

**Objectives:** 7% Perf (by Mar 27, 2015), Max DD < 10%, Max Exp 200%  
**Investment Universe:** EuroStoxx50 components  
**3 steps Approach:** Quantitative, Fundamental and Technical analysis

## Weekly comment

Lion Equities Fund was launched 4 weeks ago on Tuesday January 20<sup>th</sup>. With EUR 100M in AUM, we strive at combining a quantitative investment approach with a fundamental and technical analysis over European stocks.

Lion Equities ended its 4<sup>th</sup> week of trading with a positive performance of 1.8% (performance since inception is of 6.6%). This gain was mainly driven by our Long positions in the Banking and Telecommunications sectors. This week's positioning does not change drastically. Nonetheless, exposures were reduced by about 50% in order to reduce our portfolio's volatility in the coming 3 weeks.

This week's investment choices were mainly driven by the expected agreement that should be settled between the Greek government and its creditors on Monday, February 16<sup>th</sup>. However, there are still some uncertainties concerning this point even though markets tend to push investors towards a contrarian positioning in order to avoid any credit default of Greece. This scenario will certainly have a strong negative impact on the Euro and the EuroStoxx 50. We also noticed the cease-fire deal between Russia and Ukraine, which should lower uncertainty in the markets globally.

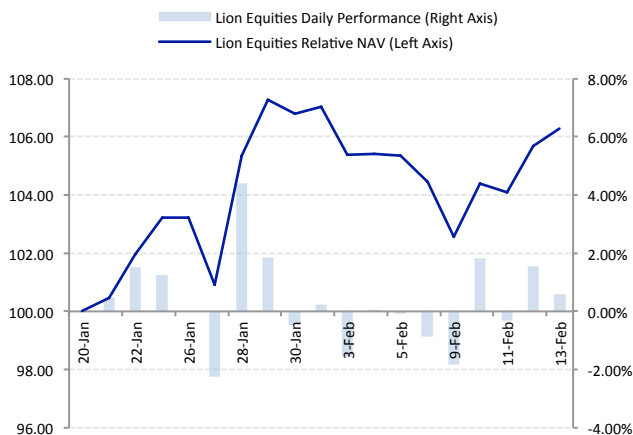
## Characteristics

NAV	I Shares: 106,29 EUR
Inception	Jan 20, 2015
AUM	EUR 100 M
UCITS IV	Yes
ISIN	I Shares : IR203203203
Bloomberg Ticker	(I) LFEQIR Equity
Domicile	Ireland
Manager	Lion Partners Ltd.
Liquidity	Daily
Min initial subscription	I Share : 1 000 000€
Cut off	By D-1, 5:00 p.m.
Rebalances	Weekly
Custodian	RBC Investor Services (France)
Administrator	
Management fees (including admin fees)	1.7% per year
Incentive fees	20% of the outperformance (Cf. prospectus)
Contact	<a href="mailto:lionfund203@gmail.com">lionfund203@gmail.com</a>

## Weekly Performance:

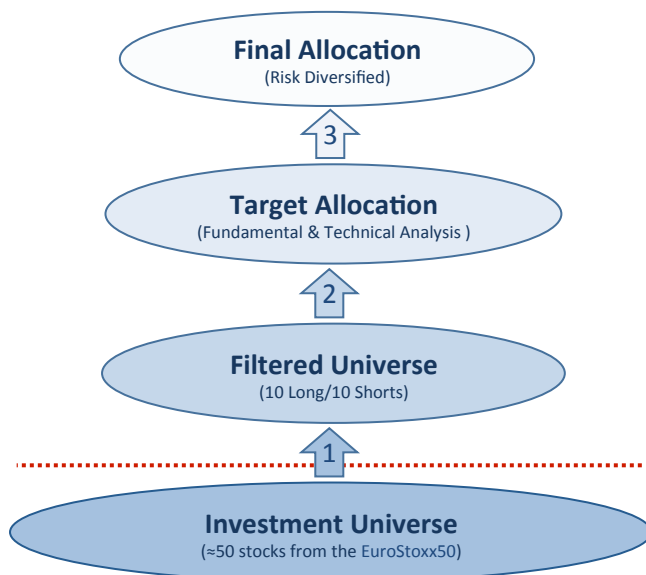
**+ 1.75%**

## Performance



## Investment Approach

1. Long term Quant Approach. We first rank the EuroStoxx50's components with their respective adjusted Sharpe ratios computed over the past 2 years (risk adjusted). We then cross these results with a CAPM regression between each stock and their benchmark ranking Alphas and Betas. We end up with Max 10 "Best" Stocks and Max 10 "Worst" stocks based on these indicators. These stocks stand as our Filtered Universe.
2. Short term Fundamental and Technical approach.
3. Final allocation based on a risk minimization (min VaR).



