

Global Investors Presentation

April 3, 2015

Lion Equities



Lion Fund Partners:

Julien Balanqueux
Emmanuel Cuche
Bertrand Delacour
Sidi-Mohamed Saaf

DAUPHINE
UNIVERSITÉ PARIS

Master | 203
FINANCIAL MARKETS

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(Presented in France)

Portfolio Managers

Julien Nathan Balanqueux

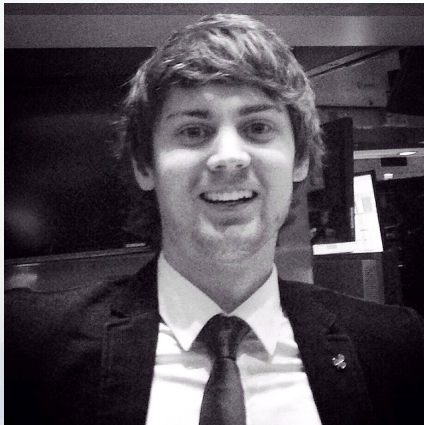


Nathan is a Financial Markets MSc Graduate Student and holds a BSc in Economics.

Prior to being part of the Master 203 at Paris Dauphine University (FR), he attended Penn State University (US), the University of Strasbourg (FR) and Macquarie University (AUS).

Besides his studies, Nathan has a great passion for sports and fitness. He holds a French National Boxing Championship title.

Emmanuel Cuche



Emmanuel is a Financial Markets MSc Graduate Student and holds a BSc in Economics as well as a BA of Law.

Prior to being part of the Master 203 at Paris Dauphine University (FR), he attended the University of Lorraine (FR), the Conservatory of Paris and the Conservatory of Nancy (FR).

Besides his studies, Emmanuel is a Concert Pianist and has a great passion for composition, filmmaking and astronomy.

Bertrand Delacour



Bertrand is a Financial Markets MSc Graduate Student and holds a BSc in Applied Economics.

Prior to being part of the Master 203 at Paris Dauphine University (FR), he attended Sydney's University of Technology (AUS) and a Preparatory School Engineering Class in Versailles (FR).

Besides his studies, Bertrand is involved in multiple humanitarian causes around the world.

Sidi-Mohamed Saaf



Sidi is a Financial Markets MSc Graduate Student and holds an MSc in Management.

Prior to being part of the Master 203 at Paris Dauphine University (FR), he attended the IESEG School of Management (FR) as well as the Schulich School of Business (CA).

Besides his studies, Sidi has mastered the art of golfing and holds several French championship titles.

Characteristics

NAV	I Shares: 111.30 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)
Website	www.lionfund203.com
Contact	lionfund203@gmail.com

Key Figures

Objectives: 7% Perf (by Mar 27, 2015), Max DD < 10%, Max Exp = 200%

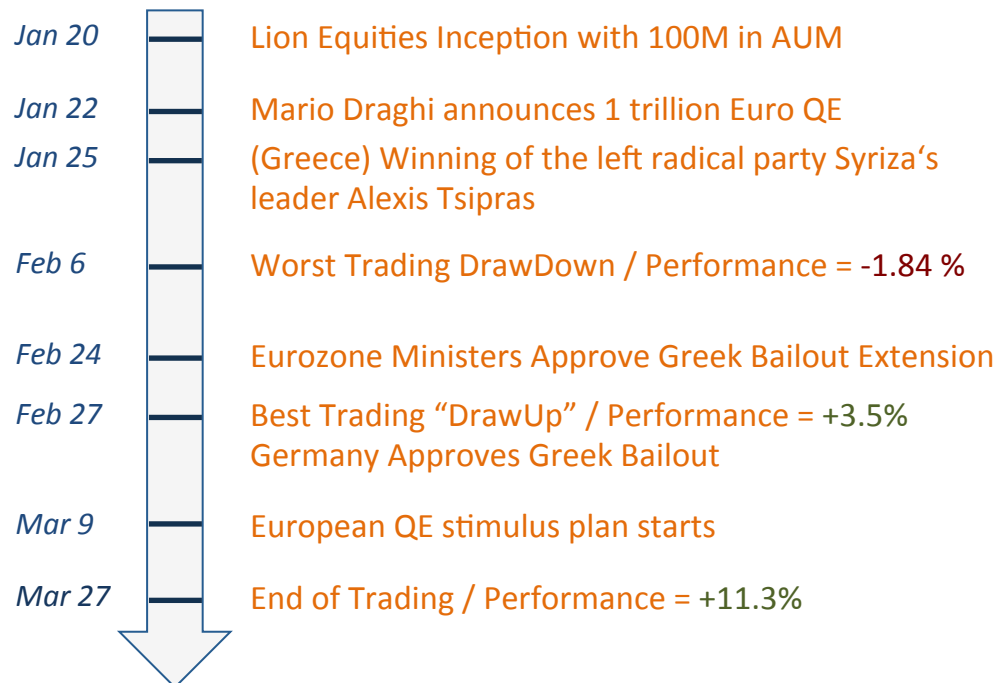
Investment Universe: EuroStoxx50 components

3-Step Approach: Quantitative, Fundamental and Technical analyses

Global Performance: 10 Trading Weeks Performance = **+11.30%** (March 27)

