

# Reasons to invest

## LO Funds – Convertible Bond

Why invest?

p.4



Convertibles



**Publication issued by Lombard Odier Asset Management (Europe) Limited (or “LOIM”)**

Lombard Odier Funds (in short LO Funds) is a variable capital investment company (SICAV) incorporated in Luxembourg as an Undertaking for Collective Investments in Transferable Securities (UCITS) subject to Luxembourg laws. Convertible Bond is a Sub-Fund of LO Funds.

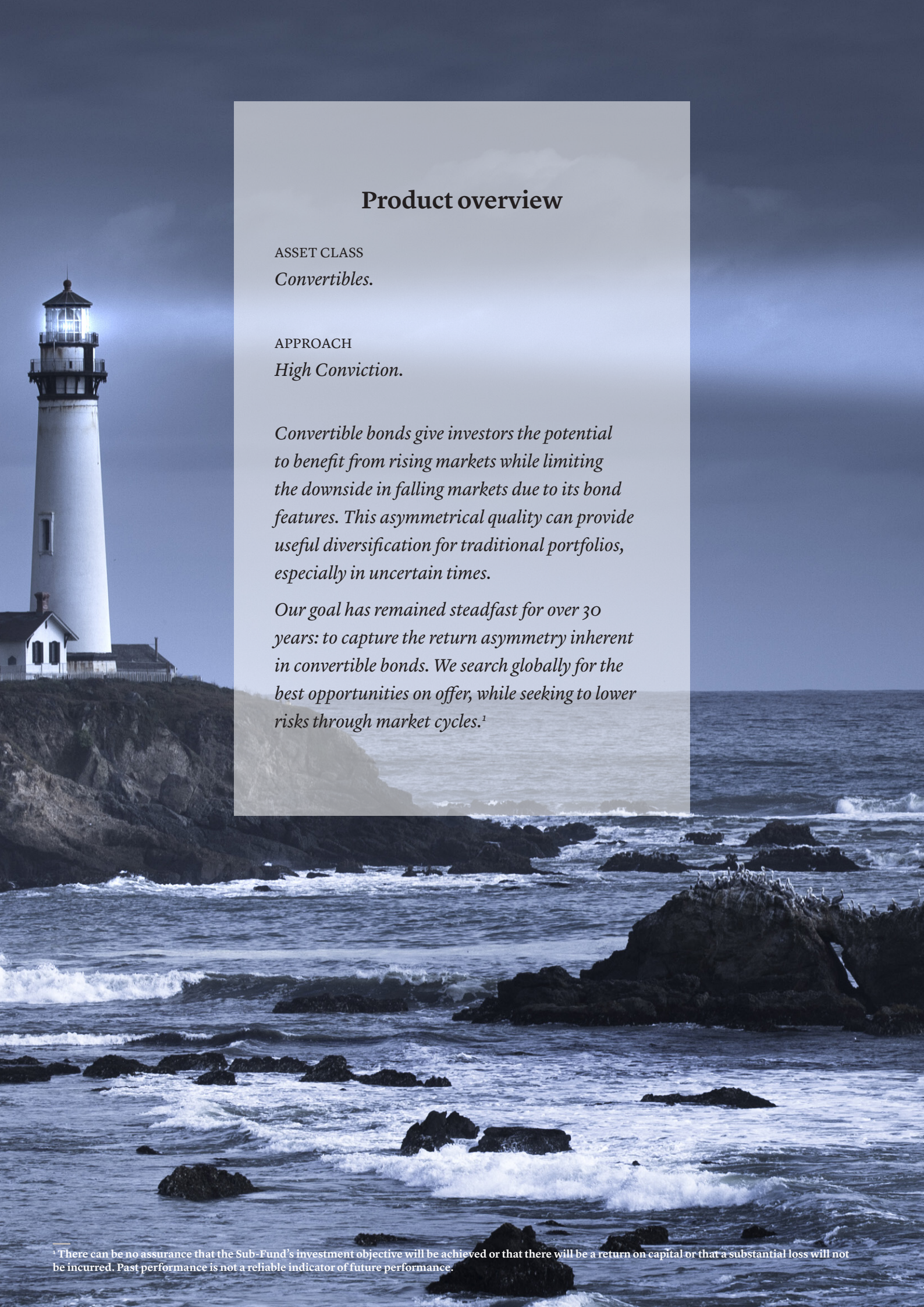
This marketing document is for retail investors located in the countries listed in the Key Facts section. It is not appropriate for Belgian retail investors unless the investment subscription is more than EUR 250,000. It is not appropriate for retail investors in Singapore, Chile or any US Person. Please read the important information at the end of this document.

p.2-7

· Product overview	2
· Investment strategy and philosophy	5
· The investment team	5
· Sub-Fund key facts	6
· Understanding the risks & Glossary	7

Potential to benefit from rising equity markets while limiting the downside in falling markets.