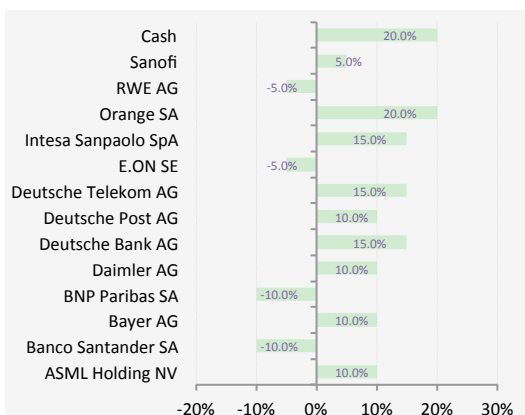
## Last Week's Breakdown

Stock Names	Position (Long/Short)	Entered Price (€)	Last Quote	Stop Loss	Performance contribution
ASML Holding NV	Long	89,37	90,64	2%	0,21%
Banco Santander SA	Short	6,14	6,14	2%	0,00%
Bayer AG	Long	125,25	126,45	2%	0,17%
BNP Paribas SA	Short	47,17	48,41	2%	-0,53%
Daimler AG	Long	82,35	80,74	2%	-0,39%
Deutsche Bank AG	Long	27,08	28,35	2%	1,17%
Deutsche Post AG	Long	28,97	28,95	2%	-0,01%
Deutsche Telekom AG	Long	15,9	15,94	2%	0,06%
E.ON SE	Short	13,14	13,36	2%	-0,25%
Intesa Sanpaolo SpA	Long	2,57	2,82	2%	1,22%
Orange SA	Long	15,97	16,19	2%	0,28%
RWE AG	Short	23,29	23,7	2%	-0,18%

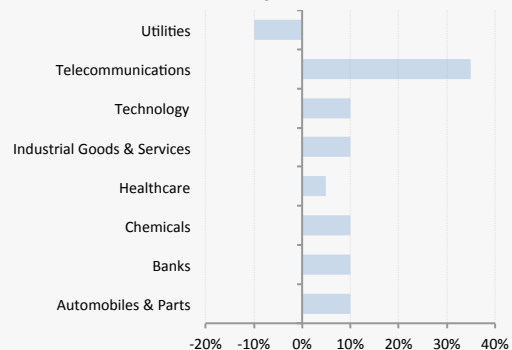
Since Inception	Lion Equities	SX5E
<b>Return*</b>	<b>+ 6,64%</b>	<b>+ 6,25%</b>
<b>Ann Volatility*</b>	<b>24,66%</b>	<b>15,10%</b>
<b>Sharpe Ratio*</b>	<b>0,91</b>	<b>1,39</b>
<b>MaxDD*</b>	<b>4,09%</b>	<b>1,98%</b>

\*Data based on Daily Historical NAVs since Jan 20, 2015

## New Exposures



## Sector Exposures



## Fundamental Analysis

Given the actual context and the discussions that are still going on between the Greek government and the Eurogroup, we have decided to maintain our Long positions that have been set up last week (especially in the Telecommunications sector) while adding some positive exposures in the Healthcare sector. Indeed, we have a strong feeling that discussions should result in an agreement, which will lead to a positive shock on the EuroStoxx 50. However, uncertainties about this decision led us to reduce weights for some of our positions. All weights have been optimized with our proprietary risk-aversion model.

## Technical Analysis

A Technical Analysis (Moving Averages of prices and Relative Strength Index) has been conducted on our basket of stocks, complemented by the analysis of Volumes. We added 1 stock to our portfolio (Sanofi) and maintained 2 of our initial positions (Orange and Intesa Sanpaolo) based on our proprietary technical analysis approach (Cf. page 3).

## Risks Indicators\*

- To determine the optimal weights to implement, we have minimized the variance of the portfolio with constraints on the weights and a minimal return target for the portfolio, using the returns of the stocks and their variance-covariance matrix.
- Market Risk: we are exposed to reversals in our selected stocks' prices, limited to a 2% loss (stop-loss).

