

Rethink portfolio yield and diversification with Insurance- Linked Securities

May 2017

Insurance Linked Securities (ILS) can offer investors unique diversification benefits and a high income. As these securities pay a floating coupon, they are also largely immune to interest rate hikes.

Diversification benefits

p.04

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ILS have a place in the portfolio of any investor seeking diversification from traditional market risk.

As with any financial innovation, Insurance Linked Securities (ILS) may be unfamiliar to many and be perceived as more complicated than they really are.

This document is intended to provide a solid introduction to ILS as an asset class. We first describe what ILS are and the dynamics between investors and insurers that result in a growing market,

and explain why we believe this growth will continue. We then turn to our investment philosophy and what we believe sets us apart from the competition. Finally, we inform you on how Lombard Odier's clients can access this Lombard Odier's clients can access this fascinating asset class.

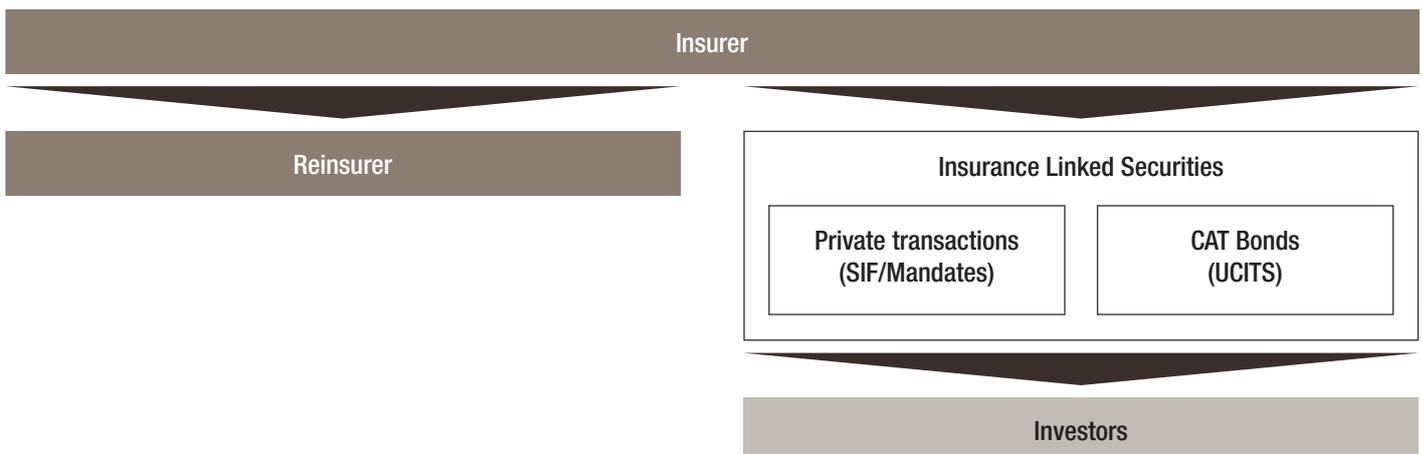
Insurance Linked Securities and CAT Bonds

Capital markets and the insurance industry have long held a mutually beneficial relationship. The insurance industry provides risk protection to individuals and companies while capital markets provide insurers with capital and ways to manage reserve funds. In turn, the insurance industry has been among the largest purchasers of fixed-income securities from the capital markets. In recent years, this relationship has further strengthened and the markets have witnessed the emergence of a new class of securities linked to insurance risk: Insurance Linked Securities (ILS).

ILS are financial instruments that transfer certain types of insurance risk, primarily property related, from the insurance

market to the capital markets. The payoff of ILS is linked to the occurrence of predefined extraordinary events, such as earthquakes, hurricanes, or floods. If nothing happens, the protection seller receives a coupon made up of a floating money market component plus an insurance premium, and at maturity their principal is returned. If the event specified in the contract occurs (this is verified by an independent service provider), the protection seller faces a partial or total loss of principal. Effectively, ILS offer insurers an alternative form of reinsurance while investors in ILS benefit from a high-yielding fixed income asset class whose returns are vastly independent from macroeconomic risks.

FIG. 1 ALTERNATIVE RISK TRANSFER



There exist three main types of ILS, namely CAT Bonds, industry loss warranties (ILW) and collateralised reinsurance. CAT Bonds are the only instruments that are truly securitised and for which

a secondary market exists, while ILW and collateralised reinsurance are private transactions with no possibility for trading outside the yearly renewal period.

TABLE 1 ILS INSTRUMENT PALETTE

	CAT BONDS	INDUSTRY LOSS WARRANTIES	COLLATERALISED REINSURANCE
DESCRIPTION	"Securities structured as floating rate notes that transfer insurance risks tied to natural events and extreme mortality or morbidity to capital markets"	Contracts based on the total industry loss for a given event, paying off when the total loss exceeds a predetermined amount	Privately structured customised transactions enabling investors to gain exposure to the traditional reinsurance market
RETURN PROFILE	Money market return plus spreads of 3% to 20%, with most issuance in the range of 5% to 10%	Money market return on collateral plus spreads of 5% to 40%, with most transactions occurring in the 10% to 15% range	Money market return on collateral plus spreads of 5% to 40%, with most transactions occurring in the 10% to 25% range
MATURITY	Typically 3 years	Typically 12 months	Typically 12 months
LIQUIDITY	Active secondary market	Limited secondary market	No organised secondary market
AVG. TRANSACTION	USD 150 million	USD 10 million	USD 5 to 200 million
MIN INVESTMENT	USD 250'000	USD 2 to 3 million	USD 5 million
MARKET VOLUME	USD 25 to 30 billion	USD 3 to 15 billion	USD 30 to 35 billion



