

Reasons to invest

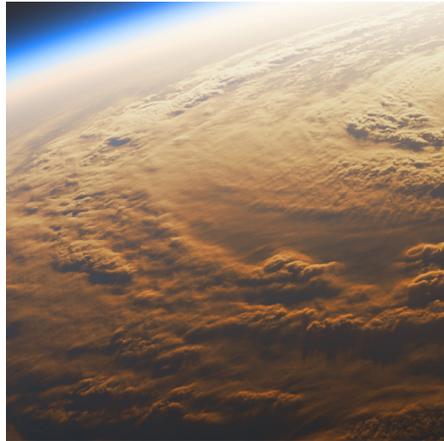
LO Funds – Climate Transition

Why invest?

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**Global
Equities**



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

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. Climate Transition is a Sub-Fund of LO Funds.

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Investing in companies that are leading the transition to net-zero emissions and a climate-resilient economy.

Product overview

ASSET CLASS

Global Equities.

APPROACH

High Conviction.

Increasing physical manifestations of an already damaged climate draw stark attention to the scale, scope and urgency of a climate transition.

The world needs to decarbonise – and needs to do it quickly.

At the same time, pressure from consumers, regulators and innovation is rapidly changing the business landscape.

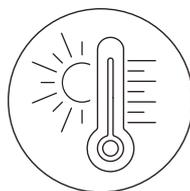
This situation creates an attractive opportunity to invest in companies that may benefit from a global transition to net-zero emissions and a climate-resilient economy.¹



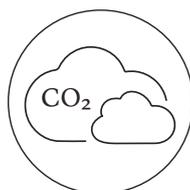
¹ There can be no assurance that the investment objective will be achieved or that there will be a return on capital or that a substantial loss will not be incurred.

² Article 9 is attributed to those funds that specifically have sustainable goals as their objective (for example investing in companies whose goal it is to reduce carbon emissions) according to the SFDR.

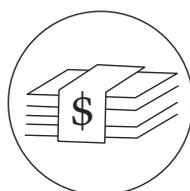
Climate transition: the greatest challenge and opportunity of our times



There is an urgent need for greater climate action. Current levels and trends in global greenhouse gases could force temperatures to rise by 3°C or higher this century.¹



The world must rapidly transition to a net-zero economy. To stabilise Earth's temperature, we must reduce emissions by 50% by 2030 and transition to net-zero CO₂ by 2050.²



Economic growth and decarbonisation requires investment to surge. Annual investment needs to almost double to USD 5,5 trillion this decade to remain below the 2°C increase. Capital must be reallocated to both decarbonise and adapt to a carbon-damaged world.²



This creates a significant investment opportunity across all sectors. We believe that companies that embrace the transition to a climate-resilient economy will be well positioned to generate growth.³

¹Watson and Le Quéré (2018); Aon Benfield (2019). / ²Source: IPCC Special Report: Global Warming of 1.5°C. / ³There can be no assurance that these results will be achieved or that there will be a return on capital.

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Why invest?

The Sub-Fund invests in companies across all sectors that we believe may benefit from the transition to a carbon-constrained world and the adaptation to a carbon-damaged world.

“The transition to a low-carbon and climate-resilient economy will require innovation, commitment and significant investment. Regulation, consumer behaviours, investor pressure and technological innovations are emerging as strong drivers of this change.”

1. A carbon-constrained world

The global economy must decarbonise and bring greenhouse gases to net-zero. Carbon most likely will be heavily regulated and repriced substantially.

This creates growth opportunities for solution providers that are developing technologies to reduce, avoid and capture carbon. For example, companies offering energy efficiency improvement and renewable energy projects.

At the same time, companies within carbon-intensive industries that are transitioning to ‘greener’ practices will benefit from a competitive advantage and enhanced profitability avenues.

2. A carbon-damaged world

The world must quickly adapt to environmental pressures from climate change, pressures that are already evident today and will accelerate dramatically.