Since Inception	Lion Equities	SX5E
<b>VaR-95% 1 day</b>	-2,19%	-1,22%
<b>CVaR-95% 1 day</b>	-3,20%	-1,96%
<b>CVaR-99% 1 day</b>	-4,14%	-2,54%

\*Data based on Daily Historical NAVs since Jan 20, 2015

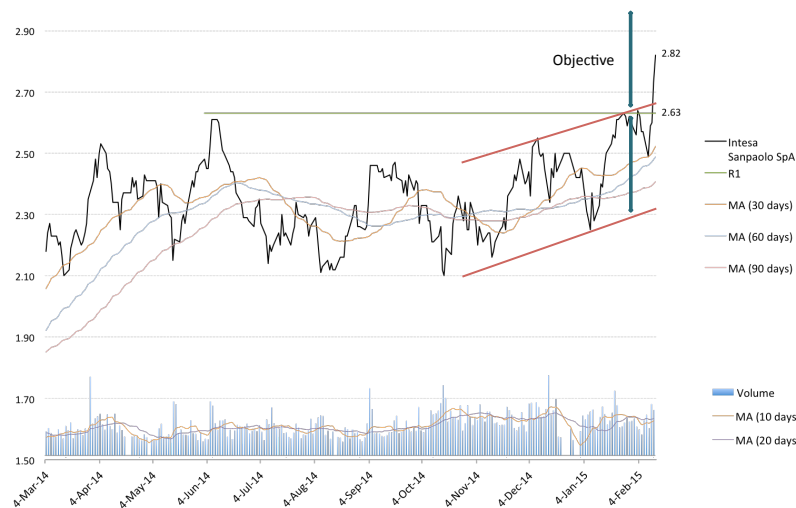
## Technical Analyses

## Comments



### Sanofi

We initiated a new Long position on Sanofi based on an event-driven opportunity as well as strong Fundamentals and Technical Analysis suggesting the timing for a buy in our opinion. Actually, Sanofi benefited from a strong earnings report (mainly an increase in profit due to lower charges) and will name a new CEO before the end of the first quarter to replace Mr Viehbacher after he was dismissed last October. He put the firm back on a good track in a period of patent expirations on its biggest products, improved the R&D branch through new partnerships and recruitment of top scientists, while cutting the costs and jobs. Regarding the Technical Analysis, the price broke the resistance level of 85, the price is above the moving averages of 30, 50 and 200 days and more notably the moving average of 30 days just crossed that of 200 days, favoring a perfect timing to launch our new position. The volumes also just started to pile up a little bit.



### Intesa Sanpaolo SpA

At inception of the Fund, Intesa Sanpaolo was one of our Best Stocks from our Quantitative Analysis, also strong on Fundamentals and confirmed by our Technical Analysis. Indeed, at the time, the price crossed the moving averages of 50 and 200 days showing a good market timing for a buy (Cf. chart), supported by the Relative Strength Index (RSI). This is why we entered this position with a positive weight set to 18%, later increased to 30% as we believed it held more upward potential. Last week, we had to decrease this share as a consequence of the new rule about the Short/Long strategies so we lowered it at 12.5%. Recently, we also refined our Technical Analysis with new elements learnt in class. As observed on the chart, we see that the price is still above the 30, 60 and 90-day moving averages and broke the upward trend channel as well as the resistance level at 2.63. Moreover, volumes are piling up again and we observe crossing moving averages of volumes of 10 and 20 days. This led us to increase its weight to 15% for the coming week.



### Orange SA

At our fund's inception, Orange stood out from the Quantitative, Fundamental and Technical Analysis as one of the Best Stocks. In fact, it had broken upward the moving averages of 50 and 200 days, proving its good market timing for entering a Long position, confirmed by the RSI. This led us to enter the position with a 13% share and then to increase it to 30%. However, the new regulation conducted us to decrease it at 20%. With our newest approach of Technical Analysis, we noticed that the price is still above the 30, 60 and 90-day moving averages and in a clear upward trend channel, suggesting that the upward potential of the stock is still present, so we are maintaining our share of 20% on Orange. Nevertheless, we are keeping an eye on our indicators closely in case there would be any trend reversal starting.