Private transactions

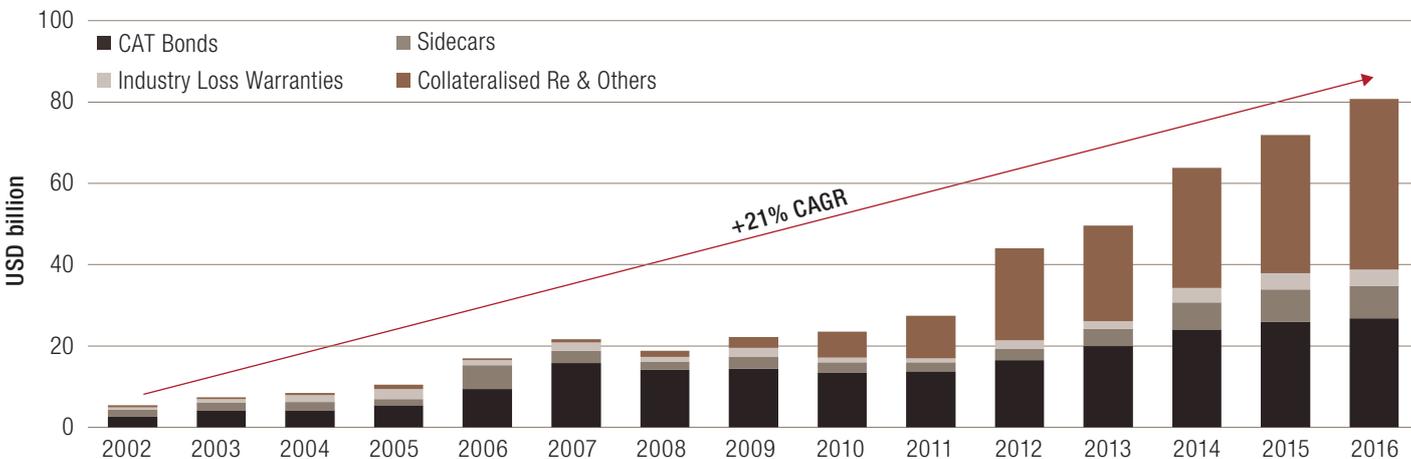
Source: Aon Benfield, LOIM, Q2 2015.

History

The market for ILS emerged in the mid-1990s, following hurricane Andrew (1992) and the Northridge earthquake (1994). Andrew caused property damage in excess of USD 26 billion, primarily in Florida and Louisiana, while Northridge is estimated to have caused more than USD 15 billion of damage to the Los Angeles area.

These two major events awoke the insurance industry to the significant financial impact of large catastrophes and highlighted the need for the industry to tap into financial markets in order to replenish its capital base. Since then, increasing regulatory pressure and the inefficiency of using equity capital to fund extreme event risk have, among other factors, provided the impetus for the ILS market growth.

FIG. 2 ILS MARKET GROWTH



Source: Reinsurance Market Outlook, Aon Benfield. As at 31 December 2016.

Investor's perspective

Diversification benefits

As previously mentioned, ILS are financial instruments whose risk is linked to the occurrence of natural events. As such, their return profile is related to factors such as meteorology, geology or engineering and is unrelated to the economic cycle. This can be observed in the very low correlation that CAT Bonds (used as a proxy for ILS as a whole) exhibit to other asset classes. In the current environment of record low interest rates, it is particularly relevant to highlight the fact that CAT Bonds pay a floating coupon, and are therefore largely immune to potential rate hikes. In such a scenario, the money market component of the coupon will be adjusted upward.

TABLE 2 CAT BONDS – A POWERFUL DIVERSIFIER (CORRELATION)

	CAT BONDS	EQUITIES	BONDS	COMMODITIES
CAT Bonds	1.00			
Equities	0.18	1.00		
Bonds	0.12	0.16	1.00	
Commodities	0.11	0.40	0.18	1.00

Source: Bloomberg. Observation period: 01 January 2002 to 31 March 2017. CAT Bonds: Swiss Re CAT Bond Index, Equities: MSCI World Total Return Index (Net), Bonds: Citigroup World Government Bond Total Return Index, Commodities: S&P GSCI Total Return Index. Past performance is not a guarantee of future results.

TABLE 3 CAT BONDS IN THE PORTFOLIO CONTEXT

	BOND DOMINATED		BALANCED		EQUITY DOMINATED	
	0% ILS	+15% ILS	0% ILS	+15% ILS	0% ILS	+15% ILS
Average return	5.37%	5.73%	6.04%	6.30%	6.72%	6.87%
Volatility	6.70%	5.78%	8.81%	7.59%	12.43%	10.65%
95% value-at-risk	-3.18%	-2.52%	-3.70%	-3.07%	-6.20%	-5.19%
Worst monthly return	-5.42%	-4.88%	-10.50%	-9.19%	-15.58%	-13.51%

Source: Bloomberg. 01 January 2002 to 31 March 2017. Bond dominated: 80% bonds and 20% equities. Balanced: 50% bonds and 50% equities. Equity dominated: 20% bonds and 80% equities. Bonds: Citigroup World Government Bond Total Return Index. Equities: MSCI World Total Return Index (Net). ILS: Swiss Re CAT Bond Index. Monthly observations. Average return is calculated as arithmetic mean and annualised. Volatility is calculated as standard deviation and annualised.

