

Objectives: 7% Return with Max Drawdown < 10% by March 27, 2014
Investment Universe: EuroStoxx50 components
3 steps Approach: Quantitative, Fundamental and Technical analysis

Weekly comment

Lion Equities Fund was launched two weeks ago on Tuesday January 20th. With EUR 100M in AUM, we strive at combining a quantitative investment approach with a fundamental and technical analysis over European stocks (EuroStoxx50). Fund rebalancings are done on a weekly basis. We are also reporting our performance and exposition breakdowns on a weekly basis.

During the first week, anticipating Mario Draghi's QE program, we positioned ourselves positively on our best ranked stocks resulting from our quantitative filters. In order to avoid the financial stress around the Greek Prime Minister elections and the potential winning of the left radical party Syriza's leader Alexis Tsipras on January 25th, we decided to cut our positions before the weekend and opened some new ones last Monday. Contrary to our expectations, markets were up on Monday and the correction started on Tuesday.

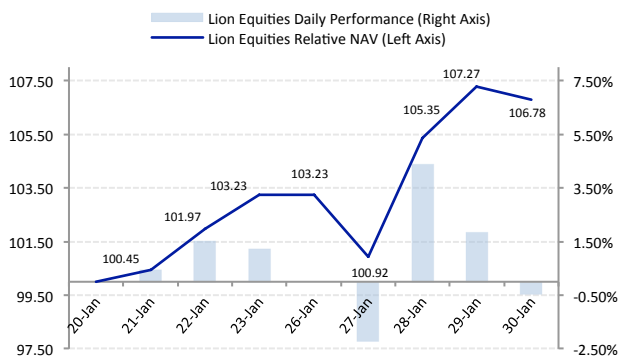
Characteristics

NAV	I Shares: 106,78 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	lionfund203@gmail.com

Weekly Performance:

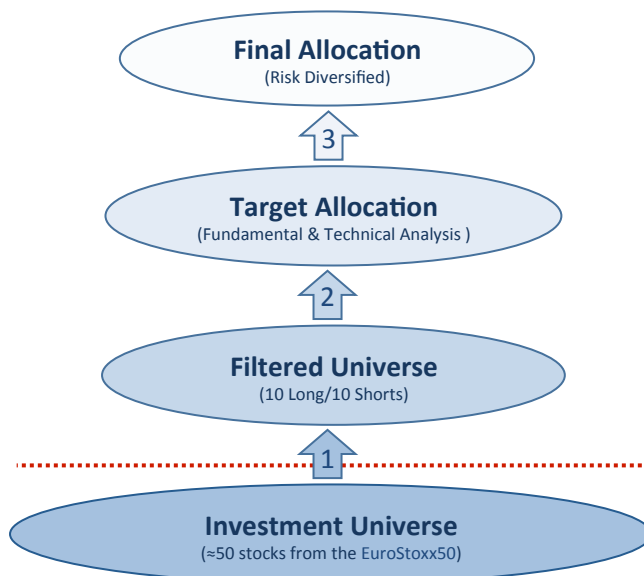
+ 3,45%

Performance



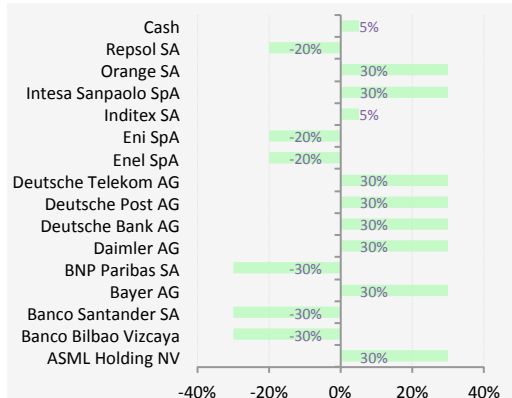
Investment Approach

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).

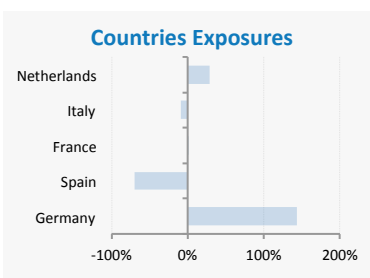
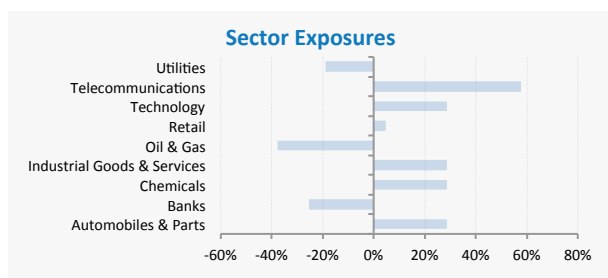


Stock Names	Position (Long/Short)	Entered Price (€)	Last Quote	Stop Loss	Performance contribution
ASML Holding NV	Long	94,08	92,58	-2%	-0,48%
Banco Bilbao Vizcaya Argentaria SA	Short	8,01	7,6	-2%	1,54%
Banco Santander SA	Short	6,25	5,96	-2%	1,39%
Bayer AG	Long	129,45	128,05	-2%	-0,32%
BNP Paribas SA	Short	49,33	46,78	-2%	1,55%
Daimler AG	Long	81,05	80,48	-2%	-0,21%
Deutsche Bank AG	Long	26,25	25,8	-2%	-0,51%
Deutsche Post AG	Long	28,98	28,77	-2%	-0,22%
Deutsche Telekom AG	Long	15,17	15,28	-2%	0,22%
Enel SpA	Short	4,08	4,01	-2%	0,34%
Eni SpA	Short	15,19	14,9	-2%	0,38%
Inditex SA	Long	27,04	26,14	-2%	-0,17%
Intesa Sanpaolo SpA	Long	2,63	2,6	-2%	-0,34%
Orange SA	Long	15,83	15,62	-2%	-0,40%
Repsol SA	Short	16,24	15,69	-2%	0,68%

Exposures



Indicators



	Lion Equities	SX5E
Return*	+ 6,78%	+ 3,28%
Ann Volatility*	30,64%	17,14%
Sharpe Ratio*	0,19	0,13
MaxDD*	2,23%	1,84%

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

Fundamental Analysis

We implemented a Long/Short strategy this week in the aftermath of Draghi's announcements and Greece's elections. Since Peripheral-countries' and Banks' stocks historically tend to underperform under stressed Euro-zone market conditions, we shorted our filtered Peripheral and Banks equities while maintaining a positive exposure on our last-week's performing positions (which was the main cause of our drawdown throughout Jan 26 - Jan 27, eventually picking-up afterwards). We have also shorted our filtered Oil stocks since Oil has been hammered again under the pressure of the strong Dollar and current geopolitical conditions. All weights have been optimized with our proprietary risk-aversion model.

Technical Analysis

We have received an interesting proprietary technical analysis chart on the Eurostoxx50 from UBP Bank. It shows us that the Eurostoxx50 broke two critical levels (Moving Averages) on the upside (explained by the ECB's fresh easing policies). Some hedge-funds expect a mean-reverting effect and have already positioned themselves with strong contrarian strategies. We will be alert of the benchmark's variations in the next couple of weeks since reversal risk could potentially hit our portfolio as it was the case earlier this week (notwithstanding this fact, we still have a strong short-term bullish view).

Risks*

- 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).

	Lion Equities	SX5E
Var-95% 1 day	NM	NM
CVaR-99% 1 day	NM	NM

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