

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

Performance since Inception:

+ 10.80%

Trading week n°8 Net Result:

+ 0.95%

Weekly comment

Lion Equities Fund was launched 2 months ago on Tuesday January 20th. With EUR 100M in AUM, we strive at combining a quantitative investment approach with fundamental and technical analyses over European stocks.

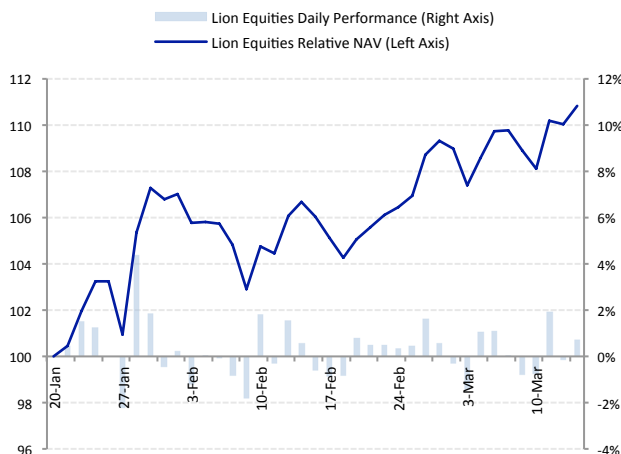
Lion Equities ended its 8th week of trading with a gain of +0.95% (performance since inception is +10.80%), mainly driven by our positive exposures on Daimler (+0.21%) and Bayer (+0.24%) as well as our unique Short position on Eni SpA (our largest individual gain, +0.43%). The main losers this week were Deutsche Post (-0.21%) and Total (-0.25%). With only 2 weeks of trading left, our main goal is still to reduce our portfolio's volatility level through diversification and benefit from the upward trend on the equity market, which is boosted by the ECB's actions, and therefore to look at new stocks upon which opportunities could be available.

European markets were strongly affected by the ECB's QE this week. The ECB bought €9.8 billion of bonds with an average maturity of 9 years in the first 3 days of its program. This led to an increase in volatility over different markets, more specifically on foreign-exchange markets with the fall of the EUR/USD reaching a 13-year low at 1.058. Bond yields fell to record lows in many Eurozone countries, including Germany, France, Italy and Spain, forcing investors to go for riskier assets such as equities, actively observed this week given the Eurostoxx 50's 1.07% increase.

Characteristics

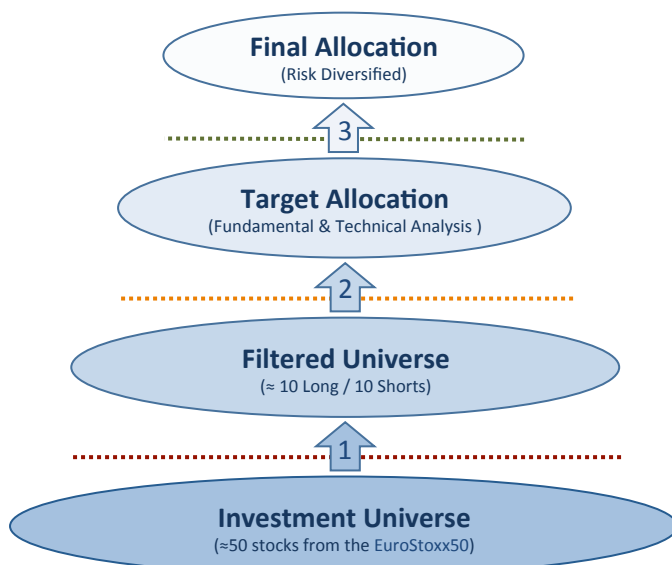
NAV	I Shares: 110.80 EUR
Inception	Jan 20, 2015
AUM	EUR 100 M
UCITS IV	Yes
ISIN	I Shares: IR203203203
Bloomberg Ticker	(I) LFEQIR Equity
Domicile	Ireland
Manager	Lion Partners Ltd.
Liquidity	Daily
Min initial subscription	I Share: 1 000 000€
Cut off	By D-1, 5:00 p.m.
Rebalances	Weekly
Custodian	RBC Investor 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