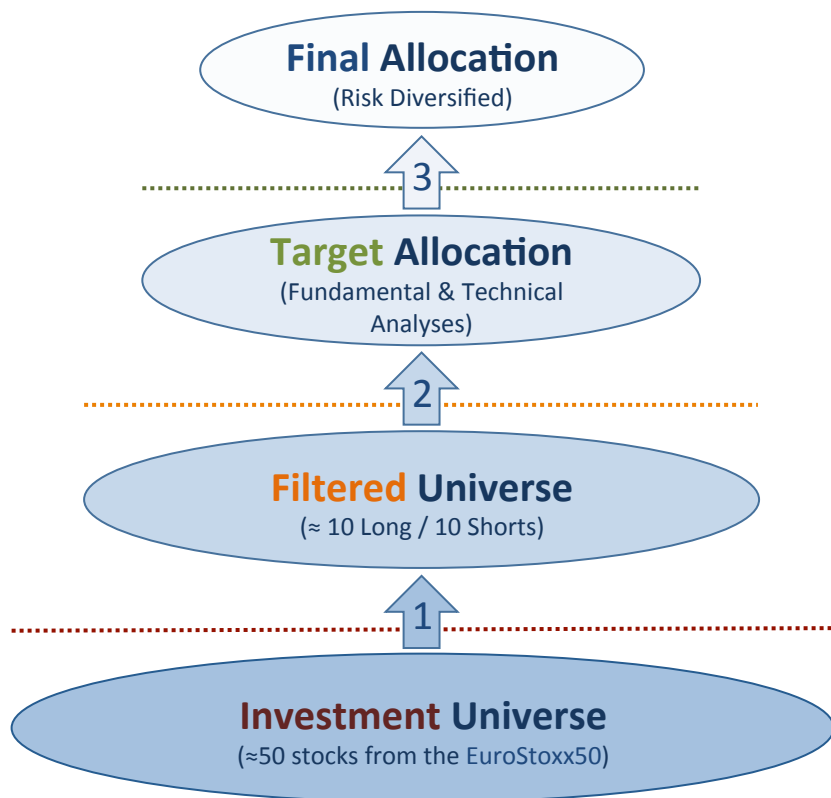
Best Trading Week: Week 6 Performance = **+3.52%** (February 27)

Worst Trading Week: Week 3 Performance = **-1.84%** (February 6)



Investment Approach

1. Long term **Quantitative Analysis** approach
2. Short term **Fundamental** and **Technical** analyses
3. Final allocation based on a **Risk Minimization** (min Var)



We first ranked the EuroStoxx50's components with their respective **Sharpe ratios** computed over the past 2 years. Crossing our results with a **CAPM regression** between each stock (Alpha and Beta ranking) we end up with Max 10 "Best" Stocks and Max 10 "Worst" stocks based on these indicators.



As we went on trading from the end of January to the end of March, we've customized our investment process as we went along. We added new **Technical Analysis Indicators** that we had learned in class in order to improve our proprietary technical analysis tool.

Price MAs

Volume MAs

Support & Resistance

Envelopes

Donchian Channel

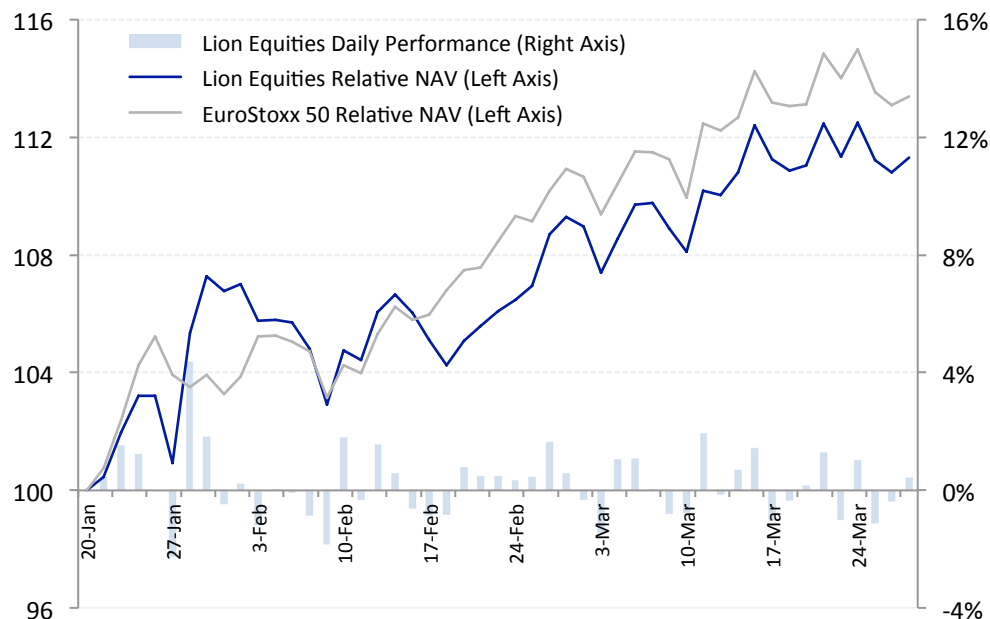
Bollinger & Keltner Bands

RSI

MACD

Chaikin Money Flow

Performance



Since Inception	Lion Equities	SX5E
Return*	+ 11,30%	+ 13,38%
Ann Volatility*	18,70%	13,98%
Sharpe Ratio*	1,31	2,09
MaxDD*	4,07%	1,98%