Performance

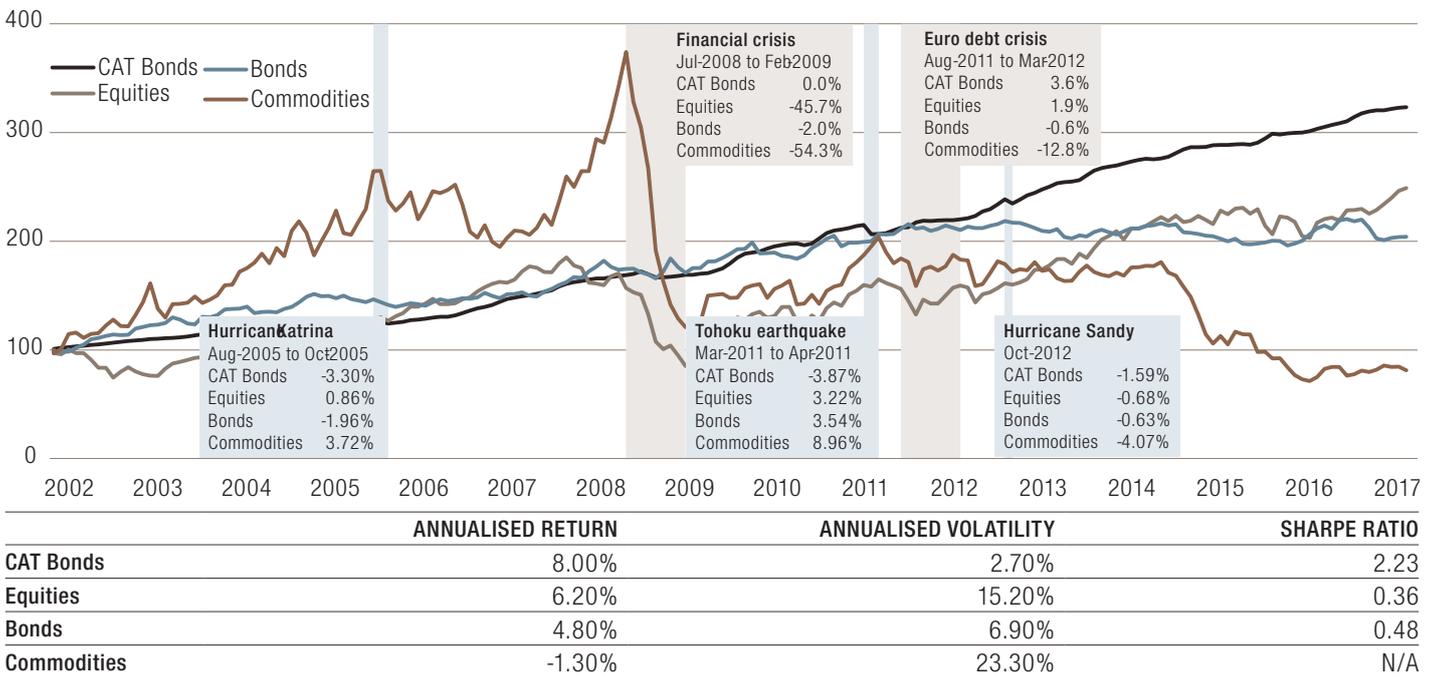
Over the last 15 years, CAT Bonds as an asset class have exhibited very steady returns, only suffering mild volatility, including during difficult market conditions such as around the landfall of hurricanes Katrina and Sandy in the US or the Tohoku Earthquake in Japan. Dramatic financial events have also left the market unscathed, with the exception of the Lehman Brothers bankruptcy that caused damage to four bonds, triggering a review of the type of collateral allowed in CAT Bond transactions.

Unlike other asset classes, where, as highlighted by the recent crisis, all individual securities tend to move in one direction, ILS are characterised by a high level of intra-class diversification. As an illustration, one can build an ILS portfolio by selecting assets linked to independent risk factors such as Japanese earthquake, California earthquake, European wind, US tornadoes, Florida hurricane, Australian cyclone. If each of the six events covered has a 1% probability to occur, the probability of a total portfolio loss is 0.00000000001, or once in a trillion years. Moreover, in the more likely scenario where only one or two of the six insured events occur, the other bonds in the portfolio will continue paying a coupon, thereby dampening the capital loss.

In the portfolio context, these properties are highly valuable as they translate into a strong risk-reducing effect, whether the portfolio is bond dominated, balanced or equity dominated. As shown in the table below, a traditional portfolio's risk statistics (volatility, value at risk and worst month) are improved through the addition of CAT Bonds. As such, one can conclude that ILS have a place in the portfolio of any investor seeking diversification from traditional market risk.

As shown in the table below, these solid, steady returns have so far translated in a risk-adjusted performance (measured by the Sharpe ratio) that is superior to that of bonds, equities or commodities.

FIG. 3 STABLE PERFORMANCE OF CAT BONDS OVER A LONG TIME PERIOD



Bloomberg. Observation period: 01 January 2002 to 31 March 2017. CAT Bonds: Swiss Re CAT Bond Index, Equities: MSCI World Total Return Index (Net), Bonds: Citigroup World Government Bond Total Return Index, Commodities: S&P GSCI Total Return Index. Past performance is not a guarantee of future results.

Insurer and reinsurer’s (sponsor) perspective

In a world characterised by ever-increasing wealth concentration in large cities and coastal areas, the global insurance industry must find ways to cope with unprecedented peak-risks, which it is less and less able to underwrite on its own. The pressure to find fresh sources of capital unavailable to fund business expansion is accentuated by regulatory initiatives such as Solvency II or the International Association of Insurance Supervisors’ push for a too-big-to-fail framework for the industry.

Traditionally, insurers have managed risk by holding capital in reserve or by offloading part of their risk to reinsurers. Capital held in reserve is costly, and the reinsurance market is constrained, in particular for peak-risks such as US hurricane. The desire to free capital, combined with concerns over the reinsurance industry’s ability to provide future coverage has provided incentive to look for risk-management alternatives. Transferring insurance and reinsurance risk to capital markets has therefore become a viable alternative to raising capital for an insurer’s corporate finance department.

By transferring part of its risk to the capital markets, the company ceding risk (the sponsor) – typically an insurer or a reinsurer- gains access to a very deep pool of investors attracted by the yield and the unique diversification properties of the asset

class. Contrary to the issuance of plain vanilla corporate debt or equity, issuance of ILS frees up capital in a direct manner by reducing the targeted risk, allowing the sponsor to efficiently redeploy capital in its business lines.

Some of the structural features of ILS make it an attractive alternative to other forms of reinsurance, despite the costs of issuing a security.

In traditional reinsurance contracts, the ceding insurer typically relies solely on the creditworthiness of its counterparty (the reinsurer) to cover its losses, if and when an insured event occurs. To the contrary, ILS have little or no credit risk for the company seeking protection. This is because ILS are fully collateralised securities. This means that the funds required to be paid out should an event occur are deposited in full and held in a trust account. ILS therefore allow the sponsor to manage its event risk without having to worry about the risk of reinsurance failure. CAT Bonds also offer superior cost visibility to ceding companies as they typically have a maturity of three to four years, in contrast to traditional reinsurance contracts that are normally renewed on an annual basis.

