

Reasons to invest

LO Funds – Emerging High Conviction

Why invest?

p.4



Equities



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. Emerging High Conviction 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 and Chile or any US person. Please read the important information at the end of this document.

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Traditional emerging markets are evolving rapidly, offering attractive investment opportunities.



Product overview

ASSET CLASS

Equities – emerging markets.

APPROACH

High Conviction.

Traditional emerging markets are evolving rapidly, offering attractive investment opportunities.

Many companies operating in these markets are benefiting from this trend as well as the associated shift in demand patterns.

Lombard Odier Investment Managers takes a highly selective approach to investing in emerging market companies, recognising the diverse nature of the markets and companies within them.

Investing for the long-term, we put sustainability at the heart of our process.¹

¹ 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.



Emerging economies: coming of age



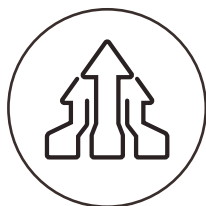
Sleeping giants

Emerging markets are home to 85% of the world's population.¹



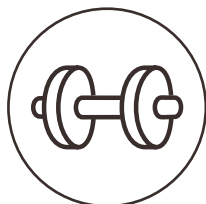
Rising influence

Emerging markets account for half of global GDP² but only 12% of market capitalisation... for now.³



Growth spurt

Between 2015 and 2030 emerging market economies could grow twice as fast as developed markets.⁴



Getting stronger

Many emerging market economies are stronger and wealthier than ever before.⁵

¹ Source: OECD based on MSCI Emerging market index countries, i.e.: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Russia, Qatar, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates. / ² PPP-based measure. / ³ Source: McKinsey & Company 2015 "The new global competition for corporate profits." / ⁴ Source: OECD. / ⁵ Source: LOIM.

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Why invest?

In a world of scarcer capital growth, major shifts in emerging markets create a potentially valuable opportunity

“Emerging market economies have evolved and strengthened over recent years, but they remain diverse.¹”

Rising strength, wealth and growth

Emerging markets – which include China, India and many other fast-growing nations – look very different now compared with 10 years ago.

More robust and wealthier economies, lower inflation, stronger currencies and rising domestic demand for goods and services are just some of the positive trends shaping emerging markets.

Many companies operating in these markets are benefiting from these trends.

Change and diversity

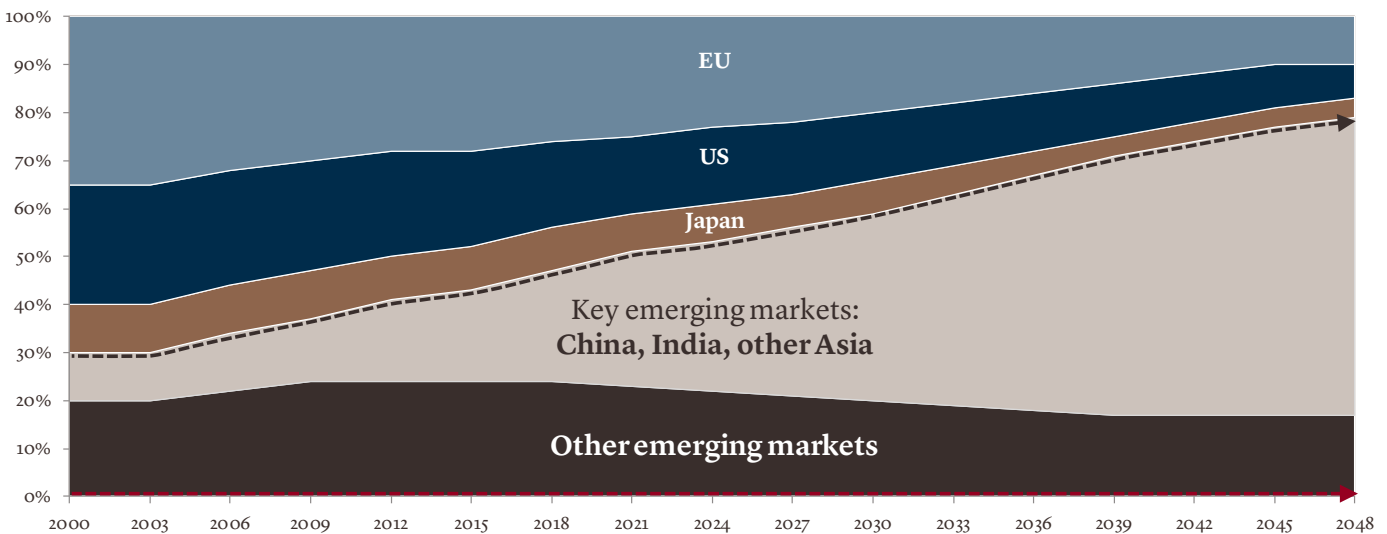
With household wealth rising, demand trends are shifting from basic goods to services. And with big shifts in demand come big potential winners (and losers).