## Product overview

### ASSET CLASS

*Convertibles.*

### APPROACH

*High Conviction.*

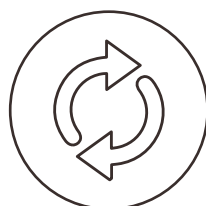
*Convertible bonds give investors the potential to benefit from rising markets while limiting the downside in falling markets due to its bond features. This asymmetrical quality can provide useful diversification for traditional portfolios, especially in uncertain times.*

*Our goal has remained steadfast for over 30 years: to capture the return asymmetry inherent in convertible bonds. We search globally for the best opportunities on offer, while seeking to lower risks through market cycles.<sup>1</sup>*

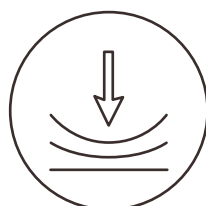
<sup>1</sup> There can be no assurance that the Sub-Fund's investment objective will be achieved or that there will be a return on capital or that a substantial loss will not be incurred. Past performance is not a reliable indicator of future performance.



## Convertibles: the best of both worlds



Convertible bonds are corporate bonds which give investors an option to convert them into the bond issuer's shares



They allow investors to benefit from potential rises in equity markets, limiting the downside in falling markets<sup>1</sup>



They are less sensitive than traditional bonds to movements in interest rates<sup>2</sup>



As part of a diversified portfolio, they may increase potential performance while reducing volatility in the medium term<sup>3</sup>

<sup>1</sup> Source: LOIM, Bloomberg 31 May 2018 / <sup>2</sup> Source: LOIM, Bloomberg, S&P, BoAML, Barclays, 1989-2016 / <sup>3</sup> Source: LOIM, MSCI World USD, Thomson Reuters Global Index USD, JP Morgan Global Aggregate Bond Index. Past performance is not a reliable indicator of future performance. There can be no assurance that the Sub-Fund's investment objective will be achieved or that there will be a return on capital or that a substantial loss will not be incurred.

This marketing document is for retail investors located in the countries listed in the Key Facts section. It is not appropriate for Belgian retail investors unless the investment subscription is more than EUR 250,000 and not appropriate for retail investors in Singapore and Chile.

## Why invest?

An all-weather opportunity offering the potential to participate in rising equity markets, cushioned by a 'bond floor' in falling markets

*“ We seek to deliver capital gains in rising equity markets while benefiting from the downside protection of bond characteristics – reflecting the asymmetry of this asset class. ”*

### The power of both worlds

Our aim is to exploit the full potential of this hybrid asset class.

We search across the globe for investment opportunities, looking to bring investors the best the asset class has to offer.

While bold in our investment decisions, we are conservative in our approach to risk. We never invest in convertible bonds with a credit rating below B-, seeking an overall portfolio rating of investment grade at all times.

### A balanced approach

We focus on what we call “balanced convertible bonds”, drawing on both sides of the asset class:

#### 1. Exposure to equity market rises

The extent to which the price of the convertible bond is expected to change for any given change in stock price is known as the delta. We aim for a delta between 30% and 60%.

#### 2. Downside protection from bond characteristics

We look for a strong bond floor. This is the value of the bond element of the convertible.

## A long-standing franchise at Lombard Odier Investment Managers

### A market leader



LOIM has been investing in convertible bonds since 1987, building up over three decades of convertible bonds experience across both bull and bear markets.

### Established team



The 11-member investment team performs broad and extensive research, leveraging the research and risk management capabilities of LOIM's global platforms.

### High conviction



We search for the best quality investments across different regions, sectors and styles, targeting an overall credit rating of investment-grade for the portfolio.

There can be no assurance that the Sub-Fund's investment objective will be achieved or that there will be a return on capital or that a substantial loss will not be incurred.

This marketing document is for retail investors located in the countries listed in the Key Facts section.