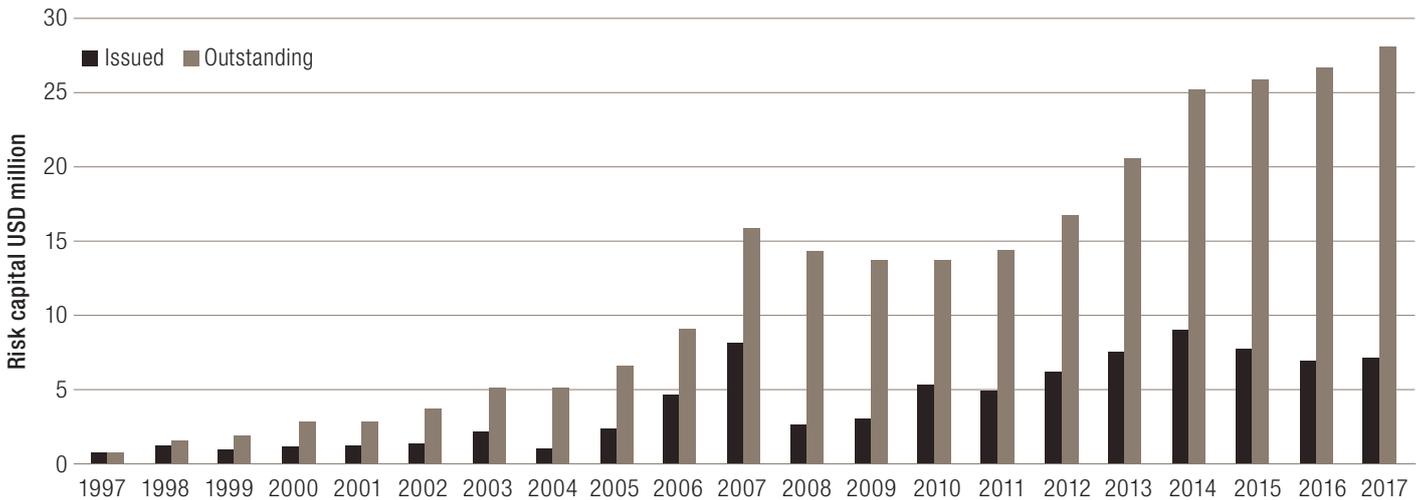
Going forward, we expect growing insurance penetration, further wealth concentration and increasing regulatory pressure to continue fuelling the growth of the ILS market.

CAT Bond market

Much like corporate bonds, CAT Bonds can be traded daily on an OTC market organised by a number of brokers (Deutsche Bank, BNP Paribas, Willis, Swiss Re, etc...).

As of the end of H1 2016, the market for CAT Bonds stood at USD 27 bio, representing approximately 5% of the total property reinsurance industry.

FIG. 4 CAT BOND MARKET SIZE

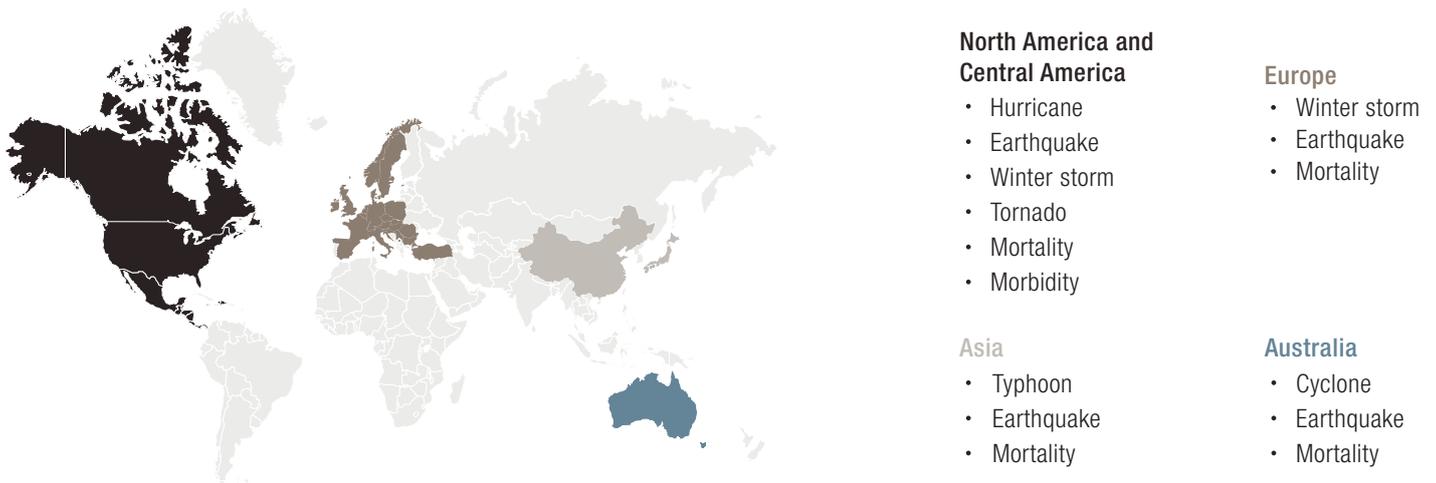


Source: www.Artemis.bm Deal Directory.

Consistent with higher insurance penetration, risks covered by CAT Bonds are predominantly concentrated in the developed world (though a recent issue has seen Chinese earthquake risk brought to the market). Unsurprisingly given the capacity constraints of the

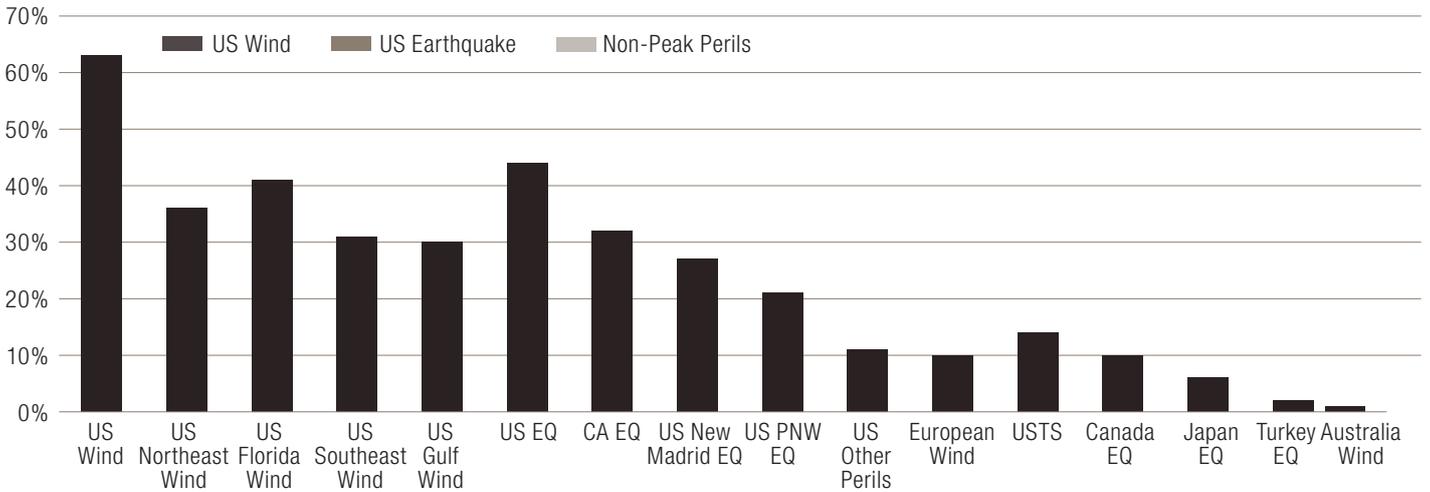
insurance industry and the high concentration of wealth in these catastrophe-prone areas, US wind and California earthquake are two of the most common risks found in the market.

