LOMBARD ODIER
INVESTMENT MANAGERS

LO Funds
Swiss Equity
Newsletter

Regional Equities • Equities

30 November 2024

PERFORMANCE COMMENT

LO Funds–Swiss Equity's institutional share class finished November with a return of 1.04%, which represents an outperformance of 129 bps compared to its benchmark, the Swiss Performance Index (SPI TR).

As a reminder, the Fund reports performance net of withholding tax on dividends vs. gross of withholding tax for the benchmark (35% withholding tax). The headwind equals to some 85-105 bps annually (assuming a dividend yield of 2.5-3.0%), most of which comes in March-May.

Our overweights in Swiss Re and Partners Group, as well as the UCITS-induced underweight in Nestlé, were the best contributors to relative performance in the month, while the overweights in Temenos and Sika, alongside not owning Swissquote, detracted. In the SPI, Financials and Real Estate led the index higher, while Consumer Staples and Consumer Discretionary fared worst.

MARKET REVIEW

The Swiss market, as measured by the Swiss Performance Index (SPI), lost 0.25% in November. This compares with a 4.59% gain for the MSCI World Index (NDDUWI), driven by a 6.22% gain in the MSCI USA Index (NDDUUS). The Swiss small & mid-cap index (SPIEX) lost 0.22% by comparison.

The highlight of November was the US elections, where the Republicans gained control not only of the White House but also the House and Senate. "Make America Great Again", or MAGA, policy expectations, coupled with Goldilocks data, revived animal spirits for US equities. In contrast, Europe remains on the back foot amid stagnant growth, tariff threats and a political crisis in France. As a result, the Europe-US performance and valuation gaps widened.

On the economic front, there were no significant surprises. The global Citi Economic Surprise Index (CESIGL) moved from +6.1 in October to -1.5 in November. The global manufacturing PMI recovered from 48.7 to 49.4, led by an improvement in the Eurozone from 45.0 to 46.0, in the US from 47.3 to 48.5 and in China (Caixin) from 49.3 to 50.3. The annual inflation rate in the US (CPI) in October, which was reported in mid-November, was 2.6%, in line with expectations. Interest rates largely moved sideways, with the US 3-month Treasury yield drifting from 4.54% in October to 4.49% at the end of November and the 10-year rate dipping from 4.28% to 4.17%. Volatility in both equity and fixed-income markets moderated, with the VIX index falling from 23.2 to 13.5 and the MOVE index declining from 135.2 to 95.2. The US Dollar index (DXY) strengthened by 1.7%.

By style, cyclicals outperformed defensives in the US, Europe and Switzerland. Growth outperformed value in the US and Europe but not in Switzerland. Quality lagged globally, while small caps outperformed large caps in the US but not in Europe.

PORTFOLIO ACTIVITY

During the month, we liquidated our holdings in Clariant and VAT Group, while adding positions in SIG Group and Sunrise Communications.

STOCK OF THE MONTH

Georg Fischer's share price rose 8.9% in November as the company announced the divestiture of its Machining Solutions business at the end of October and its intention to become a pure-play water and flow solutions provider for infrastructure, buildings and industrial applications. Despite the difficult macro environment, Georg Fischer was able to achieve an attractive price for the business at an 8.5x EV/EBITDA multiple based on 2023 financials. Focusing solely on piping increases management's execution focus, improves the company's growth and margin profile, and enables a de-leveraging of the balance sheet. The new pure-play business model brings significant re-rating potential. Additionally, water is an attractive investment case exposed to several

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structural tailwinds, including infrastructure needs for drinking water, stricter regulations on water treatment and recycling, stormwater management, and ultra-clean water for semiconductor manufacturing.