It is not appropriate for Belgian retail investors unless the investment subscription is more than EUR 250,000 and not appropriate for retail investors in Singapore and Chile.

# Investment strategy and philosophy

## At Lombard Odier Investment Managers, we believe sustainability will drive future return potential<sup>1</sup>

At Lombard Odier Investment Managers, we adopt a three-pillar investment approach to identify sustainability in financial models, business practices and business models.

### 1. Sustainable financial models

Using rigorous fundamental and technical analysis, we assess companies against our credit risk and liquidity requirements, as well as their underlying stock outlook.

### 2. Sustainable business practices

We look at ESG (Environmental, Social and Governance) factors, seeking to avoid unethical businesses, poor corporate practices and serious controversies.

### 3. Sustainable business models

In our top-down analysis of sectors and regions, we look at the implications of long-term structural trends. This helps us shape the portfolio's overall thematic exposure globally.

### The end result

The result is a diversified and high quality global portfolio of balanced convertible bonds, which aims to participate in rising markets while benefiting from the downside protection of a fixed-income structure through the market cycles.<sup>1</sup>

## The investment team



Natalia Bucci  
Co-Portfolio  
Manager



Arnaud Gernath  
Co-Portfolio  
Manager



<sup>1</sup> There can be no assurance that the Sub-Fund's investment objective will be achieved or that there will be a return on capital or that a substantial loss will not be incurred. / <sup>2</sup> Source: Fitch Ratings, 20 November 2017 (<https://www.fitchratings.com/site/pr/1032584>), based on Sub-Fund's investment management quality ratings. Please see important disclosures within the press release (<https://www.fitchratings.com/site/pr/1032584>), and Fitch Rating's limitations ([https://tools.fitchratings.com/web\\_content/sf\\_snapshot/pdf2-11/EMEA/snapshot\\_8.pdf](https://tools.fitchratings.com/web_content/sf_snapshot/pdf2-11/EMEA/snapshot_8.pdf)). Third party awards and ratings subject to change without notice. / <sup>3</sup> Source: [www.towardsustainability.be](http://www.towardsustainability.be), November 2020 / February 2021. The **quality standard** is developed on the initiative of Febelfin. Awards and ratings subject to change without notice. The Central Labelling Agency (CLA) assumes no responsibility and shall not be liable for the noncompliance with applicable rules and regulations regarding, among others but not limited to, the marketing of financial instruments by a product provider, a financial institution or any other market participant or party who uses the 'Towards Sustainability' label.

This marketing document is for retail investors located in the countries listed in the Key Facts section. It is not appropriate for Belgian retail investors unless the investment subscription is more than EUR 250,000 and not appropriate for retail investors in Singapore and Chile.

## Key facts about LO Funds – Convertible Bond

Legal structure	SICAV – UCITS (Luxembourg) <sup>1</sup>
Investment objective	The Sub-Fund invests mainly in convertible bonds issued by companies worldwide and across all sectors. The Sub-Fund focuses on the asymmetrical profile of the asset class, i.e. profiting from equity market upturns while benefiting from the downside protection of a fixed-income structure.
Reference benchmark	Thomson Reuters Global Convertible Composite Index Hedged EUR TR.
Investor profile	The Sub-Fund may be appropriate for investors who seek regular income and potentially capital gains from their investments. It may not be appropriate for investors unwilling to take on the increased risk associated with convertible bonds investing and cannot withstand volatility in the value of their shares. This Sub-Fund may not be appropriate for investors who plan to withdraw their money within 5 years.
Custodian bank/administration	CACEIS Bank, Luxembourg Branch
Fund launch	4 December 2002
Liquidity	Daily
Subscription/redemption details	Subscription deadline: T-1, 15:00 CET; Payment date: Up to T+3
Registered countries/ Investor type	Registered for distribution to retail investors in: Austria (AT), Finland (FI), France (FR), Germany (DE), Italy (IT), Liechtenstein (LI), Luxembourg (LU), Netherlands (NL), Norway (NO), Spain (ES), Sweden (SE), United Kingdom (GB). Switzerland (CH): Registered for distribution to Swiss non-qualified investors with the FINMA. Belgium (BE): Not appropriate for Belgian retail investors unless the investment subscription is more than EUR 250,000. Chile (CL): The Sub-Fund is not appropriate for retail investors. Singapore: Not appropriate for retail investors (restricted schemes). U.S.: Not appropriate for U.S. persons.
Reference currency	EUR
Management fee	0.65%
Conversion fee	Up to 0.50% (of the total amount switched)
Taxation in the EU	Tax treatment depends on the individual circumstances of each client and may be subject to change in the future. Please consult your tax advisor for more details.