Performance



Investment Approach

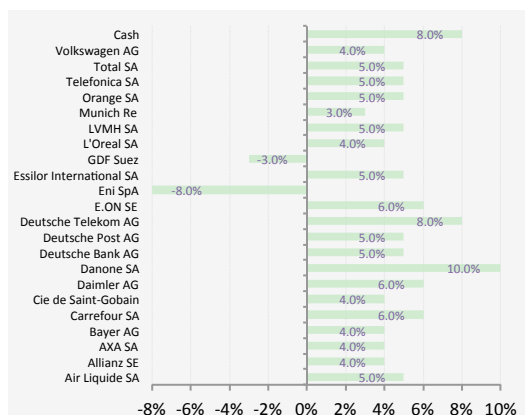
1. Long term Quant Approach. We first rank the EuroStoxx50's components with their respective adjusted Sharpe ratios computed over the past 2 years (risk adjusted). We then cross these results with a CAPM regression between each stock and their benchmark ranking Alphas and Betas. We end up with Max 10 "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
Air Liquide SA	Long	118,60	120,65	2%	0,07%
AXA SA	Long	22,79	23,41	2%	0,11%
Bayer AG	Long	133,65	141,70	2%	0,24%
Carrefour SA	Long	31,06	31,14	2%	0,02%
Cie de Saint-Gobain	Long	40,23	40,57	2%	0,03%
Daimler AG	Long	89,92	93,10	2%	0,21%
Danone SA	Long	62,42	62,19	2%	-0,04%
Deutsche Bank AG	Long	29,49	30,12	2%	0,11%
Deutsche Post AG	Long	30,37	29,10	2%	-0,21%
Deutsche Telekom AG	Long	16,76	17,15	2%	0,19%
E.ON SE	Long	14,00	13,53	2%	-0,17%
Eni SpA	Short	16,26	15,58	2%	0,43%
Essilor International SA	Long	105,20	107,50	2%	0,09%
LVMH SA	Long	168,90	171,25	2%	0,07%
Orange SA	Long	15,95	15,41	2%	0,14%
Telefonica SA	Long	13,72	13,24	2%	-0,18%
Total SA	Long	47,01	44,65	2%	-0,25%
UniCredit SpA	Long	6,12	6,20	2%	0,09%

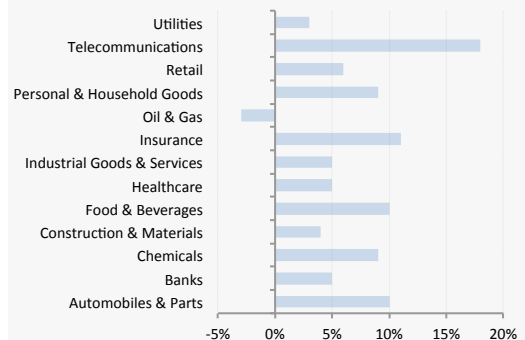
New Exposures



Since Inception	Lion Equities	SX5E
Return*	+ 10,80%	+ 12,67%
Ann Volatility*	19,59%	13,77%
Sharpe Ratio*	1,34	2,25
MaxDD*	4,07%	1,98%

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

Sector Exposures



Fundamental Analysis

As expected, the launch of the ECB's QE program led to maintain a bull trend on European markets. Even though the market already priced this QE, the decrease in bond yields for most Eurozone countries is forcing investors to take long positions on equity markets. Therefore, most of our preceding positions have been maintained in order to benefit from the current bull trend. Any adjustment will be made depending on our monitoring and the news coming up during the following weeks. All weights have been optimized with our proprietary risk-aversion model.

Technical Analysis

As mentioned these past two weeks, our main objective for the remaining days of trading is to cautiously monitor the QE's impacts on our investment universe, keeping a strong alert on any market reversal. Based on our tools used in our proprietary Technical Analysis approach (MAS of prices, RSI, Support & Resistance levels, Volumes & their MAS, Bollinger & Keltner Bands. MACD, Donchian Channel and envelopes were added this week), new analyses were conducted on our entire investment universe to test our current holdings and look for new opportunities. Here are the latest changes: we have taken several new Long positions (Allianz SE, Munich Re, Inditex SA, L'Oreal SA and Volkswagen AG) and new Short Positions (GDF Suez). This new allocation should be a way for us to increase our portfolio's diversification as well as reducing its volatility.

