees payable to any Investment Adviser;
- the asset allocation fees payable to the Asset Allocators;
- fees in relation to sales and marketing activities, services to investors such as client relationship management services and services for the acquisition and disposal of Shares; and
- any rebates.

The Management Company is not allowed to rebate any portion of the Management Fee received in relation to U, I, M and N Shares.

When the Directors decide to apply the Swing Pricing, as defined in paragraph 15.1, any Performance Fee will be charged on the basis of the unswung NAV.

### 10.5.2 Distribution Fee

For the services provided in the promotion of the Shares, described in Section 11, the Management Company, as Global Distributor, is entitled to a Distribution Fee calculated and accrued at each Valuation Day by reference to the Net Asset Value of P Shares of the relevant Sub-Funds and payable monthly in arrears. No Distribution Fee is payable on U, I, S, M, N and EM Shares.

The Distribution Fee serves to pay Distributors. The Global Distributor or the Distributor may, from time to time, rebate to local sub-distributors, sales agents, introducing brokers or to shareholders a portion or all of the fees, in accordance with all applicable laws.

The maximum Distribution Fee payable in respect of the P Shares of each Sub-Fund can be found in Annex A (the "Maximum Distribution Fee").

The Distribution Fee effectively paid in respect of the P class of Shares of each Sub-Fund cannot exceed the Maximum Distribution Fee (the "Effective Distribution Fee"). The Effective Distribution Fee is disclosed in the annual report and in the Sub-Funds' factsheets (if any), available on the Lombard Odier Group website ([www.loim.com](http://www.loim.com)).

In the event that the total remuneration paid by the Management Company as Global Distributor to Distributors out of its Distribution Fee exceeds the Effective Distribution Fee in respect of the P class of Shares of any Sub-Fund, the Management Company bears the excess amount. Conversely, should the total remuneration to Distributors be lower than the Effective Distribution Fee in respect of the P class of Shares of any Sub-Fund, the Management Company is entitled to retain such difference.

### 10.5.3 Fixed Rate of Operational Costs

For the M, N, P, I, S, U and EM classes of Shares, the Company bears the fixed and variable costs, charges, fees and other expenses incurred in the operation and administration of its activities ("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").

Direct Costs include notably:

- (i) Depositary, Administration, Registrar and Transfer Agent fees;
- (ii) Fees and expenses of the Company's external auditors;
- (iii) Directors fees, directors and officers insurance premiums, reasonable out-of-pocket expenses incurred by the Directors;
- (iv) Government charges;
- (v) Fees and expenses of its legal and tax advisers in Luxembourg and abroad;
- (vi) *Taxe d'abonnement* (see Section 17 for further details);

- (vii) Fees and expenses of any license / trademark used by the Company;
- (viii) Domiciliary Agent fees;
- (ix) Fees and expenses of any other service providers or officers appointed by the Company or by the Management Company on behalf of the Company;  
Fund Servicing Costs, as the remaining amount of Operational Costs after deduction of the Direct Costs, include notably:
  - (x) Fees related to the exercise of proxy voting;
  - (xi) Costs related to the registration and maintenance of such registration in all jurisdictions (including fees charged by the relevant supervisory authorities, translation costs and remuneration of Foreign Representatives and local paying agents);
  - (xii) Marketing fees, costs relating to the publication of offering / redemption prices, distribution of semi-annual and annual reports, other reporting expenses;
  - (xiii) Costs related to distribution of Shares through local clearing systems when according to local practice such costs are supported by the Company;
  - (xiv) Costs related to investment and performance reporting;
  - (xv) Fees and expenses charged by affiliated entities of the Lombard Odier Group in relation to legal, compliance, administrative and operational services, including accounting support, provided to the Management Company for the account of the Company;
  - (xvi) Fees and expenses related to the mailing / publication of notices to shareholders or any other type of communication to shareholders, regulatory authorities, service providers, etc.
  - (xvii) Any other fees and expenses charged to the Company in relation to its day-to-day operations;
  - (xviii) Any expenses in relation to liquidation procedures.

For the avoidance of doubt, the fees covered under items (xii) and (xiii) above are distinct from the Distribution Fee or Initial Charge.

Other fees mentioned in paragraph 10.5.3 below such as transaction costs, stock lending charges, interest on bank overdraft and any other extraordinary fees and expenses are distinct from the Direct Costs and the Fund Servicing Costs.

To cover the Operational Costs, the Company pays to the Management Company a fixed rate of Operational Costs ("FROC") as an annual percentage of the Net Asset Value of the relevant class of Shares for each Sub-Fund.

The purpose of the FROC is to set a fixed rate of fees covering the Direct Costs and the Fund Servicing Costs which may be subject to fluctuation overtime. The FROC ensures that the Company is protected from expenses fluctuation which would not be the case had the Company chosen to pay directly such charges.

The FROC effectively paid to the Management Company (the "Effective FROC") cannot exceed the maximum FROC (the "Maximum FROC") as disclosed in Annex A for each Sub-Fund.

The Effective FROC for the relevant classes of Shares for each Sub-Fund is disclosed in the annual report and in the Sub-Funds' factsheets (if any), available on the Lombard Odier Group website ([www.loim.com](http://www.loim.com)).

Within the Maximum FROC mentioned in Annex A for each Sub-Fund, the Directors reserve the right to adjust the Effective FROC from time to time. Any increase to the Maximum FROC is considered a material change and will be notified to the shareholders. It should be noted that foreign jurisdictions where the Company may be registered might impose restrictions or additional requirements in case of a FROC increase.

In the event that the amount of the actual Operational Costs exceeds the Effective FROC for any class of Shares of any Sub-Fund, the Management Company bears the excess Operational Costs. Conversely, should the actual Operational Costs be lower than the Effective FROC for any class of Shares of any Sub-Fund, the Management Company is entitled to retain such difference.

#### 10.5.4 Other Fees

In addition to the Operational Costs described in paragraph 10.5.2 above, each Sub-Fund bears the transaction costs and other related costs as further described below.

Transaction costs cover all costs related to (i) the purchase and sale of securities or instruments on behalf of the relevant Sub-Funds, including, but not limited to, brokerage fees, clearing fees, exchange fees and transaction taxes (including stamp duty) and (ii) the trade management process which includes, but is not limited to, the matching of all orders executed on behalf of the relevant Sub-Funds and the respective settlement instructions.

Other related costs cover inter alia those arising from:

- position keeping and reconciliation of all positions and cash balances between the records of the relevant custodian bank, brokers and clearers and the information available in the front office systems (i. e. portfolio management and order management systems) of the relevant Investment Managers;
- valuation (including independent valuation of OTC derivatives);
- collateral management (including margin calls for listed derivatives);
- management and processing of corporate actions;
- reporting of derivatives transactions / positions to the relevant trade repositories under the applicable reporting regime;
- the duplication of NAV calculation by third party providers for oversight control;
- periodic charges related to research as mentioned in paragraph 10.5.5 below.

Furthermore, each class of Shares bears any extraordinary expenses incurred by external factors, some of which may not be reasonably foreseeable in the normal course of activity of the Company such as, without limitation, any litigation expenses (including expert opinions or appraisals) or the full amount of any tax, levy, duty or similar charge imposed on the Sub-Funds or their assets that would not be considered as ordinary expense.

The costs and expenses for the creation of any additional Sub-Fund, including fees and expenses of its legal and tax advisers in Luxembourg and abroad, will be borne by relevant the Sub-Fund and amortised over a period of up to five years.

Subject to the limitations mentioned in paragraph 4.1 (v), where a Sub-Fund invests in a UCITS or UCI or a Target Sub-Fund, the investment in the underlying funds may result in a double charging of fees and expenses, in particular a duplication of the fees payable to the custodian(s), transfer agent(s), Investment Manager(s) and other agents and, with exception of investments in a Target Sub-Fund, also subscription and redemption charges, which are generated both at the level of the Sub-Fund and of the underlying funds in which the Company invests. The maximum level of the management fee that may be charged both to a Sub-Fund and to such other UCITS or UCI or Target Sub-Fund is disclosed in Annex A for each Sub-Fund and the management fee effectively charged at such UCITS, UCIs or Target-Sub-Fund level can be found in the annual report, available on Lombard Odier Group website ([www.loim.com](http://www.loim.com)).

#### 10.5.5 Research Commissions and Charges

Subject to compliance by Investment Managers with applicable laws and regulations (and in particular for those Investment Managers located in the European Union, subject to compliance with MiFID II), Investment Managers and their delegates and affiliated persons may receive investment research from brokers, dealers and other third parties in connection with the management of a Sub-Fund which may be funded from either (i) transaction commissions ultimately borne by a Sub-Fund pursuant to soft commission, commission sharing and/or research charge collection arrangements with brokers, dealers and other third parties (collectively referred to as "Research Commission Arrangements"); or (ii) periodic charges made to a Sub-Fund by the Investment Manager at rates to be agreed by the Company and charged as other fees to the relevant Sub-Fund in accordance with paragraph 10.5.4. Where permitted by and subject to applicable laws and regulations, Investment Managers outside the European Union may receive research that is bundled with the trade execution services provided by a particular broker or dealer.

Investment Managers will provide reports to the Management Company with respect to the use of Research Commission Arrangements and will act at all times in the best interest of the Company, the Management Company and each relevant Sub-Fund when entering into Research Commission Arrangements or otherwise receiving research which is funded directly or indirectly by a Sub-Fund.

## 10.6 Total Expense Ratio

The costs and commissions charged on the management of each Sub-Fund will be disclosed using the internationally recognised Total Expense Ratio (TER). The TER is calculated twice a year by dividing the total operating costs and commissions, excluding securities transaction costs (brokerage), charged on an ongoing basis to the Sub-Fund's assets by the average assets of such Sub-Fund.

The TER for the Sub-Funds will be included in the semi-annual and annual reports.

# 11. DISTRIBUTION OF SHARES

The Company has entered into a Management Company Agreement with Lombard Odier Fund (Europe) S.A. whereby Lombard Odier Funds (Europe) S.A. is appointed global distributor for the Shares of the Company on a worldwide basis (the "Global Distributor").

The Company and/or the Global Distributor have entered into agreements with distributors, placement agents and other sales agents (the "Distributors") for the marketing and the sale of the Shares of the Company in certain OECD countries, in accordance with all applicable laws. The Global Distributor and the Distributors shall be entitled to receive the fees described under Sections 10.1 and 10.3 above and they may decide to rebate, from time to time, a portion or all of such fees to sub-distributors or shareholders, in accordance with all applicable laws.

The Company, the Global Distributor and the Distributors will apply the Money Laundering Rules and Procedures imposed by the FATF.

For the purpose of assisting in the distribution of the Shares, the Company may decide to accept subscription, conversion or redemption orders from financial intermediaries in the countries in which the Company is registered. The financial intermediaries, and not the clients who have invested in the Company, shall be recorded in the shareholders' register and shall fall under one of the FATCA category compatible with the Company's FATCA status as "Collective Investment Vehicle" as explained in paragraph 12.2. The financial intermediaries shall notify the Transfer Agent and either the Management Company or the Company as soon as possible in case their FATCA status changes, and in any case within 30 days of such change in a manner agreed between the Company and the financial intermediaries.

**The Company's decision to accept subscription, conversion or redemption orders from financial intermediaries does not restrict the ability of investors to deal directly with the Transfer Agent when placing their subscription, conversion or redemption orders.** By doing so, the investors shall be recorded in the shareholders' register and shall fall under one of the FATCA category compatible with the Company's FATCA status as "Collective Investment Vehicle" as explained in paragraph 12.2. The investor shall notify the Transfer Agent and either the Management Company or the Company as soon as possible in case their FATCA status changes, and in any case within 30 days.

In the event of NAV calculation errors, non-compliance with investment rules and occurrence of other errors giving rise to compensation payments under CSSF Circular 24/856, such payments will be made to the investors recorded in the register of shareholders. In presence of financial intermediaries recorded in the register of shareholders investing on behalf of end investors, the payments shall pass through the intermediary chain up to the final beneficiaries to compensate for the prejudice they have suffered over the period of error/non-compliance. To that end, the Company will ensure that all the necessary information relating to the error/non-compliance is provided to the financial intermediaries so that they can assume their responsibilities and make the necessary compensation payments to underlying investors. It should however be noted that the compensation right of final beneficiaries having subscribed through a financial intermediary may be affected.

# 12. ISSUE AND SALE OF SHARES

## 12.1 General Provisions

Shares shall be issued at the Issue Price.

The Issue Price shall be the Net Asset Value per Share for the relevant Sub-Fund calculated in the manner set out in paragraph 15.1 increased by the Initial Charge and in the case of certain Sub-Funds (as mentioned in Annex A of a given Sub-Fund), by a Dealing Charge.

The latest Issue Prices are made public at the registered office of the Company.

The Issue Price shall be expressed in the Reference Currency and in the relevant Alternative Currency, in the case of Shares issued in an Alternative Currency, of the relevant Sub-Fund determined on each Valuation Day by the Central Administration Agent.

Shares can be subscribed in accordance with the Application Procedure set out in Section 20. Applications may be sent directly to the Company in Luxembourg. Investors may place orders for Shares with the Global Distributor or Distributors.

The initial minimum investment and holding amount in Shares of any one Sub-Fund is stated in Annex A. The Board may waive the initial minimum investment and minimum holding for all classes of Shares.

Requests for subscriptions must be received by the Company no later than the Cut-off time. All deals will be effected on a forward pricing basis. Requests for subscriptions received after the Cut-off time will be deferred to the next following Valuation Day.

Fractions will be issued and rounded up to 3 decimal places unless otherwise specified. Any rounding may result in a benefit for the relevant shareholder or Sub-Fund. Payment of the subscription monies must be made in the Reference Currency, or in an Alternative Currency, in the case of Shares issued in an Alternative Currency, for value before the Payment Date mentioned in the table below to the Central Administration Agent, indicating the proper identity of the investor(s) and the relevant Sub-Fund(s) in which Shares are subscribed.

The Issue Price may, upon approval of the Board, and subject to all applicable laws, namely with respect to a special audit report confirming the value of any assets contributed in-kind, be paid by contributing to the Company securities acceptable to the Board, consistent with the investment policy and investment restrictions of the Company. The special audit report shall be issued by the auditor of the Company. The cost of the audit report is borne by the relevant Sub-Fund.

The Company may restrict or prevent direct or indirect holding of Shares or the ownership of Shares by any person or group of persons, firm or corporate body, namely by (a) any person in breach of any law or requirement of any country or governmental or regulatory authority or (b) any person in circumstances which in the opinion of the Board might result in the Company incurring any breach or non-compliance with a given regulatory status or liability to taxation (including inter alia regulatory or tax liabilities that might derive inter alia from the requirements of FATCA or CRS or any similar provision or any breach thereof or other disadvantage which it would not otherwise have incurred or suffered (including a requirement to register under any securities or investment or similar laws or requirements of any country or authority) or (c) any person whose shareholding concentration could, in the opinion of the Board, jeopardise the liquidity of the Company or any of its Sub-Funds. The manner in which the Company may restrict the direct or indirect ownership of Shares in the Company by any person or group of persons, firm or corporate body, is described under the Articles.

The Board may also impose restrictions on the issuance of Shares of any Sub-Fund (also resulting from conversion requests) during any period, as determined by the Board. The Company reserves the right to reject any application in whole or in part in the light of market conditions prevailing on the stock exchange or currency markets, in which event the application monies or the balance thereof will be returned forthwith to the applicant. The Company does not permit practices related to market timing and reserves the right to reject subscription and conversion orders from investors who the Company suspects of using such practices and to take the appropriate measures to protect other investors of the Company.

<b>Sub-Funds</b>	<b>Cut-off time <sup>1</sup></b> (Luxembourg time) (Subscriptions, Redemptions and Conversions)	<b>Valuation Day <sup>2</sup></b> ("T")	<b>Payment Date <sup>3</sup></b> (Subscriptions and Redemptions)
LOS – Growth Portfolio	3 pm on T - 1 day	Weekly on Thursday	Up to T + 3 days <sup>4</sup>
LOS – Global Balanced 45	3 pm on T - 1 day	Bi-Monthly, last and 15 <sup>th</sup> day of the month	Up to T + 3 days <sup>4</sup>
LOS – Global Fixed Income Opportunities	3 pm on T - 1 day	Daily	Up to T + 3 days <sup>4</sup>
LOS – Sovereign Bond	3 pm on T - 1 day	Daily	Up to T + 3 days <sup>4</sup>
LOS – TargetNetZero (CHF) Credit Bond	3 pm on T - 1 day	Daily	Up to T + 3 days <sup>4</sup>
LOS – TargetNetZero (EUR) Credit Bond	3 pm on T - 1 day	Daily	Up to T + 3 days <sup>4</sup>
LOS – Balanced CHF	3 pm on T - 2 days	Daily	Up to T + 3 days <sup>4</sup>
LOS – Balanced EUR	3 pm on T - 2 days	Daily	Up to T + 3 days <sup>4</sup>
LOS – Conservative CHF	3 pm on T - 2 days	Daily	Up to T + 3 days <sup>4</sup>
LOS – Conservative EUR	3 pm on T - 2 days	Daily	Up to T + 3 days <sup>4</sup>
LOS – Growth CHF	3 pm on T - 2 days	Daily	Up to T + 3 days <sup>4</sup>
LOS – Growth EUR	3 pm on T - 2 days	Daily	Up to T + 3 days <sup>4</sup>
LOS – Global Allocation GBP	3 pm on T - 2 days	Daily	Up to T + 3 days <sup>4</sup>

<b>Sub-Funds</b>	<b>Cut-off time <sup>1</sup></b> (Luxembourg time) (Subscriptions, Redemptions and Conversions)	<b>Valuation Day <sup>2</sup></b> ("T")	<b>Payment Date <sup>3</sup></b> (Subscriptions and Redemptions)
LOS – Growth 88	3 pm on T - 1 day	Bi-Monthly, last and 15 <sup>th</sup> day of the month	Up to T + 3 days <sup>4</sup>
LOS – Conservative (USD)	3 pm on T - 2 days	Daily	Up to T + 3 days <sup>4</sup>
LOS – Kapalea	3 pm on T - 1 day	Weekly on Thursday	Up to T + 3 days <sup>4</sup>
LOS – Valdeoli	3 pm on T - 1 day	Weekly on Thursday	Up to T + 3 days <sup>4</sup>
LOS – Antara	3 pm on T - 1 day	Weekly on Thursday	Up to T + 3 days <sup>4</sup>
LOS – Casta	3 pm on T - 1 day	Weekly on Thursday	Up to T + 3 days <sup>4</sup>
LOS – TargetNetZero (USD) Credit Bond	3 pm on T - 1 day	Daily	Up to T + 3 days <sup>4</sup>
LOS – Balanced (USD)	3 pm on T - 2 days	Daily	Up to T + 3 days <sup>4</sup>
LOS – The LATAM Bond Fund USD	3 pm on T - 1 day	Daily	Up to T + 3 days <sup>4</sup>
LOS – Global Balanced EUR	3 pm on T - 2 days	Daily	Up to T + 3 days <sup>4</sup>
LOS – US Equity	3 pm on T - 1 day	Daily	Up to T + 3 days <sup>4</sup>
LOS – Eurozone	3 pm on T - 1 day	Daily	Up to T + 3 days <sup>4</sup>
LOS – Rethink Thematic Equity	3 pm on T - 1 day	Daily	Up to T + 3 days <sup>4</sup>

NB: any reference to a day shall be construed as a reference to a Business Day

- <sup>1</sup> If such day is not a Business Day, the first Business Day in Luxembourg preceding this day
- <sup>2</sup> If such Valuation Day is not a Business Day, the Valuation Day will be the next Business Day or the previous Business Day in case of bi-monthly valuation
- <sup>3</sup> For redemptions, payments will ordinarily be made in the Reference Currency within the Payment Date
- <sup>4</sup> Shareholders are prompted to consult the Lombard Odier Group website ([www.loim.com](http://www.loim.com)) for the applicable Payment Date.

## 12.2 Restrictions applicable to the issue and the holding of Shares in accordance with the Company's FATCA status

Please also refer to paragraph "Regulatory Risks - United States of America" in the "Risk Factors Annex" for further details on FATCA.

The Company, through its Sub-Funds, qualifies as a FFI for FATCA purposes.

According to FATCA and the model 1 IGA entered into between the US and the Grand Duchy of Luxembourg, a FFI can qualify as either a "reporting" FFI or a "non-reporting" FFI.

Annex II of the IGA specifies the legal entities that can qualify as "non-reporting" FFIs on the grounds that such FFIs are deemed to pose a low risk of being used for the purposes of US tax evasion.

With a view to ensuring FATCA compliance and avoiding any punitive withholding tax (FATCA Withholding) on certain US source payments to the Company, the Sub-Funds or the shareholders, the Company has elected for a non-reporting status under the "Collective Investment Vehicle" category provided for by Annex II of the IGA.

The "Collective Investment Vehicle" status provided by Annex II of the IGA is applicable to the Company as well as every Sub-Fund as listed under "Annex A: Sub-Funds offered for subscriptions". Any document evidencing the FATCA status of the Company shall be deemed to evidence as well that of every Sub-Fund as listed under "Annex A: Sub-Funds offered for subscriptions".

A "Collective Investment Vehicle" status is available to investment entities (as defined by IGA) established in Luxembourg regulated as a collective investment vehicles provided that all of their interests (including shares) are held by or through:

- one or more exempt beneficial owners (as defined under FATCA and the IGA);
- Active Non-Financial Foreign Entities ("Active NFFEs", as described in the Annex I of the IGA);
- US persons which are not Specified US Persons (as defined under FATCA); or
- financial institutions that are not Nonparticipating Financial Institutions for FATCA purposes (as defined under FATCA).

The Company will make all reasonable efforts to fulfill the above requirements in order to comply with the "Collective Investment Vehicle" status under FATCA. Accordingly, (i) the Board shall have the right to reject any application by an investor that does not fall within one of the categories mentioned above; (ii) in order to maintain the Company's "Collective Investment Vehicle" FATCA status, investors shall only subscribe for and hold Shares through a financial institution falling under one of the categories mentioned above; (iii) the Board shall have the right to make proposals, including the compulsory redemption of Shares, to existing shareholders whose holding of Shares is not in compliance or became non-compliant with the above-mentioned rules in order to take necessary steps to render their holding compliant with the Company's FATCA status; and more generally (iv) the Board shall have the right to compulsorily redeem Shares of any shareholder whose holding of the Shares is not in compliance with the abovementioned rules, in accordance with the Articles.

As a result, the Company shall have no direct individual investors in its register of shareholders, other than entities falling within one of the categories above. The shareholders in the register of shareholders shall notify the Transfer Agent and either the Management Company or the Company (in a manner agreed between the Company and the shareholders) if their FATCA status changes (see below paragraph 13.1 for further detail on a "change of circumstances"). Such notification should be made as soon as practicable and no later than 30 days of such change.

Investors should also refer to section 11 of this Prospectus for more information about the rights of investors holding Shares of the Company through an intermediary or a nominee.

Investors may contact the Company, the Global Distributor or Distributors for more information about how to apply for the Shares of the Company in the context of FATCA.

## 13. REDEMPTION OF SHARES

### 13.1 General Provisions

Shares shall be redeemed at the Redemption Price.

The Redemption Price shall be the Net Asset Value per Share calculated in the manner set out in paragraph 15.1 reduced, in the case of certain Sub-Funds (as mentioned in Annex A of a given Sub-Fund), by a Dealing Charge.

The latest Redemption Prices are made public at the registered office of the Company.

Shareholders' requests for redemption of Shares must be made to the Company in writing or by telex or facsimile, confirmed in writing no later than the Cut-off time. A request duly made shall be irrevocable, except in case of and during any period of suspension or deferment of redemptions. In all other cases, the Board may approve the withdrawal of a redemption request.

In compliance with the forward pricing principle, requests for redemption received after the Cut-off time will be deferred to the next following Valuation Day.

Fractions of Shares rounded up to 3 decimal places can be redeemed unless otherwise specified.

The Company may refuse to deal with any redemption request which would realise less than the equivalent in any Reference Currency of EUR 50,000 at the discretion of the Directors.

In case the residual value of the Shares held by an investor in a Sub-Fund, falls below EUR 50,000 following a redemption or a conversion request, the Company may redeem or convert the remaining holding of the investor.

The value of Shares at the time of their redemption may be more or less than the shareholder's cost, depending on the market values of the assets held by the Sub-Fund at such time. The value of Shares issued in an Alternative Currency will also largely depend on the currency fluctuation of the Alternative Currency towards the Reference Currency of the Sub-Fund as well as on the hedging policy used to cover this exchange risk, if any.

Should the situation arise where Shares are held by an investor whose quality is deemed incompatible with the Company's FATCA status as "Collective Investment Vehicle" for the purpose of ensuring compliance with FATCA legislation, the Board shall have discretion to redeem such Shares in accordance with the Prospectus and the Articles.



Similarly, if there is a change of circumstances whereby a shareholder whose quality under FATCA legislation was previously deemed compatible with the Company's FATCA status as "Collective Investment Vehicle" becomes no longer eligible to hold Shares, such shareholder shall notify the Transfer Agent and either the Company or the Management Company as soon as practicable and no later than 30 days of such change. A change of circumstances is to be construed broadly so as to mean any event or situation where it appears that the Company can no longer rely on the documentation, declaration, representation or information (from the shareholder or from public sources) previously relied upon in the context of FATCA compliance. Once notified or becoming aware of such change of circumstances, the Board shall have discretion to redeem the Shares in accordance with the Prospectus and the Articles in case it appears that the non-compliance status of the shareholder will not be cured, or is unlikely to be cured, within a reasonable time frame decided discretionarily by the Board, so as to fulfill at all times the requirements relating the Company's status as "Collective Investment Vehicle" under FATCA.

At the shareholder's request, the Company may elect to make an in-kind distribution, having due regard to all applicable laws and regulations and to all shareholders' interests. Unless otherwise permitted by applicable laws and regulations or CSSF, such in-kind distribution will be subject to a special audit report confirming the value of any assets distributed and the cost of such report is borne by the shareholder.

Shares shall upon their redemption by the Company be cancelled.

Payments will ordinarily be made in the Reference Currency within the time limit mentioned under "Payment Date" in the table under Section 12, or on the date the Share certificate(s) (if issued) have been returned to the Company, if later. For Shares issued in an Alternative Currency, payments of redemption proceeds will ordinarily be made in such currency.

The Company will not be bound to redeem on any Valuation Day more than 10% of the number of Shares relating to any Sub-Fund in issue on such Valuation Day. In case of deferral of redemptions the relevant Shares shall be redeemed at the Net Asset Value per Share prevailing at the date on which the redemption is effected.

If in exceptional circumstances the liquidity of the portfolio of assets maintained in respect of the Sub-Fund the Shares of which are redeemed is not sufficient to enable the payment to be made within such a period, such payment shall be made as soon as reasonably thereafter, but without interest.

Confirmation of the execution of a redemption order will be sent to the shareholder on the next Business Day following execution of the redemption order or, where the confirmation is received by the Management Company from a third party, the first Business Day following receipt of the confirmation from the third party.

## **13.2 Deferment of Redemptions and Payment of Redemption Monies**

In order to ensure that shareholders who do not seek to have their Shares redeemed are not disadvantaged by the reduction of the liquidity of the Company's portfolio as a result of significant redemption applications received over a limited time frame, the Directors may apply the procedures set out below to permit the orderly disposal of securities to meet redemptions.

In case of redemption requests on any Valuation Day for Shares representing more than 10% of the Net Asset Value of a Sub-Fund, the Company, having regard to the fair and equal treatment of shareholders, may elect to sell assets representing, as nearly as practicable, the same proportion of the Sub-Fund's assets as the value of the Shares for which redemption applications have been received. If the Company exercises this option, then the amount due to the shareholders who have applied to have their Shares redeemed, will be based on the Net Asset Value per Share calculated after such sale or disposal. Payment will be made forthwith upon completion of the sales and the receipt by the Company of the proceeds of sale in freely convertible currency.

The value of the Shares at the time of repurchase may be more or less than the shareholder's cost, depending on the market value of the securities and other assets held by the Company at that time.

Payment of redemptions proceeds may be delayed if there are any specific statutory provisions such as foreign exchange restrictions, or any circumstances beyond the Company's control which make it impossible either to obtain payment for the sale or disposal of a Sub-Fund's assets or to transfer the redemption proceeds to the country where the redemption was requested.

## 14. CONVERSION OF SHARES

Conversion from Shares of one Sub-Fund into Shares of another Sub-Fund is only permitted if the investor complies with all the conditions required for the Sub-Fund into which Shares are to be converted. If not otherwise specified in Annex A, Shares in relation to a given Sub-Fund are only available to Institutional Investors. In case of conversion concerning Sub-funds with different Cut-off times, the most restrictive Cut-off time shall apply to the conversion.

Holders of Shares of each Sub-Fund will be entitled to convert (switch) some or all of their holding into Shares of another Sub-Fund by making application to the Company's Transfer Agent in Luxembourg by telex, facsimile or in writing by no later than the Cut-off time. The application must include the following information: the name of the holder, the number of Shares to be switched (if it is not the total holding) and, if possible, the reference number of any Share of each Sub-Fund to be switched and the proportion of value of those Shares to be allocated to each new Sub-Fund (if more than one). Shares may only be converted from or into Shares of the same class of any Sub-Fund.

It should be noted that conversion of Shares cannot be effected until the Company is in receipt of the relevant Share certificate (if any).

Conversions must be for a minimum amount of EUR 50,000.

The basis of conversion is related to the respective Net Asset Value per Share of the Sub-Fund concerned. The Company will determine the number of Shares into which a shareholder wishes to convert his existing Shares in accordance with the following formula:

$$A = \frac{(B \times C \times D) - F}{E}$$

The meanings are as follows:

- A: the Number of Shares to be issued in the new Sub-Fund
- B: the Number of Shares in the original Sub-Fund
- C: Redemption Price per Share to be converted
- D: Currency Conversion Factor
- E: Issue Price per Share to be issued
- F: Conversion charge up to 0.50% of the Net Asset Value of the Shares converted.

Dealing charges may apply upon conversion of Shares of one Sub-Fund into Shares another Sub-Fund (but not upon conversion between classes of Shares within the same Sub-Fund).

The Company will provide a Share confirmation with details of the conversion to the shareholder concerned and issue new Share certificates, if so requested by him.

If "A" is not a whole number, fractions of Shares rounded up to 3 decimal places will be allotted in the new Sub-Fund (if applicable).

In compliance with the forward pricing principle, requests for conversions received after the Cut-off time will be deferred to the next following Valuation Day.

Delayed payment of redemptions and deferment of redemptions (see paragraphs 13.1 and 13.2) also apply to conversions.

## 15. NET ASSET VALUE

### 15.1 Net Asset Value Determination

The Net Asset Value of each Sub-Fund and the Net Asset Value per Share of each Sub-Fund will be determined in the relevant Reference Currency and, for the Net Asset Value per Share, in the relevant Alternative Currency, in the case of Shares issued in an Alternative Currency, on each Valuation Day, except in case of a suspension as described below.

The Net Asset Value per Share of each Sub-Fund will be calculated in respect of any Valuation Day by valuing the total net assets of the relevant Sub-Fund, being the market value of its assets less its liabilities, divided by the number of Shares of the relevant Sub-Fund.

## Swing Pricing

Swing Pricing is a mechanism designed to protect shareholders against the negative effects of trading for the account of a Sub-Fund when there are large flows into or out of a Sub-Fund.

In the event that net subscriptions or redemptions in a Sub-Fund exceed a certain threshold ("Swing Threshold") on any Valuation Day, the Net Asset Value of that Sub-Fund may be adjusted by a factor, normally expressed as a percentage of the Net asset Value of the Sub-Fund ("Swing Factor") to reflect the anticipated costs of dealing in the underlying securities of the Sub-Fund.

The Net Asset Value will be adjusted upwards by the Swing Factor when there are net subscriptions on any Valuation Day in excess of the Swing Threshold and downwards when there are net redemptions on any Valuation Day in excess of the Swing Threshold, the intention being to better allocate the dealing costs to those shareholders who are subscribing or redeeming, rather than shareholders who are not dealing in their shares on the relevant Valuation Day.

## Swing Thresholds

The Swing Threshold for each Sub-Fund will be determined separately and may vary over time depending upon prevailing circumstances. Factors influencing the determination of the Swing Threshold may include:

- the size of the Sub-Fund
- the type and liquidity of securities in which the Sub-Fund invests
- the costs, and hence the dilution impact, associated with the markets in which the Sub-Funds invests
- the investment policy of a Sub-Fund and the extent to which a Sub-Fund can retain cash (or near cash) as opposed to always being fully invested
- market conditions (including market volatility)

Where the Swing Threshold is set at 0%, a "full" swing policy applies and the direction of the swing is determined by the net dealing activity for that Valuation Day (net subscriptions or net redemptions). Where the Swing Threshold is set above 0%, a "partial" swing policy applies and will only be triggered if the net dealing activity for the Valuation Day exceeds the Swing Threshold.

## Swing Factors

The Swing Factor may normally not exceed 3% of the Net Asset Value of a Sub-Fund. However, in extraordinary market conditions and where the Directors determine that it is necessary to efficiently protect the interests of shareholders, the Directors may increase the maximum level of the Swing Factor for any Sub-Fund above 3% of the Net Asset Value of that Sub-Fund. In such case, affected shareholders shall be informed as soon as reasonably practicable thereafter. Extraordinary market conditions may include heightened market and sector volatility, a widening of bid/offer spreads of underlying investments and/or the increase of portfolio transaction costs associated with the securities trading.

It should be understood that:

- (i) the Swing Factor applies to all Shares of the Sub-Fund subject to the Swing Pricing;
- (ii) different Swing Factors may apply to different Sub-Funds.

Elements influencing the determination of the Swing Factor may include (list non-exhaustive):

- the bid/offer spreads for the underlying securities held within a Sub-Fund's investment portfolio
- broker commissions
- transaction taxes and other trading costs that may have a material impact
- other considerations which may exacerbate the dilution effect

The Management Company determines, and periodically reviews, under the responsibility of the Company, the operational decisions concerning Swing Pricing, including the determination of the applicable Swing Thresholds (if any) and Swing Factors for each Sub-Fund.

The calculation of the Net Asset Value, when using Swing Pricing as described above, shall be used to determine the Issue and Redemptions Prices of the Shares of each Sub-Fund.

It should be noted that as the Swing Pricing mechanism applies on the basis of net inflows or outflows, it does not address the specific circumstances of each individual shareholder transaction.

The Swing Pricing will apply to each Sub-Fund individually even though part or all of its assets is co-managed with assets belonging to other Luxembourg collective investment schemes or to other Sub-Funds (see paragraph 6.6).

In addition to the circumstances mentioned above in relation to net inflows and outflows, it should also be noted that, should a Sub-Fund be part of a merger as per one of the merger techniques set forth in the 2010 Law, its Net Asset Value may be adjusted through the Swing Pricing mechanism to net out any impact caused by the cash inflows or outflows occurring on the merger date.

### **Dilution Adjustment**

Alternatively to the Swing Pricing mechanism described above, in order to avoid the dilution of the net asset value of a Sub-Fund resulting from large flows into or out of a Sub-Fund, the Directors may make any necessary dilution adjustment to the net asset value of any Sub-Fund (a "Dilution Adjustment"). The Dilution Adjustment may normally not exceed 3% of the Net Asset Value. However, such amount may be increased in extraordinary market conditions and if the best interest of the shareholders so requires. In such case, affected shareholders shall be informed as soon as reasonably practicable thereafter. Extraordinary market conditions may include heightened market and sector volatility, a widening of bid/offer spreads of underlying investments and/or the increase of portfolio transaction costs associated with the securities trading.

Elements influencing the Dilution Adjustment may include (list non-exhaustive):

- the bid/offer spreads for the underlying securities held within a Sub-Fund's investment portfolio
- broker commissions
- transaction taxes and other trading costs that may have a material impact
- other considerations which may exacerbate the dilution effect.

Any communication to the shareholders in relation to the application of Swing Pricing or the Dilution Adjustment, including the Sub-Funds subject to such measure, will be published on [www.loim.com](http://www.loim.com) and available on request at the registered office of the Company and the Management Company.

The assets will be valued in accordance with principles laid down in the Articles and in accordance with valuation regulations and guidelines as adopted by the Directors and as from time to time modified by them.

The value of assets of the Company shall be determined as follows:

- (i) the value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received, shall be deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the Company may consider appropriate in such case to reflect the true value thereof;
- (ii) the value of all portfolio securities which are listed on an official stock exchange or traded on any other Regulated Market will be valued at the last available closing price on the principal market on which such securities are traded. If such prices are not representative of the fair value, such securities as well as all other permitted assets, including permitted financial futures contracts and options and securities which are not listed on a stock exchange or traded on a Regulated Market, will be valued at the reasonable foreseeable sales prices determined prudently and in good faith by and under the direction of the Company;
- (iii) any assets or liabilities in currencies other than the Reference Currency of a Sub-Fund will be converted into such currency using the relevant spot rate quoted by a bank or other responsible financial institution.

The Net Asset Value per Share shall be rounded to four decimal places.

The Net Asset Value per Share of each Sub-Fund as certified by a Director or by an authorised officer or representative of the Company shall be conclusive, except in the case of manifest error.

The Company shall include in the annual financial reports its audited consolidated accounts expressed in EUR.

During the existence of any state of affairs which, in the opinion of the Directors, makes the determination of the Net Asset Value of a Sub-Fund in the Reference Currency either not reasonably practical or prejudicial to the shareholders of the Company, the Net Asset Value and the Issue Price and Redemption Price may be temporarily determined in such other currency as the Directors may determine.

The Issue Prices and Redemption Prices of any Sub-Fund which equal the Net Asset Value per Share in the Reference Currency and in the Alternative Currency, in the case of Shares issued in an alternative currency, may be obtained at the registered office of the Company.

## 15.2 Suspension of the Calculation of the Net Asset Value, and of Issue, Redemption and Conversion of Shares

The Company may suspend the calculation of the Net Asset Value of any Sub-Fund and may suspend the issue, redemption and conversion of Shares of the relevant Sub-Fund:

- (a) during any period when the dealing of the units/shares of an investment vehicle in which any substantial portion of assets of the relevant Sub-Fund is invested or the calculation of the net asset value of such investment vehicle is restricted or suspended;
- (b) during any period when any market or stock exchange, which is the principal market or stock exchange on which a material part of a Sub-Fund's investments for the time being are quoted, are closed, otherwise than for ordinary holidays, or during which dealings are substantially restricted or suspended;
- (c) during any period when a material part of a Sub-Fund's investments may not, using the standard valuation procedures, be promptly or accurately valued or is not valued at a fair market value;
- (d) during any period when the net asset value of any subsidiary of the Company may not be determined accurately;
- (e) during the existence of any state of affairs which constitutes an emergency as a result of which disposal or valuation of the Company's assets attributable to any Sub-Fund is not reasonably practical;
- (f) during any breakdown in the means of communication normally employed in determining the price or value of any of the investments attributable to any Sub-Fund or the current prices on any market or stock exchange;
- (g) during any period when remittance of monies which will or may be involved in the realisation of, or in the payment for, any investments attributable to any Sub-Fund is not possible;
- (h) during any period when, in the opinion of the Board there exists unusual circumstances where it would be impracticable or unfair towards the shareholders to continue dealing with Shares of any Sub-Fund;
- (i) in the event of (i) the publication of the convening notice to a general meeting of shareholders the purpose of which is to propose the winding-up of the Company or a Sub-Fund thereof, or (ii) the decision of the Board to wind up one or more Sub-Funds;
- (j) in accordance with the provisions on mergers of the 2010 Law, provided that any such suspension is justified for the protection of the shareholders;
- (k) in case of a Feeder Sub-Fund, during any relevant period when the determination of the net asset value of the Master UCITS is suspended.

The Articles provide that the Company shall suspend the issue, redemption and conversion of the Shares forthwith upon the occurrence of an event causing it to enter into liquidation.

Shareholders having requested issue, redemption or conversion of their Shares will be notified in writing of any such suspension within seven days of their request. Shareholders will be promptly notified of the termination of such suspension by (i) a notification in the same form as the notification of the suspension described above and/or (ii) any other alternative or additional means of conveyance of information the Board may deem more appropriate given the circumstances and the interest of the shareholders (e.g. via a website).

The suspension of any Sub-Fund will have no effect on the calculation of the Net Asset Value and the issue, redemption and conversion of the Shares of any other Sub-Fund.

## 16. LIQUIDATION, COMPULSORY REDEMPTION AND AMALGAMATION OF SUB-FUNDS

- (a) The Company can be liquidated by a shareholders' decision in accordance with the provisions of the 1915 Law. The same quorum and majority requirements for the shareholders' decision shall apply in case of merger, if as a result of such merger the Company will cease to exist.

- (b) In the event that the Net Asset Value of the Company falls below EUR 50 million or in case the Board deems it appropriate because of changes in the economical or political situation affecting the Company, or if the Board deems it to be in the best interests of the shareholders, the Board may, by giving notice to all shareholders, redeem on the Valuation Day indicated in such notice all (but not some) of the Shares not previously redeemed, at the Net Asset Value without any dealing or redemption charges. The Board shall, after the end of the notice period, forthwith convene an extraordinary shareholders' meeting to appoint a liquidator to the Company.
- (c) In the event that the Net Asset Value of any given Sub-Fund falls below EUR 20 million or the equivalent in the Reference Currency of a Sub-Fund or if a redemption request is received that would cause any Sub-Fund's assets to fall under the aforesaid threshold, or if the Board deems it appropriate to rationalize the Sub-Funds offered to investors, or in case the Board deems it appropriate because of changes in the economic or political situation affecting the relevant Sub-Fund or if the Board deems it to be in the best interest of the shareholders concerned, the Board may, after giving notice to the shareholders concerned, to the extent required by Luxembourg laws and regulations, redeem all (but not some) of the Shares of that Sub-Fund on the Valuation Day provided in such notice at the Net Asset Value without any dealing or redemption charges. Unless the Board decides otherwise in the interest of, or in order to ensure equal treatment of, the shareholders, the shareholders of the relevant Sub-Fund may continue to request redemption or conversion of their Shares free of any redemption or conversion charge, but taking into account actual realisation prices of investments and realisation expenses.
- (d) If a Sub-Fund qualifies as a Feeder of a Master UCITS, the merger, split or liquidation of such Master UCITS, triggers liquidation of the Feeder, unless the Board decides, in accordance with article 16 of the Articles and the 2010 Law, to replace the Master with another Master or to convert the Feeder into a non feeder Sub-Fund.
- (e) Termination of a Sub-Fund with compulsory redemption of all relevant Shares for other reasons than set out in the preceding paragraphs, may be effected only upon its prior approval by the shareholders of the Sub-Fund to be terminated at a duly convened general meeting of the Sub-Fund concerned which may be validly held without quorum and decided by a simple majority of the Shares present or represented.
- (f) Liquidation proceeds not claimed by shareholders at the close of liquidation of a Sub-Fund will be deposited at the Caisse de Consignation in Luxembourg and shall be forfeited after thirty years.
- (g) The provision for anticipated realisation and liquidation costs will be accounted for in the Net Asset Value from such date as may be defined by the Board and at the latest on the date of dispatch of the notice mentioned sub-paragraphs (b), (c), (d) and (e).
- (h) In compliance with the provisions of the 2010 Law, the Board may decide to merge any Sub-Fund with another Sub-Fund of the Company or with another UCITS or a sub-fund thereof (whether established in Luxembourg or another Member State or whether such UCITS is incorporated as a company or is a contractual type fund) using any of the merger techniques set forth in the 2010 Law. In case of a merger of a Sub-Fund, the Board will give notice to shareholders concerned, as required by Luxembourg laws and regulations. Such notice shall be provided to the shareholders concerned at least thirty days before the last date for exercising their right to request the repurchase or redemption or conversion of their Shares without any charge other than those retained to meet disinvestment costs; such right shall cease to exist five working days before the date for calculating the exchange ratio referred to in article 75, paragraph (1) of the 2010 Law.
- (i) Alternatively, the Board may propose to the shareholders of any Sub-Fund to merge the Sub-Fund with another Sub-Fund of the Company or with another UCITS or a sub-fund thereof (whether established in Luxembourg or another Member State or whether such UCITS is incorporated as a company or is a contractual type fund) under the provisions of the 2010 Law. In such case, the duly convened general meeting of the Sub-Fund concerned may be validly held without quorum and may decide by a simple majority of the Shares present or represented.
- (j) If the Board determines that it is in the interests of the shareholders of the relevant Sub-Fund or that a change in the economic or political situation relating to the Sub-Fund concerned has occurred which would justify it, the reorganisation of one Sub-Fund, by means of a division into two or more Sub-Funds, may take place. This decision will be notified to shareholders as required. The notification will also contain information about the two or more new Sub-Funds. The notification will be made at least one month before the date on which the reorganisation becomes effective in order to enable the shareholders to request the redemption of their Shares, free of any dealing or redemption charge, before the operation involving the division into two or more Sub-Funds becomes effective. Under the same circumstances, the Board may decide the division of a class of Shares into two or more classes of Shares.

