

Reasons to invest

Swiss Equities

For qualified investor use only • Global Equities • High Conviction

Key points

- A diversified universe exposed to global growth, appropriate for Swiss and foreign investors alike
- An actively-managed fund range, built on in-depth fundamental research with integrated sustainability considerations
- Benefit from the specialist expertise and global insight of the same Zurich-based investment team behind **LO Funds–Golden Age**

Fund range

LO Funds–Swiss Equity Index	Launched: 29 August 2014
Morningstar	SPI TR 
LO Funds (CH)–Swiss Leaders Index	Launched: 21 February 2001
Morningstar	Swiss leaders ¹ 
LO Funds (CH)–Swiss Cap Index	Launched: 2 September 1996
Morningstar	SPI Extra TR 

In-depth focus on high-quality Swiss companies generating excess economic returns with sustainable above-market growth rates and/or attractive dividend yields²

Why Switzerland?

Switzerland's GDP is highly geared to exportation, which means Swiss companies benefit from solid economic growth around the world.

We believe interest rates in Europe and Switzerland are likely to remain low in the medium term.

We expect revenue and EPS growth to outpace growth in Europe and the world over the next two years.

Why Swiss companies?

Innovation powerhouses: Swiss companies lead the pack on competitiveness and innovation,³ driven in part by the need to manage a high-cost environment.

Performance-focused: In a global context, Switzerland takes the lead on ROE and excess dividend yield.⁴

Market depth: The small, mid and large cap universe is large and diverse, with sufficient liquidity to choose from.

¹ Source: Morningstar, 30 April 2019. Ratings subject to change without notice.

² Yields are subject to change and can vary over time.

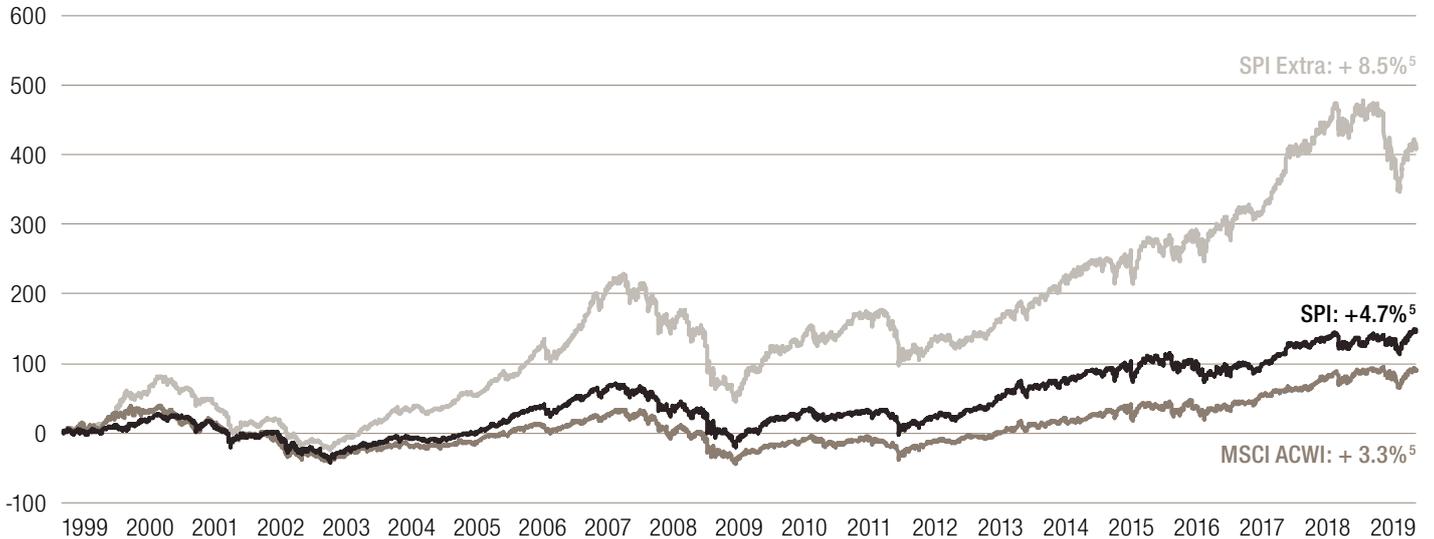
³ Source: The Global Competitiveness Report 2018, World Economic Forum.

⁴ Source: LOIM Analysis, Bloomberg 31 December 2018. 12-month forward ROE.