Companies that base their business models on a reshaping environment, may offer growth opportunities for investors. Such as companies focused on building a more resilient infrastructure, those that monitor physical and financial risks related to climate exposure, or companies that enable risk diffusion through insurance or green investment.

Preparing our cities and infrastructure for a reshaped environment will be one of the most important tasks for humans in the next decade.

Climate transition – case studies

1. A carbon-constrained world



Solution providers

Energy is the single largest operating expense for commercial buildings. Companies offering energy efficiency improvement can help buildings cut electricity use by 50%. This may lead to growth opportunities for companies offering solutions such as power efficiency software and technology enabling more efficient lighting and heating.



Transition candidates

Cars represented about 8% of global GHG emissions in 2018. With growing regulatory pressure and consumer demand, car manufacturers that electrify their offerings are likely to benefit from enhanced growth. Projections show that there could be over 200 million electrified vehicles by 2030, up from 7 million today.¹

2. A carbon-damaged world



Adaptation opportunities

Given rising sea levels and flood risks, firms that specialise in water management can provide protection for our coastal cities. Many projects are already underway such as the Venice adaptation project (USD 6.3 billion), Manhattan flood defence project (USD 10 billion).² With over 90% of cities located on coastlines, we see significant growth potential for the providers of these solutions.

Source: LOIM research. ¹ OECD/IEA, Global EV Outlook 2018, p.75 / ² World Resources Institute (2015), UNDP (2018), C40 Cities; Global Commission on Adaptation (2019). For illustrative purposes only. There can be no assurance that these results will be achieved or that there will be a return on capital.

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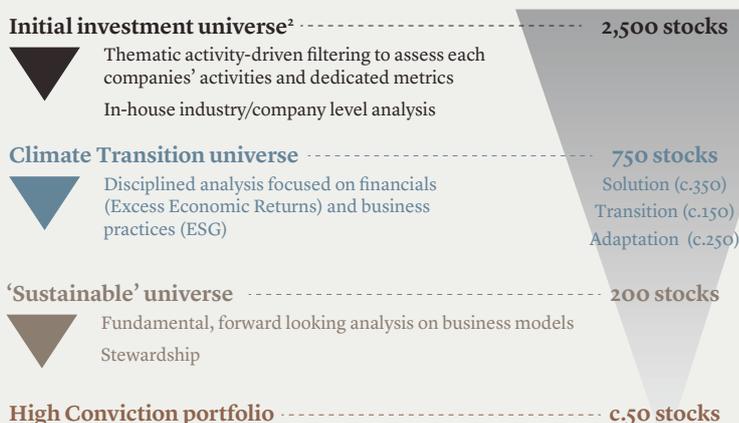
Investment philosophy and process

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

Our investment process is a multi-team effort involving specialists in sustainability research, investment strategy, sector analysis and portfolio management.

Detailed sustainability reporting is provided to inform investors of their investment's impact.

A high conviction stock picking process



- Multi-sectors with a bias towards Industrials, Information Technology, Materials and Utilities
- Stronger growth (>100bps) and ROE (>50%) characteristics than index
- No material regional or FX divergences versus index²

A knowledge powerhouse in sustainable and thematic investing

The strategy draws on the expertise of our Sustainable Investment Research, Strategy and Stewardship (SIRSS) team, who identifies the key sustainable risks and opportunities across all investment sectors. This enables our analysts and portfolio managers to make informed decisions when assessing whether companies could be well positioned to thrive through sustainability challenges. SIRSS has developed research which analyses the scientific, technological and regulatory forces underpinning the investment proposition.