# 17. TAXATION

The following is based on the understanding of the law and practice currently in force in the Grand Duchy of Luxembourg and is subject to changes therein. It should not be taken as constituting legal or tax advice and investors are advised to obtain information and, if necessary, advice regarding the laws and regulations applicable to them by reason of the subscription, purchase, holding and realisation of Shares in their countries of origin, residence or domicile.

## 1) The Company

The Company's assets are subject to a subscription tax ("taxe d'abonnement") of 0.05% per annum under the 2010 Law, payable quarterly on the basis of the Net Assets Value of the Company at the end of each quarter provided that no such tax is due on the portion of the assets of the Company invested in other Luxembourg UCI's (if any).

A reduced tax of 0.01% per annum, as provided in article 174 (2) a) and c) of the 2010 Law, will apply for the classes of Shares restricted to Institutional Investors.

A Sub-Fund may furthermore be exempted of this 0.01% tax if it complies with the requirements of article 175 of the 2010 Law.

In addition, the Company's or any Sub-Fund's assets may be subject to an additional taxation levied by foreign tax or governmental authorities of the jurisdictions where the Company or Sub-Funds are registered or distributed. Certain Sub-Funds are managed in accordance with the so-called partial exemption regime for equity or mixed funds under section 20 paragraph 1 of the GITA. If applicable, the criteria to be met by the Sub-Funds in order to benefit from the partial exemption regime under the GITA are set out in 21.2 Specific Information for Investors taxed in Germany.

Dividends and/or interest received by the Company on its investments may be subject to non-recoverable withholding taxes in the countries of origin. As far as possible, these taxes will be reclaimed by the Management Company on behalf of the shareholders concerned, as appropriate, under the terms of double taxation treaties or other specific conventions.

## 2) Shareholders

Shareholders are not subject to any capital gains, income, net wealth, or withholding tax in Luxembourg except for those domiciled, resident or having a permanent establishment in Luxembourg.

Shareholders and potential investors are advised to consult their professional advisors concerning possible taxation or the consequences of purchasing, holding, selling or otherwise disposing of the Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile.

## 3) Automatic exchange of information in the field of taxation

The OECD received a mandate by the G8/G20 countries to develop a common reporting standard ("CRS") to achieve a comprehensive and multilateral automatic exchange of information (AEOI) in the future on a global basis. The CRS will require Luxembourg financial institutions to identify financial assets holders and establish if they are fiscally resident in countries with which Luxembourg has a tax information sharing agreement. Luxembourg financial institutions will then report financial account information of the assets holder to the Luxembourg tax authorities, which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis. Investors in the Company may therefore be reported to the Luxembourg and other relevant tax authorities under the applicable rules.

On this basis, the Euro-CRS Directive has been adopted on 9 December 2014 in order to implement the CRS among the member States of the European Union. Under the Euro-CRS Directive, the first AEOI must be applied by 30 September 2017 within the limit of the member States of the European Union for the data relating to calendar year 2016.

In addition, Luxembourg signed the OECD's multilateral competent authority agreement ("Multilateral Agreement") to automatically exchange information under the CRS. The Multilateral Agreement aims to implement the CRS among non EU member States; it requires agreements on a country by country basis.

Under the 2015 Law, implementing the Euro-CRS Directive, the Company is committed to report, by virtue of its status of Luxembourg Reporting Financial Institution as defined by the 2015 Law, the information listed under article 4 of the 2015 Law and related to Reportable Accounts (as such term is defined under the 2015 Law) such as the identity and residence of financial account holders (including certain entities and their controlling persons), account details, account balance/value and income/sale or redemption proceeds to the local tax authorities of the country of residency of the foreign investors to the extent that they are resident of another EU member State.

It is also possible that AEOI would occur at a later stage among non EU member States.

Investors should consult their professional advisors on the possible tax and other consequences with respect to the implementation of the CRS.

## 18. DOCUMENTS AVAILABLE TO INVESTORS

### 18.1 Documents available for Inspection

Copies of the following documents are available for inspection during usual business hours on any weekday (Saturdays and public holidays excepted) at the registered office of the Company:

- (a) Management Company Agreement;
- (b) Investment Management Agreements;
- (c) Depositary Agreement;
- (d) Central Administration Agreement;
- (e) Co-management Agreement;
- (f) Asset Allocation Agreements;
- (g) The Articles.

The agreements under (a) to (f) above may be amended by mutual consent of the parties thereto.

### 18.2 Key information document

An up to date key information document relating to each Sub-Fund is available on the Lombard Odier Group website ([www.loim.com](http://www.loim.com)). A hard copy can be supplied to investors on request and free of charge.

### 18.3 Other documents

The following documents are available on the Lombard Odier Group website ([www.loim.com](http://www.loim.com)):

- A summary description of the strategies for the exercise, to the exclusive benefit of the Sub-Funds concerned, of voting rights attached to instruments held in the portfolios managed by the Management Company as well as the list of applicable payment date as mentioned in paragraph 12.1;
- the disclosures to be made available to investors pursuant to SFDR, as further detailed in paragraph 3.1 (xii);
- the details of the up-to-date remuneration policy, including information on how the remuneration policy is consistent with the integration of sustainability risks.

## 19. MEETINGS, REPORTS AND INFORMATION TO SHAREHOLDERS

The annual general meeting of shareholders of the Company will be held, in accordance with Luxembourg law, in Luxembourg at the registered office of the Company or at such other place in the Grand Duchy of Luxembourg at such date and time as may be specified in the notice of meeting within six months following the end of the financial year. . Other general meetings of shareholders of the Company or of a special Sub-Fund or class of Shares may be held at such time and place as are indicated in the notices of such meetings.

The shareholders of any Sub-Fund or any class of Shares may hold or be convened to, at any time, general meetings to decide on any matters which relate exclusively to such Sub-Fund or class of Shares.



Notices of general meetings and other notices are given in accordance with Luxembourg Law.

If all Shares are in registered form and if no publications are required by any applicable law, convening notices may be mailed by registered mail only or in any manner as set forth in applicable law. If so permitted by law, the convening notice may be sent to a shareholder by any alternative means of communication having been accepted by such shareholder in the manner and conditions described in the Articles. Notices will specify the place and time of the meeting, the conditions of admission, the agenda, the quorum and voting requirements, including that the quorum and the majority of the meeting will be determined in respect of the Shares as issued at 12.00 p.m. Luxembourg time, five days preceding such meeting (referred to as "record date"). The rights of a shareholder to attend a general meeting and to exercise a voting right attaching to his Shares are determined in accordance with the Shares held by the shareholder at the record date. Notices of all meetings shall be sent to holders of registered Shares at their address indicated in the shareholders' register of the Company.

All other notices are sent to registered shareholders and, if required, are published on the Lombard Odier Group website ([www.loim.com](http://www.loim.com)) and/or published in such newspapers as the Directors may determine. In the case of publication in foreign jurisdictions the Directors may apply the "home country rule" according to which a publication will be made in the relevant jurisdictions as long as such publication is required under Luxembourg law. In the absence of such requirement under Luxembourg law, the Directors may choose not to publish in foreign jurisdictions to the extent that this alternative is permitted under the local laws of the relevant foreign jurisdictions. In addition, the Directors may, given the circumstances and having regard to the interest of the shareholders, adopt complementary means of communication, including the Lombard Odier Group website ([www.loim.com](http://www.loim.com)), to ensure a prompt and more efficient information of the shareholders.

The Company draws the investors' attention to the fact that any investor will only be able to fully exercise his investor rights directly against the Company, notably the right to participate in general shareholders' meetings if the investor is registered himself and in his own name in the shareholders' register of the Company. Every registered shareholder must provide the Company with an address and for shareholders that have individually accepted being notified via email, an email address, to which all notices and announcements from the Company may be sent. In cases where an investor invests in the Company through an intermediary investing into the Company in his own name but on behalf of the investor, it may not always be possible for the investor to exercise certain shareholder rights directly against the Company. Investors are advised to take advice on their rights.

The financial year of the Company ends on 30 September of each year. The annual report containing the audited consolidated financial accounts expressed in EUR of the Company in respect of the preceding financial period will be made available at the registered office of the Company at least 8 days before the annual general meeting. Unaudited semi-annual reports as at 31 March will be made available within two months of the end of the relevant date. Copies of all financial reports will be available at the registered office of the Company and from the Foreign Representatives.

The Directors may, at their discretion, decide that information regarding the investments of the Sub-Funds may be available for some or all investors of the Sub-Funds. If this information is only provided to some investors, the Directors will ensure that (i) such investors need the information to comply with legal, regulatory, tax or other mandatory requirements, (ii) investors will keep the information confidential and (iii) investors will not use the information to take advantage of the expertise of the Investment Managers of the Company.

In compliance with the provisions of the 2010 Law, CSSF Regulation 10-4 and CSSF Circular 18/698, the Management Company has implemented and maintains effective certain policies, procedures and strategies including:

- a procedure for the reasonable and prompt handling of complaints received from shareholders: in this context, shareholders are given the opportunity to file complaints free of charge, in the official language(s) of their country of residence, to their respective local representatives or directly to the Management Company using the addresses and contact details provided in Section 1; the latter will take care of handling of clients complaints in the most diligent, transparent and objective manner possible;
- strategies for the exercise, to the exclusive benefit of the Sub-Funds concerned, of voting rights attached to instruments held in the portfolios managed by the Management Company: a summary description of these strategies are available on the Lombard Odier Group website ([www.loim.com](http://www.loim.com)) and the details of the actions taken on the basis of those strategies can be supplied free of charge to investors upon request made to the Management Company;
- inducements: the essential terms of the arrangements relating to the fees, commissions or non-monetary benefits, the Management Company may receive in relation to the activities of investment management and administration of the Company are disclosed in this Prospectus and/or in periodic reports, as the case may be. Further details can be supplied free of charge to investors upon request made to the Management Company;
- a procedure relating to the management of conflicts of interest - details of this procedure are available on the Lombard Odier Group website ([www.loim.com](http://www.loim.com)); and

- the Management Company's remuneration policy which is applicable to its employees (the "Employees") and directors in accordance with applicable laws and regulations pertaining to remuneration, in particular the Luxembourg law dated 12 July 2013 on alternative investment fund managers, the 2010 Law, SFDR and any applicable ESMA guidelines. The remuneration policy aims to protect the interests of the investors as well as the Management Company's and the Lombard Odier Group's long-term financial sustainability and compliance with regulatory obligations. The remuneration policy seeks to promote effective risk management and to prevent excessive risk-taking, including with respect to sustainability risks. The total remuneration of Employees consists of two components, the fixed remuneration and the variable remuneration. Fixed remuneration and variable remuneration are appropriately balanced and the fixed component of the remuneration represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy, on variable remuneration, including the possibility to pay no variable remuneration. The performance objectives of each Employee are reviewed on an annual basis. The annual review lays down the basis for the determination of variable remuneration and possible increase in fixed remuneration. Performance criteria include a comprehensive adjustment mechanism to integrate all relevant types of current and future risks, including sustainability risks. Where remuneration is performance related, the total amount of remuneration is based on a combination of the assessment of the performance of the individual and of the business unit and of the overall results of the Lombard Odier Group, and when assessing individual performance, financial as well as non-financial criteria are taken into account. Variable remuneration is only paid out of risk adjusted profits or from sources which will not undermine the capital base of the Management Company or expose it to any risk in respect of its future capital commitments. The details of the up-to-date remuneration policy, including information on how the remuneration policy is consistent with the integration of sustainability risks, are available on the Lombard Odier Group website ([www.loim.com](http://www.loim.com)). Investors may obtain, free of charge, from the Company, on written request sent to its registered office, a paper copy of the details of the Remuneration Policy.

## 20. APPLICATION PROCEDURE

Provided the conditions set forth in paragraph 12.2 are fulfilled, application may be made by investors by written application to the Company in Luxembourg c/o its Transfer Agent:

CACEIS Bank, Luxembourg Branch  
 5, allée Scheffer  
 2520 Luxembourg  
 Grand Duchy of Luxembourg  
 Telephone Number: (352) 47 67 59 99  
 Facsimile Number: (352) 47 67 70 63

The initial minimum investment in Shares is stated in the Annex A.

Shares can only be held by or through FATCA compliant financial institutions listed in paragraph 12.2.

Payment should be made in the Reference Currency or in the Alternative Currency, in the case of Shares issued in an alternative currency, of the relevant Sub-Fund in which Shares are subscribed by a telegraphic transfer in favour of CACEIS Bank, Luxembourg Branch on the following account:

**EUR** Direct via TARGET II  
 Swift code: BSUILULLXXX  
 Account name: CACEIS Bank, Luxembourg Branch

**CHF** UBS Zürich  
 Swift code: UBSWCHZH80A  
 Account number: 02300000060737050000Z  
 IBAN: CH540023023006073705Z

**USD** JP Morgan Chase  
Swift code: CHASUS33  
Account name: CACEIS Bank, Luxembourg Branch BSUILULL  
Account number: 796706786  
Chips number: 0002  
ABA number: 021000021

**GBP** HSBC Bank Plc, International  
Swift code: MIDLGB22  
IBAN: GB63MIDL40051535210915  
Sort code: 40-05-15  
Account number: 35210915 - CACEISBL

**JPY** Bank of Tokyo-Mitsubishi UFJ, Tokyo  
Swift code: BOTKJPJT  
Account number: 653-0418285

In compliance with the forward pricing principle, written applications must be received by the Company not later than the Cut-off time. Payment of the Issue Price must be made in full for value before the Payment Date mentioned in paragraph 12.1.

#### **Applications and confirmations**

- (i) a corporation must execute any application under its common seal or under the hand of a duly authorised officer whose capacity should be stated;
- (ii) if any application or confirmation is signed by proxy, the power of attorney must accompany the application;
- (iii) notwithstanding i) and ii) above, an application, signed by a bank or any other person on behalf of, or purportedly on behalf of, a corporation may be accepted.

#### **General**

The right is reserved to reject any application and to accept any application in part only.

The Directors may, at any time and in their discretion, impose restrictions on the issuance of Shares of a Sub-Fund (also resulting from conversion requests) for any period of time. In addition, the Directors may, in their discretion, decide to apply such restrictions to all investors or a determined category of investors. In these cases, the investors whose subscription request has been rejected will be properly informed.

Similarly, the Directors may, at any time and in their discretion, revoke totally or partially any restrictions taken by virtue of the preceding paragraph. In such event, the public may be informed by way of a publication on the Lombard Odier Group website ([www.loim.com](http://www.loim.com)) of the decision taken by the Board in this respect.

If any application is not accepted in whole or in part, the application monies or the balance thereof will be posted forthwith to the applicant, at the risk of the person(s) entitled thereto.

The Company reserves the right to withhold Share certificates and, if applicable any excess application monies, pending clearance of the application monies.

The applicant must provide the Global Distributor, the Distributors or the Central Administration Agent with all necessary information which the Global Distributor, the Distributors or the Central Administration Agent may reasonably require to verify the identity of the applicant and his/her eligibility to subscribe or hold Shares. Applicant is required to provide evidence of its status under FATCA by means of any relevant tax documents, such as a "W-8BEN" form of the US Internal Revenue Service (or an equivalent acceptable form, document or certification) that must be renewed on a regular basis according to applicable regulation and/or a global intermediary identification number as the case may be. Failure to do so may result in the Company refusing to accept the subscription for Shares in the Sub-Funds. Applicants must indicate whether they invest on their own account or on behalf of a third party. The Company shall not be held liable for the consequences arising from any delay or rejection of a subscription order resulting from the applicant's failure to produce satisfactory information or documents in a timely fashion.

Rules related to anti-money laundering/combating the financing of terrorism:

Pursuant to international rules and Luxembourg laws and regulations comprising, but not limited to, the Luxembourg law of 12 November 2004 on the fight against money laundering and financing of terrorism, as amended, CSSF Regulation 12-02 and circulars of the supervising authority, obligations have been imposed on all professionals of the financial sector to prevent the use of undertakings for collective investment for money laundering and financing of terrorism purposes. As a result of such provisions, the identity of the applicant must be ascertained in accordance with Luxembourg laws and regulations. Consequently, and except for companies who are regulated professionals of the financial sector, bound in their country by rules on the prevention of money laundering equivalent to those applicable in Luxembourg, any applicant applying in its own name is obliged to submit to the Global Distributor, the Distributors or the Central Administration Agent all necessary information which the Global Distributor, the Distributors or the Central Administration Agent may reasonably require to verify the identity of the applicant and in the case of it acting on behalf a third party, of the beneficial owner(s). Furthermore any such applicant hereby undertakes that it will notify the Global Distributor, the Distributors or the Central Administration Agent prior to the occurrence of any change in the identity of any such beneficial owner. Also, such applicant hereby undertakes that it will notify the Transfer Agent and either the Company or the Management Company of a change of circumstances as further explained in paragraph 13.1 in the manner agreed between the Company and the applicant or disclosed in the Prospectus.

### **Key information document**

According to the 2010 Law, the key information document must be provided to investors in good time before their proposed subscription for Shares of any Sub-Fund of the Company.

Before investing, investors are invited to visit the Lombard Odier Group website ([www.loim.com](http://www.loim.com)) and download the relevant key information document prior to his/her application. The same diligence is expected from the investor wishing to make additional subscriptions in the future since updated versions of the key information document will be published from time to time.

In case of written applications made directly to the Company in Luxembourg c/o its Transfer Agent, the Company and/or its Transfer Agent may require confirmation from the investor that he/she has consulted the relevant key information document before subscription.

The above shall apply *mutatis mutandis* in case of conversion.

### **Personal Data**

The Company and the Management Company collect personal data of shareholders in accordance with GDPR as well as with any other applicable data protection laws or regulations to which they are subject (together the "Data Protection Laws").

Shareholders are informed that their personal data (as defined in GDPR) including, without limitation, information about their legal representatives (such as directors, officers, controlling persons, authorized signatories or employees) given in the subscription documents or otherwise in connection with an application to subscribe for Shares, as well as details of their shareholding, will be stored in digital form as well as in hard copies and may be collected, transferred, used or otherwise processed by the Company and Management Company, as well as their employees, officers or agents for achieving the specific purposes detailed hereunder in compliance with the provisions of the Data Protection Laws.

Shareholders must also be aware that telephone conversations with the Management Company, any entity of the Lombard Odier Group, the Depositary and the Central Administration Agent may be recorded. Recordings are considered as personal data and will be conducted in compliance with the Data Protection Laws. Recordings may be produced in court or other legal proceedings with the same value in evidence as a written document.

The processing of personal data is necessary for the following purposes (the "Purposes"):

- (i) for the provision of services to the shareholders such as central administrative and transfer agent services (including the management of subscription, redemption or transfer of Shares, maintaining the register of shareholders' and clients records, shareholders' communications);
- (ii) for compliance with applicable legal and regulatory obligations, including anti-money laundering, client identification or tax reporting obligations (such as, but not limited to, FATCA and CRS as further described below);
- (iii) for the purposes of the legitimate interests pursued by the Company and Management Company (such as communication of information within the Lombard Odier Group to provide the above-mentioned services as well as for client relationship management and internal administrative purposes).

Personal data will only be processed for the Purposes for which it was collected, unless otherwise permitted under the Data Protection Laws.

In order to achieve the above-mentioned Purposes, shareholders should be aware that their personal data may be disclosed to other companies within the Lombard Odier Group, to CACEIS Bank, Luxembourg Branch as Central Administration Agent and Depositary and to any other member of the CACEIS Group and other parties which assist CACEIS Bank, Luxembourg Branch in carrying out its duties to the Company and Management Company. Personal Data may also be disclosed to other delegates, agents and other service providers engaged by the Company and Management Company as well as their employees, officers, agents and to tax, governmental, regulatory authorities when required by applicable laws or regulations.

Personal Data may, in connection with the above Purposes, be transferred outside of the EEA, where data protection laws may provide less protection than the laws of the EU. Reasonable measures are taken to ensure the security and confidentiality of any personal data transmitted. The Management Company and Company will ensure that any party based outside of the EEA to which personal data are disclosed apply an adequate level of protection, either because an adequacy decision has been adopted by the EU Commission in relation to such country or because such transfers will be subject to other appropriate safeguards authorised under EU law. Shareholders acknowledge and agree that the Company, the Management Company and other entities of the Lombard Odier Group limit their liability to the maximum extent permitted under applicable law in respect of personal data being obtained by unauthorised third parties.

The personal data shall be stored during the time required by law. The personal data shall not be held for longer than necessary with regard to the Purposes of the data processing.

In the manner and subject to the limitations prescribed in the Data Protection Laws, shareholders have a right of access, rectification and/or deletion of their personal data in cases where such data is incorrect, incomplete or outdated. Shareholders may also request restrictions in the use of their personal data and request to receive a copy of their personal data. Any request relating to the processing of personal data may be addressed by e-mail to [luxembourg-funds@lombardodier.com](mailto:luxembourg-funds@lombardodier.com) or by letter at the registered office of the Company. A complaint can also be lodged with the public authority responsible for monitoring the application of GDPR in the relevant Member State. In the Grand Duchy of Luxembourg, the supervisory authority is the CNPD (*Commission Nationale pour la Protection des Données*).

If the shareholder is not a natural person, it undertakes to inform its legal representatives and beneficial owners about the abovementioned processing of personal data, purposes of the processing, recipients, possible transfer of personal data outside the EEA, retention period and rights in relation to such processing.

#### Data protection information in the context of CRS processing

By virtue of Chapter 3 of the 2015 Law (see Section 17 / 3. Automatic exchange of information in the field of taxation), the Company will gather and report personal information targeted by and in compliance with the 2015 Law. In this respect, shareholders are informed that:

- the Company is responsible for the treatment of personal data related to them;
- the personal data is gathered with a view to complying with the 2015 Law and serving its purpose;
- the data will be communicated to the Luxembourg tax authorities as well as to the authority of a Jurisdiction Subject to Reporting (as such term is defined in the 2015 Law);
- answer to questions asked by the Company or its delegate/agent is mandatory and, failing to provide the appropriate answer, the Company may reject any order submitted by the shareholders or proceed to the compulsory redemption of the Shares held by the shareholders;
- the shareholders concerned by the above measures have a right to access the data communicated to the Luxembourg tax authority and rectify such data.

# 21. SPECIFIC INFORMATION FOR INVESTORS IN FOREIGN COUNTRIES

## 21.1 Specific Information for Investors in France

For investors in France, LOS – Eurozone (a "PEA Eligible Sub-Fund") is eligible investments for a PEA (Plan d'épargne en actions). This means a PEA Eligible Sub-Fund has at least 75% of its Net Asset Value invested in the equity of corporate issuers with their registered office in an EEA country.

The Directors reserve the right to cease managing a PEA Eligible Sub-Fund according to PEA requirements should they determine that maintaining the PEA compliance status of a PEA Eligible Sub-Fund would (i) no longer enable the PEA Eligible Sub-Fund to comply with its investment objectives, (ii) not be in the interests of the shareholders in the PEA Eligible Sub-Fund or (iii) be impractical due to changing market conditions. Should the Directors decide to cease managing a PEA Eligible Sub-Fund so it is eligible for investment through a PEA, the Directors will notify the registered shareholders resident in France at least one month in advance of the relevant PEA Eligible Sub-Fund ceasing to be managed to be eligible for investment through a PEA.

## 21.2 Specific Information for Investors taxed in Germany

Certain Sub-Funds are managed in accordance with the so-called partial exemption regime for equity or mixed funds under section 20 paragraph 1 of the GITA. This means that these Sub-Funds invest permanently at least 50% ("Equity Fund") or 25% ("Mixed Fund") of their assets in equity participations as defined in GITA (the "Equity Participation Ratio").

For the avoidance of doubt, portfolio securities lent by the Sub-Funds in accordance with paragraph 4.5.1. are not taken into account for the purposes of computing the Equity Participation Ratio.

When a Sub-Fund qualifies as an Equity Fund or Mixed Fund, this will be disclosed in Annex A in relation to a Sub-Fund.

# ANNEX A: SUB-FUNDS OFFERED FOR SUBSCRIPTIONS

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# ANNEX A: SUB-FUNDS OFFERED FOR SUBSCRIPTIONS

## 1. LO Selection – The Growth Portfolio Fund

Abbreviated name: LOS – Growth Portfolio

### Investment Objective and Policy

The Sub-Fund is actively managed. The Sub-Fund is not managed in reference to a benchmark.

The objective of the Sub-Fund is to achieve capital appreciation by investing worldwide - either directly or via units of UCITS or UCIs - in (i) money market instruments, (ii) deposits with credit institutions, (iii) fixed income securities, such as bonds, convertible bonds, bonds with attached warrants, FRN, short term debt securities, graded at least BBB or equivalent by the rating agencies described in paragraph 3.2 of the Prospectus or of equivalent quality in the opinion of the Investment Manager, and (iv) equity securities. Investment in equity securities - either directly or via UCITS or UCIs - will not exceed 2/3<sup>ths</sup> of the Sub-Fund's net assets.

The Investment Manager can invest up to 15% of its net assets in bonds or other debt securities rated BB to C.

The Investment Manager will use its discretion with regard to the selection of markets (in particular, the Sub-Fund may be fully invested in Emerging Markets), eligible assets and currencies.

The Sub-Fund may be fully invested in units of UCITS or UCIs.

Subject to the limits permitted by the Investment Restrictions described in Section 4 of the Prospectus, the Investment Manager is authorized to use financial derivative instruments:

- for hedging purposes Yes
- for EPM Yes
- as part of the investment strategy No

**The attention of investors is drawn to the Risk Factors Annex which sets out the risk factors applicable to the Sub-Fund.**

### Reference Currency

EUR

### Classes of Shares available for subscription

Classes	I
Type of investor	Only Institutional Investors
Form	A Shares D Shares
Minimum investment and holding amount	EUR 50,000
Alternative Currencies	N/A
Management Fee	Up to 1%
Performance Fee	N/A
Distribution Fee	N/A
Maximum level of management fees when the Sub-Fund invests its assets in other UCITS or UCIs or Target Sub-Fund*	Up to 3%
Maximum FROC	0.30%
Dealing Charge	N/A

\* Notwithstanding any performance fee that may be levied in addition to this limit.

### Investment Manager

See paragraph 6.3



### **Approach used to calculate the Global Exposure of the Sub-Fund**

Commitment approach

### **Profile of Typical Investor**

The Sub-Fund is limited to Institutional Investors, who:

- seek capital appreciation over the long-term;
- are willing to take on the increased risks associated with the classes of assets described in the investment objective and policy; and
- can withstand volatility in the value of their Shares.

### **Application procedure**

Investors should refer to the table under Section 12 "Issue and sale of Shares" of the Prospectus which sets out the Cut-off time, Valuation Day and Payment Date applicable for subscription in the Sub-Fund.

Application monies are to be sent in accordance with the application procedure set out in Section 20 of the Prospectus.

## 2. LO Selection – The Global Balanced 45 Fund

Abbreviated name: LOS – Global Balanced 45

### Investment Objective and Policy

The Sub-Fund is actively managed. The Sub-Fund is not managed in reference to a benchmark.

The objective of the Sub-Fund is to achieve capital appreciation by investing worldwide in a global portfolio - either directly or via units of UCITS or UCIs - of (i) money market instruments, (ii) deposits with credit institutions, (iii) fixed income securities such as bonds, convertible bonds, bonds with attached warrants on transferable securities and short-term debt securities and (iv) equity securities.

Fixed income securities will be graded BBB or better by the rating agencies described in paragraph 3.2 of the Prospectus or of equivalent quality in the opinion of the Investment Manager.

Up to 15% of the Sub-Fund's net assets may be invested in debt securities graded below BBB.

For diversification purposes the investment manager may invest up to 20% of the Sub-Fund's net assets in units of UCITS or UCIs following alternative strategies and/or be exposed to alternative asset classes, such as but not limited to precious metals or commodities either through indices (including commodity and volatility indices) (the "Indices") or other eligible securities. Indices will comply with the conditions of article 9 of the Grand-Ducal Regulation dated 8 February 2008.

The Investment Manager will use its discretion with regard to the selection of sectors, markets (including Emerging Markets), eligible assets and currencies. However the equity exposure will not exceed 45% of the net assets of the Sub-Fund.

The Sub-Fund may be fully invested in units of UCITS or UCIs.

Subject to the limits permitted by the Investment Restrictions described in Section 4 of the Prospectus, the Investment Manager is authorized to use financial derivative instruments:

- for hedging purposes Yes
- for EPM Yes
- as part of the investment strategy No

**The attention of investors is drawn to the Risk Factors Annex which sets out the risk factors applicable to the Sub-Fund.**

### Reference Currency

CHF

### Classes of Shares available for subscription

Classes	I
Type of investor	Only Institutional Investors
Form	A Shares D Shares
Minimum investment and holding amount	CHF 50,000
Alternative Currencies	N/A
Management Fee	Up to 1%
Performance Fee	N/A
Distribution Fee	N/A
Maximum level of management fees when the Sub-Fund invests its assets in other UCITS or UCIs or Target Sub-Fund*	Up to 3%
Maximum FROC	0.30%
Dealing Charge	N/A

\* Notwithstanding any performance fee that may be levied in addition to this limit.

### Investment Manager

See paragraph 6.3

### **Approach used to calculate the Global Exposure of the Sub-Fund**

Commitment approach

### **Profile of Typical Investor**

The Sub-Fund is limited to Institutional Investors, who:

- seek capital appreciation over the long-term;
- are willing to take on the increased risks associated with the classes of assets described in the investment objective and policy;  
and
- can withstand volatility in the value of their Shares.

### **Application procedure**

Investors should refer to the table under Section 12 "Issue and sale of Shares" of the Prospectus which sets out the Cut-off time, Valuation Day and Payment Date applicable for subscription in the Sub-Fund.

Application monies are to be sent in accordance with the application procedure set out in Section 20 of the Prospectus.

### 3. LO Selection – The Global Fixed Income Opportunities

Abbreviated name: LOS – Global Fixed Income Opportunities

#### Investment Objective and Policy

The Sub-Fund is actively managed. The Sub-Fund is not managed in reference to a benchmark.

The objective of the Sub-Fund is to achieve capital appreciation by investing worldwide - either directly or via units of UCITS or UCIs or SFIs - in (i) money market instruments, (ii) deposits with credit institutions, (iii) fixed or floating rate debt securities such as bonds, convertible bonds, bonds with attached warrants on transferable securities and short-term debt securities and/or in (iv) currencies.

Subject to the limits permitted by the Investment Restrictions described in Section 4 of the Prospectus, the Investment Manager is authorized to use financial derivative instruments (including TRS):

- for hedging purposes Yes
- for EPM Yes
- as part of the investment strategy Yes

The use of financial derivative instruments as part of the investment strategy may result in a higher level of leverage and increase the overall risk exposure of the Sub-Fund and the volatility of its Net Asset Value (please refer to the Risk Factors Annex). The Investment Manager may use TRS preferably to other financial derivative instruments when the former offer better opportunities in terms of operational implementation and transaction costs. TRS are mainly used for hedging purposes and, when used as part of EPM or investment strategy, the Sub-Fund's exposure to these instruments is minor.

The Sub-Fund may invest up to:

- 10% of its net assets in units of UCITS and UCIs;
- 20% of its net assets in convertible bonds, bonds with attached warrants on transferable securities;
- 10% of its net assets in Coco bonds<sup>1</sup>;
- 30% of its net assets in securities issued by corporate issuers graded less than BBB- or equivalent by the rating agencies described in paragraph 3.2 of the Prospectus or of equivalent quality in the opinion of the Investment Manager;
- 49% of its net assets in SFIs, and
- 15% of its net assets in bonds of CIBM, notably through the Bond Connect.

The Investment Manager will use its discretion with regard to the selection of instruments, markets (including Emerging Markets) and currencies.

**The attention of investors is drawn to the Risk Factors Annex which sets out the risk factors applicable to the Sub-Fund in particular 2.10 with regard to investments in Emerging Markets.**

#### Reference Currency

EUR

#### Classes of Shares available for subscription

Classes	Type of investor
S Shares	Institutional Investors with discretionary mandates
U Shares	All investors
I Shares	All Investors
N Shares	All investors

<sup>1</sup> The possibility for the Sub-Fund to invest in Coco bonds will be effective as of 31 August 2024.

Classes	Type of investor
M Shares	(i) financial intermediaries who provide discretionary portfolio management or independent advisory services (ii) financial intermediaries who provide other investment services which are subject to separate fee arrangements with their clients and who do not or are not eligible to receive and retain fees or commissions from third parties in relation to those services (iii) other investors determined by the Board or the Management Company in their discretion
P Shares	All Investors

Classes	S	U	I	N	M	P
Form	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares
Minimum investment and holding amount	As set out in the remuneration agreement entered into with the Company, the Management Company or any other entity of the Lombard Odier Group	EUR 25,000,000 or equivalent	EUR 5,000,000 or equivalent	EUR 1,000,000 or equivalent	EUR 3,000 or equivalent	EUR 3,000 or equivalent
Alternative Currencies	CHF, USD, GBP, JPY	CHF, USD, GBP, JPY	CHF, USD, GBP, JPY	CHF, USD, GBP, JPY	CHF, USD, GBP, JPY	CHF, USD, GBP, JPY
Management Fee	N/A*	Up to 0.40%	Up to 0.50%	Up to 0.60%	Up to 0.70%	Up to 0.70%
Performance Fee	N/A	N/A	N/A	N/A	N/A	N/A
Distribution Fee	N/A	N/A	N/A	N/A	N/A	Up to 0.70%
Maximum level of management fees when the Sub-Fund invests its assets in other UCITS or UCIs or Target Sub-Fund**	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%
Maximum FROC	0.15%	0.35%	0.35%	0.35%	0.35%	0.35%
Dealing Charge	Up to 2.00%	Up to 2.00%	Up to 2.00%	Up to 2.00%	Up to 2.00%	Up to 2.00%

\* No Management Fees are levied on the S Shares. Investors willing to subscribe S Shares have to enter into a specific remuneration agreement with the Company, the Management Company or any other entity of the Lombard Odier Group. Invoices issued by the Management Company to the Company will be paid directly by such Institutional Investor.

\*\* Notwithstanding any performance fee that may be levied in addition to this limit.

### Investment Manager

See paragraph 6.3

### Approach used to calculate the Global Exposure of the Sub-Fund

Absolute VaR

Reference portfolio used to assess the Global Exposure only: N/A

Expected level of leverage: 300%

The Sub-Fund exposure to TRS expressed as the sum of notionals is expected to range between 0% and 30% of the Net Asset Value. In cases where this range is exceeded, exposures should remain below 40%.

### **Profile of Typical Investor**

The Sub-Fund may be appropriate for investors who:

- seek capital appreciation over the long-term;
- are willing to take on the increased risks associated with the classes of assets described in the investment objective and policy;  
and
- can withstand volatility in the value of their Shares.

### **Application procedure**

Investors should refer to the table under Section 12 "Issue and sale of Shares" of the Prospectus which sets out the Cut-off time, Valuation Day and Payment Date applicable for subscription in the Sub-Fund.

Application monies are to be sent in accordance with the application procedure set out in Section 20 of the Prospectus.

## 4. LO Selection – The Sovereign Bond Fund

Abbreviated name: LOS – Sovereign Bond

### Investment Objective and Policy

The Sub-Fund is actively managed in reference to a benchmark. The Bloomberg Barclays Global Treasury Majors ex Japan (the "Benchmark") is used for performance comparison and internal risk monitoring purposes only, without implying any particular constraints to the Sub-Fund's investments. Bond issuers represented in the portfolio of the Sub-Fund will generally be similar to those of the Benchmark, however the Investment Manager has discretion to select issuers that are not part of the Benchmark universe. The Sub-Fund's holdings are therefore expected to deviate materially from the Benchmark.

The objective of the Sub-Fund is to achieve capital appreciation by investing worldwide - either directly or via units of UCITS or UCIs or SFIs- in (i) money market instruments, (ii) deposits with credit institutions, (iii) fixed or floating rate debt securities such as bonds, convertible bonds, bonds with attached warrants on transferable securities and short-term debt securities (graded BBB- or better) and/or in (iv) currencies.

Subject to the limits permitted by the Investment Restrictions described in Section 4 of the Prospectus, the Investment Manager is authorized to use financial derivative instruments (including TRS):

- for hedging purposes Yes
- for EPM Yes
- as part of the investment strategy Yes

The use of financial derivative instruments as part of the investment strategy may result in a higher level of leverage and increase the overall risk exposure of the Sub-Fund and the volatility of its Net Asset Value (please refer to the Risk Factors Annex). The Investment Manager may use TRS preferably to other financial derivative instruments when the former offer better opportunities in terms of operational implementation and transaction costs. TRS are mainly used for hedging purposes and, when used as part of EPM or investment strategy, the Sub-Fund's exposure to these instruments is minor.

The Sub-Fund may invest up to 10% of its net assets in units of UCITS and UCIs and up to 49% of its net assets in SFIs. Up to 15% of the Sub-Fund's portfolio may be invested in bonds of CIBM, notably through the Bond Connect.

The Investment Manager will use its discretion with regard to the selection of instruments, markets (including Emerging Markets) and currencies.

**The attention of investors is drawn to the Risk Factors Annex which sets out the risk factors applicable to the Sub-Fund in particular 2.10 with regard to investments in Emerging Markets.**

### Reference Currency

EUR

### Classes of Shares available for subscription

Classes	Type of investor
S Shares	Institutional Investors with discretionary mandates
U Shares	All investors
I Shares	All investors
N Shares	All investors
M Shares	(i) financial intermediaries who provide discretionary portfolio management or independent advisory services (ii) financial intermediaries who provide other investment services which are subject to separate fee arrangements with their clients and who do not or are not eligible to receive and retain fees or commissions from third parties in relation to those services (iii) other investors determined by the Board or the Management Company in their discretion
P Shares	All Investors

Classes	S	U	I	N	M	P
Form	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares

Classes	S	U	I	N	M	P
Minimum investment and holding amount	As set out in the remuneration agreement entered into with the Company, the Management Company or any other entity of the Lombard Odier Group	EUR 25,000,000 or equivalent	EUR 5,000,000 or equivalent	EUR 1,000,000 or equivalent	EUR 3,000 or equivalent	EUR 3,000 or equivalent
Alternative Currencies	CHF, USD, GBP, JPY	CHF, USD, GBP, JPY	CHF, USD, GBP, JPY	CHF, USD, GBP, JPY	CHF, USD, GBP, JPY	CHF, USD, GBP, JPY
Management Fee	N/A*	Up to 0.25%	Up to 0.30%	Up to 0.35%	Up to 0.40%	Up to 0.40%
Performance Fee	N/A	N/A	N/A	N/A	N/A	N/A
Distribution Fee	N/A	N/A	N/A	N/A	N/A	Up to 0.40%
Maximum level of management fees when the Sub-Fund invests its assets in other UCITS or UCIs or Target Sub-Fund**	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%
Maximum FROC	0.15%	0.20%	0.20%	0.20%	0.35%	0.35%
Dealing Charge	N/A	N/A	N/A	N/A	N/A	N/A

\* No Management Fees are levied on the S Shares. Investors willing to subscribe S Shares have to enter into a specific remuneration agreement with the Company, the Management Company or any other entity of the Lombard Odier Group. Invoices issued by the Management Company to the Company will be paid directly by such Institutional Investor.

\*\* Notwithstanding any performance fee that may be levied in addition to this limit.

### Investment Manager

See paragraph 6.3

### Approach used to calculate the Global Exposure of the Sub-Fund

Relative VaR

Reference portfolio used to assess the Global Exposure only: Bloomberg Barclays Global Treasury Majors ex Japan Total Return

Expected level of leverage: 300%

The Sub-Fund exposure to TRS expressed as the sum of notionals is expected to range between 0% and 30% of the Net Asset Value. In cases where this range is exceeded, exposures should remain below 40%.

### Profile of Typical Investor

The Sub-Fund may be appropriate for investors who:

- seek capital appreciation over the long-term;
- are willing to take on the increased risks associated with the classes of assets described in the investment objective and policy; and
- can withstand volatility in the value of their Shares.

### Application procedure

Investors should refer to the table under Section 12 "Issue and sale of Shares" of the Prospectus which sets out the Cut-off time, Valuation Day and Payment Date applicable for subscription in the Sub-Fund.

Application monies are to be sent in accordance with the application procedure set out in Section 20 of the Prospectus.



## 5. LO Selection – TargetNetZero (CHF) Credit Bond

Abbreviated name: LOS – TNZ (CHF) Credit Bond

### Investment Objective and Policy

The Sub-Fund is actively managed in reference to a benchmark. The SBI Foreign A-BBB® (the "Benchmark") is used for performance comparison and internal risk monitoring purposes only. Bond issuers represented in the portfolio of the Sub-Fund will generally be similar to those of the Benchmark, however the Investment Manager has discretion to select issuers that are not part of the Benchmark universe. Also, depending on their involvement in specific activities listed in the SFDR Annex, securities in the Benchmark might be excluded from the Sub-Fund's portfolio or, if included, their weighting may vary to some extent.

Each remaining security is weighted according to the market capitalization of its issuer, its ITR (Implied Temperature Rise – as further detailed in Schedule II of the SFDR Annex) and its carbon footprint, in order to increase significantly the exposure of the Sub-Fund's portfolio to issuers which can contribute to a reduction in global CO<sub>2</sub> emissions and the eventual achievement of net zero CO<sub>2</sub> emissions by 2050. The Sub-Fund's portfolio will aim for a faster rate of reduction in CO<sub>2</sub> emissions when compared to the Benchmark. The Sub-Fund's portfolio aims for a significantly reduced carbon footprint when compared to the Benchmark. Ultimately the credit quality and valuation of each holding is controlled to ensure a portfolio with satisfying credit quality and attractive financial profile.

While the Investment Manager intends to maintain a low tracking error through controlled style, sector and country biases, the level of active risk associated with the realization of the investment objectives is likely to vary over time and is dependent on regulatory, technological and commercial developments external to the Investment Manager, that could significantly impact the temperature alignment or carbon footprint of securities in the Sub-Fund's portfolio.

The objective of the Sub-Fund is to achieve capital appreciation by investing worldwide - either directly or via units of UCITS or UCIs or SFIs- in bonds, other fixed or floating rate debt securities and short-term debt securities of corporate issuers and/or in currencies.

The Investment Manager is authorized to invest up to 20% of the Sub-Fund's net assets in issuers graded less than BBB- or equivalent by the rating agencies described in paragraph 3.2 of the Prospectus or of equivalent quality in the opinion of the Investment Manager.

Up to 50% of the Sub-Fund's net assets - either directly or via units of UCITS or UCIs or SFIs- may be invested in bonds, other fixed or floating rate debt securities and short-term debt securities issued or guaranteed by governments or supranational institutions.

Up to 20% of the Sub-Fund's net assets may be invested in convertible bonds, bonds with attached warrants on transferable securities.

The Sub-Fund may invest up to 10% of its net assets in units of UCITS and UCIs and 20% of its net assets in SFIs.

The investment approach applied by the Investment Manager to select securities will be based on responsible criteria which includes social, environmental, ethical and/or corporate governance factors and on a fundamental analysis of issuers. Moreover, the Sub-Fund seeks to invest in issuers with sustainable financial models, business practices and business models showing resilience and the ability to evolve and benefit from long term structural trends using LOIM proprietary ESG and Sustainability Profiling tools and methodologies.

As mentioned, the Investment Manager will aim to invest in securities of issuers which can contribute to a reduction in global CO<sub>2</sub> emissions and the eventual achievement of net zero CO<sub>2</sub> emissions by 2050. This will include issuers already targeting such net zero CO<sub>2</sub> emissions by 2050, as well as issuers that may not yet have set such targets but that progressively may be brought into alignment, including through regulatory action, investor engagement and market changes. The Investment Manager will aim to ensure a faster rate of reductions in CO<sub>2</sub> emissions in the Sub-Fund's investment portfolio when compared to the Benchmark. The achievement of these aims is dependent on regulatory, technological and commercial developments external to the Investment Manager and there can be no guarantee that they will be achieved in respect of the above referenced aims.