A superior long-term asset class

Swiss equities have delivered higher risk-adjusted returns relative to the MSCI All Country World Index (ACWI) over the past 20 years.

Cumulative returns over 20 years



Source: LOIM. Cumulative returns since inception of the SPIEX: January 1996 – 28 December 2018. Performance metrics in CHF.

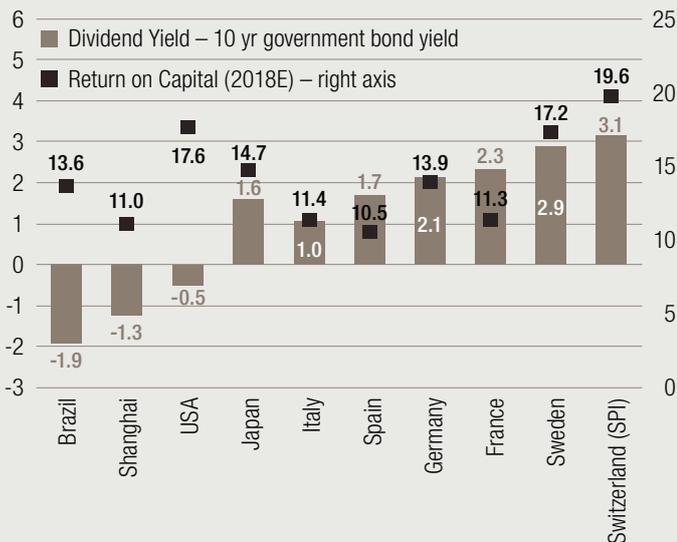
⁵ Annualised performance. Past performance is not a guarantee of future results.

In addition, Swiss small and mid-caps tend to enjoy a disproportionate benefit from the strength of the economy given their greater long-term growth potential compared to their large-cap counterparts. Over the last

decade, the SPI Extra has maintained a consistent lead over European and global small cap indices.⁶

Good at weathering storms

Global comparison of excess dividend yields



Source: LOIM Analysis, Bloomberg 28 February 2018; ROIC based on UBS estimates as at 25 October 2018. Gross returns shown. Past performance is not a guarantee of future results.

If uncertainty in the markets were to increase, the Swiss Franc (CHF) tends to be used as a refuge currency, which lends support to CHF-denominated stocks.

Many Swiss sectors, such as consumer staples and healthcare have defensive qualities. Excess dividend yields on Swiss shares are the highest in the world, ahead of even the US.

In addition, Switzerland offers the advantage of a liberal labour market, which means companies have the necessary cost-base flexibility to respond to a potential downturn.

⁶ Source: LOIM, Bloomberg, 2 January 2006 – 28 December 2018. Euro Stoxx Small Cap and MSCI World Small Cap cumulative returns converted to CHF.

Our Swiss equities fund range

LO Funds–Swiss Equity



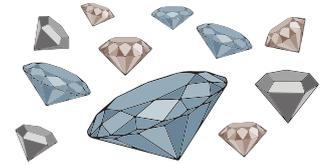
- UCITS
- 25-40 multi-cap stocks
- Aim to outperform the SPI TR® over the long-term⁷
- Current overweight⁸: Financials, materials and IT

LO Funds (CH)–Swiss Leaders



- Swiss FCP
- 30-40 multi-cap stocks
- Aim to outperform the SPI TR® over the long-term
- Current overweight⁷: Materials, IT and consumer staples

LO Funds (CH)–Swiss Cap



- Swiss FCP
- 25-35 small and mid-cap stocks
- Aim to outperform the SPI Extra TR® over the long-term
- Current overweight⁸: IT, financials and consumer staples

Why invest?



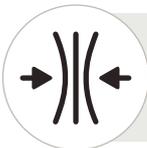
Disciplined high conviction: An actively managed, benchmark-unconstrained portfolio guided by rigorous fundamental research to identify high-quality Swiss leaders that can generate sustainable economic returns.



Embedded sustainability: We integrate sustainability through our investment approach and process. We adopt a three-pillar investment approach, designed to identify which companies are more sustainable over the long-term.



Local expertise, global view: Lombard Odier Investment Managers has been successfully investing in Swiss equities for over 20 years. The team meets over 300 management teams annually and take a global view, adding to their extensive knowledge of Swiss companies.



