

SHINING A LIGHT ON THE..... LO New Food Systems Fund

AT A GLANCE

Investment Objective

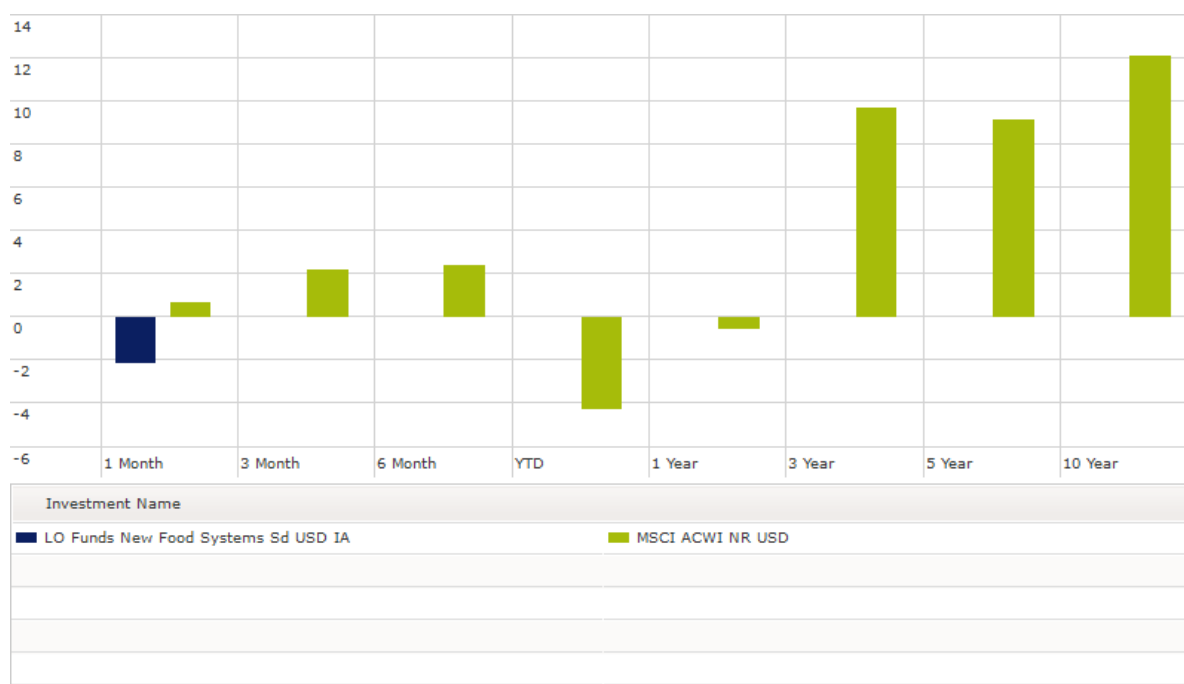
The Sub-Fund invests primarily in equity and equity related securities (including, but not limited to, warrants) of companies worldwide (including Emerging Markets) whose growth will benefit from opportunities resulting from regulations, innovations, services or products related to more environmentally-friendly agricultural and food production, distribution and diets aligned with the transition to a more circular, leaner, more inclusive and cleaner world. At least 75% of the Sub-Fund's net assets will be exposed to the equity or equity related securities of corporate issuers worldwide.

Inception Date	7 th July 2022
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00001E4W6

Management

Manager Name	Start Date
Conor Walsh and Alina Donets	7 th July 2022

FUND PERFORMANCE



You should note that past performance is not a reliable indicator of future returns, and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

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Tracking Error	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
-	-	-	-	-	-	-

Volatility Measurements	
3-Yr Std Dev (volatility)	-
3-Yr Mean Return (average)	-

Investment Style Details	
Giant	-
Large	-
Medium	-
Small	-
Micro	-

Top 5 Holdings		
Scotts Miracle	Sustainable Food Production	4.1%
Zebra Technologies	Enabling Solutions	4.1%
Campbell Soup	Sustainable Food Consumption	3.8%
Thermo Fisher Scientific	Sustainable Food Production	3.8%
Compass Group	Enabling Solutions / Sustainable Food Consumption	3.5%