Subject to the limits permitted by the Investment Restrictions described in Section 4 of the Prospectus, the Investment Manager is authorized to use financial derivative instruments (including TRS):

- for hedging purposes Yes
- for EPM Yes
- as part of the investment strategy Yes

The use of financial derivative instruments as part of the investment strategy and in particular of credit derivatives or interest rate derivatives may result in a higher level of leverage and increase the overall risk exposure of the Sub-Fund and the volatility of its Net Asset Value (please refer to the Risk Factors Annex). Due to the use of credit derivatives, the Sub-Fund may, in the case of a credit event, have to accept delivery of non-investment-grade bonds issued in a currency other than the Reference Currency. The Investment Manager may use TRS preferably to other financial derivative instruments when the former offer better opportunities in terms of operational implementation and transaction costs. TRS are mainly used for hedging purposes and, when used as part of EPM or investment strategy, the Sub-Fund's exposure to these instruments is minor.

The Investment Manager will use its discretion with regard to the selection of instruments, markets (including Emerging Markets), maturity of the Sub-Fund and currencies.

**The attention of investors is drawn to the Risk Factors Annex which sets out the risk factors applicable to the Sub-Fund.**

#### Reference Currency

CHF

#### Classes of Shares available for subscription

Classes	Type of investor
S Shares	Institutional Investors with discretionary mandates
U Shares	All investors
I Shares	All investors
N Shares	All investors
M Shares	(i) financial intermediaries who provide discretionary portfolio management or independent advisory services (ii) financial intermediaries who provide other investment services which are subject to separate fee arrangements with their clients and who do not or are not eligible to receive and retain fees or commissions from third parties in relation to those services (iii) other investors determined by the Board or the Management Company in their discretion
P Shares	All Investors

Classes	S	U	I	N	M	P
Form	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares
Minimum investment and holding amount	As set out in the remuneration agreement entered into with the Company, the Management Company or any other entity of the Lombard Odier Group	CHF 25,000,000	CHF 5,000,000	CHF 1,000,000	CHF 3,000	CHF 3,000
Alternative Currencies	EUR, USD, GBP, JPY	EUR, USD, GBP, JPY	EUR, USD, GBP, JPY	EUR, USD, GBP, JPY	EUR, USD, GBP, JPY	EUR, USD, GBP, JPY
Management Fee	N/A*	Up to 0.25%	Up to 0.30%	Up to 0.40%	Up to 0.50%	Up to 0.50%
Performance Fee	N/A	N/A	N/A	N/A	N/A	N/A
Distribution Fee	N/A	N/A	N/A	N/A	N/A	Up to 0.50%
Maximum level of management fees when the Sub-Fund invests its assets in other UCITS or UCIs or Target Sub-Fund**	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%

<b>Classes</b>	<b>S</b>	<b>U</b>	<b>I</b>	<b>N</b>	<b>M</b>	<b>P</b>
Maximum FROC	0.15%	0.35%	0.35%	0.35%	0.35%	0.35%
Dealing Charge	Up to 2.00%	Up to 2.00%	Up to 2.00%	Up to 2.00%	Up to 2.00%	Up to 2.00%

\* No Management Fees are levied on the S Shares. Investors willing to subscribe S Shares have to enter into a specific remuneration agreement with the Company, the Management Company or any other entity of the Lombard Odier Group. Invoices issued by the Management Company to the Company will be paid directly by such Institutional Investor.

\*\* Notwithstanding any performance fee that may be levied in addition to this limit.

### **Investment Manager**

See paragraph 6.3

### **Approach used to calculate the Global Exposure of the Sub-Fund**

Relative VaR

Reference portfolio used to assess the Global Exposure only: SBI Foreign A-BBB®

Expected level of leverage: 150%

The Sub-Fund exposure to TRS expressed as the sum of notionals is expected to range between 0% and 30% of the Net Asset Value. In cases where this range is exceeded, exposures should remain below 40%.

### **Profile of Typical Investor**

The Sub-Fund may be appropriate for investors who:

- seek capital appreciation over the long-term;
- are willing to take on the increased risks associated with the classes of assets described in the investment objective and policy; and
- can withstand volatility in the value of their Shares.

### **Application procedure**

Investors should refer to the table under Section 12 "Issue and sale of Shares" of the Prospectus which sets out the Cut-off time, Valuation Day and Payment Date applicable for subscription in the Sub-Fund.

Application monies are to be sent in accordance with the application procedure set out in Section 20 of the Prospectus.

## 6. LO Selection – TargetNetZero (EUR) Credit Bond

Abbreviated name: LOS – TNZ (EUR) Credit Bond

### Investment Objective and Policy

The Sub-Fund is actively managed in reference to a benchmark. The ML EMU Corporate 1-10Y (the "Benchmark") is used for performance comparison and internal risk monitoring purposes only. Bond issuers represented in the portfolio of the Sub-Fund will generally be similar to those of the Benchmark, however the Investment Manager has discretion to select issuers that are not part of the Benchmark universe. Also, depending on their involvement in specific activities listed in the SFDR Annex, securities in the Benchmark might be excluded from the Sub-Fund's portfolio or, if included, their weighting may vary to some extent.

Each remaining security is weighted according to the market capitalization of its issuer, its ITR (Implied Temperature Rise – as further detailed in Schedule II of the SFDR Annex) and its carbon footprint, in order to increase significantly the exposure of the Sub-Fund's portfolio to issuers which can contribute to a reduction in global CO<sub>2</sub> emissions and the eventual achievement of net zero CO<sub>2</sub> emissions by 2050. The Sub-Fund's portfolio will aim for a faster rate of reduction in CO<sub>2</sub> emissions when compared to the Benchmark. The Sub-Fund's portfolio aims for a significantly reduced carbon footprint when compared to the Benchmark. Ultimately the credit quality and valuation of each holding is controlled to ensure a portfolio with satisfying credit quality and attractive financial profile.

While the Investment Manager intends to maintain a low tracking error through controlled style, sector and country biases, the level of active risk associated with the realization of the investment objectives is likely to vary over time and is dependent on regulatory, technological and commercial developments external to the Investment Manager, that could significantly impact the temperature alignment or carbon footprint of securities in the Sub-Fund's portfolio.

The objective of the Sub-Fund is to achieve capital appreciation by investing worldwide - either directly or via units of UCITS or UCIs or SFIs- in bonds, other fixed or floating rate debt securities and short-term debt securities of corporate issuers and/or in currencies.

The Investment Manager is authorized to invest up to 20% of the Sub-Fund's net assets in issuers graded less than BBB- or equivalent by the rating agencies described in paragraph 3.2 of the Prospectus or of equivalent quality in the opinion of the Investment Manager.

Up to 50% of the Sub-Fund's net assets - either directly or via units of UCITS or UCIs or SFIs- may be invested in bonds, other fixed or floating rate debt securities and short-term debt securities issued or guaranteed by governments or supranational institutions.

Up to 20% of the Sub-Fund's net assets may be invested in convertible bonds, bonds with attached warrants on transferable securities.

The Sub-Fund may invest up to 10% of its net assets in units of UCITS and UCIs and 20% of its net assets in SFIs.

The investment approach applied by the Investment Manager to select securities will be based on responsible criteria which includes social, environmental, ethical and/or corporate governance factors and on a fundamental analysis of issuers. Moreover, the Sub-Fund seeks to invest in issuers with sustainable financial models, business practices and business models showing resilience and the ability to evolve and benefit from long term structural trends using LOIM proprietary ESG and Sustainability Profiling tools and methodologies.

As mentioned, the Investment Manager will aim to invest in securities of issuers which can contribute to a reduction in global CO<sub>2</sub> emissions and the eventual achievement of net zero CO<sub>2</sub> emissions by 2050. This will include issuers already targeting such net zero CO<sub>2</sub> emissions by 2050, as well as issuers that may not yet have set such targets but that progressively may be brought into alignment, including through regulatory action, investor engagement and market changes. The Investment Manager will aim to ensure a faster rate of reductions in CO<sub>2</sub> emissions in the Sub-Fund's investment portfolio when compared to the Benchmark. The achievement of these aims is dependent on regulatory, technological and commercial developments external to the Investment Manager and there can be no guarantee that they will be achieved in respect of the above referenced aims.

Subject to the limits permitted by the Investment Restrictions described in Section 4 of the Prospectus, the Investment Manager is authorized to use financial derivative instruments (including TRS):

- for hedging purposes Yes
- for EPM Yes
- as part of the investment strategy Yes

The use of financial derivative instruments as part of the investment strategy and in particular of credit derivatives or interest rate derivatives may result in a higher level of leverage and increase the overall risk exposure of the Sub-Fund and the volatility of its Net Asset Value (please refer to the Risk Factors Annex). Due to the use of credit derivatives, the Sub-Fund may, in the case of a credit event, have to accept delivery of non-investment-grade bonds issued in a currency other than the Reference Currency. The Investment Manager may use TRS preferably to other financial derivative instruments when the former offer better opportunities in terms of operational implementation and transaction costs. TRS are mainly used for hedging purposes and, when used as part of EPM or investment strategy, the Sub-Fund's exposure to these instruments is minor.

The Investment Manager will use its discretion with regard to the selection of instruments, markets (including Emerging Markets), maturity of the Sub-Fund and currencies.

**The attention of investors is drawn to the Risk Factors Annex which sets out the risk factors applicable to the Sub-Fund.**

#### Reference Currency

EUR

#### Classes of Shares available for subscription

Classes	Type of investor
S Shares	Institutional Investors with discretionary mandates
U Shares	All investors
I Shares	All investors
N Shares	All investors
M Shares	(i) financial intermediaries who provide discretionary portfolio management or independent advisory services (ii) financial intermediaries who provide other investment services which are subject to separate fee arrangements with their clients and who do not or are not eligible to receive and retain fees or commissions from third parties in relation to those services (iii) other investors determined by the Board or the Management Company in their discretion
P Shares	All Investors

Classes	S	U	I	N	M	P
Form	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares
Minimum investment and holding amount	As set out in the remuneration agreement entered into with the Company, the Management Company or any other entity of the Lombard Odier Group	EUR 25,000,000	EUR 5,000,000	EUR 1,000,000	EUR 3,000	EUR 3,000
Alternative Currencies	CHF, USD, GBP, JPY	CHF, USD, GBP, JPY	CHF, USD, GBP, JPY	CHF, USD, GBP, JPY	CHF, USD, GBP, JPY	CHF, USD, GBP, JPY
Management Fee	N/A*	Up to 0.30%	Up to 0.40%	Up to 0.50%	Up to 0.60%	Up to 0.60%
Performance Fee	N/A	N/A	N/A	N/A	N/A	N/A
Distribution Fee	N/A	N/A	N/A	N/A	N/A	Up to 0.60%
Maximum level of management fees when the Sub-Fund invests its assets in other UCITS or UCIs or Target Sub-Fund**	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%

<b>Classes</b>	<b>S</b>	<b>U</b>	<b>I</b>	<b>N</b>	<b>M</b>	<b>P</b>
Maximum FROC	0.15%	0.35%	0.35%	0.35%	0.35%	0.35%
Dealing Charge	Up to 2.00%	Up to 2.00%	Up to 2.00%	Up to 2.00%	Up to 2.00%	Up to 2.00%

\* No Management Fees are levied on the S Shares. Investors willing to subscribe S Shares have to enter into a specific remuneration agreement with the Company, the Management Company or any other entity of the Lombard Odier Group. Invoices issued by the Management Company to the Company will be paid directly by such Institutional Investor.

\*\* Notwithstanding any performance fee that may be levied in addition to this limit.

### **Investment Manager**

See paragraph 6.3

### **Approach used to calculate the Global Exposure of the Sub-Fund**

Relative VaR

Reference portfolio used to assess the Global Exposure only: ML EMU Corporate 1-10Y

Expected level of leverage: 150%

The Sub-Fund exposure to TRS expressed as the sum of notionals is expected to range between 0% and 30% of the Net Asset Value. In cases where this range is exceeded, exposures should remain below 40%.

### **Profile of Typical Investor**

The Sub-Fund may be appropriate for investors who:

- seek capital appreciation over the long-term;
- are willing to take on the increased risks associated with the classes of assets described in the investment objective and policy; and
- can withstand volatility in the value of their Shares.

### **Application procedure**

Investors should refer to the table under Section 12 "Issue and sale of Shares" of the Prospectus which sets out the Cut-off time, Valuation Day and Payment Date applicable for subscription in the Sub-Fund.

Application monies are to be sent in accordance with the application procedure set out in Section 20 of the Prospectus.

## 7. LO Selection – The Balanced (CHF)

Abbreviated name: LOS – Balanced CHF

### Investment Objective and Policy

The Sub-Fund is actively managed. The Sub-Fund is not managed in reference to a benchmark.

The objective of the Sub-Fund is to achieve capital appreciation over the long term by investing worldwide - either directly or via units of UCITS or UCIs - in a diversified portfolio consisting of (i) fixed-rate and floating rate debt securities, including convertible bonds, (ii) equity and equity equivalent securities, (iii) financial derivative instruments, (iv) currencies and (v) Cash and Cash Equivalents.

The Sub-Fund may be fully invested in units of eligible UCITS or UCIs and/or, in accordance with the applicable diversification rules, in Cash and Cash Equivalents (including short-term ABS/MBS which may represent up to 10% of investments in Cash and Cash Equivalents). The Sub-Fund may hold Cash and Cash Equivalents in order to achieve its investment goals, for treasury purposes or in case of unfavorable market conditions.

Fixed-rate and floating rate debt securities will be graded BBB or better by the rating agencies described in paragraph 3.2 of the Prospectus or of equivalent quality in the opinion of the Investment Manager.

Up to 15% of the Sub-Fund's net assets may be invested in debt securities graded below BBB.

Subject to the limits permitted by the Investment Restrictions described in Section 4 of the Prospectus, the Investment Manager is authorized to use a wide range of financial derivative instruments such as options, futures, forwards and swaps:

- for hedging purposes Yes
- for EPM Yes
- as part of the investment strategy Yes

The use of financial derivative instruments as part of the investment strategy may result in a higher level of leverage and increase the overall risk exposure of the Sub-Fund and the volatility of its Net Asset Value (please refer to the Risk Factors Annex).

The Sub-Fund may be exposed to alternative asset classes, such as but not limited to commodities/precious metals and hedge funds, either through indices or other eligible securities. Indices will comply with the conditions of article 9 of the Grand-Ducal Regulation dated 8 February 2008.

Not more than 60% of the Sub-Fund's net assets may be exposed to equity and equity equivalent securities.

Not more than 30% of the Sub-Fund's net assets may be exposed to alternative asset classes.

The Investment Manager will use its discretion with regard to the selection of sectors, markets (including Emerging Markets), assets classes, eligible assets, size of companies and currencies (including CNH).

**The attention of investors is drawn to the Risk Factors Annex which sets out the risk factors applicable to the Sub-Fund.**

### Reference Currency

CHF

### Classes of Shares available for subscription

Classes	Type of investor
S Shares	Institutional Investors with discretionary mandates
U Shares	All investors
I Shares	All investors
N Shares	All investors

Classes	Type of investor
M Shares	(i) financial intermediaries who provide discretionary portfolio management or independent advisory services (ii) financial intermediaries who provide other investment services which are subject to separate fee arrangements with their clients and who do not or are not eligible to receive and retain fees or commissions from third parties in relation to those services (iii) other investors determined by the Board or the Management Company in their discretion
P Shares	All Investors
EM Shares	Lombard Odier Group entities investing on behalf of clients who are current or retired employees of the Lombard Odier Group, as well as related persons to such employees, and who have signed specific agreements determined by the Board or the Management Company in their discretion

Classes	S	U	I	N	M	P	EM
Form	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares
Minimum investment and holding amount	As set out in the remuneration agreement entered into with the Company, the Management Company or any other entity of the Lombard Odier Group	CHF 25,000,000	CHF 5,000,000	CHF 1,000,000	CHF 3,000	CHF 3,000	CHF 3,000
Alternative Currencies	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Management Fee	N/A*	Up to 0.70%	Up to 1.0%	Up to 1.3%	Up to 1.4%	Up to 1.4%	Up to 0.3%
Performance Fee	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Distribution Fee	N/A	N/A	N/A	N/A	N/A	Up to 0.50%	N/A
Maximum level of management fees when the Sub-Fund invests its assets in other UCITS or UCIs or Target Sub-Fund**	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%
Maximum FROC	0.15%	0.35%	0.35%	0.35%	0.35%	0.35%	0.15%
Dealing Charge	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\* No Management Fees are levied on the S Shares. Investors willing to subscribe S Shares have to enter into a specific remuneration agreement with the Company, the Management Company or any other entity of the Lombard Odier Group. Invoices issued by the Management Company to the Company will be paid directly by such Institutional Investor.

\*\* Notwithstanding any performance fee that may be levied in addition to this limit.

### Investment Manager

See paragraph 6.3

### Approach used to calculate the Global Exposure of the Sub-Fund

Commitment approach



### **Profile of Typical Investor**

The Sub-Fund may be appropriate for investors who:

- seek capital appreciation over the long-term;
- are willing to take on the increased risks associated with the classes of assets described in the investment objective and policy;  
and
- can withstand volatility in the value of their Shares.

### **Application procedure**

Investors should refer to the table under Section 12 "Issue and sale of Shares" of the Prospectus which sets out the Cut-off time, Valuation Day and Payment Date applicable for subscription in the Sub-Fund.

Application monies are to be sent in accordance with the application procedure set out in Section 20 of the Prospectus.

## 8. LO Selection – The Balanced (EUR)

Abbreviated name: LOS – Balanced EUR

### Investment Objective and Policy

The Sub-Fund is actively managed. The Sub-Fund is not managed in reference to a benchmark.

The objective of the Sub-Fund is to achieve capital appreciation over the long term by investing worldwide - either directly or via units of UCITS or UCIs - in a diversified portfolio consisting of (i) fixed-rate and floating rate debt securities, including convertible bonds, (ii) equity and equity equivalent securities, (iii) financial derivative instruments, (iv) currencies and (v) Cash and Cash Equivalents.

The Sub-Fund may be fully invested in units of eligible UCITS or UCIs and/or, in accordance with the applicable diversification rules, in Cash and Cash Equivalents (including short-term ABS/MBS which may represent up to 10% of investments in Cash and Cash Equivalents). The Sub-Fund may hold Cash and Cash Equivalents in order to achieve its investment goals, for treasury purposes or in case of unfavorable market conditions.

Fixed-rate and floating rate debt securities will be graded BBB or better by the rating agencies described in paragraph 3.2 of the Prospectus or of equivalent quality in the opinion of the Investment Manager.

Up to 15% of the Sub-Fund's net assets may be invested in debt securities graded below BBB.

Subject to the limits permitted by the Investment Restrictions described in Section 4 of the Prospectus, the Investment Manager is authorized to use a wide range of financial derivative instruments such as options, futures, forwards and swaps:

- for hedging purposes Yes
- for EPM Yes
- as part of the investment strategy Yes

The use of financial derivative instruments as part of the investment strategy may result in a higher level of leverage and increase the overall risk exposure of the Sub-Fund and the volatility of its Net Asset Value (please refer to the Risk Factors Annex).

The Sub-Fund may be exposed to alternative asset classes, such as but not limited to commodities/precious metals and hedge funds, either through indices or other eligible securities. Indices will comply with the conditions of article 9 of the Grand-Ducal Regulation dated 8 February 2008.

Not more than 60% of the Sub-Fund's net assets may be exposed to equity and equity equivalent securities.

Not more than 30% of the Sub-Fund's net assets may be exposed to alternative asset classes.

The Investment Manager will use its discretion with regard to the selection of sectors, markets (including Emerging Markets), assets classes, eligible assets, size of companies and currencies (including CNH).

**The attention of investors is drawn to the Risk Factors Annex which sets out the risk factors applicable to the Sub-Fund.**

### Reference Currency

EUR

### Classes of Shares available for subscription

Classes	Type of investor
S Shares	Institutional Investors with discretionary mandates
U Shares	All investors
I Shares	All investors
N Shares	All investors

Classes	Type of investor
M Shares	(i) financial intermediaries who provide discretionary portfolio management or independent advisory services (ii) financial intermediaries who provide other investment services which are subject to separate fee arrangements with their clients and who do not or are not eligible to receive and retain fees or commissions from third parties in relation to those services (iii) other investors determined by the Board or the Management Company in their discretion
P Shares	All Investors
EM Shares	Lombard Odier Group entities investing on behalf of clients who are current or retired employees of the Lombard Odier Group, as well as related persons to such employees, and who have signed specific agreements determined by the Board or the Management Company in their discretion

Classes	S	U	I	N	M	P	EM
Form	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares
Minimum investment and holding amount	As set out in the remuneration agreement entered into with the Company, the Management Company or any other entity of the Lombard Odier Group	EUR 25,000,000	EUR 5,000,000	EUR 1,000,000	EUR 3,000	EUR 3,000	EUR 3,000
Alternative Currencies	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Management Fee	N/A*	Up to 0.70%	Up to 1.0%	Up to 1.3%	Up to 1.4%	Up to 1.4%	Up to 0.3%
Performance Fee	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Distribution Fee	N/A	N/A	N/A	N/A	N/A	Up to 0.50%	N/A
Maximum level of management fees when the Sub-Fund invests its assets in other UCITS or UCIs or Target Sub-Fund**	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%
Maximum FROC	0.15%	0.35%	0.35%	0.35%	0.35%	0.35%	0.15%
Dealing Charge	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\* No Management Fees are levied on the S Shares. Investors willing to subscribe S Shares have to enter into a specific remuneration agreement with the Company, the Management Company or any other entity of the Lombard Odier Group. Invoices issued by the Management Company to the Company will be paid directly by such Institutional Investor.

\*\* Notwithstanding any performance fee that may be levied in addition to this limit.

### Investment Manager

See paragraph 6.3

### Approach used to calculate the Global Exposure of the Sub-Fund

Commitment approach

### **Profile of Typical Investor**

The Sub-Fund may be appropriate for investors who:

- seek capital appreciation over the long-term;
- are willing to take on the increased risks associated with the classes of assets described in the investment objective and policy;  
and
- can withstand volatility in the value of their Shares.

### **Application procedure**

Investors should refer to the table under Section 12 "Issue and sale of Shares" of the Prospectus which sets out the Cut-off time, Valuation Day and Payment Date applicable for subscription in the Sub-Fund.

Application monies are to be sent in accordance with the application procedure set out in Section 20 of the Prospectus.

## 9. LO Selection – The Conservative (CHF)

Abbreviated name: LOS – Conservative CHF

### Investment Objective and Policy

The Sub-Fund is actively managed. The Sub-Fund is not managed in reference to a benchmark.

The objective of the Sub-Fund is to achieve capital appreciation over the long term by investing worldwide - either directly or via units of UCITS or UCIs - in a diversified portfolio consisting of (i) fixed-rate and floating rate debt securities, including convertible bonds, (ii) equity and equity equivalent securities, (iii) financial derivative instruments, (iv) currencies and (v) Cash and Cash Equivalents.

The Sub-Fund may be fully invested in units of eligible UCITS or UCIs and/or, in accordance with the applicable diversification rules, in Cash and Cash Equivalents (including short-term ABS/MBS which may represent up to 10% of investments in Cash and Cash Equivalents). The Sub-Fund may hold Cash and Cash Equivalents in order to achieve its investment goals, for treasury purposes or in case of unfavorable market conditions.

Fixed-rate and floating rate debt securities will be graded BBB or better by the rating agencies described in paragraph 3.2 of the Prospectus or of equivalent quality in the opinion of the Investment Manager.

Up to 15% of the Sub-Fund's net assets may be invested in debt securities graded below BBB.

Subject to the limits permitted by the Investment Restrictions described in Section 4 of the Prospectus, the Investment Manager is authorized to use a wide range of financial derivative instruments such as options, futures, forwards and swaps:

- for hedging purposes Yes
- for EPM Yes
- as part of the investment strategy Yes

The use of financial derivative instruments as part of the investment strategy may result in a higher level of leverage and increase the overall risk exposure of the Sub-Fund and the volatility of its Net Asset Value (please refer to the Risk Factors Annex).

The Sub-Fund may be exposed to alternative asset classes, such as but not limited to commodities/precious metals and hedge funds, either through indices or other eligible securities. Indices will comply with the conditions of article 9 of the Grand-Ducal Regulation dated 8 February 2008.

Not more than 45% of the Sub-Fund's net assets may be exposed to equity and equity equivalent securities.

Not more than 30% of the Sub-Fund's net assets may be exposed to alternative asset classes.

The Investment Manager will use its discretion with regard to the selection of sectors, markets (including Emerging Markets), assets classes, eligible assets, size of companies and currencies (including CNH).

**The attention of investors is drawn to the Risk Factors Annex which sets out the risk factors applicable to the Sub-Fund.**

### Reference Currency

CHF

### Classes of Shares available for subscription

Classes	Type of investor
S Shares	Institutional Investors with discretionary mandates
U Shares	All investors
I Shares	All investors
N Shares	All investors

Classes	Type of investor
M Shares	(i) financial intermediaries who provide discretionary portfolio management or independent advisory services (ii) financial intermediaries who provide other investment services which are subject to separate fee arrangements with their clients and who do not or are not eligible to receive and retain fees or commissions from third parties in relation to those services (iii) other investors determined by the Board or the Management Company in their discretion
P Shares	All Investors
EM Shares	Lombard Odier Group entities investing on behalf of clients who are current or retired employees of the Lombard Odier Group, as well as related persons to such employees, and who have signed specific agreements determined by the Board or the Management Company in their discretion

Classes	S	U	I	N	M	P	EM
Form	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares
Minimum investment and holding amount	As set out in the remuneration agreement entered into with the Company, the Management Company or any other entity of the Lombard Odier Group	CHF 25,000,000	CHF 5,000,000	CHF 1,000,000	CHF 3,000	CHF 3,000	CHF 3,000
Alternative Currencies	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Management Fee	N/A*	Up to 0.55%	Up to 0.90%	Up to 1.15%	Up to 1.25%	Up to 1.25%	Up to 0.2%
Performance Fee	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Distribution Fee	N/A	N/A	N/A	N/A	N/A	Up to 0.50%	N/A
Maximum level of management fees when the Sub-Fund invests its assets in other UCITS or UCIs or Target Sub-Fund**	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%
Maximum FROC	0.15%	0.35%	0.35%	0.35%	0.35%	0.35%	0.15%
Dealing Charge	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\* No Management Fees are levied on the S Shares. Investors willing to subscribe S Shares have to enter into a specific remuneration agreement with the Company, the Management Company or any other entity of the Lombard Odier Group. Invoices issued by the Management Company to the Company will be paid directly by such Institutional Investor.

\*\* Notwithstanding any performance fee that may be levied in addition to this limit.

### Investment Manager

See paragraph 6.3

### Approach used to calculate the Global Exposure of the Sub-Fund

Commitment approach

### **Profile of Typical Investor**

The Sub-Fund may be appropriate for investors who:

- seek capital appreciation over the long-term;
- are willing to take on the increased risks associated with the classes of assets described in the investment objective and policy;  
and
- can withstand volatility in the value of their Shares.

### **Application procedure**

Investors should refer to the table under Section 12 "Issue and sale of Shares" of the Prospectus which sets out the Cut-off time, Valuation Day and Payment Date applicable for subscription in the Sub-Fund.

Application monies are to be sent in accordance with the application procedure set out in Section 20 of the Prospectus.

## 10. LO Selection – The Conservative (EUR)

Abbreviated name: LOS – Conservative EUR

### Investment Objective and Policy

The Sub-Fund is actively managed. The Sub-Fund is not managed in reference to a benchmark.

The objective of the Sub-Fund is to achieve capital appreciation over the long term by investing worldwide - either directly or via units of UCITS or UCIs - in a diversified portfolio consisting of (i) fixed-rate and floating rate debt securities, including convertible bonds, (ii) equity and equity equivalent securities, (iii) financial derivative instruments, (iv) currencies and (v) Cash and Cash Equivalents.

The Sub-Fund may be fully invested in units of eligible UCITS or UCIs and/or, in accordance with the applicable diversification rules, in Cash and Cash Equivalents (including short-term ABS/MBS which may represent up to 10% of investments in Cash and Cash Equivalents). The Sub-Fund may hold Cash and Cash Equivalents in order to achieve its investment goals, for treasury purposes or in case of unfavorable market conditions.

Fixed-rate and floating rate debt securities will be graded BBB or better by the rating agencies described in paragraph 3.2 of the Prospectus or of equivalent quality in the opinion of the Investment Manager.

Up to 15% of the Sub-Fund's net assets may be invested in debt securities graded below BBB.

Subject to the limits permitted by the Investment Restrictions described in Section 4 of the Prospectus, the Investment Manager is authorized to use a wide range of financial derivative instruments such as options, futures, forwards and swaps:

- for hedging purposes Yes
- for EPM Yes
- as part of the investment strategy Yes

The use of financial derivative instruments as part of the investment strategy may result in a higher level of leverage and increase the overall risk exposure of the Sub-Fund and the volatility of its Net Asset Value (please refer to the Risk Factors Annex).

The Sub-Fund may be exposed to alternative asset classes, such as but not limited to commodities/precious metals and hedge funds, either through indices or other eligible securities. Indices will comply with the conditions of article 9 of the Grand-Ducal Regulation dated 8 February 2008.

Not more than 45% of the Sub-Fund's net assets may be exposed to equity and equity equivalent securities.

Not more than 30% of the Sub-Fund's net assets may be exposed to alternative asset classes.

The Investment Manager will use its discretion with regard to the selection of sectors, markets (including Emerging Markets), assets classes, eligible assets, size of companies and currencies (including CNH).

**The attention of investors is drawn to the Risk Factors Annex which sets out the risk factors applicable to the Sub-Fund.**

### Reference Currency

EUR

### Classes of Shares available for subscription

Classes	Type of investor
S Shares	Institutional Investors with discretionary mandates
U Shares	All investors
I Shares	All investors
N Shares	All investors



Classes	Type of investor
M Shares	(i) financial intermediaries who provide discretionary portfolio management or independent advisory services (ii) financial intermediaries who provide other investment services which are subject to separate fee arrangements with their clients and who do not or are not eligible to receive and retain fees or commissions from third parties in relation to those services (iii) other investors determined by the Board or the Management Company in their discretion
P Shares	All Investors
EM Shares	Lombard Odier Group entities investing on behalf of clients who are current or retired employees of the Lombard Odier Group, as well as related persons to such employees, and who have signed specific agreements determined by the Board or the Management Company in their discretion

Classes	S	U	I	N	M	P	EM
Form	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares
Minimum investment and holding amount	As set out in the remuneration agreement entered into with the Company, the Management Company or any other entity of the Lombard Odier Group	EUR 25,000,000	EUR 5,000,000	EUR 1,000,000	EUR 3,000	EUR 3,000	EUR 3,000
Alternative Currencies	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Management Fee	N/A*	Up to 0.55%	Up to 0.90%	Up to 1.15%	Up to 1.25%	Up to 1.25%	Up to 0.2%
Performance Fee	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Distribution Fee	N/A	N/A	N/A	N/A	N/A	Up to 0.50%	N/A
Maximum level of management fees when the Sub-Fund invests its assets in other UCITS or UCIs or Target Sub-Fund**	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%
Maximum FROC	0.15%	0.35%	0.35%	0.35%	0.35%	0.35%	0.15%
Dealing Charge	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\* No Management Fees are levied on the S Shares. Investors willing to subscribe S Shares have to enter into a specific remuneration agreement with the Company, the Management Company or any other entity of the Lombard Odier Group. Invoices issued by the Management Company to the Company will be paid directly by such Institutional Investor.

\*\* Notwithstanding any performance fee that may be levied in addition to this limit.

### Investment Manager

See paragraph 6.3

### Approach used to calculate the Global Exposure of the Sub-Fund

Commitment approach

### **Profile of Typical Investor**

The Sub-Fund may be appropriate for investors who:

- seek capital appreciation over the long-term;
- are willing to take on the increased risks associated with the classes of assets described in the investment objective and policy;  
and
- can withstand volatility in the value of their Shares.

### **Application procedure**

Investors should refer to the table under Section 12 "Issue and sale of Shares" of the Prospectus which sets out the Cut-off time, Valuation Day and Payment Date applicable for subscription in the Sub-Fund.

Application monies are to be sent in accordance with the application procedure set out in Section 20 of the Prospectus.

## 11. LO Selection – The Growth (CHF)

Abbreviated name: LOS – Growth CHF

### Investment Objective and Policy

The Sub-Fund is actively managed. The Sub-Fund is not managed in reference to a benchmark.

The objective of the Sub-Fund is to achieve capital appreciation over the long term by investing worldwide - either directly or via units of UCITS or UCIs - in a diversified portfolio consisting of (i) fixed-rate and floating rate debt securities, including convertible bonds, (ii) equity and equity equivalent securities, (iii) financial derivative instruments, (iv) currencies and (v) Cash and Cash Equivalents.

The Sub-Fund may be fully invested in units of eligible UCITS or UCIs and/or, in accordance with the applicable diversification rules, in Cash and Cash Equivalents (including short-term ABS/MBS which may represent up to 10% of investments in Cash and Cash Equivalents). The Sub-Fund may hold Cash and Cash Equivalents in order to achieve its investment goals, for treasury purposes or in case of unfavorable market conditions.

Fixed-rate and floating rate debt securities will be graded BBB or better by the rating agencies described in paragraph 3.2 of the Prospectus or of equivalent quality in the opinion of the Investment Manager.

Up to 15% of the Sub-Fund's net assets may be invested in debt securities graded below BBB.

Subject to the limits permitted by the Investment Restrictions described in Section 4 of the Prospectus, the Investment Manager is authorized to use a wide range of financial derivative instruments such as options, futures, forwards and swaps:

- for hedging purposes Yes
- for EPM Yes
- as part of the investment strategy Yes

The use of financial derivative instruments as part of the investment strategy may result in a higher level of leverage and increase the overall risk exposure of the Sub-Fund and the volatility of its Net Asset Value (please refer to the Risk Factors Annex).

The Sub-Fund may be exposed to alternative asset classes, such as but not limited to commodities/precious metals and hedge funds, either through indices or other eligible securities. Indices will comply with the conditions of article 9 of the Grand-Ducal Regulation dated 8 February 2008.

Not more than 95% of the Sub-Fund's net assets may be exposed to equity and equity equivalent securities.

Not more than 30% of the Sub-Fund's net assets may be exposed to alternative asset classes.

The Investment Manager will use its discretion with regard to the selection of sectors, markets (including Emerging Markets), assets classes, eligible assets, size of companies and currencies (including CNH).

**The attention of investors is drawn to the Risk Factors Annex which sets out the risk factors applicable to the Sub-Fund.**

### Reference Currency

CHF

### Classes of Shares available for subscription

Classes	Type of investor
S Shares	Institutional Investors with discretionary mandates
U Shares	All investors
I Shares	All investors
N Shares	All investors

Classes	Type of investor
M Shares	(i) financial intermediaries who provide discretionary portfolio management or independent advisory services (ii) financial intermediaries who provide other investment services which are subject to separate fee arrangements with their clients and who do not or are not eligible to receive and retain fees or commissions from third parties in relation to those services (iii) other investors determined by the Board or the Management Company in their discretion
P Shares	All Investors
EM Shares	Lombard Odier Group entities investing on behalf of clients who are current or retired employees of the Lombard Odier Group, as well as related persons to such employees, and who have signed specific agreements determined by the Board or the Management Company in their discretion

Classes	S	U	I	N	M	P	EM
Form	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares
Minimum investment and holding amount	As set out in the remuneration agreement entered into with the Company, the Management Company or any other entity of the Lombard Odier Group	CHF 25,000,000	CHF 5,000,000	CHF 1,000,000	CHF 3,000	CHF 3,000	CHF 3,000
Alternative Currencies	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Management Fee	N/A*	Up to 0.8%	Up to 1.1%	Up to 1.4%	Up to 1.5%	Up to 1.5%	Up to 0.4%
Performance Fee	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Distribution Fee	N/A	N/A	N/A	N/A	N/A	Up to 0.5%	N/A
Maximum level of management fees when the Sub-Fund invests its assets in other UCITS or UCIs or Target Sub-Fund**	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%
Maximum FROC	0.15%	0.35%	0.35%	0.35%	0.35%	0.35%	0.15%
Dealing Charge	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\* No Management Fees are levied on the S Shares. Investors willing to subscribe S Shares have to enter into a specific remuneration agreement with the Company, the Management Company or any other entity of the Lombard Odier Group. Invoices issued by the Management Company to the Company will be paid directly by such Institutional Investor.

\*\* Notwithstanding any performance fee that may be levied in addition to this limit.

### Investment Manager

See paragraph 6.3

### Approach used to calculate the Global Exposure of the Sub-Fund

Commitment approach

**Profile of Typical Investor**

The Sub-Fund may be appropriate for investors who:

- seek capital appreciation over the long-term;
- are willing to take on the increased risks associated with the classes of assets described in the investment objective and policy;  
and
- can withstand volatility in the value of their Shares.

**Application procedure**

Investors should refer to the table under Section 12 "Issue and sale of Shares" of the Prospectus which sets out the Cut-off time, Valuation Day and Payment Date applicable for subscription in the Sub-Fund.

Application monies are to be sent in accordance with the application procedure set out in Section 20 of the Prospectus.

## 12. LO Selection – The Growth (EUR)

Abbreviated name: LOS – Growth EUR

### Investment Objective and Policy

The Sub-Fund is actively managed. The Sub-Fund is not managed in reference to a benchmark.

The objective of the Sub-Fund is to achieve capital appreciation over the long term by investing worldwide - either directly or via units of UCITS or UCIs - in a diversified portfolio consisting of (i) fixed-rate and floating rate debt securities, including convertible bonds, (ii) equity and equity equivalent securities, (iii) financial derivative instruments, (iv) currencies and (v) Cash and Cash Equivalents.

The Sub-Fund may be fully invested in units of eligible UCITS or UCIs and/or, in accordance with the applicable diversification rules, in Cash and Cash Equivalents (including short-term ABS/MBS which may represent up to 10% of investments in Cash and Cash Equivalents). The Sub-Fund may hold Cash and Cash Equivalents in order to achieve its investment goals, for treasury purposes or in case of unfavorable market conditions.

Fixed-rate and floating rate debt securities will be graded BBB or better by the rating agencies described in paragraph 3.2 of the Prospectus or of equivalent quality in the opinion of the Investment Manager.

Up to 15% of the Sub-Fund's net assets may be invested in debt securities graded below BBB.

Subject to the limits permitted by the Investment Restrictions described in Section 4 of the Prospectus, the Investment Manager is authorized to use a wide range of financial derivative instruments such as options, futures, forwards and swaps:

- for hedging purposes Yes
- for EPM Yes
- as part of the investment strategy Yes

The use of financial derivative instruments as part of the investment strategy may result in a higher level of leverage and increase the overall risk exposure of the Sub-Fund and the volatility of its Net Asset Value (please refer to the Risk Factors Annex).

The Sub-Fund may be exposed to alternative asset classes, such as but not limited to commodities/precious metals and hedge funds, either through indices or other eligible securities. Indices will comply with the conditions of article 9 of the Grand-Ducal Regulation dated 8 February 2008.

Not more than 95% of the Sub-Fund's net assets may be exposed to equity and equity equivalent securities.

Not more than 30% of the Sub-Fund's net assets may be exposed to alternative asset classes.

The Investment Manager will use its discretion with regard to the selection of sectors, markets (including Emerging Markets), assets classes, eligible assets, size of companies and currencies (including CNH).

**The attention of investors is drawn to the Risk Factors Annex which sets out the risk factors applicable to the Sub-Fund.**

### Reference Currency

EUR

### Classes of Shares available for subscription

Classes	Type of investor
S Shares	Institutional Investors with discretionary mandates
U Shares	All investors
I Shares	All investors
N Shares	All investors

Classes	Type of investor
M Shares	(i) financial intermediaries who provide discretionary portfolio management or independent advisory services (ii) financial intermediaries who provide other investment services which are subject to separate fee arrangements with their clients and who do not or are not eligible to receive and retain fees or commissions from third parties in relation to those services (iii) other investors determined by the Board or the Management Company in their discretion
P Shares	All Investors
EM Shares	Lombard Odier Group entities investing on behalf of clients who are current or retired employees of the Lombard Odier Group, as well as related persons to such employees, and who have signed specific agreements determined by the Board or the Management Company in their discretion

Classes	S	U	I	N	M	P	EM
Form	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares
Minimum investment and holding amount	As set out in the remuneration agreement entered into with the Company, the Management Company or any other entity of the Lombard Odier Group	EUR 25,000,000	EUR 5,000,000	EUR 1,000,000	EUR 3,000	EUR 3,000	EUR 3,000
Alternative Currencies	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Management Fee	N/A*	Up to 0.8%	Up to 1.1%	Up to 1.4%	Up to 1.5%	Up to 1.5%	Up to 0.4%
Performance Fee	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Distribution Fee	N/A	N/A	N/A	N/A	N/A	Up to 0.5%	N/A
Maximum level of management fees when the Sub-Fund invests its assets in other UCITS or UCIs or Target Sub-Fund**	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%
Maximum FROC	0.15%	0.35%	0.35%	0.35%	0.35%	0.35%	0.15%
Dealing Charge	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\* No Management Fees are levied on the S Shares. Investors willing to subscribe S Shares have to enter into a specific remuneration agreement with the Company, the Management Company or any other entity of the Lombard Odier Group. Invoices issued by the Management Company to the Company will be paid directly by such Institutional Investor.

\*\* Notwithstanding any performance fee that may be levied in addition to this limit.

### Investment Manager

See paragraph 6.3

### Approach used to calculate the Global Exposure of the Sub-Fund

Commitment approach

### **Profile of Typical Investor**

The Sub-Fund may be appropriate for investors who:

- seek capital appreciation over the long-term;
- are willing to take on the increased risks associated with the classes of assets described in the investment objective and policy;  
and
- can withstand volatility in the value of their Shares.

### **Application procedure**

Investors should refer to the table under Section 12 "Issue and sale of Shares" of the Prospectus which sets out the Cut-off time, Valuation Day and Payment Date applicable for subscription in the Sub-Fund.

Application monies are to be sent in accordance with the application procedure set out in Section 20 of the Prospectus.



### 13. LO Selection – The Global Allocation (GBP)

Abbreviated name: LOS – Global Allocation GBP

#### Investment Objective and Policy

The Sub-Fund is actively managed. The Sub-Fund is not managed in reference to a benchmark.

The objective of the Sub-Fund is to achieve capital appreciation over the long term by investing worldwide in a diversified portfolio consisting of (i) fixed-rate and floating rate debt securities, including convertible bonds, (ii) equity and equity equivalent securities, (iii) units of UCITS or UCIs, (iv) financial derivative instruments and (v) Cash and Cash Equivalents.

The Sub-Fund may be fully invested in units of eligible UCITS or UCIs and/or, in accordance with the applicable diversification rules, in Cash and Cash Equivalents (including short-term ABS/MBS which may represent up to 10% of investments in Cash and Cash Equivalents). The Sub-Fund may hold Cash and Cash Equivalents in order to achieve its investment goals, for treasury purposes or in case of unfavorable market conditions.

Fixed-rate and floating rate debt securities will be graded BBB or better by the rating agencies described in paragraph 3.2 of the Prospectus or of equivalent quality in the opinion of the Investment Manager.

Up to 10% of the Sub-Fund's net assets may be invested in debt securities graded below BBB.

Subject to the limits permitted by the Investment Restrictions described in Section 4 of the Prospectus, the Investment Manager is authorized to use a wide range of financial derivative instruments such as options, futures, forwards and swaps:

- for hedging purposes Yes
- for EPM Yes
- as part of the investment strategy Yes

The use of financial derivative instruments as part of the investment strategy may result in a higher level of leverage and increase the overall risk exposure of the Sub-Fund and the volatility of its Net Asset Value (please refer to the Risk Factors Annex).

The Sub-Fund may be exposed to alternative asset classes, such as but not limited to commodities/precious metals and hedge funds, either through indices or other eligible securities. Indices will comply with the conditions of article 9 of the Grand-Ducal Regulation dated 8 February 2008.

Not more than 80% of the Sub-Fund's net assets may be exposed to equity and equity equivalent securities.

Not more than 30% of the Sub-Fund's net assets may be exposed to alternative asset classes.

The Investment Manager will use its discretion with regard to the selection of sectors, markets (including Emerging Markets), assets classes, eligible assets, size of companies and currencies.