Stewardship

The SIRSS team also works alongside the portfolio managers and analysts to exercise active ownership, engagement and stewardship. Companies are encouraged to set clear, measurable objectives addressing financially material ESG issues and align with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

Source: LOIM. ¹ There can be no assurance that the Sub-Fund's investment objective will be achieved, that there will be a return on capital or that a substantial loss will not be incurred. ² MSCI WORLD ND TR (USD). For illustrative purposes only. No benchmark is directly comparable in terms of universe and composition to a given Sub-Fund. There can be no assurance that the investment objective will be achieved or that there will be a return on capital or that a substantial loss will not be incurred. LOIM is an active member of Climate Action 100+: an investor initiative to ensure the world's largest corporate GHG emitters take necessary action on climate change. For more information on the LOIM ESG process please refer to the following link: <https://am.lombardodier.com/home/the-sustainability-revolution-wi.html>.

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The investment team



Paul Udall
Portfolio Manager
22 years of
experience



Peter Burke-Smith
Assistant Portfolio
Manager
3 years of
experience

Source: LOIM. The investment management team is subject to change.

Key facts about LO Funds – Climate Transition

Legal structure	SICAV-UCITS (Luxembourg) ¹
Investment objectives	The Sub-Fund is actively managed. The MSCI World TR ND is used for performance and internal risk indicators comparison. The Sub-Fund invests in equity and equity related securities issued by companies worldwide (including Emerging Markets) whose growth will benefit from regulations, innovations, services or products related to the global fight against or adaptation to climate change. The Sub-Fund seeks to invest in high quality companies with sustainable financial models, business practices and business models showing resilience and the ability to evolve and benefit from long term structural trends using its proprietary environmental, social and governance factors. As part of its Emerging Market exposure, the Sub-Fund may invest up to 20% of its net assets in shares issued by mainland China-incorporated companies (including China A-Shares). The Investment Manager is authorized to use financial derivative instruments for hedging purposes or for EPM but not as part of the investment strategy.
Investor profile	The Sub-Fund may be appropriate for investors, who seek capital appreciation over the long-term; and 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. This Sub-Fund may not be appropriate for investors who plan to withdraw their money within 5 years.
Sub-Fund launch	16 March 2020
Custodian bank/administration	CACEIS Bank, Luxembourg Branch
Liquidity	Daily
Subscription/redemption details	Subscription deadline: T-1, 15:00 Luxembourg time Payment date: Up to T+3
Registered countries²	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.
Reference currency	USD
Minimum investment	EUR 3,000 (Class P), EUR 1,000 (Class R) ³
Management fee	0.75%
Distribution fee	0.75%
Conversion fee	Up to 0.50% (of the total amount switched)
Taxation in the EU	Tax treatments 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	SRI	Entry charge	Exit charge	Ongoing charge	Performance fee	Countries of registration
LO Funds – Climate Transition, (USD), PA	LU2107587557	6	Up to 5.00%	0.00%	1.85%	None	AT, BE, DE, ES, FI, FR, GB, IT, LI, LU, NL, NO, SE

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 Undertaking for the Collective Investment in Transferable Securities (UCITS) subject to Luxembourg laws. Climate Transition is a Sub-Fund of LO Funds. / ² Not all share classes or currency units are available in every country where the Sub-Fund is registered. For further information on the availability of these share classes or currency units, please refer to the fund documentation and/or your relationship manager. Please refer to important information at the end of this marketing communication. / ³ Or equivalent amount in another currency.

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Contact

To find out more about LO Funds – Climate Transition, 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”). This marketing document particularly relates to **Climate Transition**, a Sub-Fund of LO-Funds (hereinafter the “Sub-Fund”).

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, authorised and regulated by the CSSF as a Management Company within the meaning of EU Directive 2009/65/EC, as amended; and within the meaning of the EU Directive 2011/61/EU on Alternative Investment Fund Managers (AIFMD). The purpose of the Management Company is the creation, promotion, administration, management and the marketing of Luxembourg and foreign UCITS, alternative investment funds (“AIFs”) and other regulated funds, collective investment vehicles or other investment vehicles, as well as the offering of portfolio management and investment advisory services.

Lombard Odier Investment Managers (“LOIM”) is a trade name.

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/will become 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.

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