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

Risk Indicators*

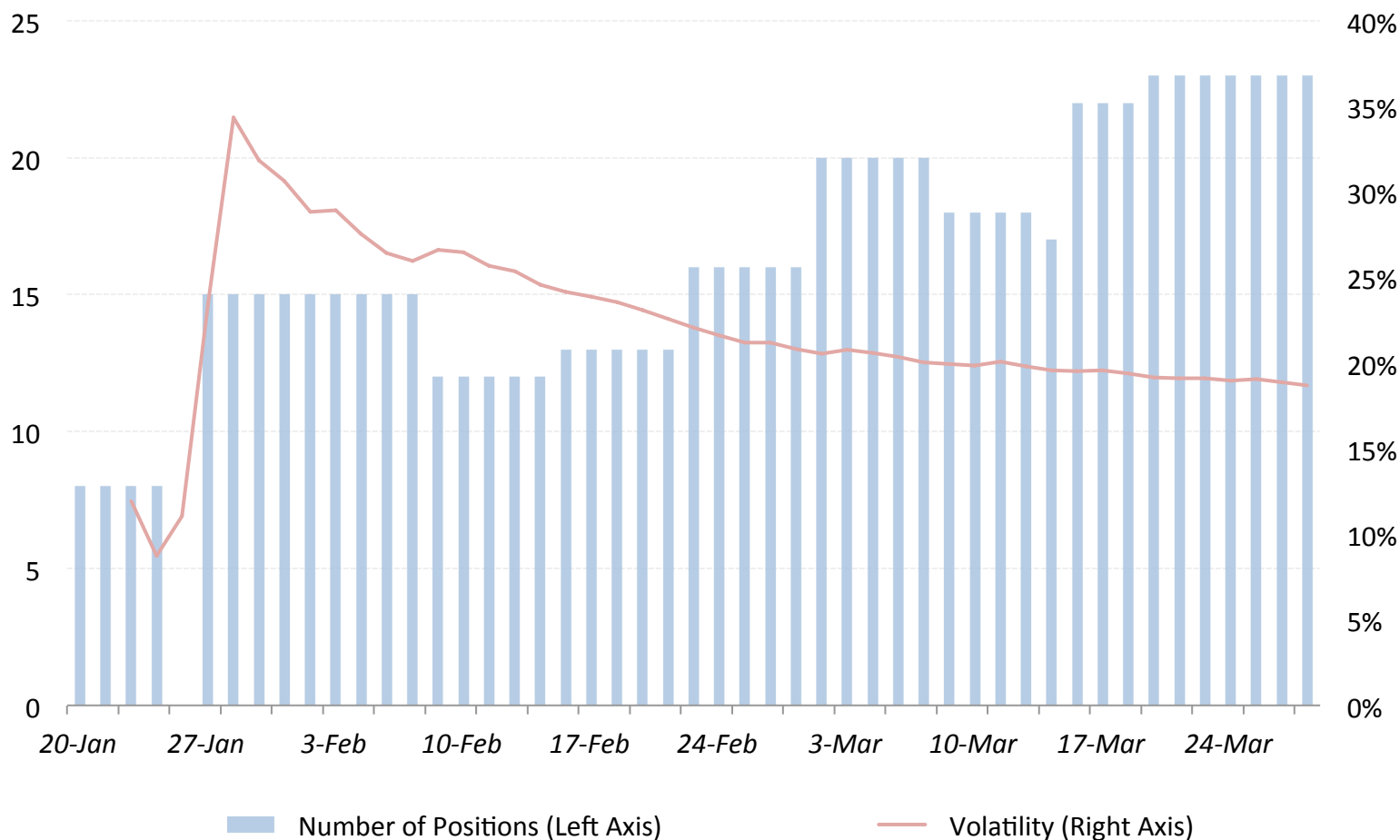
- **Weights:** to set the **optimal weights** to implement, we implemented a minimum variance process setting constraints on each individual weights and a minimal target return (using the daily performance of each stock as well as their variance covariance matrix).
- **Market Risk:** we were exposed to market reversal and systematic risks in our selected stocks' prices, limited to a -2% loss (stop-loss) for each individual stock and a -9% loss on our portfolio taken as a whole.
- **Some Risk indicators:** cf. table below

Since Inception	Lion Equities	SX5E
VaR-95% 1 day	-1,71%	-1,18%
CVaR-95% 1 day	-2,43%	-1,82%
CVaR-99% 1 day	-3,14%	-2,35%

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

Number of positions

From week 2 onwards, we aimed at *lowering our fund's volatility* through strengthened *diversification*



Stock Names	Days Long	Days Short	Holding Period	Performance Contribution
Deutsche Bank AG	44	-	44	3,02%
Deutsche Telekom AG	48	-	48	2,37%
Intesa Sanpaolo SpA	33	-	33	1,43%
Daimler AG	48	-	48	1,39%
Danone SA	21	-	21	1,31%
Enel SpA	7	9	16	1,04%
Orange SA	48	-	48	0,80%
Banco Santander SA	-	19	19	0,62%
BNP Paribas SA	13	19	32	0,41%
Carrefour SA	25	-	25	0,34%
Inditex SA	13	-	13	0,31%
Airbus Group NV	5	-	5	0,23%
UniCredit SpA	9	-	9	0,22%
LVMH Moet Hennessy Louis Vuitton SA	25	-	25	0,17%
AXA SA	20	-	20	0,16%
Deutsche Post AG	48	-	48	0,16%
Munich Re	5	-	5	0,15%
Bayer AG	48	-	48	0,14%
Allianz SE	10	-	10	0,14%
Sanofi	6	-	6	0,12%
Eni SpA	-	29	29	0,11%
Air Liquide SA	20	-	20	0,09%
Essilor International SA	20	-	20	0,08%
Bayerische Motoren Werke AG	3	-	3	0,05%
L'Oreal SA	10	-	10	0,01%
SAP SE	5	-	5	-0,04%
Volkswagen AG	10	-	10	-0,08%
Total SA	20	-	20	-0,11%
Banco Bilbao Vizcaya Argentaria SA	2	9	11	-0,14%
GDF Suez	-	5	5	-0,14%
Cie de Saint-Gobain	25	-	25	-0,15%
Telefonica SA	20	-	20	-0,17%
ASML Holding NV	28	-	28	-0,23%
Repsol SA	-	9	9	-0,46%
RWE AG	-	15	15	-0,85%
E.ON SE	20	15	35	-1,22%

