

**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 3 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 ends its 3<sup>rd</sup> week of trading with a -2.2% loss. This negative performance mainly comes from our Short exposures in the Banking sector which suffered high reversal trends this week. Unfortunately for us, gains that resulted from being Long Telecommunication and Short Oil stocks didn't offset these losses. Monday's new rule has changed our fund's characteristics to having a max exposure equal to 200% (absolute terms). We've thus computed this week's performance breakdown taking this new limit into account.

This week, in order to make our investment choices, we have decided to take into account the ECB decision to require Greek banks to obtain liquidity from the country's own central bank rather than the ECB. This action reinforces the European market uncertainty so we decided to keep the same strategy. Furthermore, our investment decisions have also been supported by the S&P downgrade of Greece to B- which warns against the country's cash constraints that could force it to leave the euro.

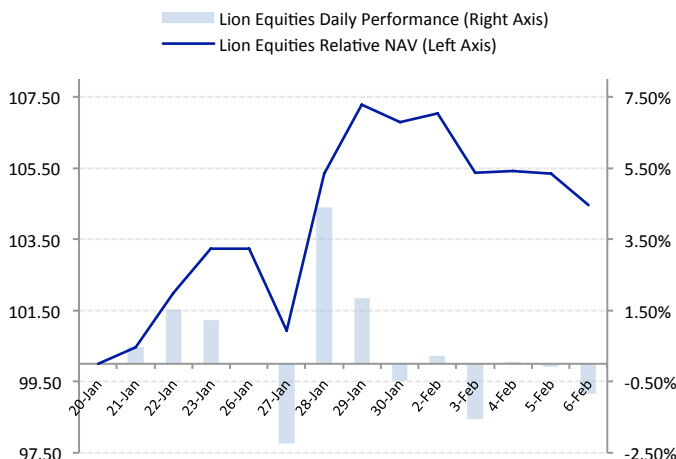
## Characteristics

NAV	I Shares: 104,46 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:

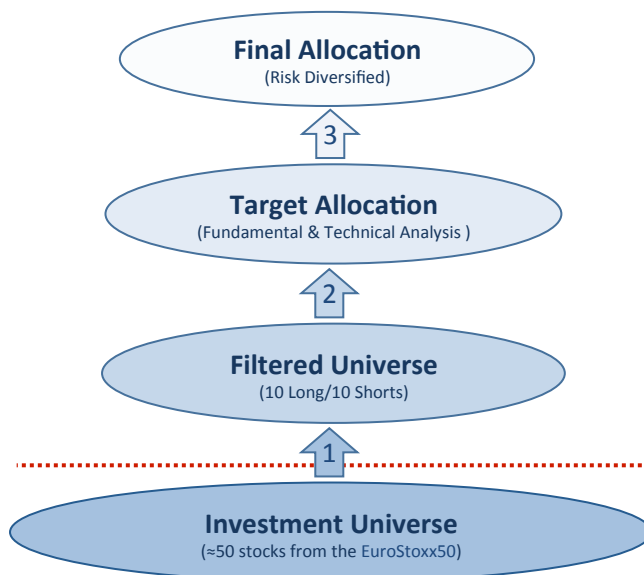
- 2,18%

## Performance



## Investment Approach

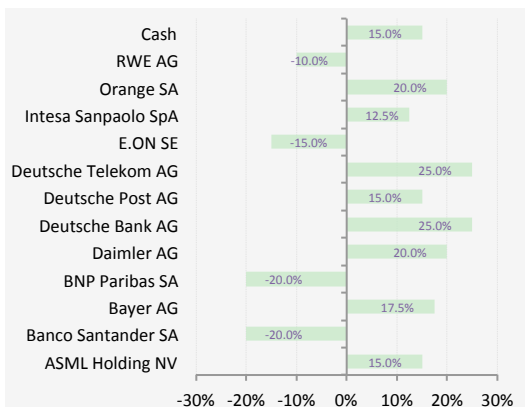
1. Long term Quant Approach. We first rank the EuroStoxx50's components with their respective adjusted Sharpe ratios computed over the past 2 years (risk adjusted). We then cross these results with a CAPM regression between each stock and their benchmark ranking Alphas and Betas. We end up with Max 10 "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).



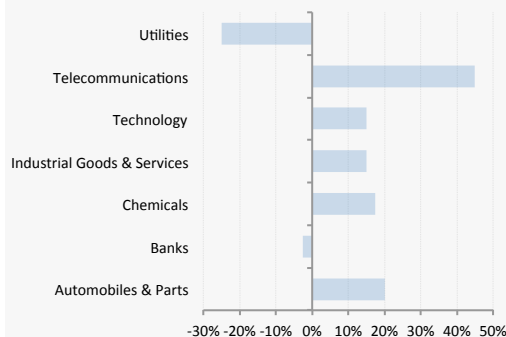
## Last Week's Breakdown

Stock Names	Position (Long/Short)	Entered Price (€)	Last Quote	Stop Loss	Performance contribution
ASML Holding NV	Long	92,58	89,37	2%	-0,87%
Banco Bilbao Vizcaya Argentaria SA	Short	7,6	8,24	2%	-1,68%
Banco Santander SA	Short	5,96	6,14	2%	-0,60%
Bayer AG	Long	128,05	125,25	2%	-0,55%
BNP Paribas SA	Short	46,78	47,17	2%	-0,17%
Daimler AG	Long	80,48	82,35	2%	0,58%
Deutsche Bank AG	Long	25,8	27,08	2%	1,24%
Deutsche Post AG	Long	28,77	28,97	2%	0,17%
Deutsche Telekom AG	Long	15,28	15,9	2%	1,01%
Enel SpA	Short	4,01	3,9	2%	0,27%
Eni SpA	Short	14,9	15,56	2%	-0,44%
Inditex SA	Long	26,14	26,22	2%	0,01%
Intesa Sanpaolo SpA	Long	2,6	2,57	2%	-0,17%
Orange SA	Long	15,62	15,97	2%	0,56%
Repsol SA	Short	15,69	16,57	2%	-1,12%

## New Exposures



## Sector Exposures



Since Inception	Lion Equities	SX5E
<b>Return*</b>	<b>+ 4,46%</b>	<b>+ 4,72%</b>
<b>Ann Volatility*</b>	<b>26,43%</b>	<b>14,48%</b>
<b>Sharpe Ratio*</b>	<b>0,63</b>	<b>1,24</b>
<b>MaxDD*</b>	<b>2,63%</b>	<b>1,84%</b>

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

## Fundamental Analysis

Following the pressure put by the ECB on the Greek government to quickly come to an agreement with its creditors, the situation in Europe is tensed and weighs on the EuroStoxx 50. This led us to keep our short positions on banks. Despite those short-term pressures, we do believe the European situation is still positive in the medium-term as an agreement between Greece and its creditors is very plausible and also because of the support to the European market initiated by the ECB with the Quantitative Easing. Thus, we keep our Long positions in the Best performing stocks from our analysis. However, due to the very volatile movements of oil price last week and its increase on Friday, we have modified our positions on Oil stocks. All weights have been optimized with our proprietary risk-aversion model.

## Technical Analysis

We have conducted another Technical Analysis (Moving Averages of prices and Relative Strength Index), complemented by new techniques that we have learnt in class, especially the analysis of volumes and their Moving Averages, this helped us to take the decision to maintain some of our positions and initiate some new ones, also according to our Macro view on the European market.

## 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>	-2,39%	-1,14%
<b>CVaR-95% 1 day</b>	-3,43%	-1,88%
<b>CVaR-99% 1 day</b>	-4,44%	-2,43%

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