Share class	ISIN	SRRI	Entry charge	Ongoing charge <sup>2</sup>	Distribution fee	Min. investment (EUR)	Countries of registration
LO Funds – Convertible Bond, (EUR) PA	LU0159201655	3	Up to 5%	1.68%	0.65%	3,000	AT, BE <sup>3</sup> , CH, CL, DE, ES, FI, FR, GB, IT, LI, LU, NL, NO, SE, SG
LO Funds – Convertible Bond, (EUR) RA	LU0357533545	3	Up to 3%	2.28%	1.15%	1,000	AT, BE <sup>3</sup> , CH, CL, DE, ES, FR, GB, IT, LI, LU, NL
LO Funds – Convertible Bond, Syst. NAV Hdg, (CHF) PA	LU0699842661	3	Up to 5%	1.68%	0.65%	3,000	AT, BE <sup>3</sup> , CH, CL, DE, ES, FR, GB, IT, LI, LU, NL, SG
LO Funds – Convertible Bond, Syst. NAV Hdg, (CHF) PD	LU0699842745	3	Up to 5%	1.68%	0.65%	3,000	AT, BE <sup>3</sup> , CH, CL, DE, FR, GB, LI, LU, NL, SG
LO Funds – Convertible Bond, Syst. NAV Hdg, (GBP) PA	LU0757726020	3	Up to 5%	1.69%	0.65%	3,000	AT, BE <sup>3</sup> , CH, CL, DE, ES, FR, GB, LI, LU, NL, SG
LO Funds – Convertible Bond, Syst. NAV Hdg, (USD) PA	LU0871572292	3	Up to 5%	1.68%	0.65%	3,000	AT, BE <sup>3</sup> , CH, CL, DE, ES, FI, FR, GB, IT, LI, LU, NL, NO, SE, SG
LO Funds – Convertible Bond, Syst. NAV Hdg, (USD) PD	LU0871572375	3	Up to 5%	1.68%	0.65%	3,000	AT, BE <sup>3</sup> , CH, CL, DE, FI, FR, GB, LI, LU, NL, NO, SE, SG

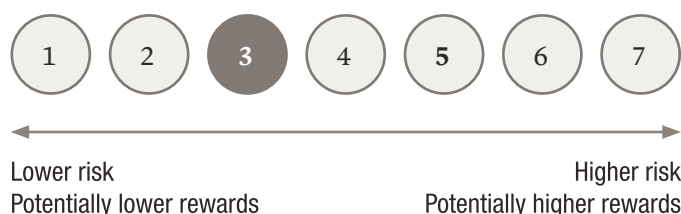
The above share classes are for illustrative purposes only. Other share classes may be available in your country. The prospectus, the Key Investor Information Documents (KIIDs), the articles of incorporation as well as the semi-annual and annual reports are available on [www.loim.com](http://www.loim.com) and can be requested free of charge at the registered office of the Sub-Fund.

<sup>1</sup> Lombard Odier Funds (“LO Funds”) is a variable capital investment company (SICAV) incorporated in Luxembourg as an Undertaking for Collective Investments in Transferable Securities (UCITS) subject to Luxembourg laws. Convertible Bond is a Sub-Fund of LO Funds. / <sup>2</sup> The ongoing charges figure is based on expenses for the 12-month period ending 25 January 2018. This figure may vary periodically. / <sup>3</sup> It is not appropriate for Belgian retail investors unless the investment subscription is more than EUR 250,000.

This marketing document is for retail investors located in the countries listed in the Key Facts section. It is not appropriate for Belgian retail investors unless the investment subscription is more than EUR 250,000 and not appropriate for retail investors in Singapore and Chile.



## Understanding the risk and reward profile & Glossary



This indicator (SRRI) represents the annualised historical volatility of the Sub-Fund over a 5-year period. Where there are less than 5 years' worth of data, missing returns are simulated using an appropriate benchmark. The SRRI may change over time and should not be used as an indicator of future risk or returns. Even the lowest risk classification does not imply that the Sub-Fund is risk-free or that capital is necessarily guaranteed or protected.