Stocks never held

Anheuser-Busch InBev NV
Assicurazioni Generali SpA
BASF SE
Iberdrola SA
ING Groep NV
Koninklijke Philips NV
Nokia OYJ
Schneider Electric SE
Siemens AG
Societe Generale SA
Unibail-Rodamco SE
Unilever NV
Vinci SA
Vivendi SA

70%


Stocks

30%


Stocks
Best Winner

Deutsche Bank AG

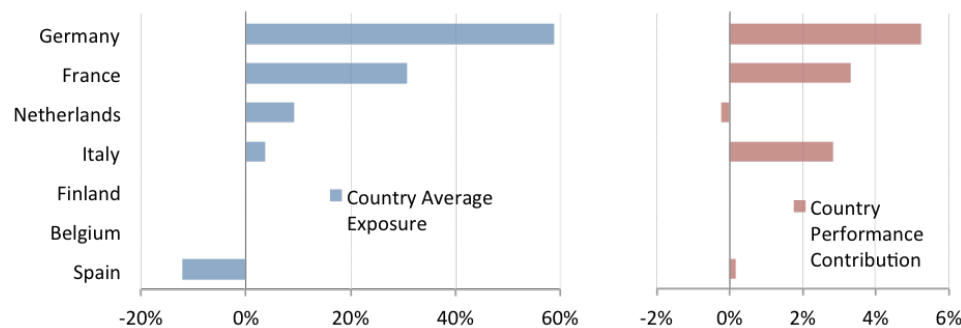
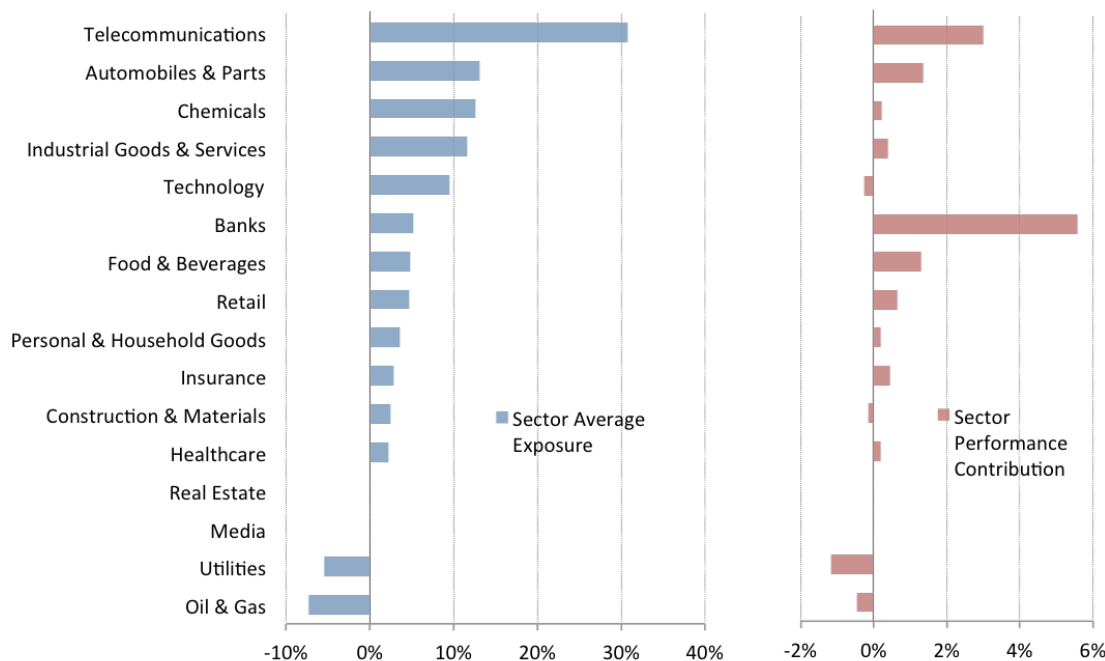
Worst Loser

