

Strategy Description

Key Trends is a medium-to-long-term systematic trading system, investing in the most liquid futures markets. Based on its innovative probabilistic model, Key Trends is able to detect establishing trends quickly, to characterize high potential established trends, as well as detecting trend reversals sooner, thus elevating Key Trends' profit potential versus its peers. Moreover, thanks to a unique "Global Economic Factor" (GEF)®, Key Trends is able to assess the strength of global economic trends in order to optimize its portfolio exposure.

Fund Characteristics

Strategy	Key Trends program
Type	Trend following
Process & Trading	100% Systematic
Traded Markets	37 financial futures
Target Volatility	10%
Underlying Holdings	Futures, FX and cash

Key Trends UCITS (I-EUR Shares) Net Monthly Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018	5.63%	-5.10%	-1.06%	0.43%	0.64%	0.65%	2.37%	-0.40%	-0.81%	-5.89%	-1.32%	-0.30%	-5.52%
2017	-3.43%	6.68%	-2.20%	0.74%	2.30%	-6.39%	2.23%	1.39%	-3.82%	3.46%	-0.33%	-0.76%	-0.84%
2016	4.13%	0.83%	-2.91%	-1.37%	-0.09%	4.12%	0.99%	-1.42%	0.00%	-3.48%	0.56%	3.03%	4.13%
2015	7.02%	-0.22%	2.39%	-3.77%	-0.54%	-1.63%	0.93%	-2.05%	2.44%	-0.63%	1.47%	-2.73%	2.22%
2014	-2.39%	2.24%	-2.01%	1.85%	3.60%	0.02%	-3.09%	6.18%	0.61%	1.68%	3.96%	1.04%	14.12%
2013	-	-	-	1.53%*	-1.78%	-4.03%	-0.40%	-2.65%	0.72%	3.10%	2.10%	-2.86%	-4.42%

*Inception date: April 12, 2013.

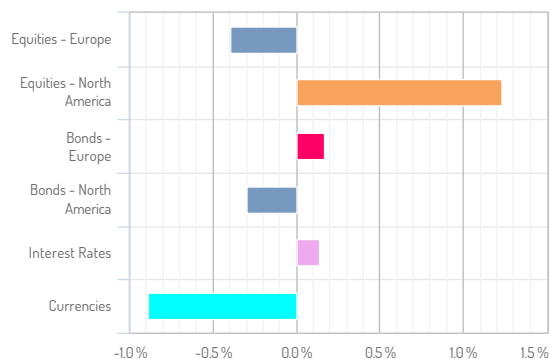
PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Performance since Inception (April 12, 2013)



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Monthly Gross Sector Performance



Key Statistics (Based on monthly data)

Rolling Statistics

Return over last 12 months	-5.52%
Trailing 12m Volatility	10.03%
Current Margin/Equity Ratio	7.05%
Current drawdown	-10.56%

Since Inception

Annualized Return	1.48%
Annualized Volatility	9.90%
Return / Volatility	0.15
Largest drawdown	-10.56%

Assets

NAV per Share	108.768967
Assets in Key Trends UCITS (approx.)	€ 20 000 000
Assets in Strategy (approx.)	\$ 500 000 000

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Leverage & VaR

Leverage	Adjusted Leverage ^[1]	VaR 99% 20 days
2 709%	387%	-7.83%

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Sources : KeyQuant, Bloomberg
Calculation : KeyQuant

Monthly Commentary

For the month ending December 31, the Key Trends UCITS (I-EUR Shares) posted a net return of -0.30%, bringing the net YTD return to -5.52%.

Equity markets continued to sell-off in December – despite the rebound late in the month after positive news from Amazon along with assurances from the US and China on continued trade talks. For the month, S&P 500 lost nearly 9%, the Eurostoxx shed more than 5%, while in Japan the Nikkei 225 shed 10%. The US Fed raised rates as expected, by 25 bps, for the fourth time this year. The spread between the 10-year yield over its two-year counterpart shrank to the smallest since the start of the financial crisis. The uncertainty surrounding future rate hikes and a continued China/US trade war pushed the yield on 10-Yr Treasuries lower by 31 bps to 2.68% from one month prior. British PM May decided to delay a vote on her Brexit deal. The USD was down throughout the month on lower Treasury yields, the JPY jumped as investors sought safe haven currencies, and the Euro rose despite concerns on European growth. Crude oil tumbled by 11% with forecasts of record-high American and Russian output coupled with lower worldwide demand for energy. Gold rose by 5%.

December capped off a very difficult quarter for the Key Trends strategy. Coming into the month, the program was short all five US Treasury contracts (3-Month T-Bill, 2-Yr, 5-Yr, 10-Yr, and 20-Yr). This position cost the program a net loss of 0.48% for the month as US bond prices continued to rally. The model flipped from short positions to small long positions on all five maturities between December 17 and December 27. The program gained 0.5% on long Canadian/European rates/bonds with no changes on these exposures. The short positions on equities earned 0.83%, held-back by a lone long position on the Swiss Market Index, which was reduced. Currencies lost 0.89%, driven by a short JPY position, while the short on CHF (vs USD) was reduced.

2018 was a very challenging year for the CTAs, with two unexpected major equity reversals (Feb. and Oct.), a choppy bond market and an energy market which saw wild swings in the 2H of 2018. For 2018, the lead of the Key Trends UCITS over the SG Trend Index (rebased to 10% volatility) was reduced in Q4, all-be-it positive with an outperformance of +181 bps for the year. Coming into 2019, the portfolio is long economic pain: Short equity indices, long rates/bonds and long USD.

Key Terms

Structure	Umbrella Investment Company	Administrator	CACEIS Bank, Luxembourg Branch
Type	SICAV	Depository	CACEIS Bank, Luxembourg Branch
Domicile	Luxembourg	Clearing Brokers	Société Générale International Goldman Sachs International
Investment Manager	KeyQuant SAS	Auditor	PricewaterhouseCoopers, SC

Share Class Characteristics

Class of Shares	A-EUR	I-EUR	A-USD
Inception Date	May 24, 2013	April 12, 2013	October 7, 2016
Eligibility	Professional Investors only	Professional Investors only	Professional Investors only
Reference Currency	EUR	EUR	USD
Hedged Share Class	-	-	Yes
Liquidity	Weekly & end of Month (2 business days notice)	Weekly & end of Month (2 business days notice)	Weekly & end of Month (2 business days notice)
Minimum Initial Investment	EUR 10,000	EUR 2,000,000	USD 10,000
Management Fees	2%	1.25%	2%
Performance Fees	20%	20%	20%
ISIN Code	LU0904233987	LU0904234019	LU0904234449
Bloomberg Ticker	KEYKTAE LX	KEYKTIE LX	KEYKTAU LX

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Explanatory Notes

[1] Adjusted Leverage : Total notional amount for futures contracts (duration adjusted for bonds and interest rates).

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