FIG. 5 CAT BOND RISK COVERAGE



Source: Artemis. As at 30 November 2015.

FIG. 6 RISK PERIL DISTRIBUTION OF OUTSTANDING CAT BONDS

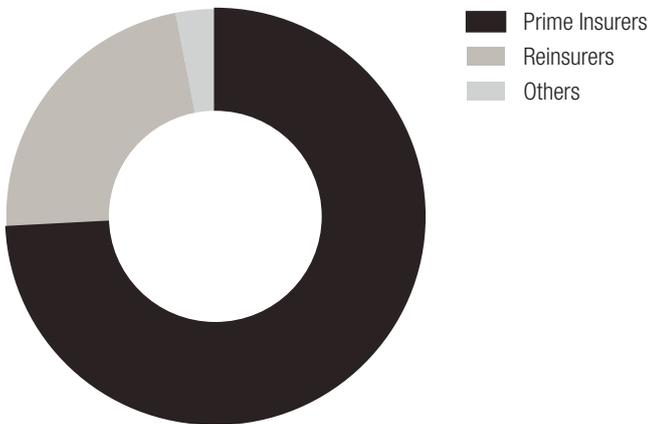


Source: Swiss Re. July 2015

Market participants on the sponsor side include insurers (for example Zurich, Allianz and State Farm) as well as reinsurers (example of participating reinsurers include Swiss Re and Munich Re) and, increasingly, public entities such the East Japan Railway Company or the New York Metropolitan Transportation Authority.

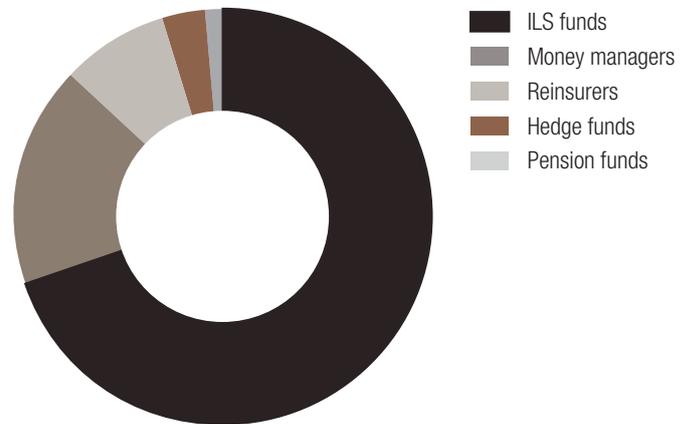
On the investor side, the market is dominated by specialised CAT Bond funds such as ours. Traditional money managers as well as hedge funds are also important market participants. Reinsurers and insurers also occasionally participate. Only few pension funds participate directly in the market as they typically rely on CAT Bond funds to capture the diversification benefits of the asset class.

FIG. 7 CAT BOND SPONSORS



Source: Artemis. As at Q2 2015.

FIG. 8 – DIRECT CAT BOND INVESTORS



ILS offering at LOIM

Competitive advantage

We believe the team’s competitive advantage revolves around three elements:

- Experienced team with the multidisciplinary skillset required to deploy a holistic investment strategy in an asset class at the crossroads of the financial and insurance markets. This is in stark contrast to competitors whose background is heavily biased towards the insurance industry and who sometimes have difficulty approaching ILS as financial instruments and not reinsurance contracts.
- Our investment philosophy explicitly recognises the unpredictability of catastrophic events, and regards achieving optimum diversification as the primary way to achieve superior risk-return portfolio characteristics in the long term. This is why our core portfolio construction engine is based on optimisation

techniques tailored to the ILS market specific features (fat-tailed distributions). This proprietary optimiser is inspired by Dr. Gawron’s PhD work and has been refined over the last 10 years. An added benefit of using such a tool is that it allows embedding the risk framework directly in the portfolio construction process.

- Our strategy includes an active trading component, and we deploy event driven and relative value strategies in a market otherwise dominated by buy-and-hold investors. We believe this should also contribute to outperforming peers.

Team

LOIM’s Insurance Linked Strategies (ILS) team gathers four investment professionals and is led by Dr. Gregor Gawron. The team brings over 50 years of combined experience in the financial and insurance markets.

TABLE 4 ILS EXPERIENCE

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Dr. Gregor Gawron	Man/RMF								Falcon Private Bank			Dynapartners		LOIM		
Simon Vuille	University of Lausanne		CS	Man/RMF						Aeris Capital			LOIM			
Marc Brogli	Man/RMF			HSG		Northern Star		Dynapartners			LOIM					
Stephan Gashen	Winterthur Insurance			Falcon Private Bank and Ariel Re						Dynapartners		LOIM				

Dr. Gawron headed the ILS team at Falcon Private Bank since 2010. He managed funds and mandates totalling USD 280 million. Dr. Gawron has been actively participating in the ILS market since 2002 and pioneered quantitative techniques in modelling and constructing ILS portfolios. He has made several contributions to various publications in the insurance and finance press since then.

Simon Vuille has gained substantial experience over the past thirteen years in the area of portfolio management, asset allocation and complex optimisation techniques with a focus on fixed income instruments and structured products.