**The attention of investors is drawn to the Risk Factors Annex which sets out the risk factors applicable to the Sub-Fund.**

#### Reference Currency

GBP

#### Classes of Shares available for subscription

Classes	P
Type of investor	All investors
Form	A Shares D Shares
Minimum investment and holding amount	GBP equivalent of EUR 3,000
Alternative Currencies	N/A
Management Fee	Up to 1%
Performance Fee	N/A
Distribution Fee	N/A

<b>Classes</b>	<b>P</b>
Maximum level of management fees when the Sub-Fund invests its assets in other UCITS or UCIs or Target Sub-Fund*	Up to 3.5%
Maximum FROC	0.35%
Dealing Charge	N/A

\* Notwithstanding any performance fee that may be levied in addition to this limit.

### **Investment Manager**

See paragraph 6.3

### **Approach used to calculate the Global Exposure of the Sub-Fund**

Commitment approach

### **Profile of Typical Investor**

The Sub-Fund may be appropriate for investors who:

- seek capital appreciation over the long-term;
- are willing to take on the increased risks associated with the classes of assets described in the investment objective and policy; and
- can withstand volatility in the value of their Shares.

### **Application procedure**

Investors should refer to the table under Section 12 "Issue and sale of Shares" of the Prospectus which sets out the Cut-off time, Valuation Day and Payment Date applicable for subscription in the Sub-Fund.

Application monies are to be sent in accordance with the application procedure set out in Section 20 of the Prospectus.

## 14. LO Selection – The Growth 88 Fund

Abbreviated name: LOS – Growth 88

### Investment Objective and Policy

The Sub-Fund is actively managed. The Sub-Fund is not managed in reference to a benchmark.

The objective of the Sub-Fund is to achieve capital appreciation over the long term by investing worldwide in a diversified portfolio consisting of (i) fixed-rate and floating rate debt securities, including convertible bonds, (ii) equity and equity equivalent securities, (iii) units of UCITS or UCIs, (iv) financial derivative instruments and (v) Cash and Cash Equivalents.

The Sub-Fund may be fully invested in units of eligible UCITS or UCIs and/or, in accordance with the applicable diversification rules, in Cash and Cash Equivalents (including short-term ABS/MBS which may represent up to 10% of investments in Cash and Cash Equivalents). The Sub-Fund may hold Cash and Cash Equivalents in order to achieve its investment goals, for treasury purposes or in case of unfavorable market conditions.

Fixed-rate and floating rate debt securities will be graded BBB or better by the rating agencies described in paragraph 3.2 of the Prospectus or of equivalent quality in the opinion of the Investment Manager.

Up to 10% of the Sub-Fund's net assets may be invested in debt securities graded below BBB.

Subject to the limits permitted by the Investment Restrictions described in Section 4 of the Prospectus, the Investment Manager is authorized to use a wide range of financial derivative instruments such as options, futures, forwards and swaps:

- for hedging purposes Yes
- for EPM Yes
- as part of the investment strategy Yes

The use of financial derivative instruments as part of the investment strategy may result in a higher level of leverage and increase the overall risk exposure of the Sub-Fund and the volatility of its Net Asset Value (please refer to the Risk Factors Annex).

The Sub-Fund may be exposed to alternative asset classes, such as but not limited to commodities/precious metals and hedge funds, either through indices or other eligible securities. Indices will comply with the conditions of article 9 of the Grand-Ducal Regulation dated 8 February 2008.

Not more than 88% of the Sub-Fund's net assets may be exposed to equity and equity equivalent securities.

Not more than 30% of the Sub-Fund's net assets may be exposed to alternative asset classes.

The Investment Manager will use its discretion with regard to the selection of sectors, markets (including Emerging Markets), assets classes, eligible assets, size of companies and currencies.

**The attention of investors is drawn to the Risk Factors Annex which sets out the risk factors applicable to the Sub-Fund.**

### Reference Currency

EUR

### Classes of Shares available for subscription

Classes	P
Type of investor	All investors
Form	A Shares
Minimum investment and holding amount	EUR 50,000
Alternative Currencies	N/A
Management Fee	Up to 0.50%
Performance Fee	N/A
Distribution Fee	N/A

<b>Classes</b>	<b>P</b>
Maximum level of management fees when the Sub-Fund invests its assets in other UCITS or UCIs or Target Sub-Fund*	Up to 3.5%
Maximum FROC	0.30%
Dealing Charge	N/A

\* Notwithstanding any performance fee that may be levied in addition to this limit.

### **Investment Manager**

See paragraph 6.3

### **Approach used to calculate the Global Exposure of the Sub-Fund**

Commitment approach

### **Profile of Typical Investor**

The Sub-Fund may be appropriate for investors who:

- seek capital appreciation over the long-term;
- are willing to take on the increased risks associated with the classes of assets described in the investment objective and policy; and
- can withstand volatility in the value of their Shares.

### **Application procedure**

Investors should refer to the table under Section 12 "Issue and sale of Shares" of the Prospectus which sets out the Cut-off time, Valuation Day and Payment Date applicable for subscription in the Sub-Fund.

Application monies are to be sent in accordance with the application procedure set out in Section 20 of the Prospectus.

## 15. LO Selection – The Conservative (USD)

Abbreviated name: LOS – Conservative (USD)

### Investment Objective and Policy

The Sub-Fund is actively managed. The Sub-Fund is not managed in reference to a benchmark.

The objective of the Sub-Fund is to achieve capital appreciation over the long term by investing worldwide - either directly or via units of UCITS or UCIs - in a diversified portfolio consisting of (i) fixed-rate and floating rate debt securities, including convertible bonds, (ii) equity and equity equivalent securities, (iii) financial derivative instruments, (iv) currencies and (v) Cash and Cash Equivalents.

The Sub-Fund may be fully invested in units of eligible UCITS or UCIs and/or, in accordance with the applicable diversification rules, in Cash and Cash Equivalents (including short-term ABS/MBS which may represent up to 10% of investments in Cash and Cash Equivalents). The Sub-Fund may hold Cash and Cash Equivalents in order to achieve its investment goals, for treasury purposes or in case of unfavorable market conditions.

Fixed-rate and floating rate debt securities will be graded BBB or better by the rating agencies described in paragraph 3.2 of the Prospectus or of equivalent quality in the opinion of the Investment Manager.

Up to 15% of the Sub-Fund's net assets may be invested in debt securities graded below BBB.

Subject to the limits permitted by the Investment Restrictions described in Section 4 of the Prospectus, the Investment Manager is authorized to use a wide range of financial derivative instruments such as options, futures, forwards and swaps:

- for hedging purposes Yes
- for EPM Yes
- as part of the investment strategy Yes

The use of financial derivative instruments as part of the investment strategy may result in a higher level of leverage and increase the overall risk exposure of the Sub-Fund and the volatility of its Net Asset Value (please refer to the Risk Factors Annex).

The Sub-Fund may be exposed to alternative asset classes, such as but not limited to commodities/precious metals and hedge funds, either through indices or other eligible securities. Indices will comply with the conditions of article 9 of the Grand-Ducal Regulation dated 8 February 2008.

Not more than 45% of the Sub-Fund's net assets may be exposed to equity and equity equivalent securities.

Not more than 30% of the Sub-Fund's net assets may be exposed to alternative asset classes.

The Investment Manager will use its discretion with regard to the selection of sectors, markets (including Emerging Markets), assets classes, eligible assets, size of companies and currencies (including CNH).

**The attention of investors is drawn to the Risk Factors Annex which sets out the risk factors applicable to the Sub-Fund.**

### Reference Currency

USD

### Classes of Shares available for subscription

Classes	Type of investor
S Shares	Institutional Investors with discretionary mandates
U Shares	All investors
I Shares	All investors
N Shares	All investors

Classes	Type of investor
M Shares	(i) financial intermediaries who provide discretionary portfolio management or independent advisory services (ii) financial intermediaries who provide other investment services which are subject to separate fee arrangements with their clients and who do not or are not eligible to receive and retain fees or commissions from third parties in relation to those services (iii) other investors determined by the Board or the Management Company in their discretion
P Shares	All Investors
EM Shares	Lombard Odier Group entities investing on behalf of clients who are current or retired employees of the Lombard Odier Group, as well as related persons to such employees, and who have signed specific agreements determined by the Board or the Management Company in their discretion

Classes	S	U	I	N	M	P	EM
Form	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares
Minimum investment and holding amount	As set out in the remuneration agreement entered into with the Company, the Management Company or any other entity of the Lombard Odier Group	USD 25,00,000	USD 5,000,000	USD 1,000,000	USD 3,000	USD 3,000	USD 3,000
Alternative Currencies	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Management Fee	N/A*	Up to 0.55%	Up to 0.90%	Up to 1.15%	Up to 1.25%	Up to 1.25%	Up to 0.2%
Performance Fee	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Distribution Fee	N/A	N/A	N/A	N/A	N/A	Up to 0.50%	N/A
Maximum level of management fees when the Sub-Fund invests its assets in other UCITS or UCIs or Target Sub-Fund**	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%
Maximum FROC	0.15%	0.35%	0.35%	0.35%	0.35%	0.35%	0.15%
Dealing Charge	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\* No Management Fees are levied on the S Shares. Investors willing to subscribe S Shares have to enter into a specific remuneration agreement with the Company, the Management Company or any other entity of the Lombard Odier Group. Invoices issued by the Management Company to the Company will be paid directly by such Institutional Investor.

\*\* Notwithstanding any performance fee that may be levied in addition to this limit.

### Investment Manager

See paragraph 6.3

### Approach used to calculate the Global Exposure of the Sub-Fund

Commitment approach

**Profile of Typical Investor**

The Sub-Fund may be appropriate for investors who:

- seek capital appreciation over the long-term;
- are willing to take on the increased risks associated with the classes of assets described in the investment objective and policy;  
and
- can withstand volatility in the value of their Shares.

**Application procedure**

Investors should refer to the table under Section 12 "Issue and sale of Shares" of the Prospectus which sets out the Cut-off time, Valuation Day and Payment Date applicable for subscription in the Sub-Fund.

Application monies are to be sent in accordance with the application procedure set out in Section 20 of the Prospectus.

## 16. LO Selection – Kapalea

Abbreviated name: LOS – Kapalea

### Investment Objective and Policy

The Sub-Fund is actively managed. The Sub-Fund is not managed in reference to a benchmark.

The objective of the Sub-Fund is to achieve capital appreciation over the long term.

The Investment manager implements an opportunistic asset allocation strategy investing worldwide, either directly or through units of UCITS or UCIs - in equity, fixed-rate and floating rate debt securities (including convertible bonds), currencies and/or Cash and Cash Equivalents.

The instruments described above may be of any credit quality (including below investment-grade securities as described in paragraph 3.2 of the Prospectus).

In addition to the above-mentioned investments, the Investment Manager may use financial derivative instruments (i) to take long and short positions on currencies (OECD currencies and/or Emerging Markets currencies) and/or (ii) to increase or reduce its exposure to specific asset classes, markets (including Emerging Markets) and indices (including commodity indices).

For this purpose and subject to the limits permitted by the Investment Restrictions described in Section 4 of the Prospectus, the Investment Manager is authorized to use financial derivative instruments (in particular, but not limited to futures, credit (including CDS), interest rate, inflation, currency and volatility derivatives):

- for hedging purposes Yes
- for EPM Yes
- as part of the investment strategy Yes

The use of financial derivative instruments as part of the investment strategy may result in a higher level of leverage and increase the overall risk exposure of the Sub-Fund and the volatility of its Net Asset Value (please refer to the Risk Factors Annex).

The Sub-Fund may be exposed to alternative asset classes, such as but not limited to commodities/precious metals and hedge funds, either through indices or other eligible securities. Indices will comply with the conditions of article 9 of the Grand-Ducal Regulation dated 8 February 2008.

The Investment Manager uses its discretion with regard to the selection of issuers, countries (in particular, the Sub-Fund may be fully invested in Emerging Markets), sectors, asset classes, size of companies and currencies.

The Sub-Fund may be fully invested, in accordance with the applicable diversification rules, in Cash and Cash Equivalents (including short-term ABS/MBS which may represent up to 10% of investments in Cash and Cash Equivalents). The Sub-Fund may hold Cash and Cash Equivalents in order to achieve its investment goals, for treasury purposes or in case of unfavorable market conditions.

The Sub-Fund may be fully invested in UCITS or UCIs when implementing an indirect asset allocation strategy as mentioned above.

**The attention of investors is drawn to the Risk Factors Annex which sets out the risk factors applicable to the Sub-Fund.**

### Reference Currency

EUR



## Classes of Shares available for subscription

Classes	P
Type of investor	All investors
Form	A Shares
Minimum investment and holding amount	EUR 50,000
Alternative Currencies	N/A
Management Fee	Up to 0.60%
Performance Fee	N/A
Distribution Fee	N/A
Maximum level of management fees when the Sub-Fund invests its assets in other UCITS or UCIs or Target Sub-Fund*	Up to 3%
Maximum FROC	0.35%
Dealing Charge	Up to 0.75%

\* Notwithstanding any performance fee that may be levied in addition to this limit.

## Investment Manager

See paragraph 6.3

## Approach used to calculate the Global Exposure of the Sub-Fund

Commitment approach

## Profile of Typical Investor

The Sub-Fund may be appropriate for investors who:

- seek capital appreciation over the long-term;
- are willing to take on the increased risks associated with the classes of assets described in the investment objective and policy; and
- can withstand volatility in the value of their Shares.

## Application procedure

Investors should refer to the table under Section 12 "Issue and sale of Shares" of the Prospectus which sets out the Cut-off time, Valuation Day and Payment Date applicable for subscription in the Sub-Fund.

Application monies are to be sent in accordance with the application procedure set out in Section 20 of the Prospectus.

## 17. LO Selection – VALDEOLÍ

Abbreviated name: LOS – Valdeolí

### Investment Objective and Policy

The Sub-Fund is actively managed. The Sub-Fund is not managed in reference to a benchmark.

The objective of the Sub-Fund is to achieve capital appreciation over the long term by investing either directly or through units of UCITS or UCIs in a diversified portfolio consisting of (i) fixed-rate and floating rate debt securities including convertible bonds, (ii) equity and equity equivalent securities, (iii) financial derivative instruments exposed to equities, bonds, currencies and commodities, (iv) currencies and (v) in accordance with the applicable diversification rules, in Cash and Cash Equivalents (including short-term ABS/MBS which may represent up to 10% of investments in Cash and Cash Equivalents).

The instruments described above may be of any credit quality (including below investment-grade securities as described in paragraph 3.2 of the Prospectus).

In addition to the above-mentioned investments, the Investment Manager may use financial derivative instruments (i) to take long and short positions on currencies (OECD currencies and/or Emerging Market currencies) and/or (ii) to increase or reduce its exposure to specific asset classes, markets (including Emerging Markets) and indices (including commodity indices).

For this purpose and subject to the limits permitted by the Investment Restrictions described in Section 4 of the Prospectus, the Investment Manager is authorized to use financial derivative instruments (in particular, but not limited to futures, credit (including CDS), interest rate, inflation, currency and volatility derivatives):

- for hedging purposes Yes
- for EPM Yes
- as part of the investment strategy Yes

The use of financial derivative instruments as part of the investment strategy may result in a higher level of leverage and increase the overall risk exposure of the Sub-Fund and the volatility of its Net Asset Value (please refer to the Risk Factors Annex).

The Investment Manager uses its discretion with regard to the selection of issuers, countries (in particular, the Sub-Fund may be fully invested in Emerging Markets), sectors, asset classes, eligible assets, size of companies and currencies.

Up to 25% of the Sub-Fund's net assets may be exposed to alternative asset classes, such as but not limited to commodities/precious metals and hedge funds, either through indices or other eligible securities. Indices will comply with the conditions of article 9 of the Grand-Ducal Regulation dated 8 February 2008.

Not more than 90% of the Sub-Fund's net assets may be exposed to equities or equity related securities.

The Sub-Fund may be fully invested in units of eligible UCITS or UCIs and/or, in accordance with the applicable diversification rules, in Cash and Cash Equivalents. The Sub-Fund may hold Cash and Cash Equivalents in order to achieve its investment goals, for treasury purposes or in case of unfavorable market conditions.

**The attention of investors is drawn to the Risk Factors Annex which sets out the risk factors applicable to the Sub-Fund.**

### Reference Currency

EUR

## Classes of Shares available for subscription

Classes	P
Type of investor	All investors
Form	A Shares
Minimum investment and holding amount	EUR 50,000
Alternative Currencies	N/A
Management Fee	Up to 0.60%
Performance Fee	N/A
Distribution Fee	N/A
Maximum level of management fees when the Sub-Fund invests its assets in other UCITS or UCIs or Target Sub-Fund*	Up to 3%
Maximum FROC	0.30%
Dealing Charge	Up to 0.75%

\* Notwithstanding any performance fee that may be levied in addition to this limit.

## Investment Manager

See paragraph 6.3

## Approach used to calculate the Global Exposure of the Sub-Fund

Commitment approach

## Profile of Typical Investor

The Sub-Fund may be appropriate for investors who:

- seek capital appreciation over the long-term;
- are willing to take on the increased risks associated with the classes of assets described in the investment objective and policy; and
- can withstand volatility in the value of their Shares.

## Application procedure

Investors should refer to the table under Section 12 "Issue and sale of Shares" of the Prospectus which sets out the Cut-off time, Valuation Day and Payment Date applicable for subscription in the Sub-Fund.

Application monies are to be sent in accordance with the application procedure set out in Section 20 of the Prospectus.

## 18. LO Selection – ANTARA

Abbreviated name: LOS – Antara

### Investment Objective and Policy

The Sub-Fund is actively managed. The Sub-Fund is not managed in reference to a benchmark.

The objective of the Sub-Fund is to achieve capital appreciation over the long term by investing either directly or through units of UCITS or UCIs in a diversified portfolio consisting of (i) fixed-rate and floating rate debt securities including convertible bonds, (ii) equity and equity equivalent securities, (iii) financial derivative instruments exposed to equities, bonds and currencies, (iv) currencies and (v) in accordance with the applicable diversification rules, in Cash and Cash Equivalents (including short-term ABS/MBS which may represent up to 10% of investments in Cash and Cash Equivalents).

The instruments described above may be of any credit quality (including below investment-grade securities as described in paragraph 3.2 of the Prospectus).

Up to 20% of the Sub-Fund's net assets may be exposed to alternative asset classes, such as funds with alternative strategies and precious metals through eligible transferable securities.

The Investment Manager uses its discretion with regard to the selection of issuers, countries (in particular, the Sub-Fund may be fully invested in Emerging Markets), sectors, asset classes, eligible assets, size of companies and currencies.

Not more than 80% of the Sub-Fund's net assets may be exposed to equities or equity related securities.

Not more than 95% of the Sub-Fund's net assets may be exposed to fixed income securities including convertible bonds.

The Sub-Fund may be fully invested in units of eligible UCITS or UCIs and/or, in accordance with the applicable diversification rules, in Cash and Cash Equivalents. The Sub-Fund may hold Cash and Cash Equivalents in order to achieve its investment goals, for treasury purposes or in case of unfavorable market conditions.

The Sub-Fund will not invest in equity and fixed-income securities, UCITS or UCIs issued by companies or local authorities that are situated in the United Kingdom.

Financial derivative instruments will be used (i) to take long and short positions on currencies (OECD currencies and/or Emerging Market currencies) and/or (ii) to increase or reduce the Sub-Fund's exposure to specific asset classes or markets (including Emerging Markets).

For this purpose and subject to the limits permitted by the Investment Restrictions described in Section 4 of the Prospectus, the Investment Manager is authorized to use financial derivative instruments (in particular, but not limited to futures, credit (including CDS), interest rate, inflation, currency and volatility derivatives):

- for hedging purposes Yes
- for EPM Yes
- as part of the investment strategy Yes

The use of financial derivative instruments as part of the investment strategy may result in a higher level of leverage and increase the overall risk exposure of the Sub-Fund and the volatility of its Net Asset Value (please refer to the Risk Factors Annex).

**The attention of investors is drawn to the Risk Factors Annex which sets out the risk factors applicable to the Sub-Fund.**

### Reference Currency

EUR

## Classes of Shares available for subscription

Classes	P
Type of investor	All investors
Form	A Shares
Minimum investment and holding amount	EUR 50,000
Alternative Currencies	N/A
Management Fee	Up to 0.5%
Performance Fee	N/A
Distribution Fee	N/A
Maximum level of management fees when the Sub-Fund invests its assets in other UCITS or UCIs or Target Sub-Fund*	Up to 3%
Maximum FROC	0.30% (subject to a minimum of EUR 35,000)
Dealing Charge	Up to 0.75%

\* Notwithstanding any performance fee that may be levied in addition to this limit.

## Investment Manager

See paragraph 6.3

## Approach used to calculate the Global Exposure of the Sub-Fund

Commitment approach

## Profile of Typical Investor

The Sub-Fund may be appropriate for investors who:

- seek capital appreciation over the long-term;
- are willing to take on the increased risks associated with the classes of assets described in the investment objective and policy; and
- can withstand volatility in the value of their Shares.

## Application procedure

Application monies are to be sent in accordance with the application procedure set out in Section 20 of the Prospectus.

Investors should refer to the table under Section 12 "Issue and sale of Shares" of the Prospectus which sets out the Cut-off time, Valuation Day and Payment Date applicable for subscription in the Sub-Fund.

## 19. LO Selection – Casta

Abbreviated name: LOS – Casta

### Investment Objective and Policy

The Sub-Fund is actively managed. The Sub-Fund is not managed in reference to a benchmark.

The objective of this Sub-Fund is to achieve capital appreciation over the long term by investing either directly or through units of UCITS or UCIs in a diversified portfolio consisting of (i) equity and equity equivalent securities, (ii) fixed-rate and floating rate debt securities including non-investment grade bonds, convertible bonds, bonds with attached warrants and/or contingent convertible bonds (including contingent write-down bonds) (iii) financial derivative instruments and OTC derivatives exposed to any of the above investments as well as to commodities via eligible indices, (iv) currencies (including Emerging Market currencies) and (v) in accordance with the applicable diversification rules, in Cash and Cash Equivalents (including short-term ABS/MBS which may represent up to 10% of investments in Cash and Cash Equivalents). The Sub-Fund may hold Cash and Cash Equivalents in order to achieve its investment goals, for treasury purposes or in case of unfavorable market conditions.

Up to 35% of the Sub-Fund's net assets may be invested in units of UCITS or UCIs following alternative strategies and/or be exposed to alternative asset classes, such as but not limited to precious metals either through indices (including commodity and volatility indices) (the "Indices") or other eligible securities. Indices will comply with the conditions of article 9 of the Grand-Ducal Regulation dated 8 February 2008.

Up to 25% of the Sub-Fund's net assets may be invested in debt securities graded below BBB- or equivalent by the rating agencies described in paragraph 3.2 of the Prospectus or of equivalent quality in the opinion of the Investment Manager.

The Investment Manager uses its discretion with regard to the selection of issuers, countries (including Emerging Markets), sectors, asset classes, eligible assets, size of companies and currencies.

At least 5% of the Sub-Fund's net assets are exposed to equities or equity related securities.

Not more than 90% of the Sub-Fund's net assets may be exposed to fixed-rate and floating rate debt securities.

Not more than 95% of the Sub-Fund's assets may be invested in Cash and Cash Equivalents.

The Sub-Fund may be fully invested in units of eligible UCITS or UCIs.

Financial derivative instruments will be used (i) to take long and short positions on currencies (OECD currencies, non OECD currencies and/or Emerging Market currencies) and/or (ii) to increase or reduce the Sub-Fund's exposure to specific asset classes and securities (*i.e.* single stocks), markets (including Emerging Markets) and Indices.

For this purpose and subject to the limits permitted by the Investment Restrictions described in Section 4 of the Prospectus, the Investment Manager is authorized to use financial derivative instruments (in particular, but not limited to futures, forwards, credit (including CDS), interest rate, inflation, currency and volatility derivatives):

- for hedging purposes Yes
- for EPM Yes
- as part of the investment strategy Yes

The use of financial derivative instruments as part of the investment strategy may result in a higher level of leverage and increase the overall risk exposure of the Sub-Fund and the volatility of its Net Asset Value (please refer to the Risk Factors Annex).

**The attention of investors is drawn to the Risk Factors Annex which sets out the risk factors applicable to the Sub-Fund.**

### Reference Currency

EUR

## Classes of Shares available for subscription

Classes	P
Type of investor	All investors
Form	D Shares
Minimum investment and holding amount	EUR 50,000
Alternative Currencies	N/A
Management Fee	Up to 0.5%
Performance Fee	N/A
Distribution Fee	N/A
Maximum level of management fees when the Sub-Fund invests its assets in other UCITS or UCIs or Target Sub-Fund*	Up to 3%
Maximum FROC	0.30% (subject to a minimum of EUR 35,000)
Dealing Charge	Up to 0.75%

\* Notwithstanding any performance fee that may be levied in addition to this limit.

## Investment Manager

See paragraph 6.3

## Approach used to calculate the Global Exposure of the Sub-Fund

Commitment approach

## Profile of Typical Investor

The Sub-Fund may be appropriate for investors who:

- seek capital appreciation over the long-term;
- are willing to take on the increased risks associated with the classes of assets described in the investment objective and policy; and
- can withstand volatility in the value of their Shares.

## Application procedure

Application monies are to be sent in accordance with the application procedure set out in Section 20 of the Prospectus.

Investors should refer to the table under Section 12 "Issue and sale of Shares" of the Prospectus which sets out the Cut-off time, Valuation Day and Payment Date applicable for subscription in the Sub-Fund.

## 20. LO Selection – TargetNetZero (USD) Credit Bond

Abbreviated name: LOS – TNZ (USD) Credit Bond

### Investment Objective and Policy

The Sub-Fund is actively managed in reference to a benchmark. The ML 1-10Y US Corporate (the "Benchmark") is used for performance comparison and internal risk monitoring purposes only. Bond issuers represented in the portfolio of the Sub-Fund will generally be similar to those of the Benchmark, however the Investment Manager has discretion to select issuers that are not part of the Benchmark universe. Also, depending on their involvement in specific activities listed in the SFDR Annex, securities in the Benchmark might be excluded from the Sub-Fund's portfolio or, if included, their weighting may vary to some extent.

Each remaining security is weighted according to the market capitalization of its issuer, its ITR (Implied Temperature Rise – as further detailed in Schedule II of the SFDR Annex) and its carbon footprint, in order to increase significantly the exposure of the Sub-Fund's portfolio to issuers which can contribute to a reduction in global CO<sub>2</sub> emissions and the eventual achievement of net zero CO<sub>2</sub> emissions by 2050. The Sub-Fund's portfolio will aim for a faster rate of reduction in CO<sub>2</sub> emissions when compared to the Benchmark. The Sub-Fund's portfolio aims for a significantly reduced carbon footprint when compared to the Benchmark. Ultimately the credit quality and valuation of each holding is controlled to ensure a portfolio with satisfying credit quality and attractive financial profile.

While the Investment Manager intends to maintain a low tracking error through controlled style, sector and country biases, the level of active risk associated with the realization of the investment objectives is likely to vary over time and is dependent on regulatory, technological and commercial developments external to the Investment Manager, that could significantly impact the temperature alignment or carbon footprint of securities in the Sub-Fund's portfolio.

The objective of the Sub-Fund is to achieve capital appreciation by investing worldwide - either directly or via units of UCITS or UCIs or SFIs- in bonds, other fixed or floating rate debt securities and short-term debt securities of corporate issuers and/or in currencies.

The Investment Manager is authorized to invest up to 20% of the Sub-Fund's net assets in issuers graded less than BBB- or equivalent by the rating agencies described in paragraph 3.2 of the Prospectus or of equivalent quality in the opinion of the Investment Manager.

Up to 50% of the Sub-Fund's net assets - either directly or via units of UCITS or UCIs or SFIs- may be invested in bonds, other fixed or floating rate debt securities and short-term debt securities issued or guaranteed by governments or supranational institutions.

Up to 20% of the Sub-Fund's net assets may be invested in convertible bonds, bonds with attached warrants on transferable securities or contingent convertible bonds.

The Sub-Fund may invest up to 10% of its net assets in units of UCITS and UCIs and 20% of its net assets in SFIs.

The investment approach applied by the Investment Manager to select securities will be based on responsible criteria which includes social, environmental, ethical and/or corporate governance factors and on a fundamental analysis of issuers. Moreover, the Sub-Fund seeks to invest in issuers with sustainable financial models, business practices and business models showing resilience and the ability to evolve and benefit from long term structural trends using LOIM proprietary ESG and Sustainability Profiling tools and methodologies.

As mentioned, the Investment Manager will aim to invest in securities of issuers which can contribute to a reduction in global CO<sub>2</sub> emissions and the eventual achievement of net zero CO<sub>2</sub> emissions by 2050. This will include issuers already targeting such net zero CO<sub>2</sub> emissions by 2050, as well as issuers that may not yet have set such targets but that progressively may be brought into alignment, including through regulatory action, investor engagement and market changes. The Investment Manager will aim to ensure a faster rate of reductions in CO<sub>2</sub> emissions in the Sub-Fund's investment portfolio when compared to the Benchmark. The achievement of these aims is dependent on regulatory, technological and commercial developments external to the Investment Manager and there can be no guarantee that they will be achieved in respect of the above referenced aims.

Subject to the limits permitted by the Investment Restrictions described in Section 4 of the Prospectus, the Investment Manager is authorized to use financial derivative instruments (including TRS):

- for hedging purposes Yes
- for EPM Yes
- as part of the investment strategy Yes



The use of financial derivative instruments as part of the EPM and in particular of credit derivatives or interest rate derivatives may increase the level of leverage and the overall risk exposure of the Sub-Fund, but always within the limits of the commitment approach. Such use of EPM might temporarily increase the volatility of the Net Asset Value (please refer to the Risk Factors Annex). Due to the use of credit derivatives, the Sub-Fund may, in the case of a credit event, have to accept delivery of non-investment-grade bonds issued in a currency other than the Reference Currency. The Investment Manager may use TRS preferably to other financial derivative instruments when the former offer better opportunities in terms of operational implementation and transaction costs. TRS are mainly used for hedging purposes and, when used as part of EPM or investment strategy, the Sub-Fund's exposure to these instruments is minor.

The Investment Manager will use its discretion with regard to the selection of instruments, markets (including Emerging Markets), maturity of the Sub-Fund and currencies.

**The attention of investors is drawn to the Risk Factors Annex which sets out the risk factors applicable to the Sub-Fund.**

### Reference Currency

USD

### Classes of Shares available for subscription

Classes	Type of investor
S Shares	Institutional Investors with discretionary mandates
U Shares	All investors
I Shares	All investors
N Shares	All investors
M Shares	(i) financial intermediaries who provide discretionary portfolio management or independent advisory services (ii) financial intermediaries who provide other investment services which are subject to separate fee arrangements with their clients and who do not or are not eligible to receive and retain fees or commissions from third parties in relation to those services (iii) other investors determined by the Board or the Management Company in their discretion
P Shares	All investors

Classes	S	U	I	N	M	P
Form	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares
Minimum investment and holding amount	As set out in the remuneration agreement entered into with the Company, the Management Company or any other entity of the Lombard Odier Group	USD 25,000,000	USD 5,000,000	USD 1,000,000	USD 3,000	USD 3,000
Alternative Currencies	CHF, EUR, GBP, JPY	CHF, EUR, GBP, JPY	CHF, EUR, GBP, JPY	CHF, EUR, GBP, JPY	CHF, EUR, GBP, JPY	CHF, EUR, GBP, JPY
Management Fee	N/A*	Up to 0.30%	Up to 0.40%	Up to 0.50%	Up to 0.60%	Up to 0.60%
Performance Fee	N/A	N/A	N/A	N/A	N/A	N/A
Distribution Fee	N/A	N/A	N/A	N/A	N/A	Up to 0.60%
Maximum level of management fees when the Sub-Fund invests its assets in other UCITS or UCIs or Target Sub-Fund**	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%

<b>Classes</b>	<b>S</b>	<b>U</b>	<b>I</b>	<b>N</b>	<b>M</b>	<b>P</b>
Maximum FROC	0.15%	0.35%	0.35%	0.35%	0.35%	0.35%
Dealing Charge	Up to 2.00%	Up to 2.00%	Up to 2.00%	Up to 2.00%	Up to 2.00%	Up to 2.00%

\* No Management Fees are levied on the S Shares. Investors willing to subscribe S Shares have to enter into a specific remuneration agreement with the Company, the Management Company or any other entity of the Lombard Odier Group. Invoices issued by the Management Company to the Company will be paid directly by such Institutional Investor.

\*\* Notwithstanding any performance fee that may be levied in addition to this limit.

### **Investment Manager**

See paragraph 6.3

### **Approach used to calculate the Global Exposure of the Sub-Fund**

Relative VaR

Reference portfolio used to assess the Global Exposure only: ML 1-10Y US Corporate

Expected level of leverage: 150%

The Sub-Fund exposure to TRS expressed as the sum of notionals is expected to range between 0% and 30% of the Net Asset Value. In cases where this range is exceeded, exposures should remain below 40%.

### **Profile of Typical Investor**

The Sub-Fund may be appropriate for investors who:

- seek capital appreciation over the long-term;
- are willing to take on the increased risks associated with the classes of assets described in the investment objective and policy; and
- can withstand volatility in the value of their Shares.

### **Application procedure**

Application monies are to be sent in accordance with the application procedure set out in Section 20 of the Prospectus.

Investors should refer to the table under Section 12 "Issue and sale of Shares" of the Prospectus which sets out the Cut-off time, Valuation Day and Payment Date applicable for subscription in the Sub-Fund.

## 21. LO Selection – The Balanced (USD)

Abbreviated name: LOS – Balanced USD

### Investment Objective and Policy

The Sub-Fund is actively managed. The Sub-Fund is not managed in reference to a benchmark.

The objective of the Sub-Fund is to achieve capital appreciation over the long term by investing worldwide - either directly or via units of UCITS or UCIs - in a diversified portfolio consisting of (i) fixed-rate and floating rate debt securities, including convertible bonds, (ii) equity and equity equivalent securities, (iii) financial derivative instruments, (iv) currencies and (v) Cash and Cash Equivalents.

The Sub-Fund may be fully invested in units of eligible UCITS or UCIs and/or, in accordance with the applicable diversification rules, in Cash and Cash Equivalents (including short-term ABS/MBS which may represent up to 10% of investments in Cash and Cash Equivalents). The Sub-Fund may hold Cash and Cash Equivalents in order to achieve its investment goals, for treasury purposes or in case of unfavorable market conditions.

Fixed-rate and floating rate debt securities will be graded BBB or better by the rating agencies described in paragraph 3.2 of the Prospectus or of equivalent quality in the opinion of the Investment Manager.

Up to 15% of the Sub-Fund's net assets may be invested in debt securities graded below BBB.

Subject to the limits permitted by the Investment Restrictions described in Section 4 of the Prospectus, the Investment Manager is authorized to use a wide range of financial derivative instruments such as options, futures, forwards and swaps:

- for hedging purposes Yes
- for EPM Yes
- as part of the investment strategy Yes

The use of financial derivative instruments as part of the investment strategy may result in a higher level of leverage and increase the overall risk exposure of the Sub-Fund and the volatility of its Net Asset Value (please refer to the Risk Factors Annex).

The Sub-Fund may be exposed to alternative asset classes, such as but not limited to commodities/precious metals and hedge funds, either through indices or other eligible securities. Indices will comply with the conditions of article 9 of the Grand-Ducal Regulation dated 8 February 2008.

Not more than 60% of the Sub-Fund's net assets may be exposed to equity and equity equivalent securities.

Not more than 30% of the Sub-Fund's net assets may be exposed to alternative asset classes.

The Investment Manager will use its discretion with regard to the selection of sectors, markets (including Emerging Markets), assets classes, eligible assets, size of companies and currencies (including CNH).

**The attention of investors is drawn to the Risk Factors Annex which sets out the risk factors applicable to the Sub-Fund.**

### Reference Currency

USD

### Classes of Shares available for subscription

Classes	Type of investor
S Shares	Institutional Investors with discretionary mandates
U Shares	All investors
I Shares	All investors
N Shares	All investors

Classes	Type of investor
M Shares	(i) financial intermediaries who provide discretionary portfolio management or independent advisory services (ii) financial intermediaries who provide other investment services which are subject to separate fee arrangements with their clients and who do not or are not eligible to receive and retain fees or commissions from third parties in relation to those services (iii) other investors determined by the Board or the Management Company in their discretion
P Shares	All investors
EM Shares	Lombard Odier Group entities investing on behalf of clients who are current or retired employees of the Lombard Odier Group, as well as related persons to such employees, and who have signed specific agreements determined by the Board or the Management Company in their discretion

Classes	S	U	I	N	M	P	EM
Form	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares
Minimum investment and holding amount	As set out in the remuneration agreement entered into with the Company, the Management Company or any other entity of the Lombard Odier Group	USD 25,000,000	USD 5,000,000	USD 1,000,000	USD 3,000	USD 3,000	USD 3,000
Alternative Currencies	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Management Fee	N/A*	Up to 0.7%	Up to 1.0%	Up to 1.3%	Up to 1.4%	Up to 1.4%	Up to 0.3%
Performance Fee	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Distribution Fee	N/A	N/A	N/A	N/A	N/A	Up to 0.50%	N/A
Maximum level of management fees when the Sub-Fund invests its assets in other UCITS or UCIs or Target Sub-Fund**	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%
Maximum FROC	0.15%	0.35%	0.35%	0.35%	0.35%	0.35%	0.15%
Dealing Charge	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\* No Management Fees are levied on the S Shares. Investors willing to subscribe S Shares have to enter into a specific remuneration agreement with the Company, the Management Company or any other entity of the Lombard Odier Group. Invoices issued by the Management Company to the Company will be paid directly by such Institutional Investor.

\*\* Notwithstanding any performance fee that may be levied in addition to this limit.

### Investment Manager

See paragraph 6.3

### Approach used to calculate the Global Exposure of the Sub-Fund

Commitment approach

### **Profile of Typical Investor**

The Sub-Fund may be appropriate for investors who:

- seek capital appreciation over the long-term;
- are willing to take on the increased risks associated with the classes of assets described in the investment objective and policy;  
and
- can withstand volatility in the value of their Shares.

### **Application procedure**

**Application monies are to be sent in accordance with the application procedure set out in Section 20 of the Prospectus.**

Investors should refer to the table under Section 12 "Issue and sale of Shares" of the Prospectus which sets out the Cut-off time, Valuation Day and Payment Date applicable for subscription in the Sub-Fund.

## 22. LO Selection – The LATAM Bond Fund USD

Abbreviated name: LOS – The LATAM Bond Fund USD

### Investment Objective and Policy

The Sub-Fund is actively managed. The Sub-Fund is not managed in reference to a benchmark.

The Sub-Fund's objective is to offer investors long-term returns by primarily investing in transferable securities which are debt in nature and other instruments issued by sovereign and corporate entities, including also investing in currencies. More precisely, the Sub-Fund mainly invests in securities issued by issuers whose country of domicile, country of incorporation or country of risk is in Latin America or are part of a group with a presence in Latin America.

The Investment Manager primarily invests, without any restriction on the rating, in debt securities denominated in USD and may allocate up to 15% of the Sub-Fund's net assets in securities denominated in local currencies of Latin American countries.

The Sub-Fund may be fully invested in securities of corporate issuers and may invest in Coco Bonds (up to 10% of the Sub-Fund's net assets), convertible bonds, bonds with attached warrants on transferable securities, and ABS/MBS (up to 15% of the Sub-Fund's net assets).

More particularly the Sub-Fund may be fully invested in securities rated below investment grade as per definition in paragraph 3.2.

Moreover, the Sub-Fund may invest up to:

- 50% of its net assets in governmental bonds of Latin American countries;
- 15% of its net assets in securities backed by the government of the United States of America;
- 10% of its net assets in UCIs.

The Investment Manager will use its discretion with regard to the selection of instruments, markets, currencies and maturities.

Under normal market conditions and in accordance with the applicable diversification rules, the Sub-Fund may hold on ancillary basis up to 20% of its net assets in Cash and Cash Equivalents (including short-term ABS/MBS which may represent up to 10% of investments in Cash and Cash Equivalents). The Sub-Fund may hold Cash and Cash Equivalents in order to achieve its investment goals, for treasury purposes or in case of unfavorable market conditions.

Subject to the limits permitted by the Investment Restrictions described in Section 4 of the Prospectus, the Investment Manager is authorized to use financial derivative instruments (in particular, but not limited to credit (including CDS), interest rate (including IRS), and currency derivatives):

- for hedging purposes Yes
- for EPM Yes
- as part of the investment strategy No

**The attention of investors is drawn to the Risk Factors Annex which sets out the risk factors applicable to the Sub-Fund.**

### Reference Currency

USD

### Classes of Shares available for subscription

Classes	Type of investor
S Shares	Institutional Investors with discretionary mandates
U Shares	All investors
I Shares	All investors
N Shares	All investors

Classes	Type of investor
M Shares	(i) financial intermediaries who provide discretionary portfolio management or independent advisory services (ii) financial intermediaries who provide other investment services which are subject to separate fee arrangements with their clients and who do not or are not eligible to receive and retain fees or commissions from third parties in relation to those services (iii) other investors determined by the Board or the Management Company in their discretion
P Shares	All investors

Classes	S	U	I	N	M	P
Form	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares
Minimum investment and holding amount	As set out in the remuneration agreement entered into with the Company, the Management Company or any other entity of the Lombard Odier Group	USD 25,000,000 or equivalent	USD 5,000,000 or equivalent	USD 1,000,000 or equivalent	USD 3,000 or equivalent	USD 3,000 or equivalent
Alternative Currencies	EUR, CHF, GBP, JPY	EUR, CHF, GBP, JPY	EUR, CHF, GBP, JPY	EUR, CHF, GBP, JPY	EUR, CHF, GBP, JPY	EUR, CHF, GBP, JPY
Management Fee	N/A*	Up to 0.50%	Up to 0.75%	Up to 0.90%	Up to 1.00%	Up to 1.00%
Performance Fee	N/A	N/A	N/A	N/A	N/A	N/A
Distribution Fee	N/A	N/A	N/A	N/A	N/A	Up to 1.00%
Maximum level of management fees when the Sub-Fund invests its assets in other UCITS or UCIs or Target Sub-Fund**	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%
Maximum FROC	0.15%	0.25%	0.25%	0.25%	0.25%	0.25%
Dealing Charge	Up to 2.00%	Up to 2.00%	Up to 2.00%	Up to 2.00%	Up to 2.00%	Up to 2.00%

\* No Management Fees are levied on the S Shares. Investors willing to subscribe S Shares have to enter into a specific remuneration agreement with the Company, the Management Company or any other entity of the Lombard Odier Group. Invoices issued by the Management Company to the Company will be paid directly by such Institutional Investor.

\*\* Notwithstanding any performance fee that may be levied in addition to this limit.

### Investment Manager

See paragraph 6.3

### Approach used to calculate the Global Exposure of the Sub-Fund

Commitment

**Profile of Typical Investor**

The Sub-Fund may be appropriate for investors who:

- seek regular income and eventually capital gains from their investment;
- are willing to take on the increased risks associated with the classes of assets described in the investment objective and policy;  
and
- can withstand volatility in the value of their Shares.

**Application procedure**

Investors should refer to the table under Section 12 "Issue and sale of Shares" of the Prospectus which sets out the Cut-off time, Valuation Day and Payment Date applicable for subscription in the Sub-Fund.

Application monies are to be sent in accordance with the application procedure set out in Section 20 of the Prospectus.



## 23. LO Selection – The Global Balanced (EUR)

Abbreviated name: LOS – Global Balanced EUR

### Investment Objective and Policy

The Sub-Fund is actively managed. The Sub-Fund is not managed in reference to a benchmark.

The objective of the Sub-Fund is to achieve capital appreciation over the long term by investing worldwide - either directly or via units of UCITS or UCIs - in a diversified portfolio consisting of (i) fixed-rate and floating rate debt securities, including convertible bonds, (ii) equity and equity equivalent securities, (iii) financial derivative instruments, (iv) currencies and (v) Cash and Cash Equivalents.

The Investment Manager will use its discretion with regard to the selection of sectors, markets (including Emerging Markets), assets classes, eligible assets, size of companies and currencies (including CNH).

The Sub-Fund may be fully invested in units of eligible UCITS or UCIs and/or, in accordance with the applicable diversification rules, in Cash and Cash Equivalents (including short-term ABS/MBS which may represent up to 10% of investments in Cash and Cash Equivalents). The Sub-Fund may hold Cash and Cash Equivalents in order to achieve its investment goals, for treasury purposes or in case of unfavorable market conditions.