Swiss resilience: Against a backdrop of slowing global growth, many Swiss companies benefit from their exposure to sustainable, structural growth drivers – and the capability to deliver resilient operational performance.

CHF 1.2 billion

Swiss equity assets managed
as at 30 April 2019

40 years

Combined investment experience
of Swiss equities team

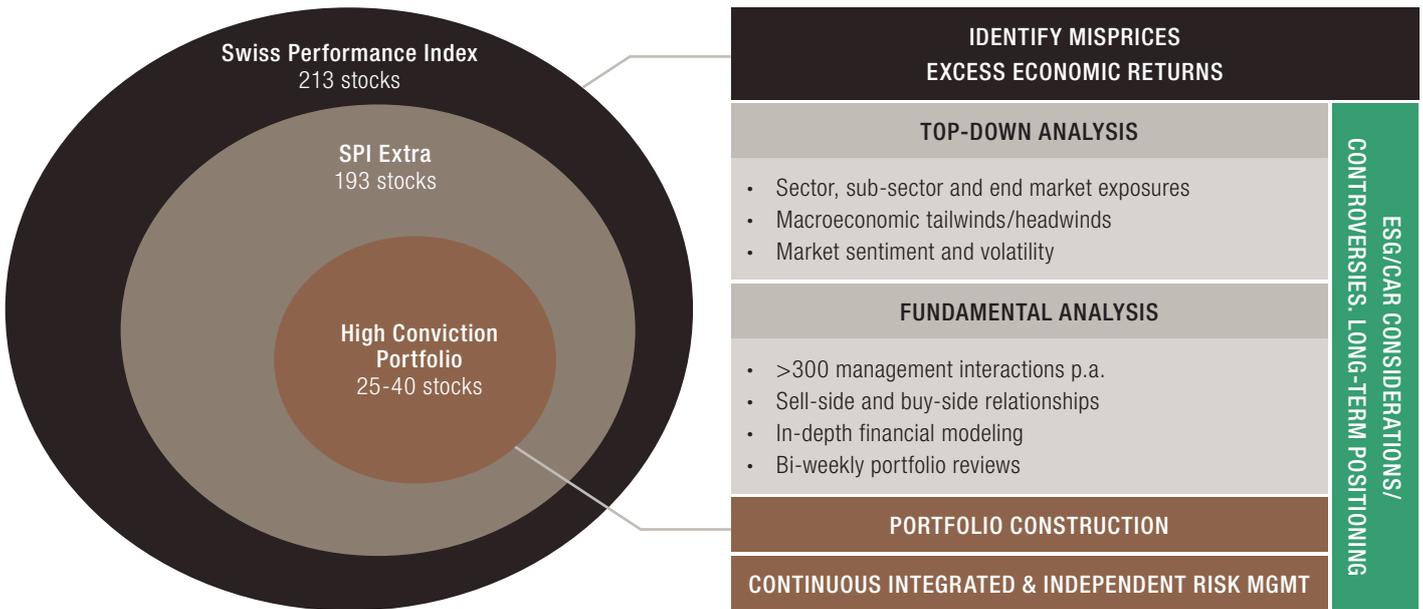
31 professionals

LOIM's global equity platform
with extensive coverage

⁷ 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.

⁸ Relative to benchmark as at 30 April 2019. Holdings/allocations are subject to change.

Investment approach



There can be no assurance that investment objectives will be achieved or that there will be a return on capital.

We adopt a three-pillar approach to find 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, strong cash generation and limited dependency on external capital.

2. Sustainable business practices

The team also considers extra-financial information (ESG/CAR metrics⁸) aimed at avoiding the worst corporate practices and controversies which can be damaging both to society and to investment returns.

3. Sustainable business model

The team looks for leading Swiss firms with clear competitive advantages, quality management, core competencies – and are thus able to capitalise on long-term trends and favourable industry dynamics.

The investment team



Johan Utterman
Lead Portfolio Manager
23 years' experience



Meret Gaugler PhD
Co-Portfolio Manager
7 years' experience



Damian Burkhardt CFA
Analyst
8 years' experience



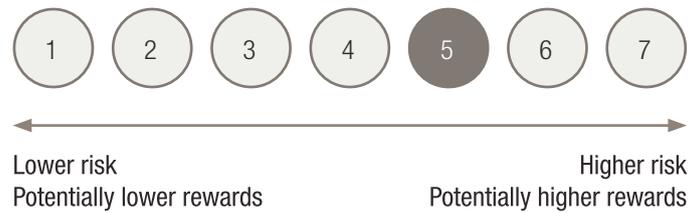
Fabian Wiederin
Analyst
6 years' experience

The dedicated Zurich-based team has specialist backgrounds and over 40 years of combined experience. They further benefit from the support of over 25 global equities investment professionals.