E.ON SE

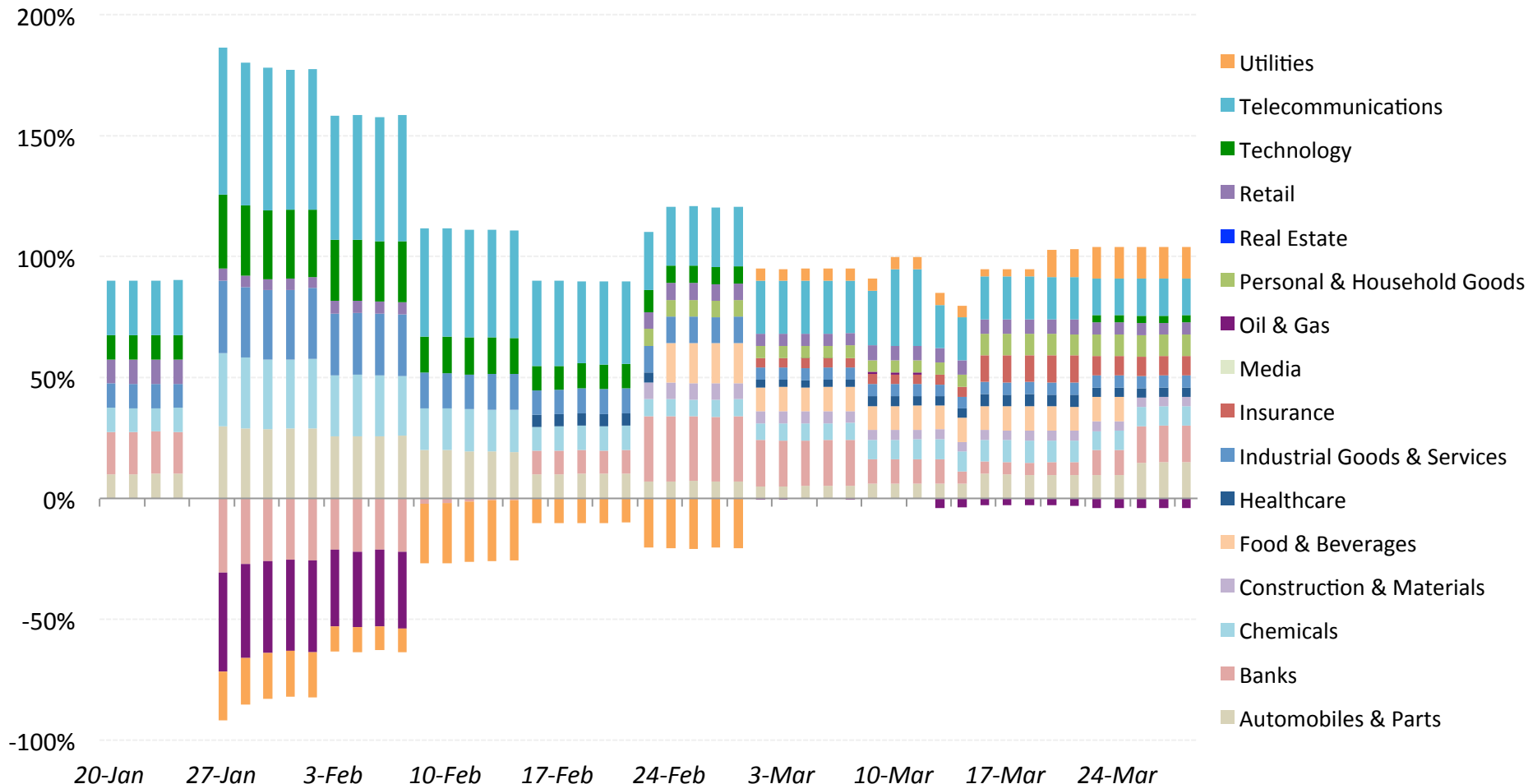
Performance Breakdowns

Sector	Average Exposure	Performance Contribution
Banks	5,21%	5,57%
Telecommunications	30,74%	3,01%
Automobiles & Parts	13,11%	1,36%
Food & Beverages	4,80%	1,31%
Retail	4,68%	0,65%
Insurance	2,77%	0,45%
Industrial Goods & Services	11,55%	0,39%
Chemicals	12,64%	0,23%
Healthcare	2,23%	0,20%
Personal & Household Goods	3,56%	0,18%
Media	0,00%	0,00%
Real Estate	0,00%	0,00%
Construction & Materials	2,43%	-0,15%
Technology	9,46%	-0,26%
Oil & Gas	-7,33%	-0,46%
Utilities	-5,49%	-1,17%

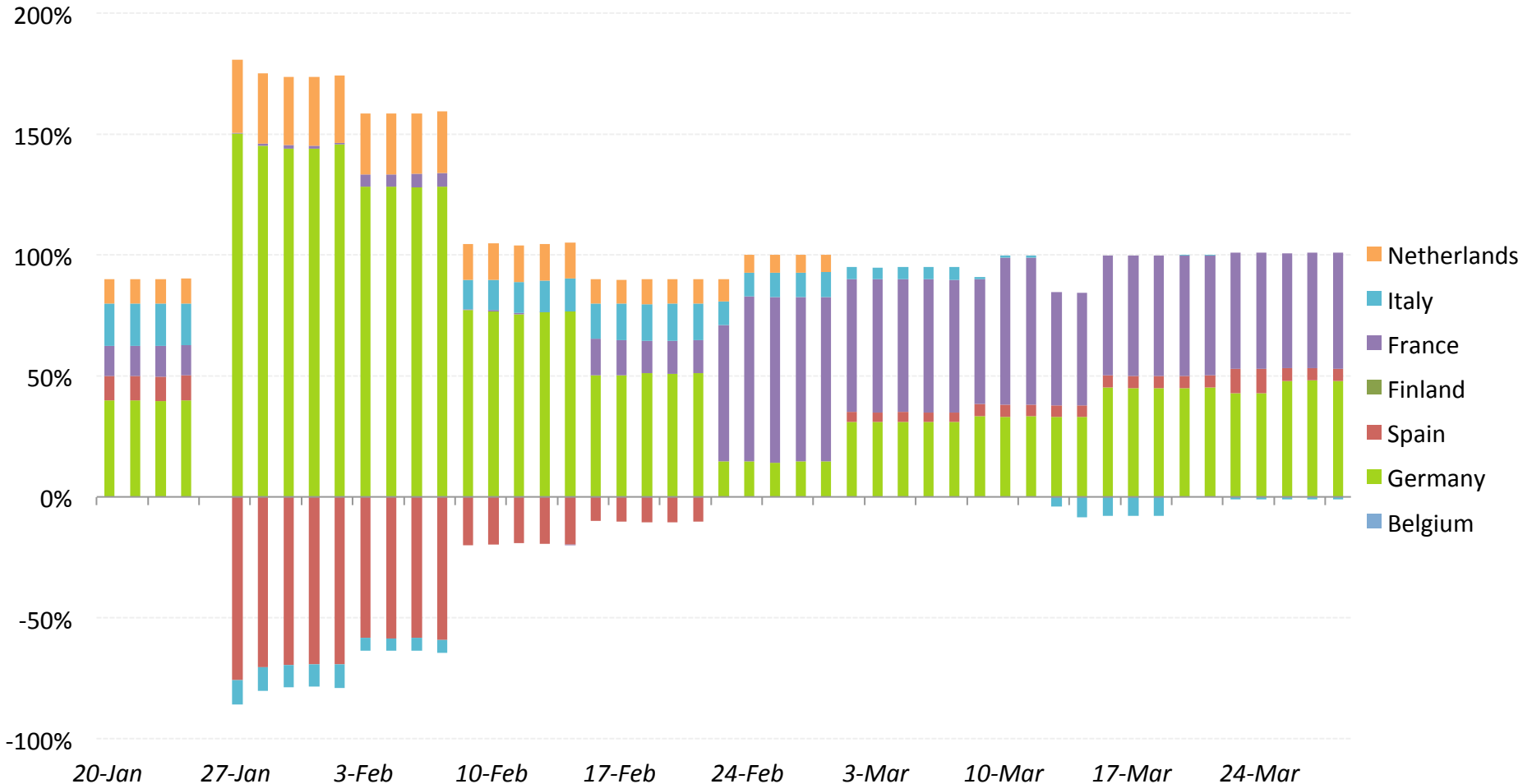
Country	Average Exposure	Performance Contribution
Germany	58,93%	5,24%
France	30,75%	3,31%
Italy	3,63%	2,81%
Spain	-12,09%	0,16%
Belgium	0,00%	0,00%
Finland	0,00%	0,00%
Netherlands	9,15%	-0,23%