Fixed-rate and floating rate debt securities will be graded BBB or better by the rating agencies described in paragraph 3.2 of the Prospectus or of equivalent quality in the opinion of the Investment Manager.

Up to 15% of the Sub-Fund's net assets may be invested in debt securities graded below BBB.

Subject to the limits permitted by the Investment Restrictions described in Section 4 of the Prospectus, the Investment Manager is authorized to use a wide range of financial derivative instruments such as options, futures, forwards and swaps:

- for hedging purposes Yes
- for EPM Yes
- as part of the investment strategy No

The Sub-Fund may be exposed to alternative asset classes, such as but not limited to commodities/precious metals and hedge funds, either through indices or other eligible securities. Indices will comply with the conditions of article 9 of the Grand-Ducal Regulation dated 8 February 2008.

Not more than 70% of the Sub-Fund's net assets may be exposed to equity and equity equivalent securities.

Not more than 30% of the Sub-Fund's net assets may be exposed to alternative asset classes.

**The attention of investors is drawn to the Risk Factors Annex which sets out the risk factors applicable to the Sub-Fund.**

### Reference Currency

EUR

### Classes of Shares available for subscription

Classes	Type of investor
S Shares	Institutional Investors with discretionary mandates
U Shares	All investors
I Shares	All investors
N Shares	All investors
M Shares	(i) financial intermediaries who provide discretionary portfolio management or independent advisory services (ii) financial intermediaries who provide other investment services which are subject to separate fee arrangements with their clients and who do not or are not eligible to receive and retain fees or commissions from third parties in relation to those services (iii) other investors determined by the Board or the Management Company in their discretion
P Shares	All investors
EM Shares	Lombard Odier Group entities investing on behalf of clients who are current or retired employees of the Lombard Odier Group, as well as related persons to such employees, and who have signed specific agreements determined by the Board or the Management Company in their discretion

<b>Classes</b>	<b>S</b>	<b>U</b>	<b>I</b>	<b>N</b>	<b>M</b>	<b>P</b>	<b>EM</b>
Form	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares
Minimum investment and holding amount	As set out in the remuneration agreement entered into with the Company, the Management Company or any other entity of the Lombard Odier Group	EUR 25,000,000	EUR 5,000,000	EUR 1,000,000	EUR 3,000	EUR 3,000	EUR 3,000
Alternative Currencies	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Management Fee	N/A*	Up to 0.70%	Up to 1.00%	Up to 1.30%	Up to 1.40%	Up to 1.40%	Up to 0.3%
Performance Fee	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Distribution Fee	N/A	N/A	N/A	N/A	N/A	Up to 0.50%	N/A
Maximum level of management fees when the Sub-Fund invests its assets in other UCITS or UCIs or Target Sub-Fund**	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%
Maximum FROC	0.15%	0.35%	0.35%	0.35%	0.35%	0.35%	0.15%
Dealing Charge	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\* No Management Fees are levied on the S Shares. Investors willing to subscribe S Shares have to enter into a specific remuneration agreement with the Company, the Management Company or any other entity of the Lombard Odier Group. Invoices issued by the Management Company to the Company will be paid directly by such Institutional Investor.

\*\* Notwithstanding any performance fee that may be levied in addition to this limit.

### Investment Manager

See paragraph 6.3

### Approach used to calculate the Global Exposure of the Sub-Fund

Commitment approach

### Profile of Typical Investor

The Sub-Fund may be appropriate for investors who:

- seek regular income and eventually capital gains from their investment;
- are willing to take on the increased risks associated with the classes of assets described in the investment objective and policy; and
- can withstand volatility in the value of their Shares.

### Application procedure

Investors should refer to the table under Section 12 "Issue and sale of Shares" of the Prospectus which sets out the Cut-off time, Valuation Day and Payment Date applicable for subscription in the Sub-Fund.

Application monies are to be sent in accordance with the application procedure set out in Section 20 of the Prospectus.

## 24. LO Selection – US Equity

Abbreviated name: LOS – US Equity

### Investment Objective and Policy

The Sub-Fund is actively managed in reference to a benchmark. The MSCI USA Index (the "Benchmark") is used for performance comparison and for internal risk monitoring purposes only, without implying any particular constraints to the Sub-Fund's investments. The Sub-Fund's securities will generally be similar to those of the Benchmark but the security weightings are expected to differ materially. The Investment Manager may also select securities not included in the Benchmark in order to take advantage of investment opportunities.

The Sub-Fund's objective is to achieve consistent long term capital appreciation by investing primarily in equities and equity related securities of companies having their registered office or carrying out their primary activity in the United States of America.

The Investment Manager will use its discretion with regard to the selection of sectors, markets, currencies and market capitalisation.

The Sub-Fund may invest up to 10% of its net assets in UCIs.

The Sub-Fund may be fully invested, in accordance with the applicable diversification rules, in Cash and Cash Equivalents. The Sub-Fund may hold Cash and Cash Equivalents in order to achieve its investment goals, for treasury purposes or in case of unfavorable market conditions.

The Sub-Fund qualifies as an Equity Fund under GITA.

Subject to the limits permitted by the Investment Restrictions described in Section 4 of the Prospectus, the Investment Manager is authorized to use financial derivative instruments (in particular but not limited to equity and currency derivatives):

- for hedging purposes Yes
- for EPM Yes
- as part of the investment strategy No

**The attention of investors is drawn to the Risk Factors Annex which sets out the risk factors applicable to the Sub-Fund.**

### Reference Currency

USD

### Classes of Shares available for subscription

Classes	S	U	I	N	M	P
Form	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares
Minimum investment and holding amount	As set out in the remuneration agreement entered into with the Company, the Management Company or any other entity of the Lombard Odier Group	USD 25,000,000 or equivalent	USD 5,000,000 or equivalent	USD 1,000,000 or equivalent	USD 3,000 or equivalent	USD 3,000 or equivalent
Alternative Currencies	EUR, CHF, GBP	EUR, CHF, GBP	EUR, CHF, GBP	EUR, CHF, GBP	EUR, CHF, GBP	EUR, CHF, GBP
Management Fee	N/A*	Up to 0.20%	Up to 0.20%	Up to 0.20%	Up to 0.25%	Up to 0.25%
Performance Fee	N/A	N/A	N/A	N/A	N/A	N/A
Distribution Fee	N/A	N/A	N/A	N/A	N/A	Up to 0.20%

<b>Classes</b>	<b>S</b>	<b>U</b>	<b>I</b>	<b>N</b>	<b>M</b>	<b>P</b>
Maximum level of management fees when the Sub-Fund invests its assets in other UCITS or UCIs or Target Sub-Fund**	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%
Maximum FROC	0.15%	0.15%	0.15%	0.20%	0.20%	0.20%
Dealing Charge	N/A	N/A	N/A	N/A	N/A	N/A

\* No Management Fees are levied on the S Shares. Investors willing to subscribe S Shares have to enter into a specific remuneration agreement with the Company, the Management Company or any other entity of the Lombard Odier Group. Invoices issued by the Management Company to the Company will be paid directly by such Institutional Investor.

\*\* Notwithstanding any performance fee that may be levied in addition to this limit.

### **Investment Manager**

See paragraph 6.3

### **Approach used to calculate the Global Exposure of the Sub-Fund**

Commitment approach

### **Profile of Typical Investor**

The Sub-Fund may be appropriate for investors who:

- seek capital appreciation over the long-term;
- are willing to take on the increased risks associated with the categories of assets described in the investment objective and policy; and
- can withstand volatility in the value of their Shares.

### **Application procedure**

Investors should refer to the table under Section 12 "Issue and sale of Shares" of the Prospectus which sets out the Cut-off time, Valuation Day and Payment Date applicable for subscription in the Sub-Fund.

Application monies are to be sent in accordance with the application procedure set out in Section 20 of the Prospectus.

## 25. LO Selection – Eurozone

Abbreviated name: LOS – Eurozone

### Investment Objective and Policy

The Sub-Fund is actively managed in reference to a benchmark. The MSCI EMU Index (the "Benchmark") is used for performance comparison and for internal risk monitoring purposes only, without implying any particular constraints to the Sub-Fund's investments. The Sub-Fund's securities will generally be similar to those of the Benchmark but the security weightings are expected to differ materially. The Investment Manager may also select securities not included in the Benchmark in order to take advantage of investment opportunities.

The Sub-Fund's objective is to achieve consistent long term capital appreciation by investing primarily in equities and equity related securities of companies having their registered office or carrying out their primary activity in the European Monetary Union.

The Investment Manager will use its discretion with regard to the selection of sectors, markets, currencies and market capitalization.

The Sub-Fund may invest up to 10% of its net assets in UCIs.

The Sub-Fund may be fully invested, in accordance with the applicable diversification rules, in Cash and Cash Equivalents. The Sub-Fund may hold Cash and Cash Equivalents in order to achieve its investment goals, for treasury purposes or in case of unfavorable market conditions.

The Sub-Fund qualifies as an Equity Fund under GITA.

Subject to the limits permitted by the Investment Restrictions described in Section 4 of the Prospectus, the Investment Manager is authorized to use financial derivative instruments (in particular but not limited to equity and currency derivatives):

- for hedging purposes Yes
- for EPM Yes
- as part of the investment strategy No

**The attention of investors is drawn to the Risk Factors Annex which sets out the risk factors applicable to the Sub-Fund.**

### Reference Currency

EUR

### Classes of Shares available for subscription

Classes	S	U	I	N	M	P
Form	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares
Minimum investment and holding amount	As set out in the remuneration agreement entered into with the Company, the Management Company or any other entity of the Lombard Odier Group	EUR 25,000,000 or equivalent	EUR 5,000,000 or equivalent	EUR 1,000,000 or equivalent	EUR 3,000 or equivalent	EUR 3,000 or equivalent
Alternative Currencies	USD, CHF, GBP	USD, CHF, GBP	USD, CHF, GBP	USD, CHF, GBP	USD, CHF, GBP	USD, CHF, GBP
Management Fee	N/A*	Up to 0.20%	Up to 0.20%	Up to 0.20%	Up to 0.25%	Up to 0.25%
Performance Fee	N/A	N/A	N/A	N/A	N/A	N/A
Distribution Fee	N/A	N/A	N/A	N/A	N/A	Up to 0.20%

<b>Classes</b>	<b>S</b>	<b>U</b>	<b>I</b>	<b>N</b>	<b>M</b>	<b>P</b>
Maximum level of management fees when the Sub-Fund invests its assets in other UCITS or UCIs or Target Sub-Fund**	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%
Maximum FROC	0.15%	0.15%	0.15%	0.20%	0.20%	0.20%
Dealing Charge	N/A	N/A	N/A	N/A	N/A	N/A

\* No Management Fees are levied on the S Shares. Investors willing to subscribe S Shares have to enter into a specific remuneration agreement with the Company, the Management Company or any other entity of the Lombard Odier Group. Invoices issued by the Management Company to the Company will be paid directly by such Institutional Investor.

\*\* Notwithstanding any performance fee that may be levied in addition to this limit.

### **Investment Manager**

See paragraph 6.3

### **Approach used to calculate the Global Exposure of the Sub-Fund**

Commitment approach

### **Profile of Typical Investor**

The Sub-Fund may be appropriate for investors who:

- seek capital appreciation over the long-term;
- are willing to take on the increased risks associated with the categories of assets described in the investment objective and policy; and
- can withstand volatility in the value of their Shares.

### **Application procedure**

Investors should refer to the table under Section 12 "Issue and sale of Shares" of the Prospectus which sets out the Cut-off time, Valuation Day and Payment Date applicable for subscription in the Sub-Fund.

Application monies are to be sent in accordance with the application procedure set out in Section 20 of the Prospectus.

## 26. LO Selection – Rethink Thematic Equity

Abbreviated name: LOS – Rethink Thematic Equity

### Investment Objective and Policy

The Sub-Fund is actively managed in reference to a benchmark. The MSCI World Index (the "Benchmark") is used to define the initial investment universe for individual security selection, for performance comparison and for internal risk monitoring purposes only, without implying any particular constraints to the Sub-Fund's investments. The Sub-Fund's securities will generally be similar to those of the Benchmark but the security weightings are expected to differ materially. The Investment Manager may also select securities not included in the Benchmark in order to take advantage of investment opportunities.

The Sub-Fund's objective is to achieve consistent long term capital appreciation by investing worldwide primarily in equities and equity related securities of companies that, in the opinion of the Investment Manager, will benefit from one or more long term investment themes. The investment themes are multi-year trends, as identified by the Investment Manager, that could lead to fast-growing business opportunities and enable investors with a long-term investment horizon to grow their capital.

In selecting the investment opportunities, the Investment Manager will classify at its discretion each potential target company in one or more investment themes, including, but not limited to, "longevity", "new generation way of life", "technology", "low carbon economy", infrastructure, and "nature".

Such investment themes are not exclusive, may be subject to change, and their attributes might evolve over time at the discretion of the Investment Manager. Concentration and exposure to specific sectors may change over time.

The Investment Manager will use its discretion with regard to the selection of sectors, markets (including Emerging Markets), currencies and market capitalisation.

The Sub-Fund may invest up to 10% of its net assets in UCIs.

The Sub-Fund may be fully invested, in accordance with the applicable diversification rules, in Cash and Cash Equivalents. The Sub-Fund may hold Cash and Cash Equivalents in order to achieve its investment goals, for treasury purposes or in case of unfavorable market conditions.

The Sub-Fund qualifies as an Equity Fund under GITA.

Subject to the limits permitted by the Investment Restrictions described in Section 4 of the Prospectus, the Investment Manager is authorized to use financial derivative instruments (in particular but not limited to equity and currency derivatives):

- for hedging purposes Yes
- for EPM Yes
- as part of the investment strategy No

**The attention of investors is drawn to the Risk Factors Annex which sets out the risk factors applicable to the Sub-Fund.**

### Reference Currency

USD

### Classes of Shares available for subscription

Classes	Type of investor
S Shares	Institutional Investors with discretionary mandates
U Shares	All investors
I Shares	All investors
N Shares	All investors
M Shares	(i) financial intermediaries who provide discretionary portfolio management or independent advisory services (ii) financial intermediaries who provide other investment services which are subject to separate fee arrangements with their clients and who do not or are not eligible to receive and retain fees or commissions from third parties in relation to those services (iii) other investors determined by the Board or the Management Company in their discretion
P Shares	All Investors

Classes	S	U	I	N	M	P
Form	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares	A Shares D Shares
Minimum investment and holding amount	As set out in the remuneration agreement entered into with the Company, the Management Company or any other entity of the Lombard Odier Group	USD 25,000,000 or equivalent	USD 5,000,000 or equivalent	USD 1,000,000 or equivalent	USD 3,000 or equivalent	USD 3,000 or equivalent
Alternative Currencies	EUR, CHF, GBP	EUR, CHF, GBP	EUR, CHF, GBP	EUR, CHF, GBP	EUR, CHF, GBP	EUR, CHF, GBP
Management Fee	N/A*	Up to 0.46%	Up to 0.55%	Up to 0.65%	Up to 0.75%	Up to 0.75%
Performance Fee	N/A	N/A	N/A	N/A	N/A	N/A
Distribution Fee	N/A	N/A	N/A	N/A	N/A	Up to 0.60%
Maximum level of management fees when the Sub-Fund invests its assets in other UCITS or UCIs or Target Sub-Fund**	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%	Up to 3.5%
Maximum FROC	0.14%	0.14%	0.25%	0.25%	0.25%	0.35%
Dealing Charge	N/A	N/A	N/A	N/A	N/A	N/A

\* No Management Fees are levied on the S Shares. Investors willing to subscribe S Shares have to enter into a specific remuneration agreement with the Company, the Management Company or any other entity of the Lombard Odier Group. Invoices issued by the Management Company to the Company will be paid directly by such Institutional Investor.

\*\* Notwithstanding any performance fee that may be levied in addition to this limit.

### Investment Manager

See paragraph 6.3

### Approach used to calculate the Global Exposure of the Sub-Fund

Commitment approach

### Profile of Typical Investor

The Sub-Fund may be appropriate for investors who:

- seek capital appreciation over the long-term;
- are willing to take on the increased risks associated with the categories of assets described in the investment objective and policy; and
- can withstand volatility in the value of their Shares.

### Application procedure

Investors should refer to the table under Section 12 "Issue and sale of Shares" of the Prospectus which sets out the Cut-off time, Valuation Day and Payment Date applicable for subscription in the Sub-Fund.

Application monies are to be sent in accordance with the application procedure set out in Section 20 of the Prospectus.



# ANNEX B: RISK FACTORS

## Summary

The list of risk factors detailed below does not claim to be an exhaustive description of the risks involved in investing in the Sub-Funds' Shares. Before deciding to subscribe to or purchase Shares, potential investors should read the whole Prospectus carefully and contact their professional advisers to understand the fiscal and other consequences of such an investment based on their personal situation.

Past performance is no guarantee for future returns and the investor may consequently get back less than he/she invested. There is no assurance that the investment objective of the Sub-Funds will actually be achieved or that any appreciation in the value of the assets will occur.

The table below is a summary of the main risks relating to the core portfolio of each Sub-Fund as of the date of the Prospectus. It is not a rigid and exhaustive list of all the potential risks. Investors should bear in mind that risks are interrelated and that the Sub-Funds can be sensitive to any of the risk factors, especially in turbulent market conditions.

Summary of main risks																	
Risks	General	Equities	Small and Medium Sized Capitalisations	Fixed-Income Securities	Currencies	Below Investment Grade and Distressed Securities	Convertible Securities	Contingent Convertible Bonds	Commodities	Undertakings for Collective Investments (above 10%)	Emerging Markets	Regional or sectorial concentration	Derivatives (Hedging / Efficient Portfolio Mgt)	Derivatives (Investment Strategy)	Model	SFIs	ABS/MBS
Sub-Funds																	
LOS – Growth Portfolio	X	X	X	X	X	X	X			X	X	X	X	X		X	
LOS – Global Balanced 45	X	X	X	X	X	X	X			X	X	X	X	X		X	
LOS – Global Fixed Income Opportunities	X			X	X		X	X		X	X	X	X	X		X	
LOS – Sovereign Bond	X			X	X		X			X	X	X	X	X		X	
LOS – TargetNetZero (CHF) Credit Bond	X			X	X	X	X			X	X	X	X	X		X	
LOS – TargetNetZero (EUR) Credit Bond	X			X	X	X	X			X	X	X	X	X		X	
LOS – Balanced CHF	X	X	X	X	X	X	X		X	X	X		X	X		X	X
LOS – Balanced EUR	X	X	X	X	X	X	X		X	X	X		X	X		X	X
LOS – Conservative CHF	X	X	X	X	X	X	X		X	X	X		X	X		X	X
LOS – Conservative EUR	X	X	X	X	X	X	X		X	X	X		X	X		X	X
LOS – Growth CHF	X	X	X	X	X	X	X		X	X	X		X	X		X	X
LOS – Growth EUR	X	X	X	X	X	X	X		X	X	X		X	X		X	X
LOS – Global Allocation GBP	X	X	X	X	X	X	X		X	X	X		X	X		X	X
LOS – Growth 88	X	X	X	X	X	X	X		X	X	X		X	X		X	X
LOS – Conservative (USD)	X	X	X	X	X	X	X		X	X	X		X	X		X	X
LOS – Kapalea	X	X	X	X	X	X	X		X	X	X	X	X	X		X	X
LOS – Valdeoli	X	X	X	X	X	X	X		X	X	X	X	X	X		X	X
LOS – Antara	X	X	X	X	X	X	X		X	X	X	X	X	X		X	X
LOS – Casta	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X	X
LOS – TargetNetZero (USD) Credit Bond	X			X	X	X	X	X		X	X	X	X	X		X	
LOS – Balanced USD	X	X	X	X	X	X	X		X	X	X		X	X		X	X
LOS – The LATAM Bond Fund USD	X		X	X	X	X	X	X			X	X	X			X	X
LOS – Global Balanced EUR	X	X	X	X	X	X	X		X	X	X		X			X	X

Summary of main risks																	
Sub-Funds	Risks																
	General	Equities	Small and Medium Sized Capitalisations	Fixed-Income Securities	Currencies	Below Investment Grade and Distressed Securities	Convertible Securities	Contingent Convertible Bonds	Commodities	Undertakings for Collective Investments (above 10%)	Emerging Markets	Regional or sectorial concentration	Derivatives (Hedging / Efficient Portfolio Mgt)	Derivatives (Investment Strategy)	Model	SFIs	ABS/MBS
LOS – US Equity	X	X	X								X	X					
LOS – Eurozone	X	X	X							X	X	X					
LOS – Rethink Thematic Equity	X	X	X								X	X					

## 1. General

General risks may become correlated in a harmful manner in particular when the Sub-Funds do not face normal market conditions. Therefore, in turbulent market times an increase of one of those risks may not only increase the Sub-Funds exposure to other general risks but may also trigger other risks.

### 1.1 Credit Risks

Credit risk is a general risk that applies to all investments. It is the risk of loss due a debtor's non-payment of a loan or other obligation (either the principal or interest or both). For the Sub-Funds, the debtor may be either the issuer of an underlying security (the "issuer risk") or the counterparty to a transaction, such as an OTC derivative contract, a repurchase or reverse repurchase agreement or a loan of portfolio securities (the "counterparty risk"). The debtor may be a government (the "sovereign risk"). Credit risk is also the risk of loss due to a credit event, other than the debtor's default of payment, such as, but not limited to, the downgrading of a debtor's credit rating or the rescheduling of a debtor's debt.

**Issuer risk** - If an issuer of an underlying fixed income or equity security defaults, the concerned Sub-Fund may lose the full amount invested in such security.

**Counterparty risk** - The Sub-Funds may effect "over-the-counter" transactions or deal in "interdealer" markets. This exposes the Sub-Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Sub-Funds to suffer a loss which may correspond to the full amount exposed with such counterparty. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Sub-Funds have concentrated their transactions with a single or small group of counterparties.

**Sovereign risk** - Where the issuer of the underlying fixed income security is a government or other sovereign issuer, there is a risk that such government is unable or unwilling to meet its obligations, therefore exposing the concerned Sub-Fund to a loss corresponding to the amount invested in such security.

**Systemic risk** - Credit risk may also arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the Sub-Funds interacts on a daily basis.

### 1.2 Market and Volatility Risks

Market risk is a general risk that applies to all investments. It is the risk that the value of an investment will decrease due to moves in market factors such as exchange rate, interest rate, equity or volatility.

Volatility risk is the likelihood of fluctuations in prices, rates or currencies quoted on different markets. Volatility may impact the Net Asset Value of the Sub-Funds in several ways. As market volatility increases so does the volatility of the Net Asset Value per Share.

### **1.3 Interest Rate Risk**

Interest rate risk is the risk that the value of an investment will decrease, due to the variability of interest rates. When interest rates tend to rise, the value of debt securities tend to fall, as does the Net Asset Value per Share of the Sub-Funds invested in debt securities. Securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. Duration is a measure of sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates.

### **1.4 Exchange Rate Risk**

Exchange rate risk is a general risk that applies to all Sub-Funds investing in assets in a currency other than the Reference Currency (the "foreign currency"). It is the risk that the value of those assets will decrease, as will the Net Asset Value of the Sub-Funds, due to unfavorable exchange rates. If the currency in which a security is denominated appreciates against the Reference Currency, the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security. Currency risks are proportional to the amount of assets of each Sub-Fund held in foreign currencies.

The Sub-Funds may offer classes of Shares in an Alternative Currency. Changes in the exchange rate between the Reference Currency and such Alternative Currency may lead to a depreciation of the value of such Shares as expressed in the Alternative Currency. Even when the exchange rate risk is hedged, there can remain a residual exchange rate risk. Although hedging strategies may not necessarily be used in relation to each class of Share with a Sub-Fund, the financial instruments used to implement such strategies shall be assets/liabilities of the Sub-Fund as a whole (no segregation between classes within a Sub-Fund).

### **1.5 Liquidity Risk**

Liquidity risk is the risk that a given asset cannot be traded quickly enough without affecting the price of the asset. In normal market conditions, liquidity risk is low as the Sub-Funds may only invest in eligible assets mentioned in paragraph 4.1 of the Prospectus. In turbulent market times however, low-volume markets make it difficult for the Sub-Funds to sell their assets at their fair price or to sell them at all. Should the Sub-Funds face large redemption requests in turbulent market times, the Directors may take appropriate measures to protect shareholders interests.

### **1.6 Reinvestment Risk**

The risk that future coupons from a bond will not be reinvested at the prevailing interest rate when the bond was initially purchased. Reinvestment risk is more likely when interest rates are declining. Reinvestment risk affects the yield-to-maturity of a bond, which is calculated on the premise that all future coupon payments will be reinvested at the interest rate in effect when the bond was first purchased. Zero coupon bonds are the only fixed-income instruments to have no reinvestment risk, since they have no interim coupon payments.

### **1.7 Maturity Extension Risk**

The risk that a perpetual bond is not called at a pre-specified callable date, and thus forcing the investor to sell the bond in the open market, potentially at a below-par value, should he desire to get the principal paid back immediately.

### **1.8 Unlisted and/or Illiquid Securities Risks**

The Sub-Funds may invest or hold a limited part of its net assets (max 10%) in securities that are not (or no longer) listed on exchanges or on a Regulated Market or which may be considered illiquid due to the lack of an active trading market. The Sub-Funds may encounter substantial delays and could incur losses in attempting to sell such securities. Where appropriate, positions in a Sub-Fund's portfolio that are illiquid and do not actively trade will be marked to market, taking into account current market prices, market prices of comparable investments and/or such other factors (e.g. the tenor of the respective instrument) as may be appropriate. To the extent that marking an illiquid investment to market is not practicable, an investment will be carried at fair value, as reasonably determined by the Directors or their delegate. There is no guarantee that fair value will represent the value that will be realized by the Sub-Fund on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment. As a result, an investor redeeming his/her Shares from the Sub-Fund prior to realization of such an investment may not participate in gains or losses thereof.

## **1.9 Large Redemption Risk**

Large redemptions of Shares in any of the Sub-Funds within a limited period of time might result in the concerned Sub-Fund being forced to liquidate positions more rapidly than would otherwise be desirable, adversely affecting the value of both the Shares being redeemed and the remaining outstanding Shares.

## **1.10 Hedging Transactions Risk**

The Sub-Funds may hold financial instruments, both for investment purposes and for hedging or EPM purposes. The success of the Sub-Funds' or Share classes' hedging strategy will depend, in part, upon the Investment Manager's ability correctly to assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Sub-Funds' or Share classes' hedging strategy will also be subject to the Investment Manager's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the Sub-Funds or Share classes may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Sub-Funds or Share classes than if it had not engaged in such hedging transactions. For a variety of reasons, the Investment Manager may not seek to establish a perfect correlation between the hedging instrument utilised and the portfolio holdings being hedged. Such an imperfect correlation may prevent the Sub-Funds or Share classes from achieving the intended hedge or expose the Sub-Funds or Share classes to risk of loss. The Investment Manager may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk.

## **1.11 SFIs Risk**

SFIs are subject to the risks associated with the underlying investments. Investments in SFIs may entail the risk of loss of principal and/or interest payment as a result of movements in the underlying investments. As such underlying investments may combine financial derivative instruments, SFIs may be subject to greater volatility than direct investments in fixed income and equity securities. In addition, investments in SFIs will expose the Sub-Funds to the credit risk of the counterparty issuing the SFI. In the event of a bankruptcy or insolvency of such counterparty or when the Financial Institutions issuing such SFIs are facing difficult market conditions, the Sub-Funds may experience delays in liquidating the positions and significant losses as a result of declines in value of the SFIs. The SFIs also entail liquidity risk, as they may not be as liquid as their underlying assets, depending on the market conditions.

## **1.12 Fiscal Risk**

Investors should note in particular that the proceeds from the sale of securities in some markets or the receipt of any dividends or other income may be or may become subject to tax, levies, duties or other fees or charges imposed by the authorities in that market, including taxation levied by withholding at source. Tax law and practice in certain countries into which the Sub-Funds invest or may invest in the future cannot be definitively established. It is possible therefore that the current interpretation of the law or understanding of practice might change, or that the law might be changed retroactively. It is therefore possible that the Sub-Funds could become subject to additional taxation in such countries where this is not anticipated either at the date of the Prospectus or when investments are made, valued or disposed of.

## **1.13 Administrative Agent and Depositary Risk**

The Sub-Funds' operations are carried out by the service providers described in the Prospectus. In the event of bankruptcy or insolvency of a service provider, investors could experience delays (for example, delays in the processing of subscriptions, conversions and redemption of Shares) or other disruptions.

The Sub-Funds' assets are held in custody by the Depositary and the duly appointed sub-custodians, which expose the Sub-Funds to risks of loss associated to the depositary function if (1) the Depositary/sub-custodian fails to perform its duties (improper performance) and (2) if the Depositary/sub-custodian defaults.

## **1.14 Performance Risk in respect of the use of EPM techniques**

While the Sub-Funds seek to generate additional revenues, the overall performance of the Sub-Funds employing such techniques may be adversely affected in the event that one of the risks mentioned above materializes and leads to a loss.

### 1.15 Operational Risk

Operational risk is a general risk that applies to all Sub-Funds when carrying operations on behalf of these Sub-Funds as part of their respective investment policy. Such risk materializes through operational errors which includes, *inter alia*, trading errors and similar human errors, such as keystroke errors that occur when entering trades into an electronic trading system or typographical or drafting errors related to derivatives contracts or similar agreements. The Management Company or, as the case may be the Investment Managers, their members, directors, shareholders, officers, employees and affiliates, their respective legal representatives (each, an "Indemnified Party"), shall not be liable to the Company or its shareholders for any losses resulting from operational errors, except such losses resulting from fraud, wilful default or negligence of the Indemnified Party. The foregoing provisions shall not be construed to relieve any Indemnified Party of any liability, to the extent that such liability may not be waived, modified or limited under applicable law, but shall be construed so as to effectuate these provisions to the fullest extent permitted by law and regulations.

### 1.16 Regulatory Risks - General

Due to numerous regulatory reforms currently undertaken, there is a risk that the investment policy of the Sub-Funds may be affected and that further restrictions may limit the ability of the Sub-Funds to hold certain instruments or enter into certain transactions and impair the Sub-Funds' capability of achieving their initial respective investment objectives. In order to comply with new or modified laws, rules and regulations it cannot be excluded that restructuring or termination of a given Sub-Fund may be necessary and additional costs may be incurred. A non-exhaustive list of potential regulatory changes in the EU and the United States of America are listed below.

#### Regulatory Risks - EU

The EU is currently addressing the following topics (list not exhaustive):

- the consultation initiated by the European Commission on product rules, liquidity management, depositary, money market funds, long-term investments in view to another UCITS directive ("UCITS VI Directive");
- specific matters relating to UCITS and dealt with by ESMA - the role of ESMA is to achieve greater consistency in day to day application of EU legislation in the security markets field and it plays an active role in building a common EU supervisory culture and consistent supervisory practice, including by providing opinions and issuing guidelines and recommendations which are a central reference for the work of national regulators; and
- the proposal for the EU Financial Transaction Tax ("EU FTT").

#### Regulatory Risks - United States of America

Regulators in the United States are taking or have taken actions on the following topics (list not exhaustive)

- the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") imposed the so-called "Volcker Rule" which restricts, "banking entities" and "non-bank financial companies" from engaging in certain activities, such as proprietary trading and investing in, sponsoring, or holding interests in investment funds;
- the Hiring Incentives to Restore Employment Act (the "Hire Act") was signed into US law in March 2010. It includes provisions on FATCA. The purpose of FATCA is to reduce tax evasions by US citizens by having details of US investors holding assets outside the US reported by FFIs to the US Internal Revenue Service. As a result of the Hire Act, and to discourage FFIs from staying outside this regime, all US securities held by a financial institution that does not enter and comply with the regime will be subject to a US tax withholding of 30% on gross sales proceeds as well as income (the "FATCA Withholding"). This regime has become effective in phases between 1 July 2014 and 2017. On 28 March 2014, the US and the Grand Duchy of Luxembourg entered into a model 1 intergovernmental agreement ("IGA") and a memorandum of understanding in respect thereof in order to facilitate the compliance with the provisions of FATCA. On 29 July 2015, the law of 24 July 2015 approving the IGA between the Grand Duchy of Luxembourg and the US was published (the "FATCA Luxembourg Law"). The Company, through its Sub-Funds, qualifies as a FFI. According to FATCA, the IGA and the FATCA Luxembourg Law, a FFI can qualify as either a "reporting" FFI or a "non-reporting" FFI. Depending on the status of "reporting" or "non-reporting" FFI attributable to the Company, it may be obliged to require all shareholders to provide mandatory documentary evidence of their tax residence and report certain data to the Luxembourg authority on reportable accounts and/or impose restrictions on the offering and selling of Shares to certain categories of investors with no duty to report or withhold on US source gross sales proceeds or income (see

paragraph 12.2). It should also be noted that although the Company will make all reasonable efforts to comply with all FATCA obligations, no assurance can be given that it will be able to satisfy such obligations and therefore avoid the FATCA Withholding which may have adverse impact on all shareholders. Investors are further advised to consult their own legal and tax advisor regarding the possible implications of FATCA on their investment in the Company.

### **1.17 Dilution Risk**

Investors may reasonably expect to incur costs caused by an investment manager's trading activities in pursuit of the investment objectives of the Sub-Fund but may not reasonably expect to suffer a reduction in shareholder value (dilution) influenced by other shareholders excessively trading into or out of the Sub-Fund causing the Sub-Fund to significantly invest/disinvest in securities or markets.

Dilution can occur, for example, due to:

- buying securities at a higher offer-price;
- selling securities at a lower bid-price;
- increased explicit transaction costs including brokerage fees, commissions and taxes
- market impacts as a result of purchasing or selling down securities due to the effects on the supply and demand curves of those securities in the market.

Anti-dilution mechanisms such as Swing Pricing purport to provide reasonable protection to existing shareholders in a Sub-Fund against the negative dilution impact on the NAV occurring when a Sub-Fund invests/disinvests in securities or markets as a result of shareholder activity. This is achieved by transferring the estimated dilution impact to those shareholders who are subscribing or redeeming.

However, it should be noted that the application of anti-dilution mechanisms may not completely cancel out the adverse effects on the Sub-Fund's NAV caused by shareholder activity, especially during stressed market conditions. It should also be noted that a Sub-Fund's short-term performance may experience greater volatility as a result of the anti-dilution mechanisms.

### **1.18 Sustainability Risk**

Sustainability risks mean an environmental, social, or governance event or condition that, if it occurs, could potentially or actually cause a material negative impact on the value of a Sub-Fund's investment. Sustainability risks can either represent a risk of its own or have an impact on other risks and may contribute significantly to risks, such as market risks, operational risks, liquidity risks or counterparty risks.

Assessment of sustainability risks is complex and may be based on ESG data which is difficult to obtain and incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that these data will be correctly assessed.

The integration of sustainability risks in the investment decision process may have the effect of excluding profitable investments from the investment universe of the Sub-Funds and may also cause the Sub-Funds to sell investments that will continue to perform well.

Appreciation of sustainability risk is to a degree subjective and there is no guarantee that all investments made by the Sub-Funds will reflect beliefs or values of any particular investor on sustainable investments.

Sustainability risks can manifest themselves in different ways and can lead to a significant deterioration in the financial profile, profitability or reputation of an underlying investment and thus may materially impact its market price or liquidity.

The results of the assessment of the likely impacts of sustainability risks on the returns of the Sub-Fund is set out under the section "SFDR".

### **1.19 Key Person Risk**

Key person risk refers to the situation where the lead investment manager of a given Sub-Fund is no longer in charge with such consequence that the management of the Sub-Fund is discontinued. The investment teams of the Investment Managers or the Management Company work on an integrated basis so that reliance on any given individual is reduced. Whilst the lead investment manager may be a significant element in the management of a given Sub-Fund, the remaining investment managers within the team, together with a replacement of the lead investment manager (to the extent possible), can continue

to manage the Sub-Fund. However, it may be the case that the largest shareholder or a group of shareholders considers the departure of the lead investment manager as a decisive factor in connection with a possible large redemption. In such case, the Company may consider the termination of the Sub-Fund as per the relevant section of this Prospectus should such termination be in the best interests of the remaining shareholders of the Sub-Fund.

## 2. Risk factors specific to certain sub-funds

### 2.1 Equity Risks

The risks associated with investment in equity (and equity-like) securities include significant fluctuations in market prices, adverse issuer or market information and the subordinate status of equity in relation to debt paper issued by the same company. Prices of equities fluctuate daily and can be influenced by many micro and macro factors such as political and economic news, corporate earnings reports and catastrophic events. The value of equities will go up and down and the value of a Sub-Fund investing in equities could incur significant losses.

Sub-Funds may invest in initial public offerings ("IPOs"). There is a risk that the price of the newly floated share may incur greater volatility as a result of factors such as the absence of an existing public market, non-seasonal transactions, a limited number of securities that can be traded and a lack of information about the issuer.

### 2.2 Small and Medium-Sized Capitalisation Risk

Stocks of small-to medium-sized capitalisation companies often traded on OTC markets may be less liquid than those listed on the major securities exchanges. Consequently, securities of small and even medium-sized cap companies may, from time to time, and especially in falling markets, become illiquid and experience short-term price volatility and wide spreads between bid and offer prices. The combination of price volatility and the limited liquidity of those markets may have an adverse effect on the investment performance of the Sub-Funds. Further the risk of bankruptcy or insolvency of many smaller companies is higher than that of larger, "blue chips", companies.

### 2.3 Fixed Income Securities Risks

The risks associated with investment in bonds or others fixed income securities include credit, liquidity, interest rate risks, reinvestment risks and maturity extension risks.

### 2.4 Currency Risk

The Sub-Funds may be exposed to currency exchange risk. The Sub-Funds may invest in currencies different from their Reference Currency. Accordingly, the value of an investment may be affected favourably or unfavourably by fluctuations in exchange rates, notwithstanding any efforts made to hedge such fluctuations. In addition, prospective investors whose assets and liabilities are primarily denominated in currencies other than the Reference Currency of a Sub-Fund should take into account the potential risk of loss arising from fluctuations in the rate of exchange between the Reference Currency of the Sub-Fund and such other currency. Currency exchange rates may fluctuate significantly over short periods of time. They generally are determined by supply and demand in the currency exchange markets and the relative merits of investments in different countries, actual or perceived changes in interest rates and other complex factors. Currency exchange rates also can be affected unpredictably by intervention (or the failure to intervene) by relevant governments or central banks, or by currency controls or political developments. Some currencies are not freely convertible currency.

Furthermore, a Sub-Fund may incur costs in connection with conversions between various currencies. Currency exchange dealers realise a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to the Sub-Fund at one rate, while offering a lesser rate of exchange should the Sub-Fund desire immediately to resell that currency to the dealer. The Sub-Fund will conduct its currency exchange transactions either on a spot (*i.e.* cash) basis at the spot rate prevailing in the currency exchange market, or through entering into forward or options contracts to purchase or sell non-Reference Currency currencies. It is anticipated that most of the Sub-Funds' currency exchange transactions will occur at the time securities are purchased and will be executed through the local broker or the Depositary.

Investors should also be aware that since 2005, the RMB exchange rate is no longer pegged to the USD. RMB has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies. The daily trading price of the RMB against other major currencies in the inter-bank foreign exchange market is allowed to float within a narrow band around the central parity published by the People's Republic of China. RMB convertibility from offshore RMB (CNH) to onshore RMB (CNY) is a managed currency process subject to foreign exchange control policies of and repatriation restrictions imposed by the Chinese government in coordination with the Hong Kong Monetary Authority (HKMA). The value of CNH could differ, perhaps significantly, from that of CNY due to a number of factors including without limitation those foreign exchange control policies and repatriation restrictions. Since 2005, foreign exchange control policies pursued by the Chinese government have resulted in the general appreciation of RMB (both CNH and CNY). This appreciation may or may not continue and there can be no assurance that RMB will not be subject to devaluation at some point. The offshore RMB (CNH) market allows investors to freely transact CNH outside of mainland China with approved banks in the Hong Kong market (HKMA approved banks). There will be no requirement to remit CNH to onshore RMB (CNY).

## **2.5 Below Investment Grade Risk and Distressed Securities Risk**

Investment in debt securities or associated instruments rated BB or below (following Fitch, S&P, Moody's or equivalent), or of equivalent quality in the opinion of the Investment Manager, can involve additional risks. Securities rated BB or equivalent are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and principal or maintain other terms of the offer documents over any long period of time. Whilst such issues are likely to have some quality and protective characteristics, these are outweighed by large uncertainties or major risk exposure to adverse economic conditions. Securities rated lower than B, and in particular distress obligations, are most of the time issued by companies in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganisation and liquidation proceedings. These obligations are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. They are generally unsecured and may be subordinated to certain other outstanding securities and obligations of the issuer. Non-investment grade debt securities may not be protected by financial covenants or limitations on additional indebtedness. The ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability, and the bankruptcy court's power to disallow, reduce, subordinate, recharacterise debt as equity or disenfranchise particular claims. There is no assurance that value of the assets collateralising the Company's investments will be sufficient or that prospects for a successful reorganisation or similar action will become available. In any reorganisation or liquidation proceeding relating to a company in which the Company invests, the Company may lose its entire investment, may be required to accept cash or securities with a value less than its original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from the Company's investments may not compensate the shareholders adequately for the risks assumed.

In addition evaluating credit risk for debt securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Also, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments.

## **2.6 Convertible Securities Risk**

Convertible securities are bonds, debentures, notes, preferred stocks or other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities generally (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities, (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases. The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "conversion value" (the security's worth, at market value, if converted into the underlying common stock). A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. Generally, the amount of the premium decreases



as the convertible security approaches maturity. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by a Sub-Fund is called for redemption, the Sub-Fund will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on the Sub-Funds.

## 2.7 Contingent Convertible Bonds Risk

Contingent convertible bonds (hereafter "Coco Bonds") are debt instruments that transform into shares of equity or are written off upon a triggering event. The investment in Coco Bonds is subject to different risks which may result in the total or partial loss of the invested sums or a delay in payment. These situations may adversely affect the Sub-Funds.

Investment in Coco Bonds may entail the following risks (non-exhaustive list):

### Trigger level risk

Trigger levels differ and determine exposure to conversion risk depending on the distance of the capital ratio to the trigger level. It might be difficult for the Investment Manager of the Sub-Fund to anticipate the triggering events that would require the debt to convert into equity.

Triggers are designed so that conversion occurs when the issuer faces a given crisis situation, as determined either by regulatory assessment or objective losses (e.g. measure of the issuer's core tier 1 prudential capital ratio). As a particular form of convertible securities, Coco Bonds have some characteristics common to those of the convertible securities as described above but have a distinctive feature which is their debt-to-equity conversion trigger.

### Coupon cancellation risk

For some Coco Bonds coupon payments are entirely discretionary and may be cancelled by the issuer at any point, for any reason and for any length of time. For some Coco Bonds the cancelled coupon payments do not accumulate and are instead written off. This may lead to mispricing of the risk related to the investment in Coco Bonds.

### Capital structure inversion risk

Contrary to classical capital hierarchy, Coco Bonds' investors (i) may suffer a loss of capital when equity holders do not suffer a loss or (ii) may suffer a loss ahead of equity holders. The Coco Bonds' investors may see their coupons cancelled while the issuer continues to pay dividends on its common equity.

### Call extension risk

Some Coco Bonds are issued as perpetual instruments, callable at pre-determined levels only with the approval of the competent authority. It cannot be assumed that the perpetual Coco Bonds will be called on the call date. The Coco Bonds' investors may not receive return of principal as expected on a call date or, indeed, at any date.

### Unknown risk

The structure of Coco Bonds is innovative yet untested. In a stressed environment, when the underlying features of these instruments will be put to the test, it is uncertain how they will perform. In the event a single issuer activates a trigger or suspends coupons, it is difficult to predict whether the market will view the issue as an idiosyncratic or rather as a systemic event. In the latter case, potential price contagion and volatility to the entire asset class is possible. This risk may in turn be reinforced depending on the level of underlying instrument arbitrage. Furthermore, in an illiquid market, price formation may be increasingly stressed.

### Yield/valuation risk

Relative to more highly rated debt issues of the same issuer or similarly rated debt issues of other issuers, Coco Bonds tend to compare favorably from a yield standpoint. Some investors may be drawn to the Coco Bonds as a result of their attractive yield which may be viewed as a complexity premium.