Top 5 Sectors	
-	-
-	-
-	-
-	-
-	-

Top 5 Regions	
-	-
-	-
-	-
-	-
-	-

Fund Benchmark	MSCI ACWI NR USD
Fund size (Mil)	USD 205.31
Ongoing Charge	1.18%
Active share	-

Bull (pros)	Bear (cons)
<ul style="list-style-type: none"> This is focused on a long-term theme around sustainable food production 	<ul style="list-style-type: none"> Focused on a subset of a wider theme No track record

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- | | |
|---|---|
| <ul style="list-style-type: none">• Lombard Odier have built a reputation around sustainability and sustainable funds | <ul style="list-style-type: none">• Difficult to access across platforms• Some holdings may not fit comfortably with investors |
|---|---|

UPDATE....

This is a new fund launch from Lombard Odier. On paper this fund might seem attractive to investors. It plays on a subset of a wider theme. It looks to capture the opportunities associated with transformation of food systems as they transition to a model that can nourish the planet. To reduce emissions then land use for agriculture must reduce by 36% by 2050.

To improve what we have there are four areas of focus:

- Different foods – nutritious plants rather than animals (example, plant-based food)
- A different species – cut out the middle cow (we grow crops to feed cows to feed humans)
- Produced differently – regenerative and precision agriculture (example, precision agriculture)
- Distributed efficiently – cut out the waste

The fund will invest across three areas:

Sustainable food production – companies which produce biological and synthetic inputs, and food products (aquaculture, animal feed and health, fertilisers, agricultural products and food additives and ingredients)

Enabling solutions – companies which provide specialised enabling products and services along the value chain (farming and food equipment, enabling technologies, food packaging, life-sciences and logistics and delivery)

Sustainable food consumption – consumer facing companies which manufacture, retail and serve food (food manufacturing, retailers and restaurants and canteens)

They believe the transition to a more sustainable food system will unlock \$1.5 trillion of opportunities.

The opportunity set for them is vast, covering for example cultivated meat, plant-based meat and dairy, bio-fertilisers, and precision agriculture machinery.

The thematic universe is around 300 stocks, and the fund will look to invest in between 35 and 50 companies. The fund is a mix of growth, quality and value, providing more of a blended approach for investors and therefore should be more durable over the long term.

Three example holdings are:

Scotts Miracle – engages in the manufacture, marketing, and sale of products for lawn, garden care, and indoor and hydroponic gardening

Kubota – a Japanese company producing products including tractors, agricultural machinery, construction equipment, engines, vending machines, pipes, valves, cast metal, pumps and equipment for water purification, sewage treatment and air conditioning

Compass Group – a multinational contract food service company

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In terms of Compass Group, they provide catering services to offices, hospitals etc and are in a prime position to introduce plant-based foods. They expect this to be around 40% of what they produce by 2030. They are also actively involved in avoiding food waste and have joined forces with "too good to go" which is an app where people can buy left over food.

For many investors this strategy may sit well as it is focusing on a sustainable food system. Our concern with Lombard Odier is in part to do with some of the holdings and how investors may feel. In their Natural Capital Fund, they have Tesco's, and in the New Food Systems Fund, they have Greggs. Investors may struggle to see how these companies are having an impact. If we were to add this fund to our watchlist we would want to engage with our client base first to see how they feel.

This is also a subset of a wider theme and in global strategies it may be better to invest across all themes in one strategy. The reason for this is that if you take a single bet it may be the wrong one, so this would need to be a careful consideration.

The other area of concern is a lack of track record and we think this is important with this strategy. We have found that it is not easily accessible to investors on platforms.

In summary, we do not doubt the ability of Lombard Odier. The strategy itself is well thought out and provides investors with a different opportunity set. Our concerns lie around a lack of performance track record, some of the holdings including this one being a subset of a wider theme. We would monitor this but at this stage it would not make our watchlist of funds.

The source of information in this note has been provided by Lombard Odier and is correct as of September 2022. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to decide based on these notes we cannot take responsibility for this, and you should carry out your own research before deciding. We would also recommend that you receive advice before following up on any decision.