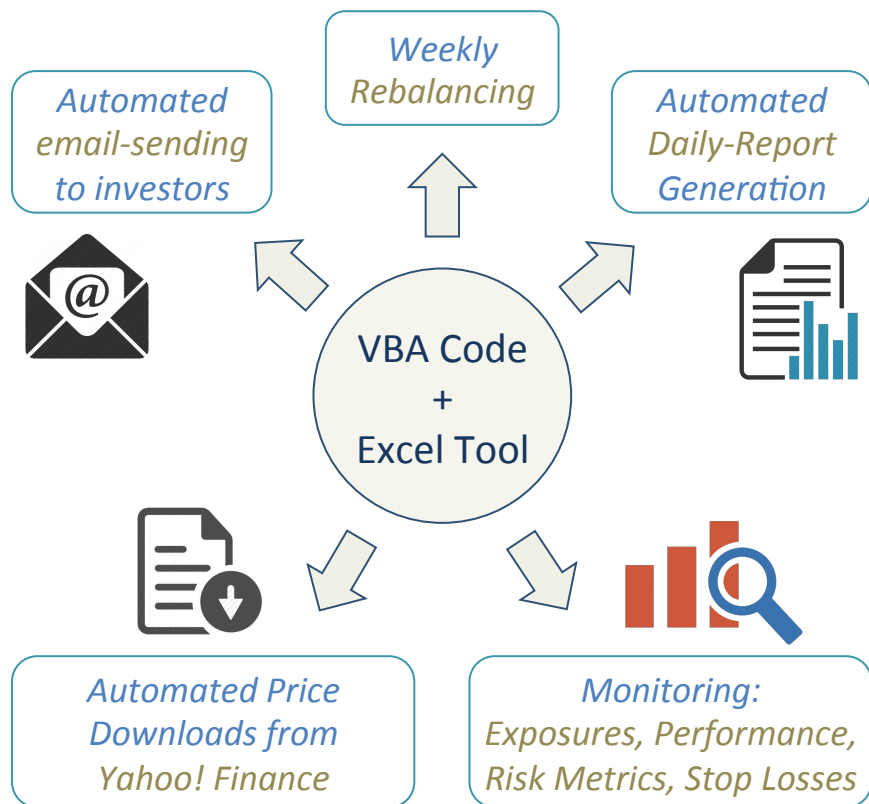
Sector Exposures



Country Exposures

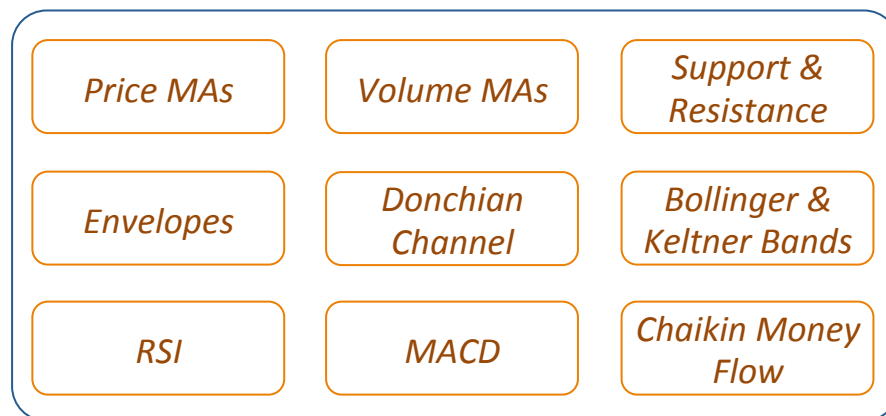


Daily Monitoring Tool



Technical Analysis Tool

Indicator Universe



Built with Excel & VBA

Chart Creation and Analysis

Technical Analysis Implementation

The MACD Indicator

MACD = 12-Day EMA – 26-Day EMA

Signal Line = 9-Day EMA



Buy Signals

Sell Signals



Positive MACD
Spread

Negative MACD
Spread

MACD crosses
upwards the Signal

MACD crosses
upwards the Signal

Other Signals



Divergence Effect:
End of a current
trend signal

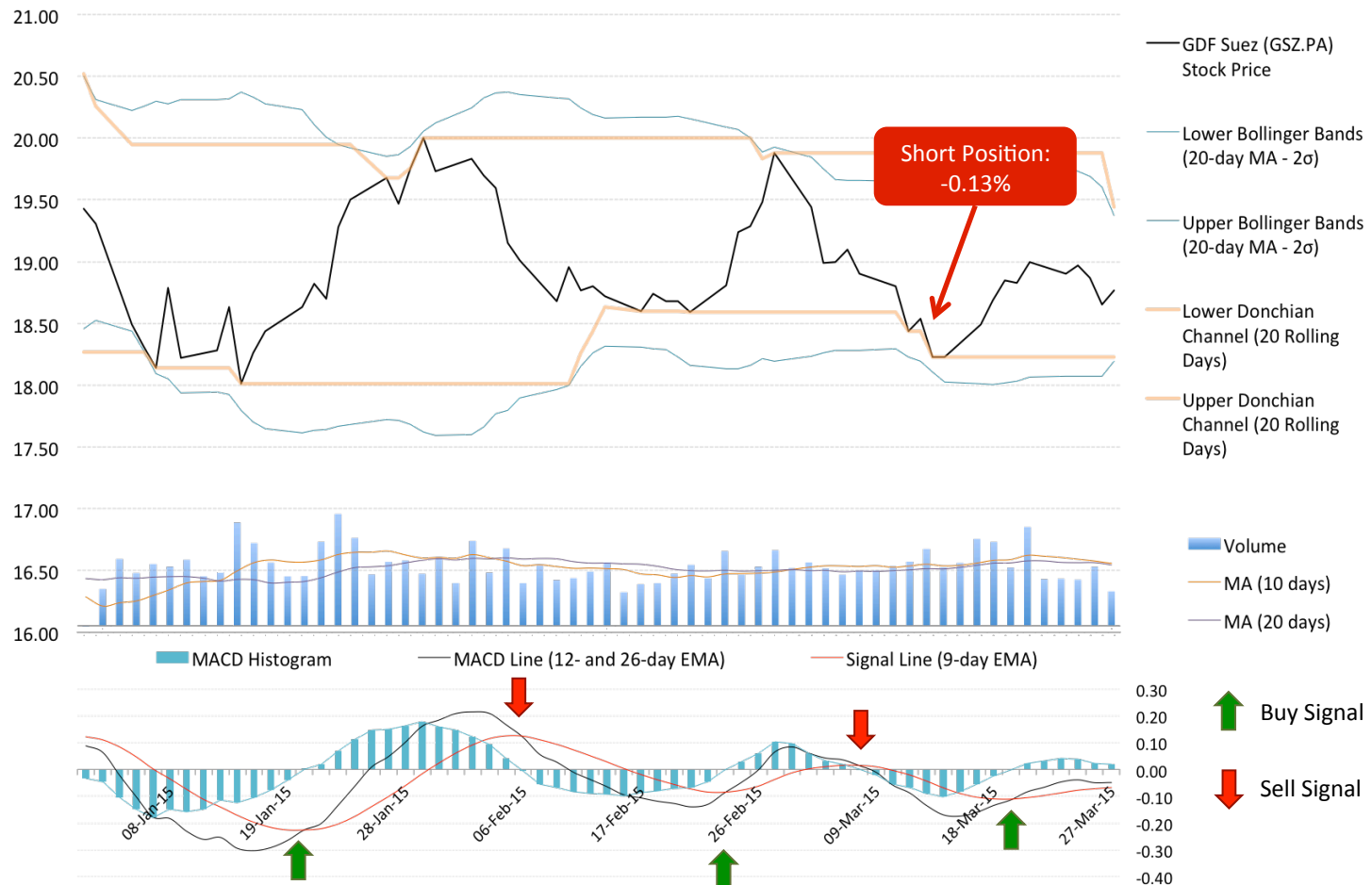
Dramatic Rise:
Overbuy signal

The MACD Indicator



The MACD Indicator

As usual, you need to be careful because an indicator analysis can work but sometimes it can also fail.



Experience

Lessons and Discovering

1. Many Technical Indicators could be used in our future careers (MAs, Bollinger Bands, Keltner Bands, MACD)
2. Day-to-day Trading and Weekly rebalancing as well as adaptation to stop losses
3. Being able to reach a given objective with the daily pressure of potential losses

Approach and investment evolution

1. Use of a new analysis tool each week
2. Analysis of every single stock each week
3. Deeper analysis of portfolio volatility and decrease of this parameter via diversification
4. From a fully Fundamental analysis to a 55% Technical and 45% Fundamental analysis
5. From a fully manual process to a 75% automated and 25% manual processes