Marc Brogli has over ten years’ experience in asset management and alternative investments, focusing on areas such as analysis, sales/marketing and operations.

Stephan Gaschen is a veteran of the ILS markets and a seasoned reinsurance practitioner, having been involved in the first CAT Bond transactions of the mid-1990s.

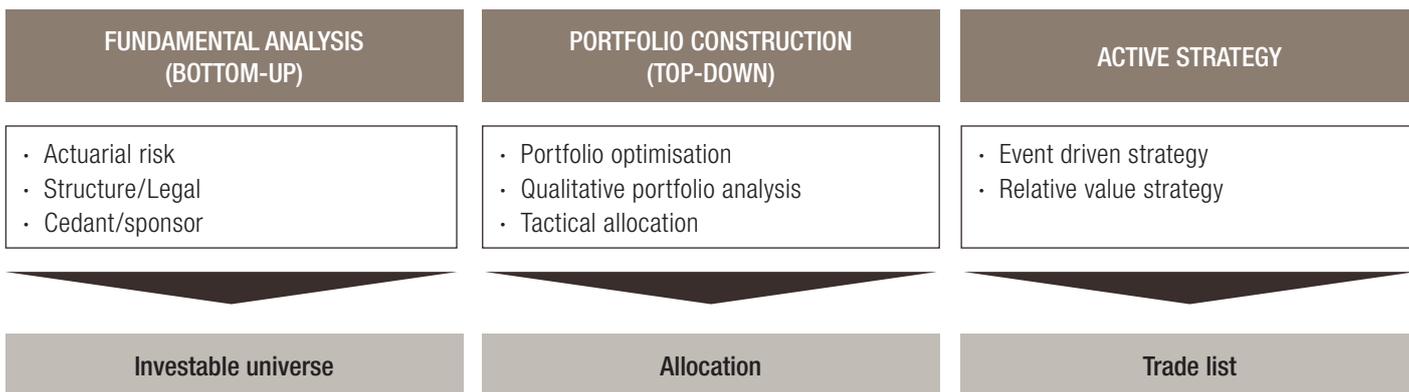
With experience gained in areas such as portfolio management, financial analysis, actuarial science, quantitative analysis as well as legal and structuring, the team is ideally equipped to deploy a holistic investment process tailored to ILS, an asset class at the crossroads of the financial and insurance markets.

Investment process

Our investment process consists of two core building blocks, namely fundamental analysis (security selection) which allows us to reduce the ILS market to an investable universe of approximately 100 to 120 investable securities, and a top down analysis (portfolio construction) where we use optimisation techniques to derive a portfolio of 50 to 90 core positions.

In addition, our active trading strategy, applied on an opportunistic basis, defines a list of potential trades, which the team looks to execute in the market in order to reach the final portfolio.

In combining these elements, we apply a unique mix of actuarial and financial science in an attempt to recognise the hybrid nature of the asset class.



Fundamental analysis (bottom-up)

In a first step, security selection is performed by applying fundamental bottom-up analysis. Consistent with the unique nature of ILS, our analytical framework makes heavy use of actuarial techniques and relies both on internal, as well as external actuarial risk models provided by specialised companies employing large teams of seismologists and climatologists.

The entire universe of instruments available in the primary and secondary markets is reviewed and analysed according to a pre-defined set of criteria. Our analysis focuses on understanding the event risk embedded in a bond (the risk transferred by the sponsor), as well as the underlying motivation that brings the sponsor to the capital markets, the quality of its underwriting process and overall business. We also review all structural aspects of an issue (jurisdiction, special rights of the sponsor such as extension or call features, etc...).

In addition to relying on its own experience and attending road show presentations, the team uses information gathered from a variety of independent sources such as rating agencies, risk modelling firms, brokers, and consultants.

A due diligence report is created for each individual ILS analysed. Findings are summarised in a rating that defines the investable universe (typically 100 to 120 securities).

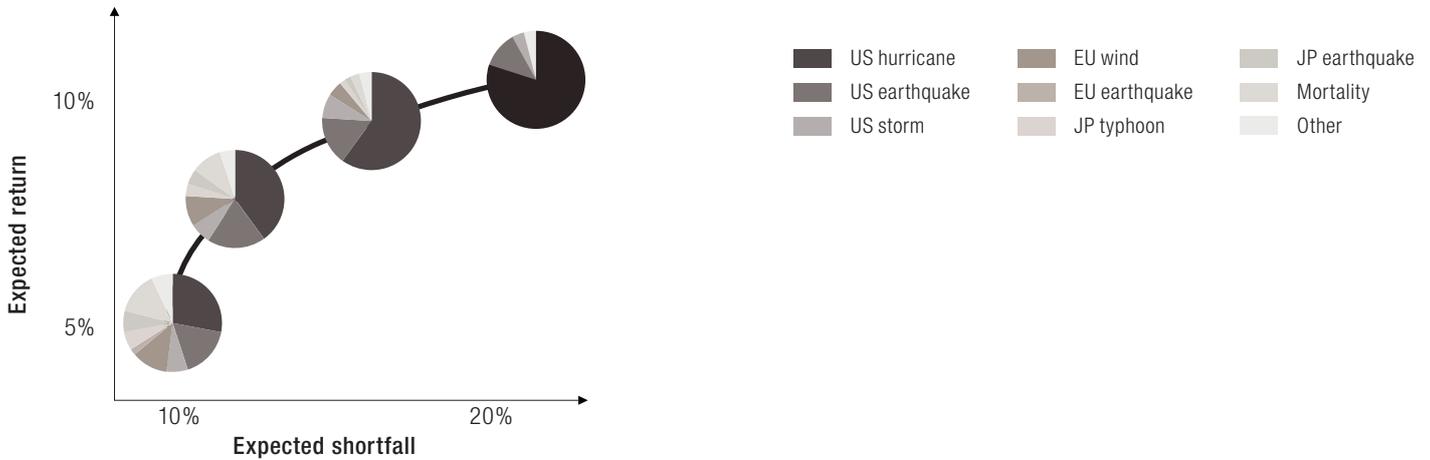
Portfolio construction (top-down)

In a second step, a top-down financial analysis is applied. The team's portfolio construction philosophy explicitly recognises the unpredictability of catastrophic events, and consequently regards achieving optimum diversification across the various types of risk available in the securities market as crucial to achieving long term superior risk-return performance.