### Conversion risk

Coco Bonds entail uncertainty and conversion risks, amongst others, due to the difficulty of predicting triggering events that would require the debt to convert to equity. With respect to conversion risks, there remain uncertainties as to how these securities will behave upon conversion: for instance, conversion triggers will generate newly converted equities to holders of Coco Bonds who may want or be required to sell immediately upon conversion the new equities entailing a decrease of the price of the stock of the issuer. In particular, the Investment Manager might be forced to sell the new equities because of the investment policy of a Sub-Fund which would not allow equity in its portfolio.

**Write down risk**

Coco Bonds qualify as securities with hybrid character which insofar as they are issued in the form of bonds may lose their nominal value (i.e. be permanently written down to zero of principal investment and/or accrued interest) or, following a trigger event, may be converted in equity (see above under "Conversion risk").

**Sector concentration risk**

Coco Bonds are issued by banking/insurance institutions. If a Sub-Fund invests significantly in Coco Bonds its performance will depend to a greater extent on the overall condition of the financial services industry than a Sub-Fund following a more diversified strategy.

**Liquidity risk**

In certain circumstances finding a ready buyer for Coco Bonds may be difficult and the seller may have to accept a significant discount to the expected value of the bond in order to sell it.

**2.8 Commodity Risk**

Though the Company is prohibited to make investments in, or enter into transactions involving commodities, commodities contracts, or certificates representing commodities, they may seek to be exposed to commodities via units of UCI, equity securities or index based derivative instruments. Prices of commodities are influenced by, among other things, various macro economic factors such as changing supply and demand relationships, weather conditions and other natural phenomena, agricultural, trade, fiscal, monetary, and exchange control programmes and policies of governments and other unforeseeable events. The prices of commodities may be highly volatile.

**2.9 UCIs Risk**

Underlying UCIs in which a Sub-Fund may invest may be valued by administrators resulting in valuations which are not verified by an independent third party on a regular or timely basis. Accordingly there is a risk that (i) the valuations of the Sub-Fund may not reflect the true value of underlying investment vehicles holdings held by the Sub-Fund at a specific time which could result in losses or inaccurate pricing for the Sub-Fund and/or (ii) the valuations may not be available on the Valuation Day so that some of the assets of the Sub-Fund may be valued on an estimated basis.

For some of these underlying UCIs, the custodian may be a broker instead of a bank. Such brokers do not, in some cases, have the same credit rating as a bank. Moreover, the legislation applicable to underlying UCIs may provide that the custodian's duties be limited to the custody of assets and will not include supervisory duties similar to those which must be carried out by a custodian of a Luxembourg UCI.

Furthermore, some of these underlying UCIs may have auditors that do not use monitoring measures similar to those required for the Luxembourg investment funds.

**2.10 Emerging Market Risk**

**General** - In Emerging Markets, to which the Sub-Funds may be exposed, the legal, judicial and regulatory infrastructure is still developing and there is much legal uncertainty both for local market participants and their counterparties. Some markets carry significant risks for investors who should therefore ensure that, before investing, they understand the relevant risks and are satisfied that an investment is suitable. Such risks may include (i) increased risk of nationalisation, expropriation of assets, forced mergers of companies, creation of government monopolies, confiscatory taxation or price controls; (ii) greater social, economic and political uncertainty, including war; (iii) higher dependence on exports and the corresponding importance of international trade; (iv) greater volatility, less liquidity, low trading volumes and smaller capitalisation of securities markets; (v) greater volatility in currency exchange rates; (vi) greater risk of inflation; (vii) greater controls on foreign investment and limitations on repatriation of invested capital and on the ability to exchange local currencies for any major currency and/or restriction on the buying or selling by foreign investors; (viii) increased likelihood of governmental decisions to cease support of economic reform programmes or to impose centrally planned economies; (ix) differences in accounting, auditing and financial reporting standards, methods, practices and disclosures which may result in the unavailability or incompleteness or tardiness of material information about issuers; (x) less extensive regulation of the securities markets; (xi) longer settlement periods for securities transactions and less reliable clearance and custody arrangements; (xii) less protection through registration of assets; (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and protection of shareholders and (xiv) less formalised procedures for corporate actions (no central source of identification, no formal notification) and proxy voting.

**Exchange Rate Fluctuations Risk** - In accordance with the investment objectives of certain Sub-Funds, the assets will be invested primarily in securities of companies in developing countries and substantially all income will be received by these Sub-Funds in currencies of such countries. A number of the currencies of developing countries have already experienced and could experience significant declines against the major currencies in recent years and devaluation may occur suddenly. Where possible, hedging strategies will be implemented but they cannot totally eliminate unfavorable currency fluctuations. Some currencies are not freely convertible currencies.

**Custody Risk** - The Company may also have to utilise local service providers for the safekeeping of the assets and for the execution of securities transactions. Although the Company intends to use only the best-qualified service providers in each of the markets concerned, the choice of providers in some emerging countries may be very limited. These providers may not offer guarantees comparable to those given by firms operating in developed countries. Accordingly, the quality of the services that the Company may obtain with regard to the execution of transactions on securities and their custody may be less reliable.

**Settlement and Trading Risk** - Settlement systems in Emerging Markets may be less well organized than in developed markets. Emerging Markets may not employ true Delivery versus Payment. Thus, there may be risks that settlement may be delayed and that cash or securities of these Sub-Funds may be in jeopardy because of failures of or defects in the systems. In particular, market practice may require that payment be made prior to receipt of the security which is being purchased or that delivery of a security must be made before payment is received. Exchanges on Emerging Markets may not have a settlement guarantee fund in case of temporary securities or cash shortfalls or in the event of a counterparty default or broker malpractice. The Company will seek, where possible, to use counterparties whose financial status is such that the risk of default is reduced, but the risk of losses resulting from default cannot be totally eliminated. Some markets may have specific trading restrictions.

**Registration of Securities** - In some countries, there is no recognition of "nominee" ownership. Registration must be done with the issuer in the final beneficial owner's name.

**Regulatory Risk** - Many of the laws that govern private and foreign investment, equity securities transactions and other contractual relationships in certain countries, particularly in developing countries, are new and largely untested. As a result, the Company may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets and lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgment in certain countries in which assets of the Company are invested. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on the Company and its operations. In addition, the income and gains of the Sub-Funds may be subject to withholding taxes imposed by foreign governments for which unitholders may not receive a full foreign tax credit.

**Investment and Repatriation Restrictions Risk** - Some countries prohibit or impose substantial restrictions on investments by foreign entities. Certain countries require governmental approval prior to investments by foreign persons, or limit the amount of investment by foreign in a particular company, or limit the investment by foreign persons in a company to only a specific class of securities which may have less advantageous terms than securities of the company available for purchase by nationals. Certain countries may restrict investment opportunities in issuers or industries deemed important to national interests. Repatriation of investment income, capital and the proceeds of sales by foreign investors may require governmental registration and/or approval in some developing countries. It may have an adverse impact on the operations of a Sub-Fund. While the Sub-Funds will invest only in markets where these restrictions are considered acceptable, new or additional restrictions might be imposed subsequent to the initial investment and thus may restrict the Investment Manager's ability to manage effectively such assets and could ultimately result in a substantial loss.

**Liquidity Risk** - As these Sub-Funds invest a high proportion of their assets in Emerging-Market securities which tend to be less liquid than those of developed markets, investors should consider a shareholding in these Sub-Funds to be a long-term investment and be aware that it may not always be possible to make redemption payments within the usual time frame (see Section 13).

**Investment in People's Republic of China (PRC)** - **The securities markets in the PRC are Emerging Markets that are undergoing rapid growth and changes. Most PRC laws and regulations governing securities and corporations might be subject to unpredictable changes and development. The effect of such changes can be retrospective and can have an adverse impact on the investments of the Sub-Funds.**

Trading China A-Shares, if contemplated by a Sub-Fund, will be achieved through the Shanghai-Hong Kong Stock Connect ("Stock Connect", please also see the Definitions section). Stock Connect is still developing and will be open to all investors without the requirement of a licence and there are only limited restrictions relating to, inter alia, settlement currency, locking up the proceeds of sale or delaying repatriation of those proceeds. A particular risk around Stock Connect is the manner in which assets are held as part of the Stock Connect and ensuring proper segregation of those assets. Compared to a clearing system in a non-Emerging Market, there is a greater risk of assets being lost or being unable to be properly identified as belonging to the Company when utilizing Stock Connect. The Company may commence recourse to Stock Connect for a Sub-Fund only when it is reasonably satisfied that such trading facility is permissible according to the relevant laws and regulations applicable to the Company. Also, a Sub-Fund may seek exposure to China A-Shares using market access products such as warrants and participating or "P" notes or other forms of structured products or derivatives with a similar purpose.

Although the above mentioned trading facilities are signs of a greater internationalization of the RMB and the liberalization of China's financial markets, it should also be noted that (i) China A-Shares held through Stock Connect directly or via market access products may have limited voting rights and (ii) the renminbi is subject to foreign exchange restrictions and is not a fully convertible currency. The exchange rate used for the Sub-Funds is in relation to the offshore renminbi ("CNH"), not the onshore renminbi ("CNY"). The value of CNH could differ, perhaps significantly, from that of CNY due to a number of factors including those mentioned above.

### **Risks relating to Stock Connect**

Under Stock Connect, the Company through its Hong Kong brokers may trade certain eligible securities listed and traded on the SSE, including China A-Shares (the "SSE Securities"). Such trading is subject to the laws and regulations of PRC and Hong Kong and the relevant rules, policies or guidelines issued from time to time.

### **Segregation and beneficial ownership of SSE Securities**

The SSE Securities are held in a nominee account in the name of HKSCC, opened with ChinaClear, which is an omnibus account in which all SSE Securities of the investors of Stock Connect are commingled. The SSE Securities are beneficially owned by the investors (a Sub-Fund) and are segregated from the own assets of HKSCC.

In addition, the SSE Securities beneficially owned by investors (including a Sub-Fund) will be segregated in the accounts opened with HKSCC by relevant sub-custodians, and in the accounts opened with the relevant sub-custodians of such Sub-Fund in the Hong Kong Central Clearing and Settlement System ("CCASS") maintained by the HKSCC as the central securities depository in Hong Kong.

PRC laws suggest that the Sub-Fund would have beneficial ownership of SSE Securities. It is expressly stipulated in the Several Provisions on the Pilot Programme of Stock Connect (as published by the China Securities Regulatory Commission to prescribe the launch and operation of the Stock Connect) that HKSCC acts as the nominee holder and the Sub-Fund would own the rights and interests with respect to the SSE Securities. The SEHK has also stated that it is the Sub-Fund who is the beneficial owner of the SSE Securities.

However, it should be noted that the exact nature and methods of enforcement of the rights and interests of a Sub-Fund under PRC law is not certain and there have been few cases involving a nominee account structure in the PRC courts.

It should also be noted that as with other clearing systems or central securities depositories, Stock Connect is not obliged to enforce the rights of a Sub-Fund in the PRC courts. If a Sub-Fund wishes to enforce its beneficial ownership rights in the PRC courts, it will need to consider the legal and procedural issues at the relevant time.

### **Quota limitations**

Stock Connect is subject to an aggregate cross-boundary investment quota as well as a daily quota which does not belong to a Sub-Fund and can only be utilised on a first-come-first-served basis. In particular, once the remaining balance of the Northbound daily quota drops to zero or the Northbound daily quota is exceeded during the opening call session, new buy orders will be rejected (though investors will be allowed to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict a relevant Sub-Fund's ability to invest in SSE Securities through Stock Connect on a timely basis, and a Sub-Fund may not be able to effectively pursue its investment strategies.

### **Settlement**

The Company will set up arrangements with its Hong Kong brokers and sub-custodian to ensure that cash payment is received against delivery of securities for the trades of the SSE Securities (delivery versus payment settlement). To this end, for the trades of the SSE Securities by a Sub-Fund, Hong Kong brokers will credit or debit the cash account of a Sub-Fund on the same day for the settlement of securities, for an amount equal to the funds relating to such trading.

### **Clearing and settlement risk**

HKSCC and ChinaClear will establish the clearing links and each will become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfill the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

Should a ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC's liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. HKSCC will in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, a Sub-Fund may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

### **No Protection by Investor Compensation Fund**

Investment through Stock Connect is conducted through broker(s), and is subject to the risks of default by such brokers' in their obligations. A Sub-Fund's investments through Northbound trading under Stock Connect is not covered by the Hong Kong's Investor Compensation Fund. Therefore Sub-Funds are exposed to the risks of default of the broker(s) it engages in its trading in SSE Securities through Stock Connect.

### **Suspension risk**

Both the SEHK and SSE reserve the right to suspend Northbound and/or Southbound trading if necessary for ensuring an orderly and fair market and risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension in the Northbound trading through Stock Connect is effected, the relevant Sub-Fund's ability to access the PRC market will be adversely affected.

### **Differences in trading day**

Stock Connect will only operate on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the PRC market but not for the Hong Kong market, in which case a Sub-Fund will not be able to access the PRC market via Stock Connect. A Sub-Fund may be subject to a risk of price fluctuations in SSE Securities during the time when Stock Connect is not trading as a result.

### **Operational risk**

Stock Connect provides a new channel for investors from Hong Kong and overseas to access the China stock market directly. Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this programme subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house. It should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for the trial programme to operate, market participants may need to address issues arising from the differences on an on-going basis.

Further, the "connectivity" in Stock Connect requires routing of orders across the PRC-Hong Kong border. This requires the development of new information technology systems on the part of the SEHK and exchange participants (i.e. a new order routing system ("China Stock Connect System") to be set up by SEHK to which exchange participants need to connect). There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the programme could be disrupted. A Sub-Fund's ability to access the SSE Securities market (and hence to pursue its investment objective) will be adversely affected.

### **Restrictions on selling imposed by front-end monitoring**

PRC regulations require that before an investor sells any SSE Securities, there should be sufficient SSE Securities in the account; otherwise SSE will reject the sell order concerned. SEHK will carry out pre-trade checking on SSE Securities sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling. If a Sub-Fund desires to sell certain SSE Securities it holds, it must transfer those SSE Securities to the respective accounts of its brokers before the market opens on the day of trading. If it fails to meet this deadline, it will not be able to sell those SSE Securities on the trading day. Because of this requirement, the relevant Sub-Fund may not be able to dispose of holdings of SSE Securities in a timely manner.

### **Regulatory risk**

Stock Connect is novel in nature, and will be subject to regulations circulated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong. Further, new regulations may be circulated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under Stock Connect.

It should be noted that the regulations are untested and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change. There can be no assurance that Stock Connect will not be abolished. A Sub-Fund, which may invest in the PRC markets through Stock Connect, may be adversely affected as a result of such changes.

### **Taxation risk**

On 14 November 2014, the Ministry of Finance, the State Administration of Taxation and the CSRC published the Circular on relevant Tax Treatment for the Pilot Programme of Shanghai-Hong Kong Stock Connect. Such circular provides that funds investing in SSE Securities via Stock Connect are temporarily exempt from income tax on capital gains derived from the transfer of SSE Securities on or after 17 November 2014 (the "Stock Connect Exemption"). Dividends from SSE Securities paid to a fund will continue to be subject to 10% withholding tax which is to be withheld at source. It is possible that any new tax laws and regulations and any new interpretations may be applied retroactively.

### **CIBM**

CIBM is an OTC market where institutional investors trade sovereign, government and corporate bonds on a one-to-one quote-driven basis and accounts for almost all of outstanding bond values of total trading volume in China.

Investors should be aware that trading on the CIBM exposes the Sub-Fund to certain risks (counterparties risk, liquidity risk, settlement risk).

### **Settlement risk**

There are various transaction settlement methods in the CIBM and although favorable terms are negotiated in the name of the Sub-Fund, there is no assurance that settlement risks can be eliminated. Where the counterparty fails to perform its obligations under a transaction, the Sub-Fund will sustain losses.

All bond trades will be settled through ChinaClear. ChinaClear operates under the supervision of the relevant Chinese authorities.

If a participant defaults in payment of any sum payable to ChinaClear, the latter has the power to apply the funds available towards the satisfaction of any amount due to ChinaClear either from (i) cash collateral provided by the defaulting participant; (ii) cash held in the joint guarantee fund contributed by the defaulting participant; or (iii) cash generated by the sale of securities. The defaulting party will be responsible for the expenses and any price differences resulting from the sale of the securities.

If a participant defaults in delivering securities, ChinaClear is entitled to delay the payment due to the delivering participant until the outstanding obligation is satisfied. In addition, ChinaClear may apply all or any securities (in lieu of the securities that are the subject of the delivery obligations) from the following sources to satisfy the obligations and liabilities of such participant to ChinaClear:

- (i) securities furnished by the defaulting party;
- (ii) securities purchased using the funds in the designated escrow account; or
- (iii) securities available to ChinaClear from other alternative sources.

Although ChinaClear is due to deliver payment and securities to delivering participant and receiving participants, respectively, a delay may occur if either party fails to fulfil its payment or delivery obligation.

PRC has undertaken the liberalization to its financial markets by proposing or facilitating the access to several investment programs. Further to a revision in 2016, access to CIBM has been facilitated ("CIBM Facilitated Access"). Foreign institutional investors may invest, without particular license or quota, directly in RMB fixed income securities dealt on the CIBM via an onshore bond settlement agent (the "Bond Settlement Agent"), which has the responsibility for making the relevant filings and account opening with the relevant PRC authorities in particular the PBOC.

The CIBM Facilitated Access rules and regulations are relatively new. The application and interpretation of such investment regulations are therefore relatively untested and there is no certainty as to how they will be applied as the PRC authorities and regulators have been given wide discretion in such investment regulations and there is no precedent or certainty as to how such discretion may be exercised now or in the future. In addition, there can be no assurance that the CIBM Facilitated Access rules and regulations will not be abolished in the future. A Sub-Fund, which invests in the PRC markets through the CIBM Facilitated Access, may be adversely affected as a result of any such changes or abolition.

### **Restrictions to Remittances and Repatriations Risk**

Foreign investors (such as the Sub-Fund) may remit investment principal in RMB or foreign currency into the PRC for investing in the CIBM under the CIBM Facilitated Access. A Sub-Fund using the CIBM Facilitated Access will need to remit investment principal matching at least 50 % of its anticipated investment size within nine (9) months after filing with the PBOC, or else an updated filing will need to be made through the onshore Bond Settlement Agent.

Where a Sub-Fund repatriates funds out of the PRC, the ratio of RMB to foreign currency ("Currency Ratio") should generally match the original Currency Ratio when the investment principal was remitted into PRC, with a permissible deviation of 10%. However, to the extent an outward repatriation is in the same currency as the inward remittance the Currency Ratio restriction will not apply.

Certain restrictions may be imposed by the PRC authorities on investors participating in the CIBM Facilitated Access and/or the Bond Settlement Agent which may have an adverse effect on the Sub-Fund's liquidity and performance. Repatriations conducted in RMB are currently permitted daily and are not subject to repatriation restrictions (such as lock-up periods) or prior approval, although authenticity and compliance reviews will be conducted, and reports on remittances and repatriations will be submitted to the relevant PRC authorities by the Bond Settlement Agent. There is no assurance, however, that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Furthermore, as the Bond Settlement Agent's review on authenticity and compliance is conducted on each repatriation, the repatriation may be delayed or even rejected by the Bond Settlement Agent in case of non-compliance with the CIBM Facilitated Access rules and regulations. Any restrictions imposed in the future by the PRC authorities, or rejection or delay by the Bond Settlement Agent, on repatriation of the invested capital and net profits may impact on the Sub-Fund's ability to meet redemption requests from the shareholders. It should be noted that the actual time required for the completion of the relevant repatriation will be beyond the Investment Manager's control.

### **Securities and cash accounts**

Beneficial ownership of RMB securities acquired through CIBM Facilitated Access has been acknowledged in documentation released by the PBOC and PRC authorities. Beneficial ownership is however an untested concept in the PRC. Investors should note that cash deposited in the cash account of the Sub-Fund with the Bond Settlement Agent will not be segregated but will be a debt owing from the Bond Settlement Agent to the Sub-Fund as a depositor. Such cash will be co-mingled with cash belonging to other clients of the Bond Settlement Agent. In the event of bankruptcy or liquidation of the Bond Settlement Agent, the Sub-Fund will not have any proprietary rights to the cash deposited in such cash account, and the Sub-Fund will become an unsecured creditor, ranking pari passu with all other unsecured creditors, of the Bond Settlement Agent. The Sub-Fund may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the Sub-Fund will suffer losses.

### **Bond Settlement Agent Risk**

Investments There is a risk that the Sub-Fund may suffer losses, whether direct or consequential, from: (i) the acts or omissions in the settlement of any transaction or in the transfer of funds or securities by the Bond Settlement Agent; or (ii) the default or bankruptcy of the Bond Settlement Agent; or (iii) the disqualification of the Bond Settlement Agent from acting in such capacity either on a temporary or permanent basis. Such acts, omissions, default or disqualification may also adversely affect a Sub-Fund in implementing its investment strategy or disrupt the operations of a Sub-Fund, including causing delays in the settlement of any transaction or the transfer of any funds or securities in the PRC or in recovering assets, which may in turn adversely impact the net asset value of a Sub-Fund.

In addition, the PBOC is vested with the power to impose regulatory sanctions if the Bond Settlement Agent violates any provision of the CIBM Facilitated Access rules. Such sanctions may adversely impact on the investment by the Sub-Fund through the CIBM Facilitated Access.

### **Risks associated with Bond Connect**

#### **Overview of the Bond Connect**

Bond Connect is a mutual bond market access between Hong Kong and mainland China established by China Foreign Exchange Trade System & National Interbank Funding Centre, China Central Depository & Clearing Co., Ltd, Shanghai Clearing House, and SEHK and Central Moneymarkets Unit. China bond market primarily consists of CIBM. Eligible foreign investors can invest in the CIBM under the northbound trading of Bond Connect ("Northbound Trading"). Northbound Trading will follow the current policy framework for overseas participation in the CIBM. There will be no investment quota for Northbound Trading.

Under the prevailing regulations in mainland China, eligible foreign investors who wish to invest in the CIBM via Bond Connect may do so via an offshore custody agent approved by the Hong Kong Monetary Authority, who will be responsible for the account opening with the relevant onshore custody agent approved by PBOC.

Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the CIBM may result in prices of certain debt securities traded on such market fluctuating significantly. The relevant Sub-Fund investing in such market is therefore subject to liquidity and volatility risks. The bid and offer spreads of the prices of such securities may be large, and the relevant Sub-Fund may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments.

To the extent that the relevant Sub-Fund transacts in the CIBM, the relevant Sub-Fund may also be exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with the relevant Sub-Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value.

Since the account opening for investment in the CIBM via Bond Connect has to be carried out via an offshore custody agent, the relevant Sub-Fund is subject to the risks of default or errors on the part of the offshore custody agent.

Bond Connect is subject to regulatory risks. The relevant rules and regulations on investment via Bond Connect are subject to change which may have potential retrospective effect. In the event that the relevant Chinese authorities suspend account opening or trading via Bond Connect, the relevant Sub-Fund's ability to invest in CIBM will be limited and, may have an adverse effect on the relevant Sub-Fund's performance as the relevant Sub-Fund may be required to dispose of its CIBM holdings. The relevant Sub-Fund may also suffer substantial losses as a result.

There is no specific written guidance by the mainland China tax authorities on the treatment of income tax and other tax categories payable in respect of trading in CIBM by eligible foreign institutional investors via Bond Connect. Hence it is uncertain as to the relevant Sub-Fund's tax liabilities for trading in CIBM via Bond Connect. Also it is possible that any new tax laws and regulations and any new interpretations may be applied retroactively.

## 2.11 Regional or Sectorial Concentration Risk

**Concentration risk on certain countries/regions** - Where a Sub-Fund restricts itself to investing in securities of issuers located in a particular country or region, such concentration will expose the Sub-Fund to the risk of adverse social, political or economic events which may occur in that country or region. The risk increases if the country or region in question is an Emerging Market.

**Concentration risk on certain sectors** - Where a Sub-Fund restricts itself to invest in a certain sector, such as technology or healthcare, it may be sensitive to factors affecting technology-related industries and to greater risk and market fluctuation than investment in a broader range of portfolio securities covering different economic sectors. Technology, technology-related, healthcare industries may also be subject to greater government regulation than many other industries. Accordingly, changes in government policies and the need for regulatory approvals may have a materially adverse affect on these industries. Additionally, these companies may be subject to risk of developing technologies, competitive pressures and other factors as well as a relatively high risk of obsolescence caused by scientific and technological advances and are depended upon consumer and business acceptance as new technologies evolve. Many companies in the technology sector are smaller companies and are therefore also subject to the risks attendant on investing in such companies set out above. The development of these sector-specific investments may differ from the general stock exchange trend.

## 2.12 Risks associated with investments in Asia

There may be risks associated with investments in Asia. Such risks may include: (i) risk of nationalisation or expropriation of assets or confiscatory taxation; (ii) greater social, economic and political uncertainty, including war; (iii) higher dependence on exports and the corresponding importance of international trade; (iv) greater volatility, less liquidity and smaller capitalisation of securities markets; (v) greater volatility in currency exchange rates; (vi) greater risk of inflation; (vii) greater controls on foreign investment and limitations on repatriation of invested capital; (viii) possibility of governmental interventions; (ix) differences in auditing and financial reporting standards; (x) less extensive regulation of the securities markets; (xi) longer settlement periods for securities transactions and less reliable clearance and custody arrangements; and (xii) less stringent corporate laws and less developed mechanisms for the protection of investors.



## 2.13 Financial Derivative Instruments Risk

**Valuation risk** - Many financial derivative instruments, in particular OTC financial derivative instruments, are complex, difficult to value and often valued subjectively and the valuation may only be provided by a limited number of market professionals. The replacement value of an OTC derivative transaction may differ from the liquidation value of such transaction, and the valuations provided by the Sub-Fund's counterparty to such transaction may differ from the valuation provided by a third party or the value upon liquidation. A counterparty might cease making a market or quoting prices for some of the instruments. Inaccurate valuations can result in increased cash payment requirements to counterparties or a loss of value to a Sub-Fund.

**Volatility** - The price of a financial derivative instrument can be very volatile. This is because a small movement in the price of the underlying security, index, interest rate or currency may result in a substantial movement in the price of the financial derivative instrument. Investment in financial derivative instruments may result in losses in excess of the amount invested.

**Correlation** - Financial derivative instruments do not always perfectly or even highly correlate or track the value of the underlying assets they are designed to track. Consequently, a Sub-Fund's use of financial derivative instruments techniques may not always be an effective means of, and sometimes could be counter-productive to, following a Sub-Fund's investment objective.

**Short Exposure** - Although the Company may not carry out uncovered sales of transferable securities, some Sub-Funds may, as part of their investment strategy, use financial derivative instruments to seek short exposure to such transferable securities. The Sub-Funds may face substantial loss should the price of the transferable securities increase.

**Leverage** - The Sub-Funds will not use borrowing to purchase additional investments but a Sub-Fund using financial derivative instruments as part of its investment strategy may be expected to be leveraged (gross market exposure, aggregating both long and synthetic short positions, in excess of net asset value). While leverage presents opportunities for increasing the Sub-Fund's total return, it also has the potential of increasing losses as well. Accordingly, any event which adversely affects the value of an investment by the Sub-Fund would be magnified to the extent the Sub-Fund is leveraged. The cumulative effect of the use of leverage by the Sub-Fund in a market that moves adversely to the Sub-Fund's investments could result in a substantial loss to the Sub-Fund.

**Counterparty Risk (OTC derivative transactions)** - The Sub-Funds may enter into derivatives transactions in over-the-counter markets, which will expose the Sub-Funds to the credit risk of their counterparties and their inability to satisfy the terms of such contracts as mentioned in the clause of counterparty risk above. A Sub-Fund might also be unable to close out when it wishes to end or to enter into an offsetting OTC transaction with respect to an open position, which might adversely affect its performance. The closing-out of an OTC derivative transaction may only be made with the consent of the counterparty to the transaction.

**Control and Monitoring** - Financial derivative instruments are highly specialised instruments that require investment techniques and risk analysis different from those associated with equity and fixed income securities. The use of derivative techniques requires an understanding not only of the underlying assets of the financial derivative instruments but also of the financial derivative instruments themselves, without the benefit of observing the performance of the financial derivative instruments under all possible market conditions. In particular, the use and complexity of financial derivative instruments require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that financial derivative instruments add to a Sub-Fund and the ability to forecast the relative price, interest rate or currency rate movements of the underlying assets correctly. There is no guarantee that a particular forecast will be correct or that an investment strategy which deploys financial derivative instruments will be successful.

**Collateral** - Under the terms of the ISDA Agreements and related Collateral Support Annexes which the Company has with each of its OTC counterparties, the Company and its respective ISDA Counterparties have an obligation to collateralise their exposure to one another on a mark to market basis. Collateral transferred by the Company to its ISDA counterparties is transferred with full legal title.

When managing collateral the Company has received, the following risks may arise:

**Operational risk:** such risk materializes through operational errors stemming from (i) trading collateral transfer errors caused by the introduction of new processes, lack of controlled and automated technology or (ii) human errors caused by inexperienced staff; it can be amplified depending on the frequency and value of movements relating to collateral exchange.

**Liquidity risk:** such risk arises as a consequence of collateral calls resulting from abrupt market movements; during periods of heightened market volatility, the counterparty which is under the obligation to post collateral to its contracting party may face difficulties in meeting obligations as they come due.

Counterparty risk: the Sub-Fund is exposed to the credit risk of the issuer of the collateral as such issuer may fail to discharge an obligation under the security that is part of the collateral.

Custody risk: the collateral is part of the Sub-Funds' assets held in custody by the Depositary and the duly appointed sub-custodians, which exposes the Sub-Fund to risks of loss associated to the depositary function if the Depositary/sub-custodian fails to perform its duties (improper performance) and if the Depositary/sub-custodian defaults.

Legal risk: such risk arises when dispositions of contractual arrangements related to OTC derivatives are amended resulting in an alteration of the magnitude of margin calls.

**Limited Recourse** - The Company has an umbrella structure with multiple compartments (each compartment being referred to as a Sub-Fund). Each Sub-Fund, although not a separate legal entity, corresponds to a distinct part of the assets and liabilities of the Company under Luxembourg law, and consequently benefits from limited liability in accordance with the provisions of the Company's constitutive documents and Luxembourg law. When dealing for the account of a specified Sub-Fund, the Company will endeavour where possible to obtain a contractual acknowledgement from trading counterparties (each a "Counterparty") that the Company's obligation to that Counterparty will be limited to the assets of the specified Sub-Fund and that the Counterparty shall have no recourse to the assets of any other Sub-Fund. It may not however always be possible to obtain such an acknowledgement and in the event that (i) a Counterparty holds assets of more than one Sub-Fund; and (ii) the courts of the jurisdiction in which the assets are situated do not uphold the Luxembourg principle of limited liability as mentioned above, it is possible that the assets of one Sub-Fund could be used to satisfy the obligations of another Sub-Fund.

**Options / Warrants** - An option is a contract that gives the buyer the right, but not the obligation, to buy (call) or sell (put) the underlying asset at or within a certain point in time in the future at a pre-determined price (strike price) against the payment of a premium, which represent the maximum loss for the buyer of an option. Options can allow the Investment Manager to cost-effectively be able to restrict downsides while enjoying the full upside of a stock, financial index, etc. Long positions in option may be taken to provide insurance against adverse movements in the underlying. Short position may also be taken to enhance total returns and generate income for the Sub-Fund via premium received. The writing and purchase of options is a specialised activity which can involve substantial risks. If the Investment Manager is incorrect in its expectation of changes in the market prices or determination of the correlation between the instruments or indices on which the options are written or purchased and the instruments in a Sub-Fund's investment portfolio, the Sub-Fund may incur losses that it would not otherwise incur. A warrant is a certificate that entitles the holder to buy a specific amount of the underlying security of the issuing company at a pre-determined price until the expiry date, against the payment of a premium. Warrants are very similar to call options but there are some key differences such as, (i) warrants are issued by private parties, typically the corporation on which a warrant is based, (ii) warrants are considered over-the-counter instruments, (iii) warrants are not standardized like exchange-listed options, (iv) warrants can usually not be shorted by investors.

**Forwards** - A forward is a contract whereby two parties agree to exchange the underlying asset at a predetermined point in time in the future at a fixed price. The buyer agrees today to buy a certain asset in the future and the seller agrees to deliver that asset at that point in time. Forward contracts, unlike futures contracts, are not traded on exchanges and are not standardised; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward trading is substantially unregulated; there is no limitation on daily price movements. The principals who deal in the forward markets are not required to continue to make markets in the underlying securities they trade and these markets may experience periods of illiquidity, sometimes of significant duration. Disruptions can occur in any market traded by the Sub-Funds due to unusually high trading volume, political intervention or other factors. In respect of such trading, the Sub-Fund is subject to the risk of counterparty failure or the inability or refusal by a counterparty to perform with respect to such contracts. Market illiquidity or disruption could result in major losses to the Sub-Funds.

**Futures** - Futures are standardised forwards traded on an organized exchange. The amount of the initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact which may work for or against the investor. The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders.

**Contract for Difference** - A CFD is a contract between two parties that allows them to gain exposure to the economic performance and cash flows of a security without the need for actually buying or selling the security. The two parties agree that the seller will pay the buyer the difference in price after a certain period of time if the designated security's price increases, and the buyer will in return pay the seller the difference in price if the security's price decreases. It is linked to the underlying security price. Consequently, no right is acquired or obligation incurred relating to the underlying share. The Sub-Funds can take synthetic long or synthetic short positions with a variable margin via CFD. They are highly leveraged instruments and for a small deposit, it is possible for a Sub-Fund to hold a position much greater than would be possible with a traditional investment. In case of substantial and adverse market movements, the potential exists to lose all of the money originally deposited and to remain liable to pay additional funds immediately to maintain the margin requirement.

**Swaps (including IRS and TRS)** - In a standard swap transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realized on particular pre-determined investments or instruments. The Sub-Funds may enter swap transactions with a view to effecting synthetic long and short positions in certain securities, sectors or indices, including commodities indices. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the Sub-Fund's exposure to long-term or short-term interest rates, currency values, corporate borrowing rates, inflation rates, or other factors such as single equity securities, baskets of equity securities or equity indices. Swap agreements can take many different forms and are known by a variety of names. An IRS is an agreement to exchange one set of cash flows (perceived as risky, as linked to e.g. a floating interest rate) against another set of cash flows (perceived as stable, as linked to, e.g. a fixed interest rate). A TRS is an agreement that involves the exchange of the right to receive the total return, coupons plus capital gains or losses, of a specified reference asset (such as for example an equity), index or basket of assets against the rights to make fixed or floating payments or another equity return. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, individual equity values or other factors that determine the amounts of payments due to and from the Sub-Fund. If a swap agreement calls for payments by a Sub-Fund, the Sub-Fund must be prepared to make such payments when due. In addition, if a counterparty's creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses by the Sub-Fund.

The swap market has grown substantially in recent years with a large number of banks and investment banking firms, acting both as principals and as agents utilising standardised swap documentation. As a result, the swap market has become liquid but there can be no assurance that a liquid secondary market will exist at any specified time for any particular swap.

**CDS** - A CDS is an agreement in which one party buys protection against losses occurring due to a credit event of a reference entity up to the maturity date of the swap. The protection buyer pays a periodic fee for this protection up to the maturity date, unless a credit event triggers the contingent payment. In the latter case, the buyer of protection only needs to pay the accrued fee up to the day of the credit event. If a credit event occurs, the settlement will be either in cash or physical: (i) Cash settlement: the seller of protection will pay to the buyer of protection the net amount between the nominal value and the market value of the security; (ii) Physical settlement: the buyer of protection will deliver a bond or a loan of the reference entity to the seller of protection and the latter will pay the par value in return. Credit events for CDS are typically: bankruptcy, failure to pay, and restructuring. The Sub-Funds can take synthetic long or short positions in certain securities via CDS. The use of CDS may carry a higher risk than investing in bonds directly. A CDS allows the transfer of default risk. CDS can either serve as a substitute for purchasing corporate bonds or they can hedge specific corporate bond exposure or reduce exposure to credit basis risk. If a Sub-Fund is a buyer and no event of default occurs, the Sub-Fund will lose its investment and recover nothing. However, if an event of default occurs, the buyer Sub-Fund will receive the amount above mentioned depending on cash or physical settlement. If a Sub-Fund is a seller, it will receive a fixed rate of income throughout the term of the contract provided no credit event occurs. In the latter case, the Sub-Fund will have to pay the amount provided in the contract. All Sub-Funds using CDS may, in the case of a credit event, have to accept delivery of non-investment-grade bonds issued in a currency other than the Reference Currency. The delivery of such non-investment-grade bonds in a currency other than the Reference Currency will not be regarded as a breach of investment policy for those Sub-Funds which may only be invested in investment-grade-bonds or in bonds issued in the Reference Currency. The market for CDS may sometimes be more illiquid than bond markets.

## 2.14 Model Risk

Sub-Funds that apply quantitative management methods or systematic process or strategies, rely for their management process on models based to a varying extent on past market conditions. Given the uncertainty of the future, these models may not necessarily capture the risk they were designed and expected to capture and hence could signal erroneous investment opportunities.

## 2.15 ABS Risk and MBS Risk

ABS and MBS are securities backed by financial assets whose nature varies and determine the qualification of the security.

MBS are securities that represent direct or indirect participation in, or are collateralized by and payable from, mortgage loans secured by real property or instruments derived from such loans. The payment of principal and interest and the price of a MBS generally depend on the cash flows generated by the underlying mortgages and the terms of the MBS. MBS are backed by different types of mortgages, including commercial and residential properties. MBS are issued by government and non-government entities and include various types of securities such as pass-throughs, collateralized mortgage obligations and stripped MBS.

Certain MBS represent interests in pools of mortgage loans assembled for sale to investors by various governmental agencies, such as the US Government National Mortgage Association (GNMA), by government-related organizations, such as the U.S. Federal National Mortgage Association (FNMA) and the U.S. Federal Home Loan Mortgage Corporation (FHLMC), and by private issuers, such as commercial banks, savings and loan institutions and mortgage companies.

Private, government, or government-related entities may create mortgage loan pools offering pass-through investments. Interests in pools of mortgage-related securities differ from other forms of debt instruments, which normally provide for periodic payment of interest in fixed amounts with principal payments at maturity or specified call dates. Instead, these securities typically provide a monthly payment which consists of both interest and principal payments. These payments generally are a "pass-through" of the monthly payments made by the individual borrowers on their residential or commercial loans, net of any fees paid to the issuer or guarantor of such securities. Additional payments are caused by repayments of principal resulting from the sale of the underlying property, refinancing or foreclosure, net of fees or costs incurred. Pass-through securities issued by the U.S. Federal National Mortgage Association (FNMA) and the U.S. Federal Home Loan Mortgage Corporation (FHLMC) are guaranteed as to timely payment of principal and interest by the U.S. Federal National Mortgage Association (FNMA) and the U.S. Federal Home Loan Mortgage Corporation (FHLMC). Private MBS represent interest in pools consisting of residential or commercial mortgage loans created by non-government issuers, such as commercial banks and savings and loan associations and private mortgage companies. Private MBS securities may be subject to greater credit risk and be more volatile than government or government-related MBS. In addition, private MBS may be less liquid than government or government-related MBS.

Collateralized mortgage obligations are debt obligations of a legal entity that are collateralized by mortgages. They are typically rated by a rating agency and are structured into multiple classes, often referred to as "tranches", with each class bearing a different stated maturity and entitled to a different schedule for payments of principal and interest, including pre-payments. The shorter, more senior tranches will generally be lower risk than the longer dated, more junior tranches.

Stripped MBS are derivative multi-class MBS. Stripped MBS may be issued by agencies or instrumentalities of the U.S. government, or by private originators of, or investors in, mortgage loans, including savings and loan associations, mortgage banks, commercial banks, investment banks, and special purpose entities formed or sponsored by any of the foregoing. Stripped MBS may be less liquid than other types of MBS. Stripped MBS are usually structured with two classes that receive different proportions of the interest and principal distributions on a pool of mortgage assets. A common type of Stripped MBS will have one class receiving some of the interest and most of the principal from the mortgage assets, while the other class will receive most of the interest and the remainder of the principal. In the most extreme case, one class will receive all of the interest (interest-only), while the other class will receive all of the principal (principal-only).

ABS are very similar to MBS, except that the securities are collateralized by other types of assets besides mortgages, such as credit card receivables, home-equity loans, manufactured homes, automobile loans, student loans, equipment leases, or senior bank loans, among others. The assets can be a pool of assets or a single asset. ABS that represent an interest in a pool of assets provide greater credit diversification than ABS that represent an interest in a single asset. Payment of interest and repayment of principal on ABS may be largely dependent upon the cash flows generated by the underlying assets and, in certain cases, may be supported by letters of credit, surety bonds, or other credit enhancements.

The credit quality of ABS depends primarily on the quality of the underlying assets, the rights of recourse available against the underlying assets and/or the issuer, the level of credit enhancement, if any, provided for the securities, and the credit quality of the credit-support provider, if any. The value of ABS may be affected by the various factors, such as changes in interest rates, the availability of information concerning the pool and its structure, the creditworthiness of the servicing agent for the pool, the originator of the underlying assets, or the entities providing the credit enhancement. ABS that do not have the benefit of a security interest in the underlying assets present certain additional risks that are not present with ABS that do have a security interest in the underlying assets.

MBS and ABS are subject to pre-payment, extension and default risks.

Prepayment risk is the risk that principal is paid back over the life of the security rather than at maturity, as the underlying obligations are subject to unscheduled pre-payments of principal before the security's maturity date due to voluntary prepayments, refinancings or foreclosures on the underlying loans. Some types of ABS are often subject to more rapid repayment than their stated maturity date would indicate, as a result of the pass-through of prepayments of principal on the underlying assets. The rate of principal payments on these ABS is related to the rate of principal payments on the underlying asset pool and related to the priority of payment of the security with respect to the asset pool. The occurrence of prepayments is a function of several factors, such as the level of interest rates, general economic conditions, the location, and age of the underlying obligations, asset default and recovery rates, and other social and demographic conditions. Because prepayments of principal generally occur when interest rates are declining, an investor generally has to reinvest the proceeds of such prepayments at lower interest rates than those at which its assets were previously invested. Therefore, these ABS may have less potential for capital appreciation in periods of falling interest rates than other income-bearing securities of comparable maturity. Also, the interest-only and principal-only securities mentioned above are highly sensitive to the pre-payment experience associated with the underlying mortgages and will behave in opposite ways to the same trend in pre-payments. For interest-only securities, early pre-payments within the pool will mean less than expected interest payments since the mortgages will have terminated, adversely affecting security holders. For principal-only securities, early pre-payments within the pool will mean quicker repayment of principal than expected, benefiting security holders. Because of the highly sensitive nature of these securities, the possibility of sharp declines in prices is much greater compared to conventional MBS.

Extension risk is the risk that debt obligations will be paid off more slowly than originally anticipated, increasing the average life of such debt obligations and the sensitivity of the prices of such debt obligations to future interest rate changes. For example, rising interest rates could cause property owners to pay their mortgages more slowly than expected, resulting in slower payments of mortgage backed debt obligations. This could lengthen the duration of the debt obligation, making its price more sensitive to interest rate changes, and increase the potential for loss.

Default risk is the risk of default on the underlying assets that back the security. Weakening credit fundamentals associated with the underlying assets that back ABS/MBS securities may cause default rates to rise, which would result in a decline in the value of ABS/MBS obligations.

Because of their specific features, ABS/MBS may also be subject to higher interest rate, credit, and liquidity risks than other debt securities such as government bonds.

ABS/MBS may be structured as synthetic securities. For example, the CMBX is a credit default swap on a basket of commercial MBS bonds, constituting in effect a CMBS index. By purchasing such an instrument, the Sub-Funds are buying protection (i.e. the ability to get par for the bonds in the event of an unfavorable credit event), allowing the Sub-Funds to hedge their exposure or go short the commercial MBS sector. By selling such an instrument short and holding cash against the potential obligation to purchase it, the Sub-Funds are selling protection and effectively getting long exposure to the commercial MBS sector more quickly and efficiently than by purchasing individual bonds. The risks associated with such synthetic instruments are comparable to those of the underlying ABS or MBS securities that the instruments are seeking to replicate, in addition to the risk that the synthetic instruments themselves do not perform as intended due to adverse market conditions.

If any of the risk mentioned above materializes, the Sub-Funds may fail to recoup some or all of their initial investment in the securities, notwithstanding the existence of mechanisms such as credit enhancement or seniority.