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
VaR-95% 1 day	-1,75%	-1,11%
CVaR-95% 1 day	-2,55%	-1,79%
CVaR-99% 1 day	-3,29%	-2,31%

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

Technical Analyses

Comments

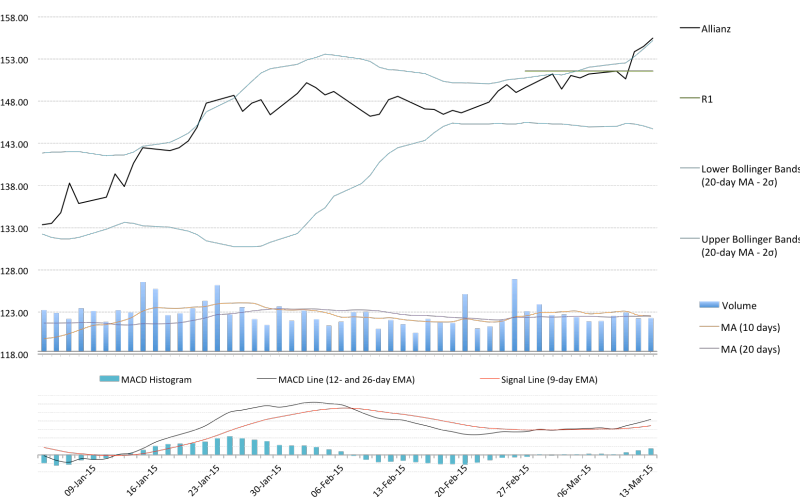


UniCredit SpA

On February 27th, our proprietary technical analysis tools had enabled us to spot a Symmetric Triangle on UniCredit, setting the potential uptrend objective to EUR 6.20.

Even though the expected timing was overpassed by a few days, we kept this position open and our objective was reached last Thursday with the stock price closing at EUR 6.23 which lead us to close our position on UniCredit.

Our belief that the uptrend is getting to its end was reinforced by the declining volumes, the decreasing 20-day Sigma Oscillator as well as the Bollinger Bands that are starting to converge towards each other.



Allianz SE

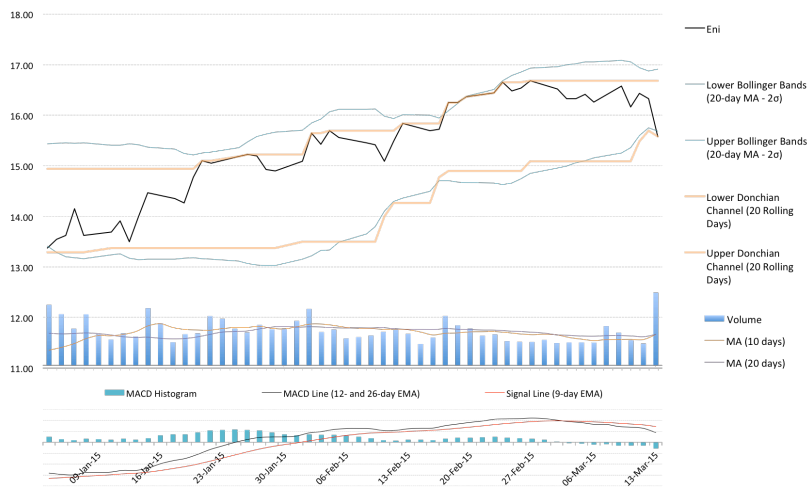
At the beginning of last week, Allianz broke its resistance level of EUR 151.55. This resistance break was confirmed throughout the week with a new resistance break at EUR 154.60 on Friday. The MACD is positive and above the signal line. This seems to be the start of an imminent bull trend as the jaw of the Bollinger Bands opened and the price is on the verge to cross the Bollinger Bands upwards. These are long positions signals. However, this long position will be monitored on the coming days since these positive signals are not yet supported by an increase in volumes. Therefore, a positive exposure of 4% will be taken on Monday.