The proprietary optimiser is inspired by Dr. Gawron's PhD work and has been refined over the last 10 years. We apply optimisation techniques specifically designed to take into account the distributional properties of ILS (fat-tailed distributions).

The outcome of the optimisation process is an optimal portfolio allocation typically containing 50 to 90 individual securities and diversified across all risk types available in the ILS markets.

FIG. 9 PORTFOLIO OPTIMISATION (TOP-DOWN)



Source: LOIM. For illustrative purposes only.

An added benefit to the use of an optimiser for portfolio construction is that it allows embedding the risk framework directly in the portfolio construction process thereby making risk management an integral part of the investment process.

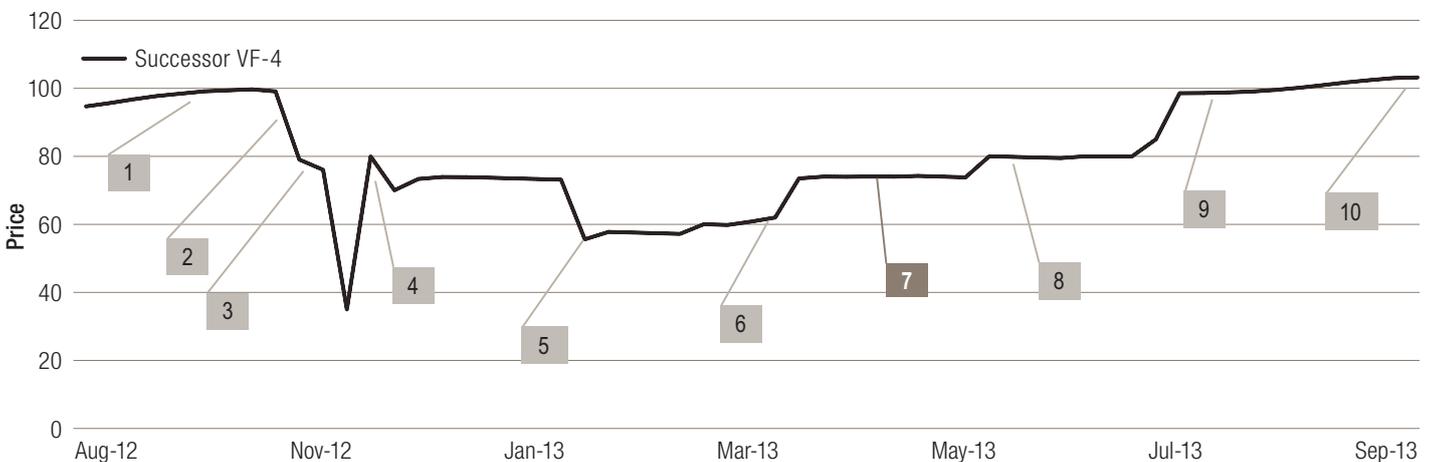
Finally, the use of optimisation technique makes our investment process scalable and allows tailoring a portfolio's risk-return profile to a client's need in the context of mandates. Typically, higher return requirements will lead to portfolios containing a bigger proportion of US Hurricane risk (the highest paying asset type). More conservative return requirements can be achieved with balanced portfolios.

Active strategy

Finally, the investment strategy aims at actively exploiting arbitrage opportunities in the ILS market. This differentiates us from many of the market players who are pure buy and hold investors.

Our event-driven strategy attempts to capitalize on market anomalies related to natural events that cause significant price disruption for specific ILS. The strategy is applied on a selective basis as events unfold (so-called live CAT), such as when a hurricane forms and approaches the coast, as well as after the occurrence of an event (dead CAT), for example after the Tōhoku earthquake in Japan. In the first example, we attempt to benefit from the price disconnect that often appears as risk averse or less sophisticated investors overreact to the mainstream media news flow by unwinding positions. In the second example, the team attempts to capitalise on an informational advantage it may gain through extensive analysis during the so-called loss development period (the period during which the magnitude of the damages for an insurer or the industry as a whole is assessed by independent service providers, i.e., claims reviewers).

FIG. 10 CATEGORY 3 HURRICANE SANDY (DEAD CAT EVENT)



1	22 October 2012	Sandy develops
2	25 October 2012	Sandy reaches Category 3 strength
3	29 October 2012	Landfall in North East as post tropical storm
4	23 November 2012	1st PCS loss estimate USD 11 billion
5	22 January 2013	2nd PCS loss estimate USD 18.75 billion
6	21 March 2013	3rd PCS loss estimate USD 18.75 billion
7	12 April 2013	Buy Successor VF-4 at 72c
8	29 May 2013	4th PCS loss estimate USD 18.75 billion
9	23 July 2013	Final PCS loss estimate USD 18.75 billion
10	27 September 2013	Profit on the trade ~40%

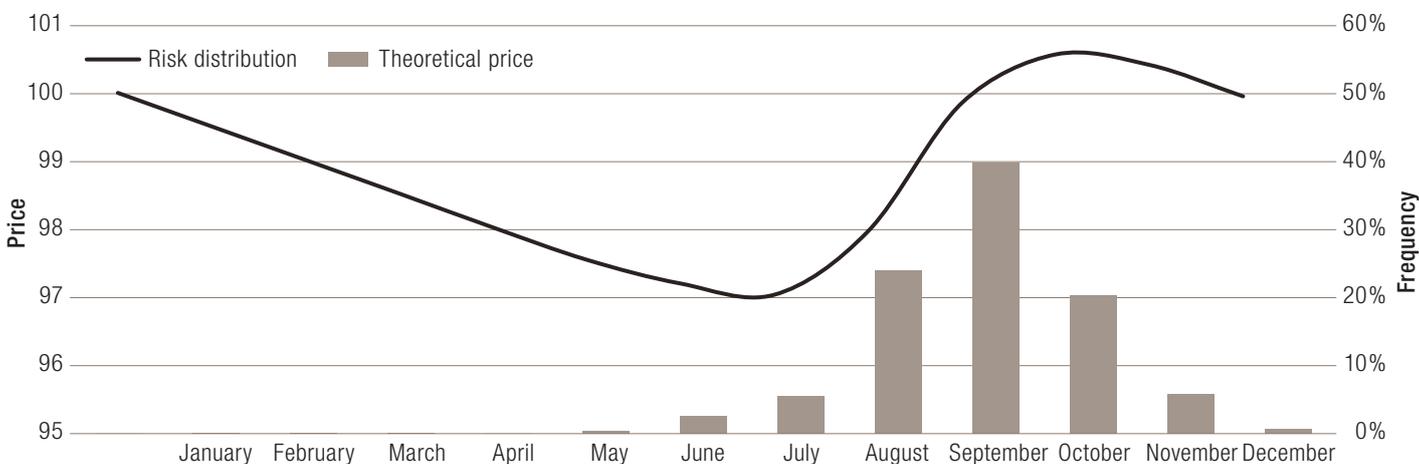
Source: Brokers' pricing sheets. For illustrative purposes only.