QUARTERLY OUTLOOK

We expect the positive economic backdrop to continue into 2025, with ongoing disinflation and lower interest rates. In equities, the outlook for earnings growth looks robust, but some valuations are high. The MSCI USA trades on a 12-month forward P/E of 22.5x, which represents a 27% premium to the 10-year median. Meanwhile, MSCI Switzerland trades on 16.4x, a 4% discount to its 10-year historical level. The difference can be partially but not fully explained by diverging regional outlooks. In the US, deregulation, lower taxes and rising infrastructure spending may extend the economic and equity market exceptionalism, while trade tariffs could weigh on growth elsewhere. Most Swiss companies we invest in are not domestic but multi-national and will, as such, also benefit from their US presence.

Sincerely

LO Funds–Swiss Equity investment team

PERFORMANCE

30.11.2024	INCEPTION	AUM	MONTH-TO-DATE	YEAR-TO-DATE	INCEPTION-TO-DATE	2023	2022	2021	2020	2019
LO Funds – Swiss Equity PA [1]	29 August 2014	CHF 218 mn	0.98%	8.91%	73.01%	2.54%	-21.81%	23.30%	4.29%	28.19%
LO Funds – Swiss Equity NA [2]			1.04%	9.76%	88.95%	3.41%	-21.14%	24.35%	5.18%	29.28%
Benchmark [3]			-0.25%	7.56%	82.96%	6.09%	-16.48%	23.38%	3.82%	30.59%

Past performance is not a guarantee of future results. Performance is presented net of fees.
[1] Dividend accumulated private client share class, net performance in CHF.
[2] Dividend accumulated institutional client share class, net performance in CHF.
[3] SPI TR.

RISK AND REWARD PROFILE

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Lower Risk — Higher 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:

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.

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.

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.

Before taking any investment decision, please read the latest version of the prospectus, the articles of incorporation, the Key Information Documents (KIDs) and the latest annual report and semi-annual report. Please pay attention to the Appendix B "Risk Factors Annex" of the prospectus.

Incorporation of extra-financial risks into the investment decision process may result in underweighting of profitable investments from the sub-fund's investment universe and may also lead the management of the sub-fund to underweight investments that will continue to perform. Sustainability risks may lead to a significant deterioration in the financial profile, profitability or reputation of an underlying investment and may therefore have a significant impact on its market price or liquidity.

The Fund has been classified as a financial product subject to Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial sector (the "SFDR"). The Fund promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices.

IMPORTANT INFORMATION

This document is a **Marketing Communication** relating to **Lombard Odier Funds** and its **Sub-Fund ("LO Funds - Swiss Equity")** (altogether referred to as the "Fund"). This document is intended only for **Professional Investors** in the EU/EEA countries where the Fund is registered for distribution, within the meaning of the Markets in Financial Instruments Directive 2014/65/EU (MiFID) and is not intended for retail investors, nor for U.S. Persons as defined under Regulation S of the United States Securities Act of 1933, as amended.

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The Source of the data has been mentioned wherever it was available. Unless otherwise stated, the data is prepared by LOIM.

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Investments are subject to a variety of risks: The investments mentioned in this document may carry risks that are difficult to quantify and integrate into an investment assessment. In general, products such as equities, bonds, forex, or money market instruments bear risks, which are higher in the case of derivative, structured, and private equity products; these are aimed solely at investors who are able to understand their nature and characteristics and to bear their associated risks. On request, LOIM will be pleased to provide investors with more detailed information concerning risks associated with given instruments. The liquidity of an investment is subject to supply and demand. Some products may not have a well-established secondary market or in extreme market conditions may be difficult to value, resulting in price volatility and making it difficult to obtain a price to dispose of the asset.

Where the 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. All performance figures reflect the reinvestment of interest and dividends and do not take account the commissions and costs incurred on the issue and redemption of shares/units; performance figures are estimated and unaudited. Net performance shows the performance net of fees and expenses for the relevant fund/share class over the reference period. This document does not contain personalised recommendations or advice and is not intended to substitute any professional advice on investment in financial products. Neither this marketing communication nor this document nor any part of it shall form the basis of, or be relied on in connection with, any contract to purchase or subscription to the Fund. Not all costs are listed in this document and the investor is recommended to refer to the Offering documents for more information.

