

Reasons to invest

LO Funds – TerreNeuve

Why invest?

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Alternatives



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. TerreNeuve is a Sub-Fund of LO Funds.

This marketing document is for retail investors located in the countries listed in the section Key Facts. 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. Please read the important information at the end of the document.

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Investing in the sustainability movement: an alternative approach.

Product overview

ASSET CLASS

Alternatives.

APPROACH

Equity long/short.

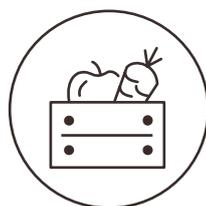
Sustainability is the defining principle of today's world and is a key driver of long-term value creation. Understanding sustainability issues is critical in distinguishing advantaged versus challenged business models and uncovering both risks and opportunities.

This Sub-Fund adopts a "long/short" approach to sustainable investing. It aims to benefit from both the potential future growth of well-positioned companies (via "long" positions) and the future weak performance of firms that are ill-equipped for the sustainability movement (via "short" positions).

The approach also aims to offer investors a smoother returns path - one that is not closely tied to the movements of stock markets.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.

Key investment themes



Food quality and security
Companies involved in nutrition, novel production techniques and crop yield enhancement; The 'vegetalisation' of diets



An ageing population
Firms providing medical devices and services, specialised nutrition, incontinence companies



Chemical development
Enabling lower resource intensity or green chemistry, recycling technologies and bioplastics



The future of mobility
Businesses involved in emissions control, energy efficiency, hydrogen as a storage solution for intermittent renewable electricity

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Why invest?

Our alternative approach not only looks to take advantage of firms that are well positioned from long-term sustainability trends, but also from those that are poorly positioned.

“ We believe a long-term approach is vital for investing in the global sustainability movement.

Broad investment opportunities

In a world where growth can be scarce, we believe that companies strategically positioned to address key environmental and social challenges will be the biggest beneficiaries in the market.

We also believe that the majority of corporate failures in public equity markets are related to governance and management issues.

While many investors take a short-term view on investing, we take a long-term approach. We carry out deep, fundamental, bottom up analysis which looks to identify and measure significant long-term drivers of company valuation, including less tangible environmental, social and/or governance factors.

A research-intensive, alternative approach

The TerreNeuve team aims to uncover winners with genuine growth potential, and to identify the laggards in tomorrow's world. Very few peers, if any, are implementing a sustainability focused strategy in a long/short format. The team have been doing so for almost a decade.

By taking long and short positions in the same sectors they aim to mitigate risk and reduce overall market exposure, creating a 'market neutral' portfolio.

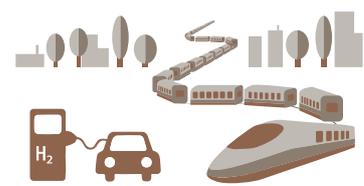
Examples of our sustainable investing themes

Food quality and security



Health and well-being is one area where the movement towards a more sustainable world is most evident. The adoption of a healthy diet is becoming increasingly important for many developing nations around the world. In addition, Millennials account for a large proportion of the growing demand for healthy, responsibly resourced and packaged products – we see an opportunity in companies supporting this trend.¹

Mobility in future cities



Hydrogen offers tremendous potential, firstly as a zero carbon superfuel to power the next mobility revolution, and secondly as a storage solution for intermittent renewable electricity. This technology is already being adopted globally and we believe that companies at the forefront of this energy revolution offer a compelling investment opportunity.²

Source: LOIM as at (date). * 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. / ¹ Healthy eating is increasing on consumer's agendas, with millennials leading the way, PwC Blogs, 26 August 2016. / ² Hydrogen & Fuel Cell, National Renewables Energy Laboratory www.nrel.gov/hydrogen. / The information and analysis contained herein are based on sources believed to be reliable. However, LOIM does not guarantee the timeliness, accuracy, or completeness of the information contained in this document, nor does it accept any liability for any loss or damage resulting from its use. This information and portfolio allocation is subject to change and is provided for illustrative purposes only to demonstrate the investment process to be undertaken by the Manager.

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Investment strategy and philosophy

At Lombard Odier Investment Managers, we believe sustainability will drive future return potential.¹

1. Deep sector expertise

The Sub-Fund operates with a sector specialist approach focusing on Consumer Discretionary, Consumer Staples, Materials and Medtech. These sectors are global in nature allowing the team to leverage their insights gained in European markets across the globe.

The investment team have covered their focus stocks for their entire careers and have developed meaningful corporate relationships. This is a key element of the company due diligence process and provides them with valuable insights into wider sectoral trends.