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## Environmental and/or social characteristics

### Sustainable investment

means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

### Does this financial product have a sustainable investment objective?

Yes

It will make a minimum of **sustainable investments with an environmental objective**: \_\_\_\_\_%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective**: [insert %]

No

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_\_\_ % of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

### Sustainability

**indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

The Sub-Fund may invest in a combination of corporate and sovereign issuers. The sections headed 'Corporate Portfolio' throughout this disclosure shall apply when investing in corporate issuers. The sections headed 'Sovereign Portfolio' shall apply when investing in sovereign issuers.

#### Corporate Portfolio

The Sub-Fund promotes a reduction in the adverse environmental and other externalities associated with the global economy by integrating an ESG assessment of prospective investments into its investment process as further described in this disclosure.



### **Sovereign Portfolio**

The Investment Manager seeks to make a measurable assessment of the positive ESG characteristics of the Sub-Fund's investments as an integral part of its investment process with a view to promoting the Sustainable Development Goals defined by the United Nations.

No benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

### **Corporate Portfolio**

The Investment Manager uses the Lombard Odier ESG/CAR Industrial Materiality Rating Methodology ("**LO ESG Materiality Rating Methodology**") to analyse and score companies in which the Sub-Fund invests. The LO ESG Materiality Rating Methodology looks at companies' business practices in relation to their broad ecosystem of stakeholders and uses a proprietary ESG materiality heatmap and rating methodology, allowing the Investment Manager to focus on the environmental, social and governance dimensions that matter most to a company across its value chain. Further information in relation to the LO ESG Materiality Rating Methodology can be found in Schedule I.

The LO ESG Materiality Rating Methodology uses over 150 sustainability focused data points per company to analyse the environmental and social profile of the underlying corporate investments of the Sub-Fund. Where available, these data points include data mapped against the themes identified by the principal adverse sustainability indicators established by SFDR (known as "PAIs").

Based upon the scoring under the LO ESG Materiality Rating Methodology, the Investment Manager adopts a selectivity approach and will invest at least 50% of the Sub-Fund's Corporate Portfolio in companies with a rating of B- or above.

### **Sovereign Portfolio**

The Investment Manager complements its traditional sovereign credit assessment with an analytical framework that integrates sustainability factors in a holistic way. Alongside usual macro criteria, broader ESG considerations are integrated in the sovereign bond risk assessment. The Investment Manager has developed an in-house model (the "**LO Sovereign Scoring Methodology**") to independently assess sovereign issuers' alignment with Human and Environmental Rights standards and the United Nations Sustainable Development goals (SDGs). The model covers a broad spectrum of environmental, social and governance issues, including inequalities, social cohesion, quality of public services, water and food supply, energy security, global warming mitigation and resilience, biodiversity protection, pollutions, regulatory effectiveness, institutional strength and political stability. Where available, these data points include data mapped against the themes identified by the PAIs on sustainability factors for sovereign established by SFDR. A selection of dataset sourced from diverse supra-national bodies, universities, research institutes and major NGO's is used to inform the investment decisions. The data collected is normalized into indicators from 0 to 100 points (100 being the highest). The methodology embeds the Investment Manager's proprietary 'Consciousness', 'Actions' and 'Results' ('CAR') methodology which overweighs the 'R' component – indicators linked to definitive outcomes.

The Investment Manager will invest at least 50% of the Sub-Fund's Sovereign Portfolio in sovereign issuers with a score of 55 or greater under the LO Sovereign Scoring Methodology.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable

How have the indicators for adverse impacts on sustainability factors been taken into account?

Not applicable

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Not applicable

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



**Does this financial product consider principal adverse impacts on sustainability factors?**

**Yes**

**No**

### **Corporate Portfolio**

The Investment Manager considers principal adverse impacts ("PAIs") as a tool to understand the environmental (and to a limited extent, social) performance of the Sub-Fund's portfolio against objectively measurable sustainability criteria consistently applied across the European Union, as set out in more detail below. This consideration may inform investment decisions (particularly if the PAIs demonstrate that an investment may cause significant harm) but is principally used to understand the wider sustainability dynamics of the Sub-Fund on an ex post basis. It should be noted that not all PAIs may be material to all investments or material in the same way and such consideration will therefore form only part of the Investment Manager's wider assessment of sustainability factors.

PAI Table of indicators	PAI indicator #	Indicator description	Approach
Table 1 (mandatory)	1	Scope 1, 2 and 3 emissions	The Investment Manager considers a company's scope 1, 2 and material 3 emissions and the extent to which a company operates in a sector with moderate or higher impacts on emissions to assess the overall significance of GHG emissions to a company. The Investment Manager also
	2	Carbon footprint	

	3	GHG intensity of investee companies	considers whether a company has a credible and ambitious decarbonisation strategy in place that is compatible with Paris-aligned objectives, using the Investment Manager's internal Implied Temperature Rise (ITR) assessments. Further information in relation to the ITR tool can be found in Schedule II.
Table 2 (optional, environmental)	4	Companies without emission reduction initiatives	
Table 1 (mandatory, continued)	4	Companies active in the fossil fuel sector	Through its product involvement monitoring, the Investment Manager assesses the exposure of every business activity to the fossil fuel sector (from exploration and production to refining and distribution). Moreover, investing in companies deriving more than 10% of revenues from activities related to the most polluting form of fossil fuel (coal mining, coal power generation & unconventional oil & gas) is restricted.
	5	Share of non-renewable energy consumption and production	Non-renewable energy production is considered as part of the assessment described above for PAI 4 as regards the exposure of companies to fossil fuel activity. Contribution to emissions from energy is included in the Investment Manager's analysis described under PAIs 1, 2 and 3 above, with emissions from the production of energy included under scope 3 emissions and emission from the direct consumption of energy included under scope 1 and scope 2 emissions. Additionally, through the LO ESG Materiality Rating Methodology, the Investment Manager monitors the share of primary energy use coming from renewable energy sources and companies' ambitions and targets in that regard.
	6	Energy consumption intensity per high impact climate sector	
	7	Activities negatively affecting biodiversity-sensitive areas	The Investment Manager assesses the intensity of water withdrawals, the emission of water pollutants, and generation of hazardous waste, and the proximity of a company's known operational assets to biosensitive areas.
	8	Emissions to water	The Investment Manager also assesses whether a company operates in a sector with moderate or higher impacts on biodiversity, water, soil pollutants and solid waste.
	9	Hazardous waste ratio	Absolute and relative performance on all of these indicators is considered.
Table 1 (mandatory, continued)	10	Violations of the UNGC principles and OECD Guidelines for Multinational Enterprises	The Investment Manager assesses ability of companies to comply with those principles through the LO ESG Materiality Rating Methodology.  The Investment Manager monitors violations to those principles through

	11	Lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises	companies' exposure to moderate to severe controversies, and the outlook of those controversies. Controversies themes covers environmental incidents (operational, supply chain, products & services), social incidents (employees, supply chain, customers, society & community) and governance (business ethics, general governance or public policy)
	12	Unadjusted gender pay gap	The Investment Manager collects data on gender pay gap for those investments with data coverage. The Investment Manager considers performance on this as engagement topics, rather than justifying a restrictive investment approach. Coverage and data availability on these indicators is limited.
	13	Board gender diversity	Gender board diversity is part of the Investment Manger's systematic corporate governance assessment which is embedded in within the LO ESG Materiality Rating Methodology.
	14	Exposure to controversial weapons	Exposure to controversial weapons is systematically screened and excluded.
Table 3 (optional, social)	2	Rate of accidents	The Investment Manager considers whether a company is operating in a sector exposed to low, moderate or high risk of fatal incidents. Where companies operate in moderate to high-risk sectors, the Investment Manager relies on an assessment of the company's fatality rate based on assessments provided by external data provider(s).

### **Sovereign Portfolio**

The LO Sovereign Scoring Methodology takes into consideration the following PAIs:

Table 1 - PAI 15 - GHG Intensity

Table 1 - PAI 16 - Investee countries subject to social violations

Table 3 - PAI 18 - Average income inequality score

Table 3 - PAI 19 - Average freedom of expression score

Table 3 - PAI 20 - Average human rights performance

Table 3 - PAI 21 - Average corruption score

Table 3 - PAI 23 - Average political stability score

Table 3 - PAI 24 - Average rule of law score

Information on PAI on sustainability factors is available in the annual report.

References to 'tables' are references to the relevant tables of Annex I of the SFDR RTS 2022/1288.



## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The objective of the Sub-Fund is to achieve capital appreciation by investing worldwide - either directly or via units of UCITS or UCIs or SFIs - in (i) money market instruments, (ii) deposits with credit institutions, (iii) fixed or floating rate debt securities such as bonds, convertible bonds, bonds with attached warrants on transferable securities and short-term debt securities and/or in (iv) currencies.

The Sub-Fund does not specifically include an assessment of environmental or social considerations in its investment policy. The Investment Manager has, however, integrated sustainability risks into its own investment processes/strategy for the Sub-Fund by (i) filtering prospective investments based upon an assessment of their ESG profile using the LO ESG Materiality Rating Methodology/ LO Sovereign Scoring Methodology as described above; (ii) considering data points linked to PAIs as described above; and (iii) excluding controversial investments as specified below.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

### **Exclusions**

#### **Corporate Portfolio**

The following exclusions are binding:

#### **Exclusion of Controversial Weapons**

The Sub-Fund will exclude exposure to companies involved in controversial weapons i.e. companies that produce, trade or store controversial weapons (biological and chemical weapons, anti-personnel mines, cluster weapons, depleted uranium, white phosphorus incendiary weapons). The scope of this exclusion includes weapons banned or outlawed by the Ottawa Treaty on landmines (effective 1999), the Convention on Cluster Munitions (Oslo Convention) of 2008, the Biological and Toxin Weapons Convention (BWC – 1972), the Treaty on the Non-Proliferation of Nuclear Weapons (1968), the Chemical Weapons Convention (CWC – 1993) and SVVK-ASIR exclusion list.

#### **Exclusion of Tobacco, Coal, Unconventional Oil & Gas and Material breaches of the UN Global Compact Principles**

The Sub-Fund will exclude:

Tobacco: companies deriving more than 10% of their revenues from either production of tobacco products or retailing of tobacco products/services.

Thermal Coal:

Mining - companies deriving more than 10% of their revenues from thermal coal extraction.

Power Generation - companies deriving more than 10% of their revenues from coal power generation.

Unconventional Oil & Gas: companies deriving more than 10% in aggregate of their revenues from any of tar sands, shale gas and oil and arctic oil & gas exploration.

Material breaches of UN Global Compact Principles, the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs) and their underlying conventions: Companies involved in the most severe breaches of the UN Global Compact Principles ("Level 5 Controversies").

The exclusions relating to tobacco, coal, unconventional oil and gas and Level 5 Controversies are subject to the Investment Manager's exclusion policy and may be overridden in the exceptional circumstances described in that policy.

#### **Sovereign Portfolio**

The Investment Manager refrains from investing in financial instruments issued by countries under financial sanctions and embargos programs established by Luxembourg, Switzerland, United Nations, European Union, United Kingdom and United States (notably the Office of Foreign Assets Control, "OFAC"), in addition to any locally applicable sanctions program, based on the relevant jurisdiction.

### Minimum Rating/Scoring

#### Corporate Portfolio

The Investment Manager will invest at least 50% of the Sub-Fund's Corporate Portfolio in companies with a rating of B- or above under the LO ESG Materiality Rating Methodology.

#### Sovereign Portfolio

The Investment Manager will invest at least 50% of the Sub-Fund's Sovereign Portfolio in sovereign issuers with a score of 55 or greater under the LO Sovereign Scoring Methodology.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed rate to reduce the scope of investments prior to the application of the investment strategy.

The Investment Manager does, however, adopt a selectivity approach and will seek to eliminate/underweight the bottom scoring companies/issuers as described above.

- ***What is the policy to assess good governance practices of the investee companies?***

#### Corporate Portfolio

Good governance is assessed through the use of PAIs. In particular PAI 10 and 11 of PAI Table 1 of Annex I of the SFDR RTS 2022/88. Governance practices are addressed by the Investment Manager through a combination of data analysis and direct engagement with companies.

#### Sovereign Portfolio

Good governance is assessed through the assessment of the following PAIs:

Table 3 - PAI 21 - Average corruption score

Table 3 - PAI 23 - Average political stability score

Table 3 - PAI 24 - Average rule of law score

#### **Good governance**

practices include sound management structures, employee relations, remuneration of staff and tax compliance.



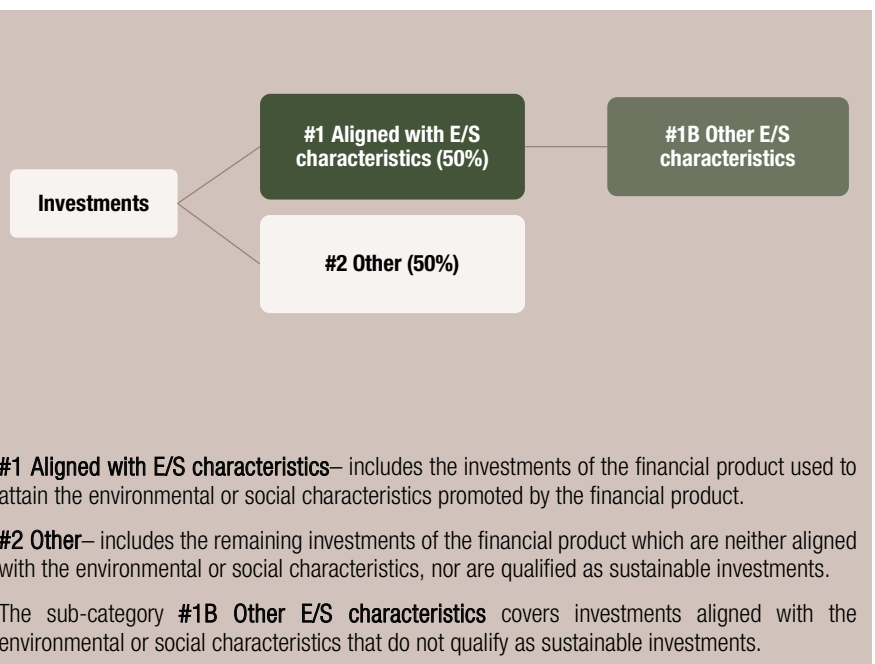
### **What is the asset allocation planned for this financial product?**

#### **Asset allocation**

describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies;
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy;



**#1 Aligned with E/S characteristics**– includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other**– includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The Sub-Fund does not use derivatives to attain the environmental or social characteristics promoted by the Sub-Fund.



- **To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Sub-Fund makes no minimum commitment to sustainable investments with an environmental objective aligned with the EU Taxonomy. As a result, the Sub-Fund includes a graphical depiction showing 0% EU Taxonomy-alignment.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

Yes:

In fossil gas

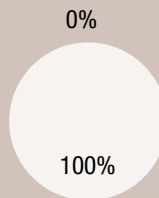
In nuclear energy

No

*The two graphs show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

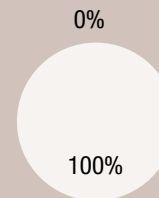
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

1. Taxonomy-alignment of investments including sovereign bonds\*



- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned (no fossil gas & nuclear)
- Non Taxonomy-aligned

2. Taxonomy-alignment of investments excluding sovereign bonds\*



- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned (no fossil gas & nuclear)
- Non Taxonomy-aligned

This graph represents 57% of the total investments.

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



are sustainable investments with an environmental

objective that **do not take into account criteria** for environmentally sustainable economic activities under the EU Taxonomy.

- **What is the minimum share of investments in transitional and enabling activities?**

Not applicable



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

0%



**What is the minimum share of socially sustainable investments?**

0%



**What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?**

Investments classified as "#2 Other" include companies with a rating of less than B- or companies not covered by the LO ESG Materiality Rating Methodology or sovereign issuers with a score of less than 55 or countries not covered under the LO Sovereign Scoring Methodology. The purpose of their inclusion is for inter alia portfolio diversification purposes or to reflect common benchmarks or broad market exposure to support the financial performance of the Sub-Fund. As a minimum safeguard, such investments will not include companies with Level 5 Controversies (as defined above) or instruments issued by countries under financial sanctions and embargos programs established by Luxembourg, Switzerland, United Nations, European Union, United Kingdom and United States (notably the Office of Foreign Assets Control, "OFAC"), in addition to any locally applicable sanctions program, based on the relevant jurisdiction. '#2 Other' also includes Cash and Cash Equivalents (for instance to achieve investment goals, for treasury purposes or in case of unfavorable market conditions) and derivatives (used for instance for hedging purposes or for efficient portfolio management techniques).



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

Not applicable

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

Not applicable

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



- *How does the designated index differ from a relevant broad market index?*

Not applicable

- *Where can the methodology used for the calculation of the designated index be found?*

Not applicable



#### **Where can I find more product specific information online?**

More product-specific information can be found on the website:

[www.loim.com](http://www.loim.com)

## Environmental and/or social characteristics

### Sustainable investment

means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

### Does this financial product have a sustainable investment objective?

Yes

- It will make a minimum of **sustainable investments with an environmental objective**: \_\_\_\_\_%
- in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective**: [insert %]

No

- It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_\_\_ % of sustainable investments
- with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- with a social objective
- It promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

### Sustainability

**indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

The Investment Manager seeks to make a measurable assessment of the positive ESG characteristics of the Sub-Fund's investments as an integral part of its investment process with a view to promoting the Sustainable Development Goals (SDGs) defined by the United Nations.

No benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The Investment Manager complements its traditional sovereign credit assessment with an analytical framework that integrates sustainability factors in a holistic way. Alongside usual macro criteria, broader ESG considerations are integrated in the sovereign bond risk assessment. The Investment Manager has developed an in-house model (the "**LO Sovereign Scoring Methodology**") to independently assess sovereign issuers' alignment with Human and Environmental Rights standards and the United Nations Sustainable Development Goals (SDGs). The model covers a broad spectrum of environmental, social and governance issues, including inequalities, social cohesion, quality of public services, water and food supply, energy security, global warming mitigation and resilience, biodiversity protection, pollutions, regulatory effectiveness, institutional strength and political stability. Where available, these data points include data mapped against the themes identified by the principal adverse impacts on sustainability factors for sovereign established by SFDR (known as "PAIs"). A selection of dataset sourced from diverse supra-national bodies, universities, research institutes and major NGO's is used to inform the investment decisions. The data collected is normalized into indicators from 0 to 100 points (100 being the highest). The methodology embeds the Investment Manager's proprietary 'Consciousness', 'Actions' and 'Results' ('CAR') methodology which overweighs the 'R' component – indicators linked to definitive outcomes.

The Investment Manager will invest at least 50% of the Sub-Fund's assets in sovereign issuers with a score of 55 or greater under the LO Sovereign Scoring Methodology.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do not significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

The LO Sovereign Scoring Methodology takes into consideration the following principal adverse impacts ("PAIs") set out in the relevant tables of Annex I of the SFDR RTS 2022/1288:

Table 1 - PAI 15 - GHG Intensity

Table 1 - PAI 16 - Investee countries subject to social violations

Table 3 - PAI 18 - Average income inequality score

Table 3 - PAI 19 - Average freedom of expression score

Table 3 - PAI 20 - Average human rights performance

Table 3 - PAI 21 - Average corruption score

Table 3 - PAI 23 - Average political stability score

Table 3 - PAI 24 - Average rule of law score

Information on PAI on sustainability factors is available in the annual report.



## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The objective of the Sub-Fund is to achieve capital appreciation by investing worldwide - either directly or via units of UCITS or UCIs or SFIs- in (i) money market instruments, (ii) deposits with credit institutions, (iii) fixed or floating rate debt securities such as bonds, convertible bonds, bonds with attached warrants on transferable securities and short-term debt securities (graded BBB- or better) and/or in (iv) currencies.

The Sub-Fund does not specifically include an assessment of environmental or social considerations in its investment policy. The Investment Manager has, however, integrated sustainability risks into its own investment processes/strategy for the Sub-Fund by (i) filtering prospective investments based upon an assessment of their ESG profile using the LO Sovereign Scoring Methodology as described above; and (ii) considering data points linked to PAIs as described above.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

### **Minimum scoring**

The Investment Manager will invest at least 50% of the Sub-Fund's assets in sovereign issuers with a score of 55 or greater under the LO Sovereign Scoring Methodology.

### **Sanctions policy**

The Investment Manager refrains from investing in financial instruments issued by countries under financial sanctions and embargos programs established by Luxembourg, Switzerland, United Nations, European Union, United Kingdom and United States (notably the Office of Foreign Assets Control, "OFAC"), in addition to any locally applicable sanctions program, based on the relevant jurisdiction.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed rate to reduce the scope of investments prior to the application of the investment strategy.

### Good governance

practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- **What is the policy to assess good governance practices of the investee companies?**

Good governance is assessed through the assessment of the following PAIs:

Table 3 - PAI 21 - Average corruption score

Table 3 - PAI 23 - Average political stability score

Table 3 - PAI 24 - Average rule of law score



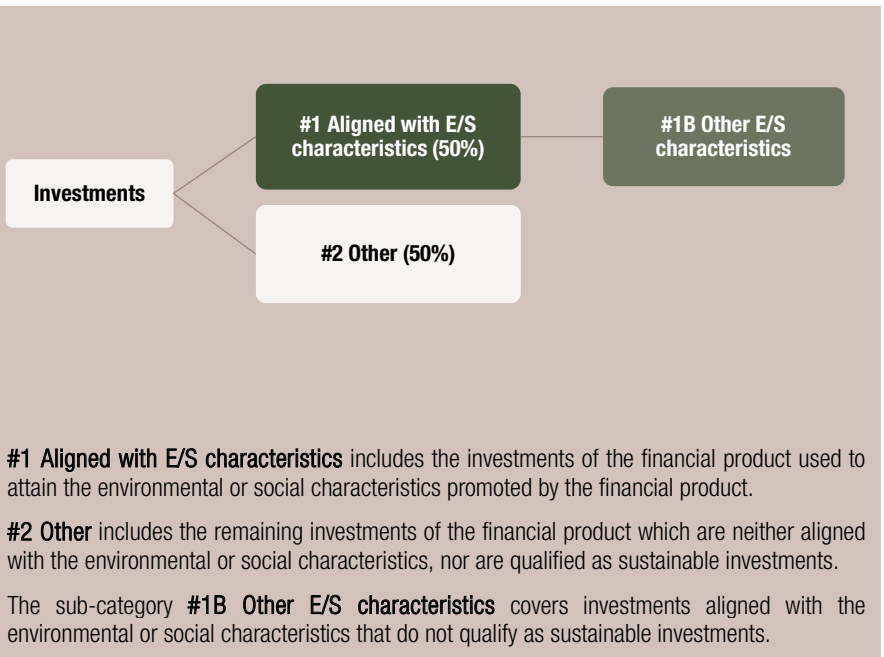
### What is the asset allocation planned for this financial product?

### Asset allocation

describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies;
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy;
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The Sub-Fund does not use derivatives to attain the environmental or social characteristics promoted by the Sub-Fund.



### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Sub-Fund makes no minimum commitment to sustainable investments with an environmental objective aligned to the EU Taxonomy. As a result, the Sub-Fund includes a graphical depiction showing 0% EU Taxonomy-alignment.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?**

Yes:

In fossil gas

In nuclear energy

No

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

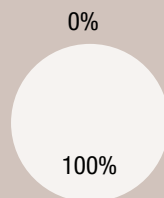


are sustainable investments with an environmental

objective that **do not take into account criteria** for environmentally sustainable economic activities under the EU Taxonomy.

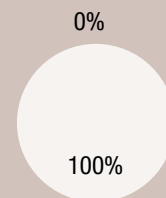
*The two graphs show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

1. Taxonomy-alignment of investments including sovereign bonds\*



- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned (no fossil gas & nuclear)
- Non Taxonomy-aligned

2. Taxonomy-alignment of investments excluding sovereign bonds\*



- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned (no fossil gas & nuclear)
- Non Taxonomy-aligned

This graph represents 2% of the total investments.

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures

- **What is the minimum share of investments in transitional and enabling activities?**

Not applicable



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

0%



**What is the minimum share of socially sustainable investments?**

0%



## What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Investments classified as "#2 Other" include investments in sovereign issuers with a score of less than 55 under the LO Sovereign Scoring Methodology or not covered by the LO Sovereign Scoring Methodology. The purpose of such investments is principally to reflect broad market allocation and diversification. To ensure minimum social safeguards, the Investment Manager refrains from investing in financial instruments issued by countries under financial sanctions and embargos programs established by Luxembourg, Switzerland, United Nations, European Union, United Kingdom and United States (notably the Office of Foreign Assets Control, "OFAC"), in addition to any locally applicable sanctions program, based on the relevant jurisdiction. '#2 Other' also includes Cash and Cash Equivalents (for instance to achieve investment goals, for treasury purposes or in case of unfavorable market conditions) and derivatives (used for instance for hedging purposes or for efficient portfolio management techniques).



**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No

- *How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?*

Not applicable

- *How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?*

Not applicable

- *How does the designated index differ from a relevant broad market index?*

Not applicable

- *Where can the methodology used for the calculation of the designated index be found?*

Not applicable



## Where can I find more product specific information online?

More product-specific information can be found on the website: [www.loim.com](http://www.loim.com)

## Environmental and/or social characteristics

### Sustainable investment

means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

### Does this financial product have a sustainable investment objective?

Yes

It will make a minimum of **sustainable investments with an environmental objective**: \_\_\_\_\_%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective**: [insert %]

No

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of **10%** of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

### Sustainability

**indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

The Sub-Fund promotes climate change mitigation through alignment with the Paris Agreement objective.

The Paris Agreement sets goals to hold global temperature increase to below 2°C above pre-industrial levels and pursue efforts to limit it to 1.5°C above pre-industrial levels. The Investment Manager aims to contribute towards the goals of the Paris Agreement.

The Investment Manager uses its proprietary Implied Temperature Rise (ITR) methodology to measure the ITR of the Sub-Fund's portfolio. The Investment Manager's proprietary ITR methodology integrates the methodological framework put toward by the TCFD's portfolio alignment team (Taskforce on Climate-related Financial Disclosure). It is based on forward-looking metrics to assess the temperature trajectory of individual companies (including scopes 1, 2, and material scope 3 emissions up and downstream), and the credibility of their net zero commitments. Further information in relation to the Investment Manager's proprietary ITR methodology can be found in Schedule II.



This means assessing the degree of alignment of companies to the decarbonisation pathways implied by the Paris Agreement goals which seek to limit global warming to 1.5-2°C. For example, a company that is on a trajectory more aligned to a 3°C increase might be cutting its direct and indirect CO<sub>2</sub> and greenhouse gas emissions to some extent but is not decarbonizing itself at a pace sufficient to meet the goals set by the Paris Agreement.

In terms of practical implementation, the Investment Manager:

- will aim to keep the ITR of the Sub-Fund's portfolio at maximum 2°C or below;
- will aim to be aligned to the Paris Agreement, to the extent that ambition in the wider economy permits, by seeking to reduce Sub-Fund portfolio GHG emissions across scopes 1 and 2 and relevant scope 3 emissions in line with IPCC scenarios that target net zero CO<sub>2</sub> emissions by 2050;
- will favour investments for the Sub-Fund's portfolio, making a meaningful contribution to the specific environmental objective outlined above. Investments are classified as either 'sustainable', 'grey' or 'red' in the Investment Manager's framework according to the Investment Manager's classification framework (the "LO Sustainable Investment Framework");
- aims to invest at least 10% of the Sub-Fund's assets in sustainable investments, described as 'sustainable', outlined below;
- aims to reduce the Sub-Fund's exposure to investments described as 'red' (as defined in the LO Sustainable Investment Framework) by 30% compared to its benchmark.

To conduct its assessments, the Investment Manager may rely on datasets sourced by itself, from third parties, or as disclosed by investee companies, as well as qualitative insights that may result in amendments to quantitative data. The analysis of the Investment Manager may include forward-looking considerations, considering expected improvements or deteriorations. Specific underlying indicators, beyond the minimum committed to in this document may change, depending on data availability and the Investment Manager's analysis of its quality. Data may include estimates and approximations. The Investment Manager cannot guarantee data is free of errors or an accurate representation of reality but is committed to ongoing improvements of its data sources.

No benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The Investment Manager uses the following indicators to measure the attainment of environmental characteristics promoted by the Sub-Fund:

- The Implied Temperature Rise (ITR) of the portfolio
- The carbon footprint of the portfolio (measured in tons of CO<sub>2</sub> by million euros invested)
- The percentage of assets of the Sub-Fund's portfolio invested in companies classified as sustainable, grey or red.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The objective of sustainable investments that the Sub-Fund partially intends to make is the transition towards a decarbonised economy across all sectors and regions.

The Sub-Fund will do so through favouring investments in companies with credible pathways to total decarbonisation across all three scopes as well as through investments in companies with low carbon footprints. The Sub-Fund will also seek to restrict investments in companies with both high carbon footprints and high Implied Temperature Rise (i.e., low credibility in their decarbonisation efforts/ambition).

For the purposes of article 9 of the Taxonomy Regulation, 'Climate Change Mitigation' is the environmental objective to which the Sub-Fund is expected to contribute.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

The analysis of possible significant harm to environmental or social sustainable investment objectives forms an intrinsic part of the analysis undertaken under the LO Sustainable Investment Framework.

This LO Sustainable Investment Framework takes explicit account of any material environmental or social dimensions and an investee company's performance with respect to these indicators, on a current or forward-looking basis.

The Investment Manager identifies 'sustainable investments' as companies classified as 'sustainable' under the LO Sustainable Investment Framework which have specifically been assessed to not cause significant harm or to be subject to credible mitigating factors.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

Indicators for adverse impact on sustainability factors are considered as part of the Investment Manager's activity-by-activity assessment of possible significant harm as outlined in the LO Sustainable Investment Framework.

The specific Principal Adverse Indicators considered as part of this assessment are described further below.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager considers exposure to UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights controversies under the LO Sustainable Investment Framework. In the absence of credible mitigating factors, investments exposed to high level controversies, will not be considered sustainable.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



**Does this financial product consider principal adverse impacts on sustainability factors?**

**Yes**

**No**

The Investment Manager considers principal adverse impacts ("PAIs") as a tool to understand the environmental (and to a limited extent, social) performance of the Sub-Fund's portfolio against objectively measurable sustainability criteria consistently applied across the European Union, as set out in more detail below. This consideration may inform investment decisions (particularly if the PAIs demonstrate that an investment may cause significant harm) but is principally used to understand the wider sustainability dynamics of the Sub-Fund on an ex post basis. It should be noted that not all PAIs may be material to all investments or material in the same way and such consideration will therefore form only part of the Investment Manager's wider assessment of sustainability factors.

Through the LO Sustainable Investment Framework, the Investment Manager considers PAIs as follows:

PAI Table of indicators	PAI indicator #	Indicator description	Approach
Table 1 (mandatory)	1	Scope 1, 2 and 3 emissions	The Investment Manager considers the scope 1, 2 and material 3 emissions of investee companies and the relevance of emissions to specific activities and sectors.  The Investment Manager considers both the current scale of emissions, as well as whether a company has a credible and ambitious decarbonisation strategy in place that is compatible with Paris-aligned objectives, using the Investment Manager's internal Implied Temperature Rise (ITR) assessments. Further information in relation to the ITR tool can be found in Schedule II..  To be considered 'sustainable' the dimensions above must either not be highly material to the company or activity, must already demonstrate improved performance compared to peers, must be subject to a credible and ambitious mitigation strategy, or must generate significant avoided impacts on emissions or by virtue of the inherent nature of the activity or activities of the company.
	2	Carbon footprint	
	3	GHG intensity of investee companies	
Table 2 (optional, environmental)	4	Companies without emission reduction initiatives	
Table 1 (mandatory, continued)	4	Companies active in the fossil fuel sector	As part of the LO Sustainable Investment Framework, the Investment Manager assesses the exposure of every business activity to the fossil fuel sector. This includes exposure to activities linked to the exploration, production, refining and distribution of fossil fuel. The level of exposure to fossil fuel is taken into account as part of the LO Sustainable Investment Framework.

	5	Share of non-renewable energy consumption and production	These two PAIs do not form an explicit part of the LO Sustainable Investment Framework but are considered implicitly as part of the PAIs above on the assessment of emissions.
	6	Energy consumption intensity per high impact climate sector	
	7	Activities negatively affecting biodiversity-sensitive areas	The Investment Manager assesses the intensity of water withdrawals, and generation of hazardous waste, and the proximity of a company's known operational assets to biosensitive areas and, the quality of a company's forest management practices, where these considerations are material to the company's activities.  To be considered 'sustainable' the dimensions above must either not be highly material to the company or activity, must already demonstrate improved performance compared to peers, must be subject to a credible and ambitious mitigation strategy, or must generate significant avoided impacts on related environmental dimensions or by virtue of the inherent nature of the activity or activities of the company.
	8	Emissions to water	
	9	Hazardous waste ratio	
Table 1 (mandatory, continued)	10	Violations of the UNGC principles and OECD Guidelines for Multinational Enterprises	Exposure to moderate or more severe controversies, and the outlook of such controversies, is considered as part of the LO Sustainable Investment Framework.
	11	Lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises	
	12	Unadjusted gender pay gap	Aspects related to diversity programmes, board structure, along

	13	Board gender diversity	with other social and governance dimensions form part of the Investment Managers ESG scoring framework, with performance on social and governance scores explicitly taken into account as part of the LO Sustainable Investment Framework.  The Investment Manager endeavours to collect data, where available, on the specific indicators described here but consider these indicators as engagement/proxy voting priorities rather than be individually assessed as part of the LO Sustainable Investment Framework.
	14	Exposure to controversial weapons	The Sub-Fund has an exclusion on companies found to have direct exposure to controversial weapons.
Table 3 (optional, social)	2	Rate of accidents	Where a company is operating in a sector with high risk of fatalities, the Investment Manager considers the company's fatality rate.  To be considered 'sustainable' the dimensions above must either not be highly material to the company or activity, must already demonstrate improved performance compared to peers, or must be subject to a credible and ambitious mitigation strategy.



### What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The objective of the Sub-Fund is to achieve capital appreciation by investing worldwide - either directly or via units of UCITS or UCIs or SFIs- in bonds, other fixed or floating rate debt securities and short-term debt securities of corporate issuers and/or in currencies.

In addition to following the investment policy of the Sub-Fund, the Investment Manager has integrated sustainability risks into its own investment processes/strategy for the Sub-Fund by (i) filtering prospective investments based upon an assessment of their sustainability profile using the proprietary tools described above; (ii) considering data points linked to PAIs as described above; and (iii) excluding controversial investments as specified below.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The following exclusions are binding:

#### **Exclusion of Controversial Weapons**

The Sub-Fund will exclude exposure to companies involved in controversial weapons i.e., companies that produce, trade or store controversial weapons (biological and chemical weapons, anti-personnel mines, cluster weapons, depleted uranium, white phosphorus incendiary weapons). The scope of this exclusion includes weapons banned or outlawed by the Ottawa Treaty on landmines (effective 1999), the Convention on Cluster Munitions (Oslo Convention) of 2008, the Biological and Toxin Weapons Convention (BWC – 1972), the Treaty on the Non-Proliferation of Nuclear Weapons (1968), the Chemical Weapons Convention (CWC – 1993) and SWK-ASIR exclusion list.

## **Exclusion of Tobacco companies**

The Sub-Fund will exclude exposure to companies deriving more than 10% of their revenues from either production of tobacco products or retailing of tobacco products/services.

## **Restrictions on Coal, Unconventional Oil & Gas and Breaches of the UN Global Compact Principles**

The Sub-Fund will underweight any company with the following criteria:

### Thermal Coal:

Mining - companies deriving more than 10% of their revenues from thermal coal extraction.

Power Generation - companies deriving more than 10% of their revenues from coal power generation.

Unconventional Oil & Gas: companies deriving more than 10% in aggregate of their revenues from any of tar sands, shale gas and oil and arctic oil & gas exploration.

Material breaches of UN Global Compact Principles, the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs) and their underlying conventions: Companies involved in the most severe breaches of the UN Global Compact Principles ("Level 5 Controversies").

The exclusions relating to tobacco, coal, unconventional oil and gas and Level 5 Controversies are subject to the Investment Manager's exclusion policy and may be overridden in the exceptional circumstances described in that policy, such as where a company makes a firm commitment to a credible and rapid phaseout of the above activities.

## **Minimum % of sustainable companies**

The Investment Manager will invest at least 10% of the Sub-Fund's assets in sustainable investments (those described as 'sustainable' according to the LO Sustainable Investment Framework).

## **Maximum exposure to red companies**

The Investment Manager will reduce the Sub-Fund's exposure to investments described as 'red' according to the LO Sustainable Investment Framework by 30% compared to its benchmark.

It should be noted that whilst the Investment Manager may make certain comparisons with one or more benchmarks for certain elements of its investment process as described above, the Investment Manager has not designated a formal benchmark for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed rate to reduce the scope of investments prior to the application of the investment strategy.

The Investment Manager will, however, favour investments for the Sub-Fund's portfolio making a meaningful contribution to the transition towards a decarbonised economy across all sectors and regions, based on the Investment Manager's proprietary Implied Temperature Rise (ITR) framework, taking into account projections of future emissions based on both historical trends and the credibility assessment of companies' stated commitments.

- ***What is the policy to assess good governance practices of the investee companies?***

The criteria for good governance and minimum social safeguards include an analysis of exposure to high level social and governance controversies and the company's performance on social and governance scores under the Investment Manager's proprietary ESG scoring framework, if highly material to the company's sector. Good governance is also considered as part of the LO Sustainable Investment Framework, including consideration of PAIs 10 and 11 of PAI Table 1 of Annex I of the SFDR RTS 2022/1288.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



## What is the asset allocation planned for this financial product?

### Asset allocation

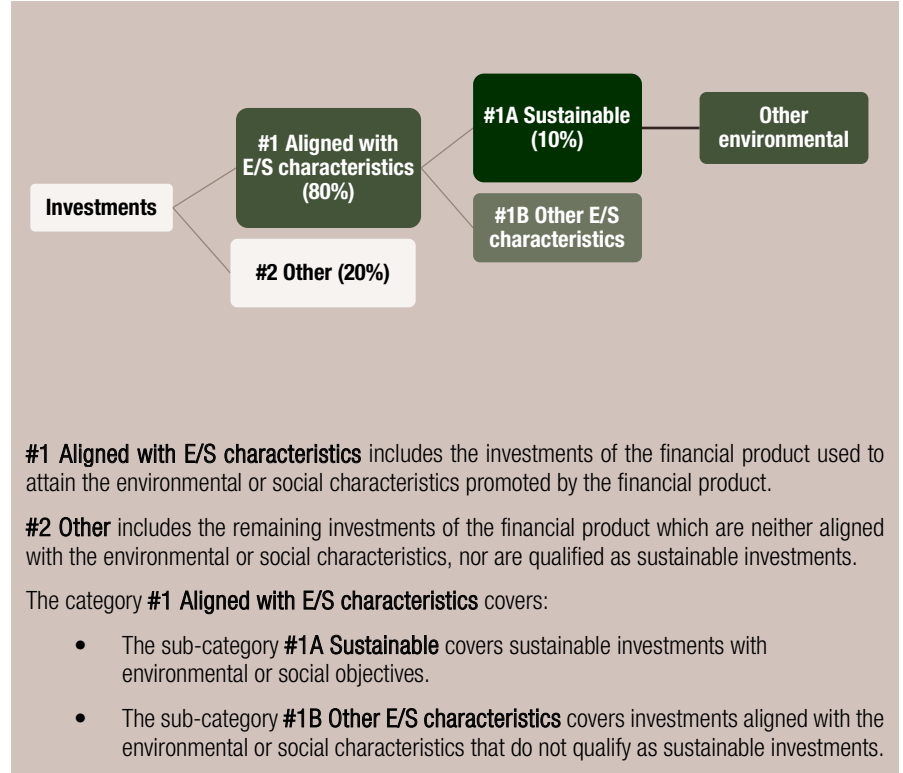
describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies;
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy;
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The Investment Manager will invest:

- at least 80% of the Sub-Fund's assets in investments #1 Aligned with E/S characteristics.
- not more than 20% of the Sub-Fund's assets in #2 Other.
- at least 10% of the Sub-Fund's assets in #1A Sustainable Investments.



- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The Sub-Fund does not use derivatives to attain the environmental or social characteristics.



### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Sub-Fund makes no minimum commitment to sustainable investments with an environmental objective aligned with the EU Taxonomy. As a result, the Sub-Fund includes a graphical depiction showing 0% EU Taxonomy-alignment.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

Yes:

In fossil gas

In nuclear energy

No

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

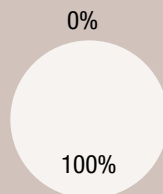
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

 are sustainable investments with an environmental objective that **do not take into account criteria** for environmentally sustainable economic activities under the EU Taxonomy.

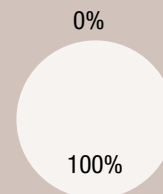
*The two graphs show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

1. Taxonomy-alignment of investments including sovereign bonds\*



- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned (no fossil gas & nuclear)
- Non Taxonomy-aligned

2. Taxonomy-alignment of investments excluding sovereign bonds\*



- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned (no fossil gas & nuclear)
- Non Taxonomy-aligned

This graph represents 96% of the total investments.

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures

- **What is the minimum share of investments in transitional and enabling activities?**

N/A



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

There is no commitment to have any share of the Sub-Fund's sustainable investments aligned with the EU Taxonomy.



**What is the minimum share of socially sustainable investments?**

0%.





**What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?**

Investments classified as "#2 Other" are investments in 'red' companies according to the LO Sustainable Investment Framework. The purpose of their inclusion is for inter alia portfolio diversification purposes or to reflect common benchmarks or broad market exposure to support the financial performance of the Sub-Fund. As a minimum safeguard, such investments will not include companies with level 5 UN Global Compact controversies using the Sustainalytics rating scale. '#2 Other' also includes Cash and Cash Equivalents (for instance to achieve investment goals, for treasury purposes or in case of unfavorable market conditions) and derivatives (used for instance for hedging purposes or for efficient portfolio management techniques).



**Reference benchmarks**

are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No

- *How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?*

Not applicable

- *How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?*

Not applicable

- *How does the designated index differ from a relevant broad market index?*

Not applicable

- *Where can the methodology used for the calculation of the designated index be found?*

Not applicable



**Where can I find more product specific information online?**

More product-specific information can be found on the website: [www.loim.com](http://www.loim.com)

## Environmental and/or social characteristics

### Sustainable investment

means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

### Does this financial product have a sustainable investment objective?

Yes

It will make a minimum of **sustainable investments with an environmental objective: \_\_\_\_\_%**

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective: [insert %]**

No

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of **10%** of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

### Sustainability

**indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

The Sub-Fund promotes climate change mitigation through alignment with the Paris Agreement objective.

The Paris Agreement sets goals to hold global temperature increase to below 2°C above pre-industrial levels and pursue efforts to limit it to 1.5°C above pre-industrial levels. The Investment Manager aims to contribute towards the goals of the Paris Agreement.

The Investment Manager uses its proprietary Implied Temperature Rise (ITR) methodology to measure the ITR of the Sub-Fund's portfolio. The Investment Manager's proprietary ITR methodology integrates the methodological framework put toward by the TCFD's portfolio alignment team (Taskforce on Climate-related Financial Disclosure). It is based on forward-looking metrics to assess the temperature trajectory of individual companies (including scopes 1, 2, and material scope 3 emissions up and downstream), and the credibility of their net zero commitments. Further information in relation to the Investment Manager's proprietary ITR methodology can be found in Schedule II.

This means assessing the degree of alignment of companies to the decarbonisation pathways implied by the Paris Agreement goals which seek to limit global warming to 1.5-2°C. For example, a company that is on a trajectory more aligned to a 3°C increase might be cutting its direct and indirect CO<sub>2</sub> and greenhouse gas emissions to some extent but is not decarbonizing itself at a pace sufficient to meet the goals set by the Paris Agreement.

In terms of practical implementation, the Investment Manager:

- will aim to keep the ITR of the Sub-Fund's portfolio at maximum 2°C or below;
- will aim to be aligned to the Paris Agreement, to the extent that ambition in the wider economy permits, by seeking to reduce Sub-Fund portfolio GHG emissions across scopes 1 and 2 and relevant scope 3 emissions in line with IPCC scenarios that target net zero CO<sub>2</sub> emissions by 2050;
- will favour investments for the Sub-Fund's portfolio, making a meaningful contribution to the specific environmental objective outlined above. Investments are classified as either 'sustainable', 'grey' or 'red' in the Investment Manager's framework according to the Investment Manager's classification framework (the "LO Sustainable Investment Framework");
- aims to invest at least 10% of the Sub-Fund's assets in sustainable investments, described as 'sustainable', outlined below;
- aims to reduce the Sub-Fund's exposure to investments described as 'red' (as defined in the LO Sustainable Investment Framework) by 30% compared to its benchmark.