In the example above, Hurricane Sandy hit the Northeast US region in late October 2012. The market originally reacted strongly on the back of mainstream media coverage. As the loss estimates were refined in the course of Q1 2013, it was determined that the team could buy Successor VF-4, a CAT Bond paying a coupon of 16.25% for a price of 72. Based on its view that it would take an unlikely doubling of the loss estimates for the states of New York and New Jersey for the trade to lose money, the team entered the position. As they had expected, 6 months had been sufficient for loss estimates to stabilise. When the final numbers were released

in July of the same year, it was confirmed that the bond would not be triggered, and the price moved back to par, yielding a profit of 40% on the trade.

Additionally, the team deploys a relative value strategy. It monitors the differences between market prices and an internal fair-value model and stands ready to exploit any opportunities that may arise due to mispricing. This strategy is particularly relevant for bonds exposed to risks characterised by strong seasonality such as hurricanes or winter storms.

FIG. 11 ACTIVE STRATEGY – EVENT-DRIVEN TRADE EXAMPLES



Source: NOAA. 1 June 2015.

Risk management

Risk management is at the core of our investment management process and both pre- and post-trade controls are in place to ensure compliance with risk limits at all times. At the pre-trade level, the risk management framework (both regulatory and

mandate-specific constraints) are built into the portfolio optimisation tool, thereby insuring the portfolio construction compliance with the risk limits. At the post-trade level, an independent risk management team ensures compliance with the risk framework on an on-going basis.

LOMBARD ODIER FUND OFFERING

We are currently offering two funds: a UCITS compliant fund targeting net returns of money market + 2 to 4% as well as a fund in a SIF format targeting net returns of money market + 5 to 7%.

The UCITS fund invests in a widely diversified portfolio of CAT Bonds and the SIF fund exploits the full universe of Insurance Linked Securities.

The following table summarises the terms for both funds:

	LO FUNDS—CAT BONDS (UCITS)	LO FUNDS IV—INSURANCE LINKED OPPORTUNITIES (SIF)
Inception date	February 2016	October 2016
Target net returns	MM + 2% to 4%	MM + 5% to 7%
Liquidity	Weekly	Quarterly
Mgmt. fee (institutional)	0.9%	1.0%
Performance fee	—	10%

Finally, we are able to offer segregated mandates from USD 20 million for diversified portfolios.

Conclusion

ILS are financial securities that transfer insurance risk to the capital markets. Their payoff is linked to the occurrence of extraordinary events, for example earthquakes, extreme winds, or floods. ILS offer insurers an efficient route to free up regulatory capital and have emerged as a viable alternative to both traditional reinsurance contracts and capital raising. For investors, ILS offer a truly diversifying return stream that is not related to the macroeconomic cycle nor exposed to the vagaries of interest rates. In the portfolio context, ILS have risk-reducing properties highly valuable to both bond and equity investors. We expect the market for ILS to keep growing as the insurance industry must cope with ever-increasing concentration of wealth in urban centers and growing regulatory pressure.

LOIM's Insurance Linked Strategies team gathers four investment professionals bringing over 50 years of combined experience in the financial and insurance markets. The team's background in portfolio management, financial analysis, actuarial science and

quantitative analysis means they are ideally equipped to deploy a holistic investment process in an asset class that lies at the crossroad of the financial and insurance markets. The investment process is built around two core components that apply a unique mix of actuarial and financial science:

- A bottom-up component in which securities are selected, primarily on the basis of actuarial criteria
- A top-down component where the core portfolio allocation is defined by using complex optimisation techniques the team has refined over the last ten years.

In addition, the team follows an active strategy on an opportunistic basis, in an attempt to capitalise on market efficiencies occurring around natural events. A multidisciplinary skillset, an investment process relying on sound financial principles and an active trading component set the offering apart from the competition.

Important information

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in any state, territory or possession of the United States of America, a corporation organized under the laws of the United States or of any state, territory or possession thereof, or any estate or trust that is subject to United States Federal income tax regardless of the source of its income.

Past performance is not a guarantee of future results. The performance of the representative account will differ from that of the strategy due to, but not limited to, Investment timing decisions, Cash Flows, Fees, Investment restrictions and Market environment.

The strategy may include the use of derivatives. Derivatives often involve a high degree of financial risk because a relatively small movement in the price of the underlying security or benchmark may result in a disproportionately large movement in the price of the derivative and are not suitable for all investors. No representation regarding the suitability of these instruments and strategies for a particular investor is made.

The strategy's investments in Fixed Income securities are subject to the risks associated with debt securities including credit and interest rate risk. The strategy may make substantial investments in derivatives which may involve a high degree of financial risk. These risks include the risk that a small movement in the price of the underlying security or benchmark may result in a disproportionately large movement, unfavourable or favourable in the price of the derivative instrument; risks of default by a counterparty, and the risks that transactions may not be liquid.

Alternative investments often engage in leverage and other investment practices that are extremely speculative and involve a high degree of risk. Such practices may increase the volatility of performance and the risk of investment loss, including the loss of the entire amount invested. Alternative investments may themselves invest in instruments that may be highly illiquid and difficult to value. This may also limit your ability to redeem or transfer your investment or delay receipt of redemption proceeds. We refer you to the offering materials for a more complete discussion of the risks relating to an investment in any particular alternative investment.

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

Although certain information has been obtained from public sources believed to be reliable, without independent verification, we cannot guarantee its accuracy, completeness of all information available from public sources

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