2. Environmental, Social and Governance analysis

The team utilises a proprietary sustainability rating system it has developed which forms an integral part of idea generation and the overall investment process.

The sustainability rating system acts as an extended company due diligence process ensuring the team carry out analysis on all the ESG factors they deem material to the investment case.

A key pillar of the team's research is analysing a company's portfolio of goods and services and how they align with wider Environmental and Social trends or themes.

3. Sustainability as a return driver

In a world where growth is scarce and often overestimated, we believe true growth companies will be increasingly rewarded by the market.

Companies strategically positioned to address key environmental and social challenges may be amongst the biggest beneficiaries.

Conversely, understanding challenged business models should facilitate the avoidance of value traps and offers opportunities on the short side.

The investment team



Arnaud Langlois
Portfolio
Manager
London



Cyrus Azarmgin
Senior Analyst
London



Andrew Gowen
Senior Analyst
London

An experienced investment team with over 50 years combined experience.

¹ Source: LOIM. Past performance is not a reliable indicator of future returns. 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.

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Key facts about LO Funds – TerreNeuve

Legal structure	SICAV – UCITS (Luxembourg) ¹
Investment objective and policy	The Sub-Fund aims to generate long-term capital growth. It invests in equity and equity related securities globally. The Investment Manager invests in companies that it believes to be undervalued and by using derivative instruments to seek negative exposure to companies that it believes to be overvalued. Securities are selected based on proprietary responsible criteria which includes environmental, social, ethical and/or corporate governance factors. Derivatives may be used to achieve the investment objective and to reduce risk or manage the Sub-Fund more efficiently. The 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 September 2018
Liquidity	Weekly (Friday)
Subscription/redemption details	3 p.m. on T-3 days
Registered countries	Registered for distribution to retail investors in: Austria (AT), Germany (DE), Finland (FI), France (FR), 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. US: Not appropriate to U.S. persons.
Reference currency	USD
Management fee	1.60%
Performance fee	20% above High Water mark.
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.

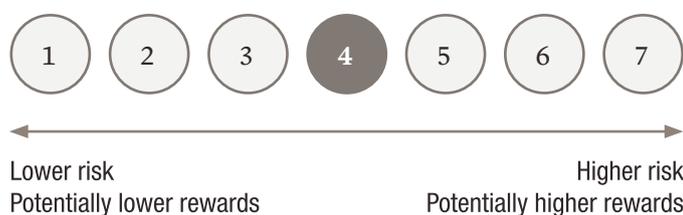
Share class	ISIN	SRRI	Entry charge ³	Ongoing charge ²	Distribution fee	Min. investment (EUR)	Countries of registration
TerreNeuve, Syst. NAV Hdg, (EUR) PA	LU1858042598	4	Up to 5%	2.35%	2.00%	3,000	AT, BE, ⁴ CH, DE, ES, FI, FR, GB, IT, LI, LU, NL, NO, SE
TerreNeuve, Syst. NAV Hdg, (EUR) RA	LU1858042754	4	Up to 5%	2.95%	2.00%	1,000	AT, BE, ⁴ CH, 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. /² As of 1 November 2018. Fees may vary periodically. /³ The entry and exit charges (0%) may be increased by a dealing charge of maximum 3.00% in favor of the Sub-Fund, in order to reduce the effect of portfolio transaction costs. /⁴ Not appropriate for Belgian retail investors unless the investment subscription is more than EUR 250,000.

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. TerreNeuve is a Sub-Fund of LO Funds.

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Understanding the risks 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 Sub-Fund primarily invests in a diversified portfolio of shares issued by companies worldwide (including Emerging Markets). Portfolio volatility is reduced as the Sub-Fund implements several long/short strategies which have their focus on different economic sectors while limiting concentration risk.

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

Counterparty risk: When a fund is backed by a guarantee from a third party, or where its investment exposure is obtained to a material degree through one or more contracts with a counterparty, there could be a material risk that the counterparty to the transactions will fail to honor its contractual obligations. This may result in a financial loss to the Fund.

Glossary

Please visit www.lombardodier.com/glossary

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.

Active management risk: Active management relies on anticipating various market developments and/or security selection. There is a risk at any given time that the fund may not be invested in the highest performing markets or securities. The fund's net asset value may also decline.

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

- **Risks related to Equities;**
- **Risks related to Fixed-Income Securities; and**
- **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.

Contact

To find out more about LO Funds – TerreNeuve, 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 “TerreNeuve”, 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. Please contact your tax advisor to identify the impacts of the Belgian tax “TOB” (“Taxe sur les

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France – Centralising agent: CACEIS Bank.

Germany – 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., 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. 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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