GDF Suez

GDF Suez crossed its support level of EUR 18.59 on Wednesday and has now a new support level of EUR 18.16 which has been tested three times on Friday. The 20-day MA crossed both the 50 and 100-day MAs downwards on Friday. Volumes increased at the end of last week. Furthermore, the MACD is negative and below the signal line, revealing the presence of the bearish trend. This move follows a double top. The price should quickly cross the Bollinger Bands downwards, for which an opened jaw can be observed. Lastly, the price just reached the lower band of the Donchian Channel. These signals strongly support a Short position of 3%.

Technical Analyses



Comments

Eni SpA

Last week, our proprietary Technical Analysis tools enabled us to observe that the MACD Line broke the MACD Signal Line downwards. Moreover, these two lines keep on diverging since then.

Last Wednesday, we have thus decided to increase our short position on Eni SpA to -9%.

On Friday, the stock price plunged down to its mid-February levels. It reached the lower band of the Donchian Channel and is about to cross the lower Bollinger Band downwards.

All these signals make us confident to keep on with our short position, monitoring it closely.

Daimler AG

Daimler AG crossed its resistance level of EUR 90.15 on Wednesday. This resistance break was confirmed throughout the week. The 20-day MA crossed both the 50-day and 100-day MAs upwards on Friday. Volumes increased at the end of last week. The MACD is positive and above the signal line. The price should quickly cross the Bollinger Bands upwards.

These signals support our current positive exposure of 6%, which is currently maintained.

Volkswagen AG

Volkswagen AG broke its resistance level of EUR 243.20 on Friday. The MACD is positive and above the signal line. Volumes are currently building up. These are clear bull trend signals coupled with the opening of the Bollinger Bands' jaw while the price crossed it upwards. Therefore, a Long position of 4% will be launched on Monday.

Bayer AG

Bayer AG crossed its resistance level of EUR 136.75 on Tuesday and crossed its new resistance level of 141.25 on Friday. The 20-day MA crossed both the 50-day and 100-day MAs upwards on Friday. Volumes increased at the end of last week. The MACD is positive and above the signal line.

These signals are supporting our current positive exposure of 4%, which is maintained for now.

L'Oreal SA

L'Oreal recently broke its last resistance level of EUR 160.20 upwards (on February 26). The 30-day MA is above the 50-day and 200-day MAs. After a short redemption, volume is increasing. We are noticing the opening of the Bollinger Bands' jaw, while the price is flirting with the upward Bollinger Band, about to break it, convincing us that a bullish trend exists. Looking at the MACD, it is positive and above the signal line, confirming our opinion of a bullish potential. We believe this move is the result of a bull flag with more room for a price appreciation. This leads us to enter directly in a Long position to ride on the upward trend.

Inditex SA

Inditex is about to break its latest resistance level of EUR 28.39 (currently at EUR 28.16). The 30-day MA is above both the 50-day and 200-day MAs. Volume is also piling up. We believe this is a second bull flag in a row, which is about to break upwards. The price is coming close to the upward Band of the narrowing Bollinger Bands (decrease in volatility). The MACD is positive for now but below the signal line. If the bullish trend unfolds as we think it will, the MACD will cross the signal line upwards. Moreover, the divergence between MACD and price increased, signaling the end of the consolidation period. We are monitoring a resistance level break that would indicate that the second bull flag is revoked, the MACD then suggesting a bullish signal, allowing us to enter a Long position.

Munich Re

Munich Re broke its resistance level of EUR 182.40 on February 25th and its resistance level of EUR 190.20 on Wednesday. This resistance break was confirmed through Friday. The MACD is positive and above the signal line. The MA 30 days is above both the 50-day MA and 200-day MA. Volume is piling up once again after a period of redemption in tune with a consolidation period. We believe that there is a potential upward trend since the jaw of the Bollinger Bands opened and the price crossed the Bollinger Bands upwards on Friday. These are long position signals. Therefore, a positive exposure of 3% will be launched Monday morning.