To conduct its assessments, the Investment Manager may rely on datasets sourced by itself, from third parties, or as disclosed by investee companies, as well as qualitative insights that may result in amendments to quantitative data. The analysis of the Investment Manager may include forward-looking considerations, considering expected improvements or deteriorations. Specific underlying indicators, beyond the minimum committed to in this document may change, depending on data availability and the Investment Manager's analysis of its quality. Data may include estimates and approximations. The Investment Manager cannot guarantee data is free of errors or an accurate representation of reality but is committed to ongoing improvements of its data sources.

No benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The Investment Manager uses the following indicators to measure the attainment of environmental characteristics promoted by the Sub-Fund:

- The Implied Temperature Rise (ITR) of the portfolio
- The carbon footprint of the portfolio (measured in tons of CO<sub>2</sub> by million euros invested)
- The percentage of assets of the Sub-Fund's portfolio invested in companies classified as sustainable, grey or red.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The objective of sustainable investments that the Sub-Fund partially intends to make is the transition towards a decarbonised economy across all sectors and regions.

The Sub-Fund will do so through favouring investments in companies with credible pathways to total decarbonisation across all three scopes as well as through investments in companies with low carbon footprints. The Sub-Fund will also seek to restrict investments in companies with both high carbon footprints and high Implied Temperature Rise (i.e., low credibility in their decarbonisation efforts/ambition).

For the purposes of article 9 of the Taxonomy Regulation, 'Climate Change Mitigation' is the environmental objective to which the Sub-Fund is expected to contribute.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

The analysis of possible significant harm to environmental or social sustainable investment objectives forms an intrinsic part of the analysis undertaken under the LO Sustainable Investment Framework.

This LO Sustainable Investment Framework takes explicit account of any material environmental or social dimensions and an investee company's performance with respect to these indicators, on a current or forward-looking basis.

The Investment Manager identifies 'sustainable investments' as companies classified as 'sustainable' under the LO Sustainable Investment Framework which have specifically been assessed to not cause significant harm or to be subject to credible mitigating factors.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

Indicators for adverse impact on sustainability factors are considered as part of the Investment Manager's activity-by-activity assessment of possible significant harm as outlined in the LO Sustainable Investment Framework.

The specific Principal Adverse Indicators considered as part of this assessment are described further below.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager considers exposure to UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights controversies under the LO Sustainable Investment Framework. In the absence of credible mitigating factors, investments exposed to high level controversies, will not be considered sustainable.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



**Does this financial product consider principal adverse impacts on sustainability factors?**

**Yes**

**No**

The Investment Manager considers principal adverse impacts ("PAIs") as a tool to understand the environmental (and to a limited extent, social) performance of the Sub-Fund's portfolio against objectively measurable sustainability criteria consistently applied across the European Union, as set out in more detail below. This consideration may inform investment decisions (particularly if the PAIs demonstrate that an investment may cause significant harm) but is principally used to understand the wider sustainability dynamics of the Sub-Fund on an ex post basis. It should be noted that not all PAIs may be material to all investments or material in the same way and such consideration will therefore form only part of the Investment Manager's wider assessment of sustainability factors.

Through the LO Sustainable Investment Framework, the Investment Manager considers PAIs as follows:

PAI Table of indicators	PAI indicator #	Indicator description	Approach
Table 1 (mandatory)	1	Scope 1, 2 and 3 emissions	<p>The Investment Manager considers the scope 1, 2 and material 3 emissions of investee companies and the relevance of emissions to specific activities and sectors.</p> <p>The Investment Manager considers both the current scale of emissions, as well as whether a company has a credible and ambitious decarbonisation strategy in place that is compatible with Paris-aligned objectives, using the Investment Manager's internal Implied Temperature Rise (ITR) assessments. Further information in relation to the ITR tool can be found in Schedule II.</p> <p>To be considered 'sustainable' the dimensions above must either not be highly material to the company or activity, must already demonstrate improved performance compared to peers, must be subject to a credible and ambitious mitigation strategy, or must generate significant avoided impacts on emissions or by virtue of the inherent nature of the activity or activities of the company.</p>
	2	Carbon footprint	
	3	GHG intensity of investee companies	
Table 2 (optional, environmental)	4	Companies without emission reduction initiatives	
Table 1 (mandatory, continued)	4	Companies active in the fossil fuel sector	As part of the LO Sustainable Investment Framework, the Investment Manager assesses the exposure of every business activity to the fossil fuel sector. This includes exposure to activities linked to the exploration, production, refining and distribution of fossil fuel. The level of exposure to fossil fuel is taken into account as part of the LO Sustainable Investment Framework.

	5	Share of non-renewable energy consumption and production	These two PAIs do not form an explicit part of the LO Sustainable Investment Framework but are considered implicitly as part of the PAIs above on the assessment of emissions.
	6	Energy consumption intensity per high impact climate sector	
	7	Activities negatively affecting biodiversity-sensitive areas	The Investment Manager assesses the intensity of water withdrawals, and generation of hazardous waste, and the proximity of a company's known operational assets to biosensitive areas and, the quality of a company's forest management practices, where these considerations are material to the company's activities.  To be considered 'sustainable' the dimensions above must either not be highly material to the company or activity, must already demonstrate improved performance compared to peers, must be subject to a credible and ambitious mitigation strategy, or must generate significant avoided impacts on related environmental dimensions or by virtue of the inherent nature of the activity or activities of the company.
	8	Emissions to water	
	9	Hazardous waste ratio	
Table 1 (mandatory, continued)	10	Violations of the UNGC principles and OECD Guidelines for Multinational Enterprises	Exposure to moderate or more severe controversies, and the outlook of such controversies, is considered as part of the LO Sustainable Investment Framework.
	11	Lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises	
	12	Unadjusted gender pay gap	Aspects related to diversity programmes, board structure, along

	13	Board gender diversity	with other social and governance dimensions form part of the Investment Managers ESG scoring framework, with performance on social and governance scores explicitly taken into account as part of the LO Sustainable Investment Framework.  The Investment Manager endeavours to collect data, where available, on the specific indicators described here but consider these indicators as engagement/proxy voting priorities rather than be individually assessed as part of the LO Sustainable Investment Framework.
	14	Exposure to controversial weapons	The Sub-Fund has an exclusion on companies found to have direct exposure to controversial weapons.
Table 3 (optional, social)	2	Rate of accidents	Where a company is operating in a sector with high risk of fatalities, the Investment Manager considers the company's fatality rate.  To be considered 'sustainable' the dimensions above must either not be highly material to the company or activity, must already demonstrate improved performance compared to peers, or must be subject to a credible and ambitious mitigation strategy.



### What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The objective of the Sub-Fund is to achieve capital appreciation by investing worldwide - either directly or via units of UCITS or UCIs or SFIs- in bonds, other fixed or floating rate debt securities and short-term debt securities of corporate issuers and/or in currencies.

In addition to following the investment policy of the Sub-Fund, the Investment Manager has integrated sustainability risks into its own investment processes/strategy for the Sub-Fund by (i) filtering prospective investments based upon an assessment of their sustainability profile using the proprietary tools described above; (ii) considering data points linked to PAIs as described above; and (iii) excluding controversial investments as specified below.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The following exclusions are binding:

#### **Exclusion of Controversial Weapons**

The Sub-Fund will exclude exposure to companies involved in controversial weapons i.e., companies that produce, trade or store controversial weapons (biological and chemical weapons, anti-personnel mines, cluster weapons, depleted uranium, white phosphorus incendiary weapons). The scope of this exclusion includes weapons banned or outlawed by the Ottawa Treaty on landmines (effective 1999), the Convention on Cluster Munitions (Oslo Convention) of 2008, the Biological and Toxin Weapons Convention (BWC – 1972), the Treaty on the Non-Proliferation of Nuclear Weapons (1968), the Chemical Weapons Convention (CWC – 1993) and SVVK-ASIR exclusion list.

## Exclusion of Tobacco companies

The Sub-Fund will exclude exposure to companies deriving more than 10% of their revenues from either production of tobacco products or retailing of tobacco products/services.

## Restrictions on Coal, Unconventional Oil & Gas and Breaches of the UN Global Compact Principles

The Sub-Fund will underweight any company with the following criteria:

### Thermal Coal:

Mining - companies deriving more than 10% of their revenues from thermal coal extraction.

Power Generation - companies deriving more than 10% of their revenues from coal power generation.

Unconventional Oil & Gas: companies deriving more than 10% in aggregate of their revenues from any of tar sands, shale gas and oil and arctic oil & gas exploration.

Material breaches of UN Global Compact Principles, the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs) and their underlying conventions: Companies involved in the most severe breaches of the UN Global Compact Principles ("Level 5 Controversies").

The exclusions relating to tobacco, coal, unconventional oil and gas and Level 5 Controversies are subject to the Investment Manager's exclusion policy and may be overridden in the exceptional circumstances described in that policy, such as where a company makes a firm commitment to a credible and rapid phaseout of the above activities.

## Minimum % of sustainable companies

The Investment Manager will invest at least 10% of the Sub-Fund's assets in sustainable investments (those described as 'sustainable' according to the LO Sustainable Investment Framework).

## Maximum exposure to red companies

The Investment Manager will reduce the Sub-Fund's exposure to investments described as 'red' according to the LO Sustainable Investment Framework by 30% compared to its benchmark.

It should be noted that whilst the Investment Manager may make certain comparisons with one or more benchmarks for certain elements of its investment process as described above, the Investment Manager has not designated a formal benchmark for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed rate to reduce the scope of investments prior to the application of the investment strategy.

The Investment Manager will, however, favour investments for the Sub-Fund's portfolio making a meaningful contribution to the transition towards a decarbonised economy across all sectors and regions, based on the Investment Manager's proprietary Implied Temperature Rise (ITR) framework, taking into account projections of future emissions based on both historical trends and the credibility assessment of companies' stated commitments.

- ***What is the policy to assess good governance practices of the investee companies?***

The criteria for good governance and minimum social safeguards include an analysis of exposure to high level social and governance controversies and the company's performance on social and governance scores under the Investment Manager's proprietary ESG scoring framework, if highly material to the company's sector. Good governance is also considered as part of the LO Sustainable Investment Framework, including consideration of PAIs 10 and 11 of PAI Table 1 of Annex I of the SFDR RTS 2022/1288.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.





## What is the asset allocation planned for this financial product?

### Asset allocation

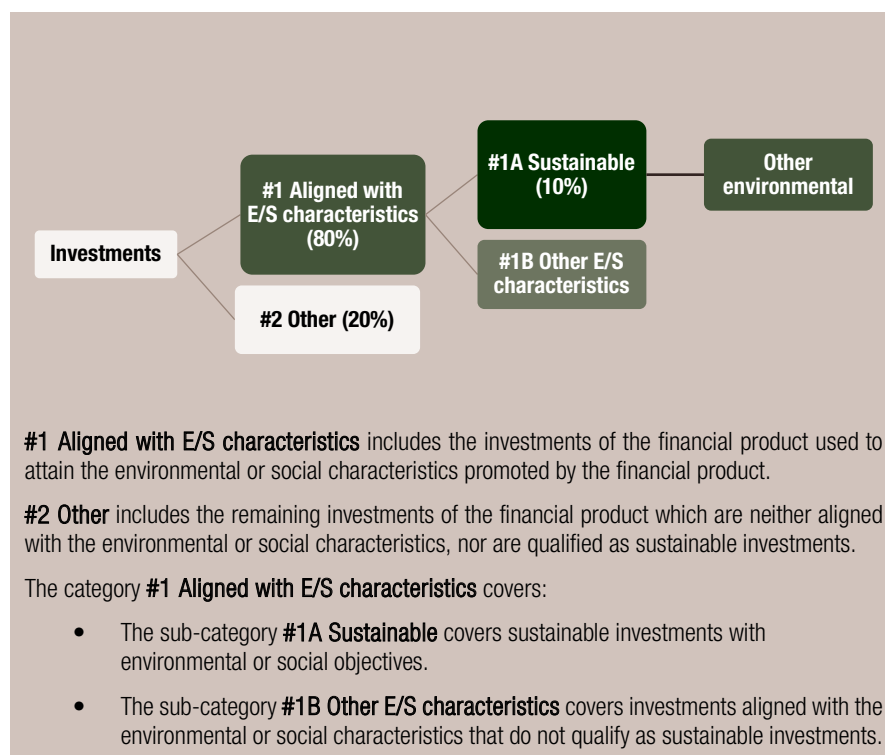
describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies;
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy;
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The Investment Manager will invest:

- at least 80% of the Sub-Fund's assets in investments #1 Aligned with E/S characteristics.
- not more than 20% of the Sub-Fund's assets in #2 Other.
- at least 10% of the Sub-Fund's assets in #1A Sustainable Investments.



- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The Sub-Fund does not use derivatives to attain the environmental or social characteristics.



### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Sub-Fund makes no minimum commitment to sustainable investments with an environmental objective aligned with the EU Taxonomy. As a result, the Sub-Fund includes a graphical depiction showing 0% EU Taxonomy-alignment.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

Yes:

In fossil gas

In nuclear energy

No

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules

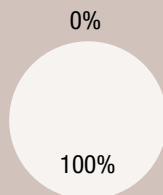
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

 are sustainable investments with an environmental objective that **do not take into account criteria** for environmentally sustainable economic activities under the EU Taxonomy.

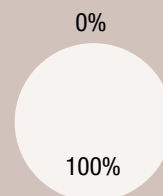
*The two graphs show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

1. Taxonomy-alignment of investments including sovereign bonds\*



- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned (no fossil gas & nuclear)
- Non Taxonomy-aligned

2. Taxonomy-alignment of investments excluding sovereign bonds\*



- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned (no fossil gas & nuclear)
- Non Taxonomy-aligned

This graph represents 100% of the total investments.

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures

• **What is the minimum share of investments in transitional and enabling activities?**

N/A



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

There is no commitment to have any share of the Sub-Fund's sustainable investments aligned with the EU Taxonomy.



**What is the minimum share of socially sustainable investments?**

0%.



**What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?**

Investments classified as "#2 Other" are investments in 'red' companies according to the LO Sustainable Investment Framework. The purpose of their inclusion is for inter alia portfolio diversification purposes or to reflect common benchmarks or broad market exposure to support the financial performance of the Sub-Fund. As a minimum safeguard, such investments will not include companies with level 5 UN Global Compact controversies using the Sustainalytics rating scale. '#2 Other' also includes Cash and Cash Equivalents (for instance to achieve investment goals, for treasury purposes or in case of unfavorable market conditions) and derivatives (used for instance for hedging purposes or for efficient portfolio management techniques).



**Reference benchmarks**

are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No

- *How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?*

Not applicable

- *How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?*

Not applicable

- *How does the designated index differ from a relevant broad market index?*

Not applicable

- *Where can the methodology used for the calculation of the designated index be found?*

Not applicable



**Where can I find more product specific information online?**

More product-specific information can be found on the website: [www.loim.com](http://www.loim.com)

## Environmental and/or social characteristics

### Sustainable investment

means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

### Does this financial product have a sustainable investment objective?

Yes

It will make a minimum of **sustainable investments with an environmental objective: \_\_\_\_\_%**

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective: [insert %]**

No

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of **10%** of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

### Sustainability

**indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

The Sub-Fund promotes climate change mitigation through alignment with the Paris Agreement objective.

The Paris Agreement sets goals to hold global temperature increase to below 2°C above pre-industrial levels and pursue efforts to limit it to 1.5°C above pre-industrial levels. The Investment Manager aims to contribute towards the goals of the Paris Agreement..

The Investment Manager uses its proprietary Implied Temperature Rise (ITR) methodology to measure the ITR of the Sub-Fund's portfolio. The Investment Manager's proprietary ITR methodology integrates the methodological framework put toward by the TCFD's portfolio alignment team (Taskforce on Climate-related Financial Disclosure). It is based on forward-looking metrics to assess the temperature trajectory of individual companies (including scopes 1, 2, and material scope 3 emissions up and downstream), and the credibility of their net zero commitments. Further information in relation to the Investment Manager's proprietary ITR methodology can be found in Schedule II.

This means assessing the degree of alignment of companies to the decarbonisation pathways implied by the Paris Agreement goals which seek to limit global warming to 1.5-2°C. For example, a company that is on a trajectory more aligned to a 3°C increase might be cutting its direct and indirect CO<sub>2</sub> and greenhouse gas emissions to some extent but is not decarbonizing itself at a pace sufficient to meet the goals set by the Paris Agreement.

In terms of practical implementation, the Investment Manager:

- will aim to keep the ITR of the Sub-Fund's portfolio at maximum 2°C or below;
- will aim to be aligned to the Paris Agreement, to the extent that ambition in the wider economy permits, by seeking to reduce Sub-Fund portfolio GHG emissions across scopes 1 and 2 and relevant scope 3 emissions in line with IPCC scenarios that target net zero CO<sub>2</sub> emissions by 2050;
- will favour investments for the Sub-Fund's portfolio, making a meaningful contribution to the specific environmental objective outlined above. Investments are classified as either 'sustainable', 'grey' or 'red' in the Investment Manager's framework according to the Investment Manager's classification framework (the "LO Sustainable Investment Framework");
- aims to invest at least 10% of the Sub-Fund's assets in sustainable investments, described as 'sustainable', outlined below;
- aims to reduce the Sub-Fund's exposure to investments described as "red" (as defined in LO Sustainable Investment Framework) by 30% compared to its benchmark.

To conduct its assessments, the Investment Manager may rely on datasets sourced by itself, from third parties, or as disclosed by investee companies, as well as qualitative insights that may result in amendments to quantitative data. The analysis of the Investment Manager may include forward-looking considerations, considering expected improvements or deteriorations. Specific underlying indicators, beyond the minimum committed to in this document may change, depending on data availability and the Investment Manager's analysis of its quality. Data may include estimates and approximations. The Investment Manager cannot guarantee data is free of errors or an accurate representation of reality but is committed to ongoing improvements of its data sources.

No benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The Investment Manager uses the following indicators to measure the attainment of environmental characteristics promoted by the Sub-Fund:

- The Implied Temperature Rise (ITR) of the portfolio
- The carbon footprint of the portfolio (measured in tons of CO<sub>2</sub> by million euros invested)
- The percentage of assets of the Sub-Fund's portfolio invested in companies classified as sustainable, grey or red.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The objective of sustainable investments that the Sub-Fund partially intends to make is the transition towards a decarbonised economy across all sectors and regions.

The Sub-Fund will do so through favouring investments in companies with credible pathways to total decarbonisation across all three scopes as well as through investments in companies with low carbon footprints. The Sub-Fund will also seek to restrict investments in companies with both high carbon footprints and high Implied Temperature Rise (i.e., low credibility in their decarbonisation efforts/ambition).

For the purposes of article 9 of the Taxonomy Regulation, 'Climate Change Mitigation' is the environmental objective to which the Sub-Fund is expected to contribute.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

The analysis of possible significant harm to environmental or social sustainable investment objectives forms an intrinsic part of the analysis undertaken under the LO Sustainable Investment Framework.

This LO Sustainable Investment Framework takes explicit account of any material environmental or social dimensions and an investee company's performance with respect to these indicators, on a current or forward-looking basis.

The Investment Manager identifies 'sustainable investments' as companies classified as 'sustainable' under the LO Sustainable Investment Framework which have specifically been assessed to not cause significant harm or to be subject to credible mitigating factors.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

Indicators for adverse impact on sustainability factors are considered as part of the Investment Manager's activity-by-activity assessment of possible significant harm as outlined in the LO Sustainable Investment Framework.

The specific Principal Adverse Indicators considered as part of this assessment are described further below.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager considers exposure to UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights controversies under the LO Sustainable Investment Framework. In the absence of credible mitigating factors, investments exposed to high level controversies, will not be considered sustainable.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



**Does this financial product consider principal adverse impacts on sustainability factors?**

**Yes**

**No**

The Investment Manager considers principal adverse impacts ("PAIs") as a tool to understand the environmental (and to a limited extent, social) performance of the Sub-Fund's portfolio against objectively measurable sustainability criteria consistently applied across the European Union, as set out in more detail below. This consideration may inform investment decisions (particularly if the PAIs demonstrate that an investment may cause significant harm) but is principally used to understand the wider sustainability dynamics of the Sub-Fund on an ex post basis. It should be noted that not all PAIs may be material to all investments or material in the same way and such consideration will therefore form only part of the Investment Manager's wider assessment of sustainability factors.

Through the LO Sustainable Investment Framework, the Investment Manager considers PAIs as follows:

PAI Table of Indicators	PAI indicator #	Indicator description	Approach
Table 1 (mandatory)	1	Scope 1, 2 and 3 emissions	<p>The Investment Manager considers the scope 1, 2 and material 3 emissions of investee companies and the relevance of emissions to specific activities and sectors.</p> <p>The Investment Manager considers both the current scale of emissions, as well as whether a company has a credible and ambitious decarbonisation strategy in place that is compatible with Paris-aligned objectives, using the Investment Manager's internal Implied Temperature Rise (ITR) assessments. Further information in relation to the ITR tool can be found in Schedule II.</p> <p>To be considered 'sustainable' the dimensions above must either not be highly material to the company or activity, must already demonstrate improved performance compared to peers, must be subject to a credible and ambitious mitigation strategy, or must generate significant avoided impacts on emissions or by virtue of the inherent nature of the activity or activities of the company.</p>
	2	Carbon footprint	
	3	GHG intensity of investee companies	
Table 2 (optional, environmental)	4	Companies without emission reduction initiatives	
Table 1 (mandatory, continued)	4	Companies active in the fossil fuel sector	As part of the LO Sustainable Investment Framework, the Investment Manager assesses the exposure of every business activity to the fossil fuel sector. This includes exposure to activities linked to the exploration, production, refining and distribution of fossil fuel. The level of exposure to fossil fuel is taken into account as part of the LO Sustainable Investment Framework.
	5	Share of non-renewable energy consumption and production	These two PAIs do not form an explicit part of the LO Sustainable Investment Framework but are considered implicitly as part of the PAIs above on the assessment of emissions.
	6	Energy consumption intensity per high impact climate sector	
	7	Activities negatively affecting biodiversity-sensitive areas	The Investment Manager assesses the intensity of water withdrawals, and generation of hazardous waste, and the proximity of a company's known operational assets to biosensitive areas and, the quality of a company's forest management practices, where these
	8	Emissions to water	

	9	Hazardous waste ratio	<p>considerations are material to the company's activities.</p> <p>To be considered 'sustainable' the dimensions above must either not be highly material to the company or activity, must already demonstrate improved performance compared to peers, must be subject to a credible and ambitious mitigation strategy, or must generate significant avoided impacts on related environmental dimensions or by virtue of the inherent nature of the activity or activities of the company.</p>
Table 1 (mandatory, continued)	10	Violations of the UNGC principles and OECD Guidelines for Multinational Enterprises	Exposure to moderate or more severe controversies, and the outlook of such controversies, is considered as part of the LO Sustainable Investment Framework.
	11	Lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises	
	12	Unadjusted gender pay gap	<p>Aspects related to diversity programmes, board structure, along with other social and governance dimensions form part of the Investment Managers ESG scoring framework, with performance on social and governance scores explicitly taken into account as part of the LO Sustainable Investment Framework.</p> <p>The Investment Manager endeavours to collect data, where available, on the specific indicators described here but consider these indicators as engagement/proxy voting priorities rather than be individually assessed as part of the LO Sustainable Investment Framework.</p>
	13	Board gender diversity	
	14	Exposure to controversial weapons	
Table 3 (optional, social)	2	Rate of accidents	<p>Where a company is operating in a sector with high risk of fatalities, the Investment Manager considers the company's fatality rate.</p> <p>To be considered 'sustainable' the dimensions above must either not be highly material to the company or activity, must already demonstrate improved performance compared to peers, or must be subject to a credible and ambitious mitigation strategy.</p>





**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

## What investment strategy does this financial product follow?

The objective of the Sub-Fund is to achieve capital appreciation by investing worldwide - either directly or via units of UCITS or UCIs or SFIs- in bonds, other fixed or floating rate debt securities and short-term debt securities of corporate issuers and/or in currencies.

In addition to following the investment policy of the Sub-Fund, the Investment Manager has integrated sustainability risks into its own investment processes/strategy for the Sub-Fund by (i) filtering prospective investments based upon an assessment of their sustainability profile using the proprietary tools described above; (ii) considering data points linked to PAIs as described above; and (iii) excluding controversial investments as specified below.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The following exclusions are binding:

### **Exclusion of Controversial Weapons**

The Sub-Fund will exclude exposure to companies involved in controversial weapons i.e., companies that produce, trade or store controversial weapons (biological and chemical weapons, anti-personnel mines, cluster weapons, depleted uranium, white phosphorus incendiary weapons). The scope of this exclusion includes weapons banned or outlawed by the Ottawa Treaty on landmines (effective 1999), the Convention on Cluster Munitions (Oslo Convention) of 2008, the Biological and Toxin Weapons Convention (BWC – 1972), the Treaty on the Non-Proliferation of Nuclear Weapons (1968), the Chemical Weapons Convention (CWC – 1993) and SVVK-ASIR exclusion list.

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The Sub-Fund will exclude exposure to companies deriving more than 10% of their revenues from either production of tobacco products or retailing of tobacco products/services.

### **Restrictions on Coal, Unconventional Oil & Gas and Breaches of the UN Global Compact Principles**

The Sub-Fund will underweight any company with the following criteria:

#### Thermal Coal:

Mining - companies deriving more than 10% of their revenues from thermal coal extraction.

Power Generation - companies deriving more than 10% of their revenues from coal power generation.

Unconventional Oil & Gas: companies deriving more than 10% in aggregate of their revenues from any of tar sands, shale gas and oil and arctic oil & gas exploration.

Material breaches of UN Global Compact Principles, the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs) and their underlying conventions: Companies involved in the most severe breaches of the UN Global Compact Principles ("Level 5 Controversies").

The exclusions relating to tobacco, coal, unconventional oil and gas and Level 5 Controversies are subject to the Investment Manager's exclusion policy and may be overridden in the exceptional circumstances described in that policy, such as where a company makes a firm commitment to a credible and rapid phaseout of the above activities.

### **Minimum % of sustainable companies**

The Investment Manager will invest at least 10% of the Sub-Fund's assets in sustainable investments (those described as 'sustainable' according to the LO Sustainable Investment Framework).

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It should be noted that whilst the Investment Manager may make certain comparisons with one or more benchmarks for certain elements of its investment process as described above, the Investment Manager has not designated a formal benchmark for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed rate to reduce the scope of investments prior to the application of the investment strategy.

The Investment Manager will, however, favour investments for the Sub-Fund's portfolio making a meaningful contribution to the transition towards a decarbonised economy across all sectors and regions, based on the Investment Manager's proprietary Implied Temperature Rise (ITR) framework, taking into account projections of future emissions based on both historical trends and the credibility assessment of companies' stated commitments. .

- ***What is the policy to assess good governance practices of the investee companies?***

The criteria for good governance and minimum social safeguards include an analysis of exposure to high level social and governance controversies and the company's performance on social and governance scores under the Investment Manager's proprietary ESG scoring framework, if highly material to the company's sector. Good governance is also considered as part of the LO Sustainable Investment Framework, including consideration of PAIs 10 and 11 of PAI Table 1 of Annex I of the SFDR RTS 2022/1288.

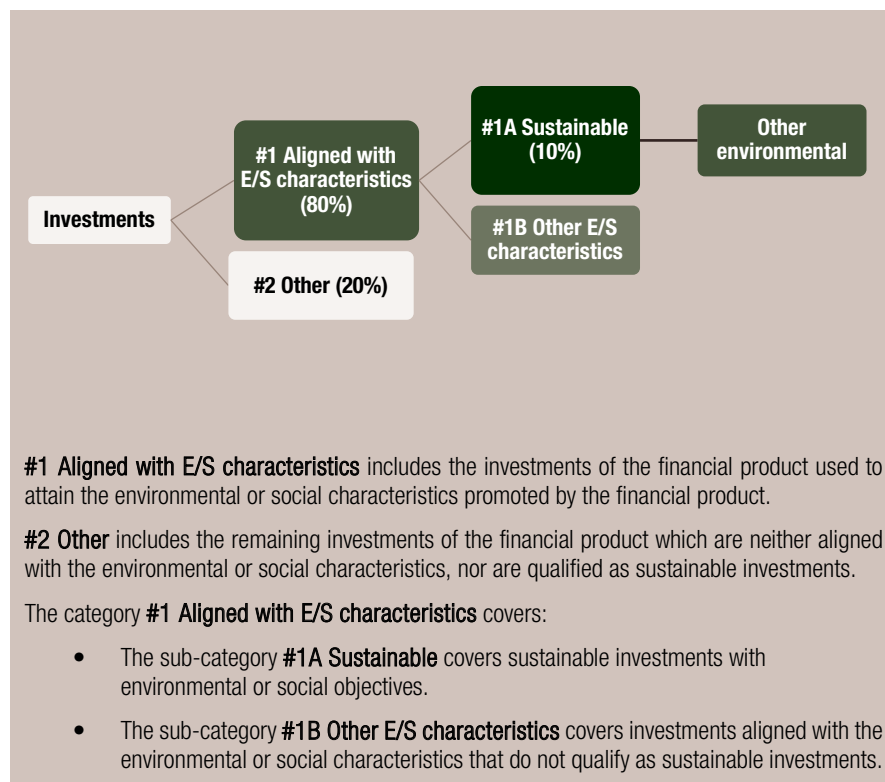
**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



### What is the asset allocation planned for this financial product?

The Investment Manager will invest:

- at least 80% of the Sub-Fund's assets in investments #1 Aligned with E/S characteristics.
- not more than 20% of the Sub-Fund's assets in #2 Other.
- at least 10% of the Sub-Fund's assets in #1A Sustainable Investments.



**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies;
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy;
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The Sub-Fund does not use derivatives to attain the environmental or social characteristics.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Sub-Fund makes no minimum commitment to sustainable investments with an environmental objective aligned with the EU Taxonomy. As a result, the Sub-Fund includes a graphical depiction showing 0% EU Taxonomy-alignment.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

Yes:

In fossil gas

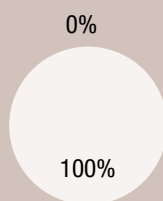
In nuclear energy

No

*The two graphs show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

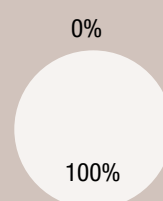
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

1. Taxonomy-alignment of investments including sovereign bonds\*



- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned (no fossil gas & nuclear)
- Non Taxonomy-aligned

2. Taxonomy-alignment of investments excluding sovereign bonds\*



- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned (no fossil gas & nuclear)
- Non Taxonomy-aligned

This graph represents 100% of the total investments.

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

### Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

### Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



are sustainable investments with an environmental objective that **do not take into account criteria** for environmentally sustainable economic activities under the EU Taxonomy.

- **What is the minimum share of investments in transitional and enabling activities?**

N/A



- **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

There is no commitment to have any share of the Sub-Fund's sustainable investments aligned with the EU Taxonomy.



- **What is the minimum share of socially sustainable investments?**

0%.



- **What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?**

Investments classified as "#2 Other" are investments in 'red' companies according to the LO Sustainable Investment Framework. The purpose of their inclusion is for inter alia portfolio diversification purposes or to reflect common benchmarks or broad market exposure to support the financial performance of the Sub-Fund. As a minimum safeguard, such investments will not include companies with level 5 UN Global Compact controversies using the Sustainalytics rating scale. '#2 Other' also includes Cash and Cash Equivalents (for instance to achieve investment goals, for treasury purposes or in case of unfavorable market conditions) and derivatives (used for instance for hedging purposes or for efficient portfolio management techniques).



### Reference benchmarks

are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

Not applicable

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

Not applicable

- *How does the designated index differ from a relevant broad market index?*

Not applicable

- *Where can the methodology used for the calculation of the designated index be found?*

Not applicable



### **Where can I find more product specific information online?**

More product-specific information can be found on the website: [www.loim.com](http://www.loim.com)

## **Applicable to the following Sub-Funds:**

**LO Selection – Growth Portfolio**  
**LO Selection – Global Balanced 45**  
**LO Selection – Balanced CHF**  
**LO Selection – Balanced EUR**  
**LO Selection – Conservative CHF**  
**LO Selection – Conservative EUR**  
**LO Selection – Growth CHF**  
**LO Selection – Growth EUR**  
**LO Selection – Global Allocation GBP**  
**LO Selection – Growth 88**  
**LO Selection – Conservative (USD)**  
**LO Selection – Kapalea**  
**LO Selection – Valdeolí**  
**LO Selection – Antara**  
**LO Selection – Casta**  
**LO Selection – Balanced USD**  
**LO Selection – Global Balanced EUR**  
**LO Selection – US Equity**  
**LO Selection – Eurozone**  
**LO Selection – Rethink Thematic Equity**

## **Classification of the Sub-Fund under SFDR**

The Sub-Fund is not a financial product subject to Article 8 or Article 9 of SFDR.

## **Integration of sustainability risks and assessments into investment decisions**

The Sub-Fund's investment objective and policy are set out in the Sub-Fund's annex.

The Sub-Fund has no objective or commitment to invest in investments that qualify as 'sustainable investments' or to promote 'environmental or social characteristics' for the purposes of article 8 and 9 of SFDR. Nonetheless, the Investment Manager believes that there is a strong correlation between the long term financial success and viability of an investment and its sustainability profile and therefore seeks to integrate directly or indirectly ESG characteristics in the assessment of investment opportunities in each asset class it has exposure to.

For equity and corporate securities, the Investment Manager will aim to screen and score companies against sustainability indicators established by SFDR including greenhouse gas emissions, energy performance, biodiversity, water utilisation, waste management, social and employee matters, human rights and anti-corruption and bribery. It will seek to determine the materiality of ESG characteristics in assessing the return expectation of an investment and it will seek to exclude companies that have the lowest ESG score as well as companies with high controversy level. The Investment Manager, however, maintains entire discretion in relation to the selection of investments and the way in which it integrates the above considerations into its investment process.

The Investment Manager will exclude companies involved in controversial weapons and will not invest in essential food commodities.

In relation to investment in underlying funds, the Investment Manager will seek to assess in its selection process the materiality of sustainability risks attached to the underlying strategy and investment approach and its likely impact on expected returns.

## **Applicable to the following Sub-Funds:**

### **LO Selection – The LATAM Bond Fund USD**

#### **Classification of the Sub-Fund under SFDR**

The Sub-Fund is not a financial product subject to Article 8 or Article 9 of SFDR.

#### **Integration of sustainability risks and assessments into investment decisions**

The Sub-Fund's investment objective and policy are set out in the Sub-Fund's annex, The Sub-Fund has no objective or commitment to invest in investments that qualify as 'sustainable investments' or to promote 'environmental or social characteristics' for the purposes of article 8 and 9 of SFDR.

Nonetheless, the Investment Manager believes that there is a strong correlation between the long term financial success and viability of an investment and its sustainability profile and therefore seeks to integrate directly or indirectly ESG characteristics in the assessment of investment opportunities in each asset class it has exposure to.

The Investment Manager will aim to screen and score corporate issuers against sustainability indicators established by SFDR including greenhouse gas emissions, energy performance, biodiversity, water utilisation, waste management, social and employee matters, human rights and anti-corruption and bribery. It will seek to determine the materiality of ESG characteristics in assessing the return expectation of an investment and it will seek to exclude issuers that have the lowest ESG score as well as issuers with high controversy level. The Investment Manager, however, maintains entire discretion in relation to the selection of investments and the way in which it integrates the above considerations into its investment process.

The Investment Manager will exclude issuers involved in controversial weapons and will not invest in essential food commodities.

# ANNEX C — SCHEDULE I

## The Lombard Odier ESG/CAR Industrial Materiality Rating Methodology ("LO ESG Materiality Rating Methodology")

The LO ESG Materiality Rating Methodology looks at companies' business practices in relation to their broad ecosystem of stakeholders. The Investment Manager has developed a proprietary ESG materiality heatmap and rating methodology, allowing the Investment Manager to focus on the environmental, social and governance dimensions that really matter to a company across its value chain. The Investment Manager's proprietary framework of 14 categories reflects the main dimensions of potential ESG opportunities and risks expositions across a company's value chain. This includes upstream risks predominantly related to supply chain or natural resource usage, operational risks directly related to a company's direct production and operational processes and downstream risks related to the potential negative impact of products and services sold. The construction of the ratings uses raw data from a variety of specialized suppliers, which includes, but is not limited to, all relevant information used in the construction of the methodology applied to measure the principal adverse impacts of the Investment Manager's decisions on sustainability factors.

The Investment Manager identifies and ranks the most material ESG dimensions for 158 GICS (Global Industry Classification Standard) Level 4 sub-industries, captured in the Investment Manager's ESG materiality heatmap. For each company, the Investment Manager calculates a score from 0 to 100 integrating materiality by overweighting the information that has greater significance based on its specific industry, and underweighting general information that is less relevant. The methodology embeds the Investment Manager's proprietary 'Consciousness', 'Actions' and 'Results' ('CAR') methodology which overweighs the 'R' component – ESG indicators linked to definitive results/outcomes. These scores allow the Investment Manager to attribute to each company an ESG rating from A+ to D based on its percentile positioning in their respective sector. The LO ESG Materiality Rating Methodology enhances the Investment Manager's ability to monitor a company's progress on the most relevant sector-specific issues for long-term sustainability, and engage with them on these material issues. The methodology differentiates the talkers from the doers and achievers.

The ESG metrics and data in the LO ESG Materiality Rating Methodology are also mapped against the 17 United Nations Sustainable Development Goals (UN SDGs). This provides the Investment Manager with another important lens to consider the sustainability of a company's business practices, to inform their engagement and provides greater visibility on the alignment of the Sub-Fund's portfolio against the UN SDGs.

The LO ESG Materiality Rating Methodology aims to screen not less than 90% of the companies in the investible universe of the Sub-Funds using that methodology.

### Warning

The LO ESG Materiality Rating Methodology may be subject to limitations due to the availability of data from companies/issuers or from data service providers. The LO ESG Materiality Rating Methodology may assist an investment manager with its assessment of the sustainability profile of a company/issuer but is not definitive and is designed to be used in conjunction with other tools and assessments relating to a company's sustainability related business model and practices.

The LO ESG Materiality Rating Methodology is dynamic and is designed to be adaptive to changing developments in relation to sustainability. The Investment Manager may change any of its LO ESG Materiality Rating Methodology related processes at any time without notice and at its discretion.

No guarantee or undertaking is given in relation to the financial performance of a particular company based upon its scoring under the LO ESG Materiality Rating Methodology.



# ANNEX C — SCHEDULE II

## Implied Temperature Rise ("ITR")

The Lombard Odier proprietary ITR tool enables the Investment Manager to assess not only the carbon footprint of companies, but also their temperature alignment based on industry/region breakdowns, historical paths and forward looking trajectories and targets. The ITR tool allows the Investment Manager to analyse temperature trajectories across portfolios.

The Investment Manager's ITR framework is based on forward-looking analysis to assess the temperature trajectory of individual companies including scope 1, 2, 3 up and downstream emissions, and the credibility of their net zero commitments. The ITR framework incorporates a climate-related scenario analysis built on customised publicly available transition scenario to understand the impact of climate-related issues on individual companies and portfolios. The Investment Manager's customised transition scenarios are based on IPCC scenarios, amended for additional granularity based on models from other leading organisations and further adapted using internal research, which allows the Investment Manager to assess the extent of alignment or misaligned of investments with 1.5°C, 2°C, 3°C and 5°C outcomes.

The Investment Manager's ITR framework enables to quantify an ITR metric, which, in addition to evaluate the carbon footprint of a company today, calculates whether its projected emissions are expected to fall in line with sector-specific transition pathways. The ITR metric allows the Investment Manager to distinguish between companies that are on the right decarbonisation pathways and the ones that are lagging. Within carbon-intensive businesses, the Investment Manager refers to those companies that are climate leaders as 'ice cubes', companies that face significant exposure to climate transition risks but understand the urgency of the transition and are decarbonising towards net-zero alignment; and those that are climate laggards as 'burning logs', companies that generate huge emissions as of today and are not committed to net-zero alignment.

The ITR tool seeks to assess the extent to which individual companies or portfolios are aligned with the climate transition and estimates the level of global warming represented by specific companies or portfolios by extrapolation to the targets for their respective peer groups. To pursue decarbonisation and align to a net zero trajectory, the Investment Manager seeks to focus on companies accelerating decarbonisation, favouring 'ice cubes' and penalising 'burning logs'.

# ANNEX C — SCHEDULE III

## The LO Sustainable Investment Framework

The Investment Manager uses a pass/fail approach to define whether a given investment, defined at the company level, is considered as a “sustainable investment” or not.

The Investment Manager classifies companies into three categories, referred to as sustainable, grey and red companies, with only sustainable companies considered sustainable investments (i.e. falling in the category of #1A Sustainable for the purposes of the planned asset allocation section below).

To be classified as **sustainable**, a company must meet the following criteria according to the LO Sustainable Investment Framework:

### 1. Contribution

- a. The company has at least 30% revenues exposure to sustainable activities understood to include
  - i. Activities that are eligible to at least one of the six environmental objectives recognised by Taxonomy Regulation and that meet the contribution screening criteria as defined by the Investment Manager with objectively applied quantitative thresholds and/or indicators selected based on the Taxonomy Regulation technical screening criteria and considerations of the underlying sector, the nature of their business, data availability, and complemented by a qualitative review; or
  - ii. Transitioning or enabling activities not included in the Taxonomy Regulation but that have been mapped by the Investment Manager to at least one of the six environmental objectives recognized by the Taxonomy Regulation or socially sustainable activities identified by the Investment Manager, that meet the screening criteria as defined by the Investment Manager above.

or

- b. The company demonstrates significant capital expenditures (or equivalent investment metric relevant for the industry) alignment with the above activities in a.i and a.ii and supports a clearly articulated and ambitious transition strategy to sustainable activities.

A company's exposure to relevant activities can be established using either:

- The company's self-disclosed alignment to the Taxonomy Regulation; or
- The Investment Manager's documented assessment of the company and its activities which can be systematically quantitatively performed or fundamentally research based.

### 2. Do No Significant Harm (DNSH)

The Investment Manager tests if a company, aside or despite any positive contributions, is harming, or significantly harming the sustainable transition across any parts of its business. To assess the “do no significant harm”, the Investment Manager has developed for each environmental objective of the Taxonomy Regulation and social targets in-house quantitative and qualitative tests, including but not limited to i) proprietary sustainability indicators, such as the company's implied temperature rise, ii) Principal Adverse Indicators (PAIs) including climate change, water and waste related PAIs; and iii) controversy assessment and exposure to harmful activities.

To be considered a sustainable company:

- a. a company must do no significant harm any social and environmental objectives assessed at the company level against a sub-set of indicators selected by the Investment Manager depending on the activity exposure of the company;
- b. a company must have at most 5% revenue exposure to harmful activities that are classified by the Investment Manager as inherently harmful in nature, including to activities related to the mining of thermal coal, the generation of power using coal, the extraction or refining of oil along with selected other activities.

### 3. Governance

According to LO Sustainable Investment Framework, the Investment Managers classifies sustainable investments only companies that meet good governance standards. The Investment Manager has developed an in-house points-based scoring system that reviews several important factors, including ownership & control, board structure, remuneration and controversies, amongst others.

While the above criteria constitute the minimum criteria applicable to a sustainable company, the Investment Manager may apply additional criteria to its assessment of companies involved in specific activities to act as additional safeguards, particularly in its assessment of Do No Significant Harm criteria. While such additional criteria cannot be used to “pass” companies if they do not meet the criteria above, they may lead companies to “fail” as a sustainable investment even if they meet the criteria above.

**Grey and red companies:** Only companies classified as sustainable companies are considered by the Investment Manager to be sustainable investments. For all other companies, the Investment Manager applies additional criteria to distinguish between grey and red companies. Companies that do not contribute to the sustainable transition and/or where the Investment Manager identifies material concerns may be classified as grey, where those concerns are material but of a limited nature or with relevant mitigating factors, or red, where concerns are more acute, elevated and avoidable nature.

There can be no guarantee that the above aims will be achieved.







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