The following risks may be materially relevant but may not always be adequately captured by the synthetic risk indicator and may cause additional loss:

### **Credit risk:**

A significant level of investment in debt securities or risky securities implies that the risk of, or actual, default may have a material impact on performance. The likelihood of this depends on the creditworthiness of the issuers.

### **Operational risk and risks related to asset safekeeping:**

In specific circumstances, there may be a material risk of loss resulting from human error, inadequate or failed internal systems, processes or controls, or from external events.

### **Risks linked to the use of derivatives and financial techniques:**

Derivatives and other financial techniques used substantially to obtain, increase or reduce exposure to assets may be difficult to value, may generate leverage, and may not yield the anticipated results. All of this could be detrimental to fund performance.

Please also pay attention to the inherent risks of this Sub-Fund, such as:

- Risks related to Fixed-income securities
- Risks related to below investment grade and distressed securities

Before taking any investment decision, please read the latest version of the Prospectus, the articles of incorporation, the Key Investor Information Documents (KIIDs) and the latest annual report and semi-annual report. Please pay attention to the Appendix B "Risk Factors Annex" of the prospectus.

## Glossary

### **Balanced (convertible bond):**

A convertible that trades at a price where it is neither a pure equity substitute nor trading on its bond floor but is balanced between the two.

### **Credit rating**

An independent assessment of a borrower's ability to repay its debts i.e. default risk. Standard & Poor's, Fitch and Moody's are the three most prominent credit rating agencies.

### **Bull/bear**

A market when security prices are generally rising (bull) or falling (bear).

### **Delta (convertible bond)**

A measure of the sensitivity of the convertible bond price to share price movements.

### **Option**

A call option gives the issuer the right to redeem a convertible bond prior to maturity at a price determined at issue or convert it.

### **Volatility**

The annualised standard deviation of returns reflecting dispersion of a share price. The assumption for future share price volatility is an input for convertible valuation.

### **Investment grade**

A bond judged by rating agency as likely to meet payment obligations, with a credit rating of BBB-/Baa3 or higher.

### **ESG**

Environmental, Social and Governance factors in corporate behavior that may offer investors potential long-term performance advantages.

This marketing document is for retail investors located in the countries listed in the Key Facts section.

It is not appropriate for Belgian retail investors unless the investment subscription is more than EUR 250,000 and not appropriate for retail investors in Singapore and Chile.

## Contact

To find out more about LO Funds – Convertible Bond, email [loim-funds@lombardodier.com](mailto:loim-funds@lombardodier.com)

IMPORTANT INFORMATION or visit [www.loim.com](http://www.loim.com) @loimnews 

Lombard Odier Funds (hereinafter the “Fund”) is a Luxembourg investment company with variable capital (SICAV). The Fund is authorised and regulated by the Luxembourg Supervisory Authority of the Financial Sector (CSSF) as an Undertaking for Collective Investments in Transferable Securities UCITS under Part I of the Luxembourg law of the 17 December 2010 implementing the European directive 2009/65/EC, as amended (“UCITS Directive”). The Management Company of the Fund is Lombard Odier Funds (Europe) S.A. (hereinafter the “Management Company”), a Luxembourg based public limited company (SA), having its registered office at 291, route d’Arlon, 1150 Luxembourg, Grand Duchy of Luxembourg, authorised and regulated by the CSSF as a Management Company within the meaning of EU Directive 2009/65/EC, as amended. This marketing document relates to “Convertible Bond”, a Sub-Fund of Lombard Odier Funds (hereinafter the “Sub-Fund”).

This marketing communication was prepared by Lombard Odier Asset Management (Europe) Limited.

The prospectus, the articles of incorporation, the Key Investor Information Documents, the subscription form and the most recent annual and semi-annual reports are the only official offering documents of the Sub-Fund’s shares (the “Offering Documents”). The Offering Documents are available in English, French, German and Italian at [www.loim.com](http://www.loim.com) and can be requested free of charge at the registered office of the Sub-Fund in Luxembourg: 291 route d’Arlon, 1150 Luxembourg, Grand Duchy of Luxembourg.