Strengths



*Performance,
Transparency,
Tool Diversification,
Automated Tools,
Process*

Weaknesses



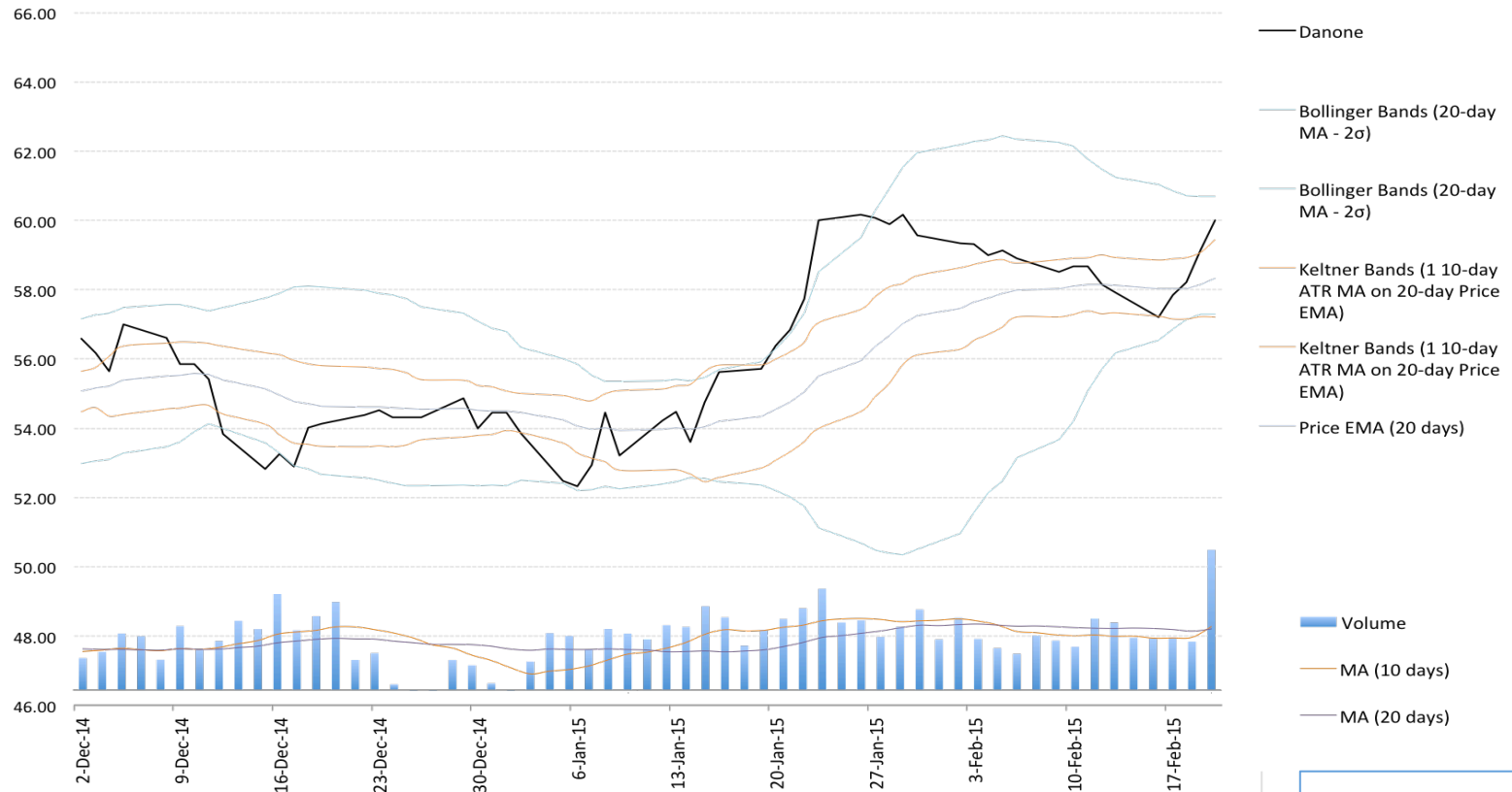
No individual valuation
Process
(Example: No DCF
model)
Low micro analysis

Good points: Automated process, News following on a daily basis, Competition, Website, Daily and Weekly reports

Bad points: Strong bull market which did not give enough opportunities for short-selling bets, Regret of taking replication position during the last weeks (we wish we had taken more risk to beat the benchmark)

Personal Improvement: Create an automated tool for individual valuation processes and micro analysis

Danone



21-Day Holding

+ 1.31%

5 Best Stock

Buy Signals

- Expected Resistance level breakout at EUR 60.16
- Crossovers: Upper Keltner and Upper Bollinger Band (expected)
- 30-Day MA crossed 50 and 200-Day MAs
- Volume Piling up (10 and 20-Day MAs crossed)

Market Feedback

Week 1

- European QE program forecast resulting in a **+3.2%** return.
- Greek Prime Minister elections: Worries about the winning potential of left radical party Syriza's leader Alexis Tsipras.
- Closing positions anticipating a correction on Monday in order to buy back cheaper afterwards.
- Correction happened on Tuesday resulting in the loss of Monday's upward potential and losses on Tuesday.
- Good trading week dissolving our previous losses (**+3.45%**).

Week 4

- High volatility situation: tensions around Greek debt negotiations at their climax.
- Week 5: expected agreement about the Greek situation.
- Yanis Varoufakis (Greek Finance Minister) rejected Monday's proposal ("absurd and unacceptable").
- Downward pressures stressed European markets.
- Deal reached on Friday, conditional on Greek action plan approval by IMF and EU institutions.





Weekly reports and team ranking at the beginning of the class

Use of a common platform
(MarketWatch, ABC Bourse, FT,...)



Authorize ETFs?



Transaction Costs?

Challenge



Solution

Access to a wide range of Technical Indicators



Excel/VBA:
Proprietary Technical Analysis

Decrease volatility



Diversification

Slow manual process



Automated Updating Processes

Easy access to daily and weekly reports



Dedicated website:
www.lionfund203.com

Contact Information

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*For general queries regarding our Virtual Fund
please send us an email at:*

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Reports Browser Tool

To download Lion Equities reports, click on the attachment icon. ✓ indicates available reports.
System Requirement: Adobe Reader®.

Week	Report Date	Daily Follow-Up	Weekly Report
1	23-Jan-15	✓	✓
1	26-Jan-15	✓	–
2	30-Jan-15	✓	✓
3	02-Feb-15	✓	–
3	06-Feb-15	✓	✓
4	13-Feb-15	✓	✓
5	20-Feb-15	✓	✓
6	23-Feb-15	✓	–
6	27-Feb-15	✓	✓

Week	Report Date	Daily Follow-Up	Weekly Report
7	06-Mar-15	✓	✓
8	09-Mar-15	✓	–
8	11-Mar-15	✓	–
8	12-Mar-15	✓	–
8	13-Mar-15	✓	✓
9	20-Mar-15	✓	✓
10	24-Mar-15	✓	–
10	27-Mar-15	✓	✓

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