While investors group emerging markets together, they are actually very diverse. Economic strength and dynamics vary significantly across countries; even in the strongest markets, the prospects of individual companies vary dramatically.

This is why we believe a highly-selective investment approach centered on sustainability is vital.

Tomorrow’s big spenders

Share of middle class consumption – emerging markets expected to dominate²



¹ Source: LOIM. / ² Source: The Brookings Institution “The Emerging Middle Class in Developing Countries, 2010”.

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Investment strategy and philosophy

At Lombard Odier Investment Managers, we believe sustainability will drive future return potential¹

We adopt a three-pillar approach to finding sustainable businesses, looking for those with sustainable financial models, sustainable business practices and sustainable business models.

1. Sustainable financial models

We look to identify excess economic returns, focusing on companies with capital efficiency, cash generation and limited dependency on external capital.

2. Sustainable business practices

The team also considers extra-financial information (Environmental, Social and Governance criteria) aimed at avoiding the worst corporate practices and controversies which can be damaging both to society and to investment returns.

3. Sustainable business models

We believe that finding business models that are well-positioned – for example, in light of changing consumption patterns in emerging markets – is key to identifying companies with staying power through economic cycles.

The end result

The result is a high conviction portfolio of 50-70 stocks that seeks to invest in sustainable companies that have the potential to offer above-market growth at attractive valuations – businesses that are poised to benefit from the trends shaping emerging markets.

The investment team



Didier Rabattu
Portfolio
Manager,
Geneva



Odile
Lange-Broussy
Portfolio
Manager,
Singapore

The managers of the Sub-Fund, Didier and Odile, have over 50 years of investment experience combined. They have been managing the Sub-Fund since it first launched in 2011 and are supported by four dedicated emerging markets analysts within the firm's broader Global Equities division.

“ We believe a highly-selective investment approach centered on sustainability is vital for investors in emerging markets. ”

¹ 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. For illustrative purposes only. Holdings/allocation are subject to change. Past performance and forecasts are not a reliable indicator of future returns of the Sub-Fund.

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Key facts about LO Funds – Emerging High Conviction

Legal structure	SICAV – UCITS (Luxembourg) ¹
Investment objective and policy	The Sub-Fund aims to generate capital growth over the long term. It mainly invests in equities and equity-related securities of retail and consumer-related companies issued by companies incorporated or exercising a prominent part of their business activities, directly or indirectly, in emerging markets. It can also invest in A shares (issued by mainland China-based companies) through the Shanghai-Hong Kong Stock Connect (Stock Connect), as further detailed in the risk factor 2.12 of the Risk Factors Annex of the Prospectus. The use of derivatives is part of the investment strategy. This Sub-Fund may not be appropriate for investors who plan to withdraw their money within 5 years.
Reference benchmark	MSCI Emerging Markets
Custodian bank/administration	CACEIS Bank, Luxembourg Branch
Sub-Fund launch	31 October 2011
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 : the Sub-Fund is not appropriate for retail investors. Singapore : Not appropriate for retail investors (restricted schemes). US : Not appropriate for any US person.
Reference currency	USD
Management fee	0.85%
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 ²	Distribution fee	Min. investment (EUR)	Countries of registration
Emerging High Conviction, (USD) P A	LU0690088280	5	Up to 5%	2.23% ²	0.85%	3,000	AT, BE ³ , CH, CL, DE, ES, FI, FR, GB, IT, LI, LU, NL, NO, SE, SG
Emerging High Conviction, (USD) P D	LU0690088363	5	Up to 5%	2.23% ²	0.85%	3,000	AT, BE ³ , CH, CL, DE, FI, FR, GB, LI, LU, NL, NO, SE, SG
LO Funds – Emerging High Conviction, (USD) RA	LU0690088447	5	Up to 3%	3.13% ³	1.55%	1,000	AT, BE ³ , CH, CL, DE, ES, FR, GB, IT, LI, LU, NL
Emerging High Conviction, Syst. NAV Hdg, (CHF) P A	LU0690087555	5	Up to 5%	2.23% ⁴	0.85%	3,000	AT, BE ³ , CH, CL, DE, ES, FR, GB, IT, LI, LU, NL, SG
Emerging High Conviction, Syst. NAV Hdg, (EUR) P A	LU0690086581	5	Up to 5%	2.24% ⁴	0.85%	3,000	AT, BE ³ , CH, CL, DE, ES, FI, FR, GB, IT, LI, LU, NL, NO, SE, SG
Emerging High Conviction, Syst. NAV Hdg, (EUR) P D	LU0690086664	5	Up to 5%	2.23% ⁴	0.85%	3,000	AT, BE ³ , CH, CL, DE, FI, FR, GB, LI, LU, NL, NO, SE, SG
LO Funds – Emerging High Conviction, Syst. NAV Hdg, (EUR) RA	LU0690086748	5	Up to 3%	3.07% ⁴	1.55%	1,000	AT, BE ³ , CH, CL, DE, ES, FR, GB, IT, LI, LU, NL