The information contained in this marketing communication does not take into account any individual’s specific circumstances, objectives or needs and does not constitute research or that any investment strategy is suitable or appropriate to individual circumstances or that any investment or strategy constitutes a personal investment advice to any investor. This marketing communication is not intended to substitute any professional advice on investment in financial products. Before making an investment in the Sub-Fund, an investor should read the entire Offering Documents, and in particular the risk factors pertaining to an investment in the Sub-Fund. We would like to draw the investor’s attention toward the long-term nature of delivering returns across the economic cycle and 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. Investors should take care to assess the suitability of such investment to his/her particular risk profile and circumstances and, where necessary, obtain independent professional advice in respect of risks, as well as any legal, regulatory, credit, tax, and accounting consequences. There can be no assurance that the Sub-Fund’s investment objective will be achieved or that there will be a return on capital. Past performance is not a reliable indicator of future results. Where the Sub-Fund is denominated in a currency other than an investor’s base currency, changes in the rate of exchange may have an adverse effect on price and income. Please take note of the risk factors.

Any benchmarks/indices cited herein are provided for information purposes only. No benchmark/index is directly comparable to the investment objectives, strategy or universe of a Sub-Fund. The performance of a benchmark shall not be indicative of past or future performance of any Sub-Fund. It should not be assumed that the relevant Sub-Fund will invest in any specific securities that comprise any index, nor should it be understood to mean that there is a correlation between such Sub-Fund’s returns and any index returns. Target performance/risk represents a portfolio construction goal. It does not represent past performance/risk and may not be representative of actual future performance/risk.

The information and analysis contained herein are based on sources considered to be reliable. Lombard Odier makes its best efforts to ensure the timeliness, accuracy, and completeness of the information contained in this marketing communication. Nevertheless, all information and opinions as well as the prices, market valuations and calculations indicated herein may change without notice. Source of the figures: Unless otherwise stated, figures are prepared by Lombard Odier Asset Management (Europe) Limited. The tax treatment depends on the individual circumstances of each client and may be subject to change in the future. Lombard Odier does not provide tax advice and it is up to each investor to consult with its own tax advisors.

### NOTICE TO RESIDENTS IN THE FOLLOWING COUNTRIES:

Austria – Paying agent: Erste Bank der österreichischen Sparkassen AG.

Belgium – Financial Services Provider: CACEIS Belgium S.A. Please contact your tax advisor to identify the impacts of the Belgian tax “TOB” (“Taxe sur les Opérations Boursières”) on your transactions, as well as the impacts of the withholding tax (“Précomptes mobiliers”). Lombard Odier has an internal Complaints Management Service. You can lodge a claim via your Relationship Manager or directly to Lombard Odier (Europe) S.A. Luxembourg, Belgium Branch, Claim Management Service, Avenue Louise 81, Box 12, 1050 Brussels, Fax: (+32) 2 543 08. Alternatively you can address your complaint free of charge to the national complaint service in Belgium, OMBUDSMAN: North Gate II, Boulevard du Roi Albert II, n°8 Boîte 2 2, 1000 Brussels, Tel: (+32) 2 545 77 70, Fax: (+32) 2 545 77 79, Email: [Ombudsman@Ombusfin.be](mailto:Ombudsman@Ombusfin.be).

France – Centralising agent: CACEIS Bank.

Germany – Paying agent: DekaBank Deutsche Girozentrale.

Italy – Paying agents: Società Generale Securities Services S.p.A., State Street Bank International GmbH – Succursale Italia, Banca Sella Holding S.p.A., Allfunds Bank S.A., Italian Branch, BNP Paribas Securities Services, CACEIS Bank Italy Branch.

Liechtenstein – Paying agent: LGT Bank AG.

Luxembourg – Custodian, central administration agent, registrar, transfer Agent, paying agent and listing agent: CACEIS Bank, Luxembourg branch.

Netherlands – Paying agent: Lombard Odier Asset Management (Europe) Ltd,

Netherlands Branch.

Spain – Paying agent: Allfunds Bank S.A. – CNMV Number: 498.

Sweden – Paying agent: Skandinaviska Enskilda Banken AB (publ).

Switzerland – The Sub-Fund is registered with the Swiss Federal Financial Market Supervisory Authority (FINMA). The Offering Documents together with the other Shareholders’ information are available free of charge at the Swiss Representative: Lombard Odier Asset Management (Switzerland) S.A., 6, avenue des Morgines, 1213 Petit-Lancy, Switzerland. Swiss Paying Agent: Banque Lombard Odier & Cie SA, 11, rue de la Corratierie 1204 Genève, Switzerland. Publications about the Sub-Fund: [www.fundinfo.com](http://www.fundinfo.com). The issue and redemption prices and / or the net asset value (with the mention “excluding commissions”) of the Share classes distributed in Switzerland: [www.swissfunddata.ch](http://www.swissfunddata.ch) and [www.fundinfo.com](http://www.fundinfo.com). Bank Lombard Odier & Co Ltd is a bank and securities dealer authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA).