“At Lombard Odier Investment Managers, we believe sustainability will drive future returns.”

⁸ ESG = Environmental, Social and Governance. CAR = Consciousness, Action, Result, a proprietary LOIM ESG scoring system.

Risk factors



This indicator (SRRI) represents the annualised historical volatility of the funds 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 SRRI and may cause additional loss:

- **Liquidity risk:** Where a significant level of investment is made in financial instruments that may under certain circumstances have a relatively low level of liquidity, there is a material risk that the Fund will not be able to transact at advantageous times or prices. This could reduce the Fund's returns.
- **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.

- **Operational risk and risks related to asset safekeeping:** Under 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.
- **Fundamental risks:** Exposure of underlying revenues and margins, balance sheet leverage and equity leverage.
- **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.

For more details about risk, see appendix B "Risk Factors" of the LO Funds prospectus and/or part 1.3 of the LO Funds (CH) prospectus and fund contract.

LO Funds–Swiss Equity

Inception date	29 August 2014						
Reference benchmark	SPI TR						
Legal structure	SICAV – UCITS Compliant						
Custodian bank	CACEIS Bank Luxembourg						
Management company	Lombard Odier Asset Management (Switzerland) SA						
Liquidity	Daily						
Subs. & redemp. deadline	T-1, 15:00 CET						
Subs. & redemp. payment date	T+3						
Investment terms	Class I	Class N	Class M		Class P		
Management fee	0.75%	0.75%	0.825%		0.75%		
Distribution fee	–	–	–		0.75%		
Minimum investment	CHF 1,000,000	CHF 1,000,000	EUR 3,000		EUR 3,000		
Reference currency	CHF	CHF	CHF		CHF		
ISIN	Accumulating	Accumulating	Distributing	Accumulating	Distributing	Accumulating	Distributing
CHF	LU1577896787	LU1079727068	LU1079727571	LU1079727902	LU1079728462	LU1079729510	LU1079729866
EUR systematically-hedged		LU1093750476	LU1093750559	LU1093750633	LU1093750716	LU1093750807	LU1093750989

LO Funds (CH)–Swiss Leaders

Inception date	21 February 2001		
Reference benchmark	SPI TR		
Legal structure	FCP under Swiss Law, category "other traditional funds"		
Custodian bank	Banque Lombard Odier & Cie SA		
Management company	Lombard Odier Asset Management (Switzerland) SA		
Liquidity	Daily		
Subs. & redemp. deadline	T-1, 11:00 CET		
Subs. & redemp. payment date	T+1		
Investment terms	Class I	Class M	Class P
Management fee	0.75%	0.825%	0.75%
Distribution fee	–	–	0.75%
Minimum investment	CHF 1,000,000 (or equivalent)	1 share	–
Reference currency	CHF	CHF	CHF
ISIN	Distributing	Distributing	Distributing
CHF	CH0020168644	CH0224283116	CH0011786628

LO Funds (CH)–Swiss Cap (ex-SMI)

Inception date	2 September 1996		
Reference benchmark	SPI Extra TR		
Legal structure	FCP under Swiss Law, category "other traditional funds"		
Custodian bank	Banque Lombard Odier & Cie SA		
Management company	Lombard Odier Asset Management (Switzerland) SA		
Liquidity	Daily		
Subs. & redemp. deadline	T-1, 11:00 CET		
Subs. & redemp. payment date	T+1		
Investment terms	Class I	Class M	Class P
Management fee	0.75%	0.825%	0.75%
Distribution fee	–	–	0.75%
Minimum investment	CHF 1,000,000 (or equivalent)	1 share	–
Reference currency	CHF	CHF	CHF
ISIN	Distributing	Distributing	Distributing
CHF	CH0020299548	CH0224283082	CH0005067829

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Because of the smaller number of stocks held in the portfolio, the Fund may be subject to greater risks than a more diversified fund. A change in value of any single holding may affect the overall value of the portfolio more than it would affect a diversified fund that holds more investments.

Securities of issuers held by the Fund may lack sufficient market liquidity to enable the Fund to sell the securities at an advantageous time or without a substantial drop in price.

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