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 and can be requested free of charge at the registered office of the Sub-Fund.

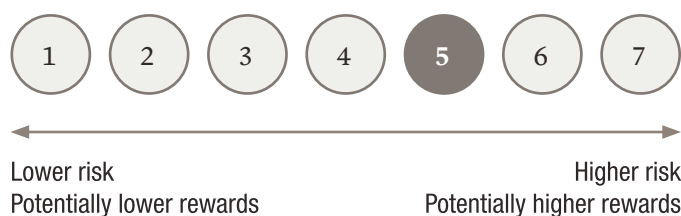
¹ Lombard Odier Funds (“LO Funds”) is a variable capital investment company (SICAV) incorporated in Luxembourg as an Undertaking for Collective Investments in Transferable Securities (UCITS) subject to Luxembourg laws. Emerging High Conviction is a Sub-Fund of LO Funds. / ² The ongoing charges figure is based on expenses for the 12-month period ending 21 January 2018. / ³ 14 August 2018. / ⁴ 25 January 2018. / This figure may vary periodically.

⁵ The Sub-Fund is not appropriate for Belgian retail investors unless the investment subscription is more than EUR 250,000.

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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 SRRI related to the share classes under marketing may vary from 5 to 7. The value of the share classes exposed to high volatility may be subject to high variations both upward and downward that may create important short-term latent losses.

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

Emerging market risk: Significant investment in emerging markets may expose to difficulties when buying and selling investments. Emerging markets are also more likely to experience political uncertainty and investments held in these countries may not have the same protection as those held in more developed countries.

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.

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

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

- Risks related to Currencies
- Risks related to Small and Medium Sized Capitalisations

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 particular attention to Appendix B "Risk Factors Annex" of the Prospectus.

Glossary

Emerging markets

An emerging market economy is one in which the country is becoming a developed nation and is determined through many socio-economic factors.

Excess economic returns

Profits that comfortably exceed a company's cost of capital.

GDP

The monetary value of all the finished goods and services produced within a country's borders in a specific time period.

A PPP-based GDP measure involves converting individual countries' GDP using the Purchasing Power Parity approach as an exchange rate. PPP is the exchange rate that allows an identical basket of goods in one country to be bought in a second country.

PPP

Purchasing power parity is an economic theory that compares different countries' currencies through a "basket of goods" approach. According to this concept, two currencies are in equilibrium or at par when a basket of goods (taking into account the exchange rate) is priced the same in both countries.

Source: www.investopedia.com; LOIM.

Contact

To find out more about LO Funds – Emerging High Conviction, email loim-funds@lombardodier.com

or visit www.loim.com  [@loimnews](https://twitter.com/loimnews) 

IMPORTANT INFORMATION

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 “Emerging High Conviction,” 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 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.

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Belgium – Financial services provider: CACEIS Belgium S.A. The Sub-Fund is not appropriate for Belgian retail investors unless the investment subscription is more than EUR 250,000. Please contact your tax advisor to identify the impacts of the

Belgian tax “TOB” (“Taxe sur les Operations 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 Boite 22, 1000 Brussels, Tel: (+32) 2 545 77 70, Fax: (+32) 2 545 77 79, Email: Ombudsman@ombusfin.be.

France – Centralising agent: CACEIS Bank.

Germany – German Information and Paying agent: DekaBank Deutsche Girozentrale.

Italy – Paying agents: Société Générale Securities Services S.p.A., State Street Bank International GmbH – Succursale Italia, Banca Sella Holding S.p.A., Allfunds Bank S.A.U., Milan Branch, BNP Paribas Securities Services, CACEIS Bank, Italy Branch.

Liechtenstein – Paying agent: LGT Bank AG.

Luxembourg – Depositary, 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.U. – 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 & Co Ltd, 11, rue de la Corratierie 1204 Genève, Switzerland. Publications about the Sub-Fund: 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 and 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).

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