United Kingdom – This document is a financial promotion and has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000, by Lombard Odier Asset Management (Europe) Limited. It is approved for distribution by Lombard Odier (Europe) S.A., London Branch for Retail Clients in the United Kingdom. The Sub-Fund is a Recognised scheme in the United Kingdom under the Financial Services and Markets Act 2000. UK regulation for the protection of retail clients in the UK and the compensation available under the UK Financial Services Compensation scheme does not apply in respect of any investment or services provided by an overseas person. UK facilities agent: Lombard Odier Asset Management (Europe) Limited. Lombard Odier (Europe) S.A. UK Branch is a credit institution regulated in the UK by the Prudential Regulation Authority (PRA) and subject to limited regulation by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA). Details of the extent of our authorisation and regulation by the PRA and regulation by the FCA are available from us on request.

Chile – The Sub-Fund has been approved by the Comisión Clasificadora de Riesgo (CCR) in Chile for distribution to Chilean Pension Funds under Agreement Nr 32 of the CCR.

Singapore – The Sub-Funds are not authorised or recognised by the Monetary Authority of Singapore (“MAS”) and the Shares are not allowed to be offered to the retail public in Singapore. Each Sub-Fund is a restricted scheme under the Sixth Schedule to the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations of Singapore. This document can be transmitted only (i) to “institutional investors” pursuant to Section 304 of the Securities and Futures Act, Chapter 289 of Singapore (the “Act”), (ii) to “relevant persons” pursuant to Section 305(1) of the Act, (iii) to persons who meet the requirements of an offer made pursuant to Section 305(2) of the Act, or (iv) pursuant to, and in accordance with the conditions of, other applicable exemption provisions of the Act.

European Union Members – This marketing communication has been approved for issue by Lombard Odier (Europe) S.A. The entity is a credit institution authorised and regulated by the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg. Lombard Odier (Europe) S.A. branches are operating in the following territories: France: Lombard Odier (Europe) S.A. Succursale en France, a credit institution under limited supervision in France by the Autorité de contrôle prudentiel et de résolution (ACPR) and by the Autorité des marchés financiers (AMF) in respect of its investment services activities; Spain: Lombard Odier (Europe) S.A. Sucursal en España, Lombard Odier Gestión (España) S.G.I.I.C., S.A.U., credit institutions under limited supervision in Spain by the Banco de España and the Comisión Nacional del Mercado de Valores (CNMV).

United States: Neither this document nor any copy thereof may be sent, taken into, or distributed in the United States or given to any US person.

This marketing communication may not be reproduced (in whole or in part), transmitted, modified, or used for any public or commercial purpose without the prior written permission of Lombard Odier.

Towards sustainability label is based on specific quantitative and qualitative rules referred as Quality Standards. It requires exclusion of the financing of a limited number of practices that are widely regarded as unsustainable. The quality standard does not stipulate how the requirements should be fulfilled in practice: this is left to the expertise of the product manager. The standard provides a mix of exclusion, impact, engagement, transparency and accountability. The balance of these elements and the specific requirements associated, will evolve and be adapted over time to reflect the evolving expectations of investors and the needs of society, and the legislative translation of these needs and expectations. As such, the quality standard is not fixed and shall be evaluated regularly in a multi-stakeholder context. Independent supervision by the Central Labeling Agency (CLA) protects the integrity of the quality standard and the label, and will manage their continuing development.

Towards sustainability label is based on specific quantitative and qualitative rules referred as Quality Standards. It requires exclusion of the financing of a limited number of practices that are widely regarded as unsustainable. The quality standard does not stipulate how the requirements should be fulfilled in practice: this is left to the expertise of the product manager. The standard provides a mix of exclusion, impact, engagement, transparency and accountability. The balance of these elements and the specific requirements associated, will evolve and be adapted over time to reflect the evolving expectations of investors and the needs of society, and the legislative translation of these needs and expectations. As such, the quality standard is not fixed and shall be evaluated regularly in a multi-stakeholder context. Independent supervision by the Central Labeling Agency (CLA) protects the integrity of the quality standard and the label, and will manage their continuing development.

© 2021 Lombard Odier Investment Managers – all rights reserved.