The articles of association, the prospectus, the Key Information Document (“PRIIPS/KIDs”), and the subscription form are the only official Offering Documents of the Fund’s shares (the “Offering Documents”). No party is authorised to provide information or make assurances that are not contained in the Offering Documents.

Access to documents in country of registrations:
The PRIIPS/KIDs are available in one of the official languages of your country and a Prospectus is available in English, French, German and

Italian . The PRIIPS/KIDs and the Prospectus together with the Articles of Incorporation and the last annual and semi-annual financial report are available on www.loim.com or can be requested free of charge at the registered office of the Fund or of the Management Company, from the distributors of the Fund or from the local representatives as mentioned below. These Offering Documents are provided for information and illustration and is not a contractually binding document or an information required by any legislative provisions and is not sufficient to take an investment decision.

Please refer to the prospectus and the PRIIPS/KIDs before making any final investment decisions. Before making an investment in the Fund, an investor should read the entire Offering Documents, and in particular the risk factors pertaining to an investment in the Fund, consider carefully the suitability of such investment to his/her particular circumstances and, where necessary, obtain independent professional advice in respect of **risks**, as well as any **legal, regulatory, credit, tax,** and **accounting consequences**.

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A summary of investor's rights relating to regarding complaints and litigation is available in English on https://am.lombardodier.com/home/asset-management-regulatory-disc.html.

This Fund is classified as Article 8 under the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on Sustainability-Related Disclosures in the Financial Services Sector ("SFDR"). A Summary of the sustainable website product disclosure is available in English in the "Sustainability-related Disclosure" section of the website fund page on "www loim com". Methodological limits: Assessment of sustainability risks is complex and may be based on ESG data which is difficult to obtain and incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that these data will be correctly assessed.

A summary of the sustainable website entity level disclosure is available in English in the "Regulatory and voluntary" section of the website fund page on Regulatory Disclosures - Asset Management - Lombard Odier.

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The Fund is currently notified for marketing into a number of jurisdictions. The Management Company may decide to terminate the arrangements made for the marketing of the Fund at any time using the process contained in Article 93a of the UCITS Directive.

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Belgium. Financial services Provider: CACEIS Belgium S.A., Avenue du Port 86 C, b 320, 1000 Brussels, Supervisory Authority: Autorité des services et marchés financiers (FSMA).
France. Representative: CACEIS Bank, Rue Gabriel Péri 89-91, 92120 Montrouge, Supervisory Authority: Autorité des marchés financiers (AMF).
Germany. Representative: DekaBank Deutsche Girozentrale, Mainzer Landstraße 16, D-60325 Frankfurt am Main, Supervisory Authority: Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin).
Finland. Finanssivalvonta (Fiva) - Financial Supervisory Authority (FIN-FSA), Snellmaninkatu 6, P.O. Box 103, FI – 00101 Helsinki, Finland; Website: http://www.finanssivalvonta.fi.
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Liechtenstein. Representative, LGT Bank AG Herrengasse 12, 9490 Vaduz, Supervisory Authority: Finanzmarktaufsicht Liechtenstein ("FMA").
Luxembourg. Commission de Surveillance du Secteur Financier (CSSF), 291, route d'Arlon, L-1150 Luxembourg; www.cssf.lu.
Netherlands. Representative: Lombard Odier Funds (Europe) S.A. – Dutch Branch, Parklaan 26, 3016 BC Rotterdam, Supervisory Authority: Autoriteit Financiële Markten (AFM).
Norway. Supervisory Authority: Finanstilsynet (The Financial Supervisory Authority of Norway), P.O. Box 1187 Sentrum, Revierstredet 3, Oslo, Norway, NO - 0107; Website : http://www.finanstilsynet.no/en/.
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