

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 (A-USD Shares) Net Monthly Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019	-4.22%	2.97%	4.53%	4.75%	-5.01%	-	-	-	-	-	-	-	2.57%
2018	5.59%	-4.87%	-0.84%	0.54%	0.54%	0.12%	2.47%	-0.25%	-0.74%	-5.52%	-1.12%	-0.08%	-4.53%
2017	-3.40%	6.67%	-2.16%	0.78%	2.43%	-6.34%	2.35%	1.40%	-3.51%	3.37%	-0.28%	-0.43%	0.18%
2016	-	-	-	-	-	-	-	-	-	-1.62%*	0.68%	3.24%	2.26%

*Inception date: October 7, 2016.

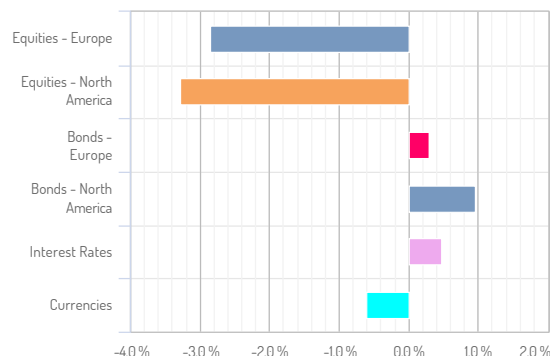
PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Performance since Inception (October 7, 2016)



PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Monthly Gross Sector Performance



Key Statistics (Based on monthly data)

Rolling Statistics

Return over last 12 months	-2.73%
Trailing 12m Volatility	11.53%
Current Margin/Equity Ratio	12.13%
Current drawdown	-7.25%

Since Inception

Annualized Return	0.12%
Annualized Volatility	11.49%
Return / Volatility	0.01
Largest drawdown	-13.39%

Assets

NAV per Share	114.263205
Assets in Key Trends UCITS (approx.)	€ 20 000 000
Assets in Strategy (approx.)	\$ 480 000 000

PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Leverage & VaR

Leverage	VaR 99% 20 days
2 118%	-9.98%

PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Sources : KeyQuant, Bloomberg
Calculation : KeyQuant

Monthly Commentary

For the month ending May 31, 2019, the Key Trends UCITS (A-USD Shares) posted a net return of -5.01%, bringing the net YTD return to +2.57%.

During the month of May, stocks fell around 6% in both the U.S. and Europe. Markets were (yet again) rattled by the U.S./China trade war: The U.S. government increased tariffs from 10% to 25% on \$200B of Chinese goods, the President Trump administration threatened to ban Huawei's products from the U.S., and China retaliated with new tariffs on a range of American goods, including Caterpillar and Boeing. China also threatened to cut exports of rare-earth minerals used in the defense and energy sectors. To keep things interesting, Trump caught markets by surprise by also threatening tariffs on Mexican goods, starting with a 5% tariff in June, and culminating to 25% until Mexico fixed the flow of illegal immigration across the U.S./Mexico. The Mexican Peso sank just after this announcement. European stocks were penalized by news on Brexit as U.K. Prime Minister Theresa May resigned after cross-party talks on Brexit deal collapsed, deepening fears about a chaotic divorce from the European Union – this pushed GBP lower against the USD. Reports showed that business activity in E.U. was weaker than expected in May and concerns over the fate of Britain's exit helped drive European bond yields lower. Late in May, a report from Markit showed U.S. factory growth slumping to its lowest rate in over nine years, suggesting that the U.S. economy is stumbling due to global weakness. The U.S. Treasury yield curve inverted in May 2019 with the 10-Yr U.S. Treasury yielding 19 basis points less than the 3-Month U.S. Treasury Bill, the biggest inversion since 2007.

The trade war was the underlying theme driving the program in May. Daily performance was quite choppy and the model was very active on increasing exposure across most of the long positions on short-term rates and bonds. The increased exposure on rates and bonds early in the month drove large gains towards month-end, offset by losses on equities and currencies. Long signals on equities started to weaken towards month-end, mostly on U.S. (vs. European). Since the beginning of the year, bonds and equities have become more negatively correlated: their correlation continued to drift lower into May, with the 180-day correlation between the S&P 500 and the 10-yr U.S. Treasury standing at -0.52 on May 31, 2019. The Global Economic Factor was at its maximum level of 1.50 for most of the month of May.

Key Terms

Structure	Umbrella Investment Company	Administrator	CACEIS Bank, Luxembourg Branch
Type	SICAV	Depository	CACEIS Bank, Luxembourg Branch
Domicile	Luxembourg	Clearing Brokers	Société Générale SA Goldman Sachs Bank Europe SE
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

Contact Details

KeyQuant

📍 **Address:** 20, rue Quentin-Bauchart

75008 - Paris - FRANCE

☎ **Phone:** +33 (0) 1.84.13.83.00

✉ **Email:** ir@keyquant.com

🌐 **Website:** www.keyquant.com



Frans Harts

Americas

Phone: +33(0)1.84.13.83.12

Email: fransharts@keyquant.com



Alison Mayer

Europe

Phone: +33(0)1.84.13.83.11

Email: amayer@keyquant.com

Explanatory Notes

Disclaimer

This document, communicated by KeyQuant SAS (“KeyQuant”), is confidential and may not be recopied, reproduced or otherwise redistributed.

It has been issued for informational purposes only and nothing in this document should be interpreted as constituting legal, regulatory, tax, financial or investment advice.

The information contained herein is addressed to and directed only at professional investors and should not be relied on by any other person. It does not constitute a report, an offer or a solicitation by anyone in the United States or in any other jurisdiction in which such a report, offer or solicitation is not authorized or to, or for the account or benefit of, any US person as defined in relevant US securities laws or any person to whom such report, offer or solicitation is unlawful.

The information herein may be approximate. It may contain errors and/or omissions and due to rounding, numbers presented throughout may not precisely reflect performance results. It may be based on third party sources of information which are assumed to be correct and reliable but not independently verified.

This document may also contain forward-looking statements, including, but not limited to, statements that are predictions of or indicate future events, trends, plans or objectives. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties.

KeyQuant does not guarantee and accepts no legal liability whatsoever arising from or connected to, the accuracy, reliability, currency or completeness of any information provided herein which may be amended at any time. KeyQuant is under no obligation to provide you with an updated version of such information.

Investment in a fund is speculative and involves substantial risks, including the risk of loss of the entire investment. No guarantee or representation is given that the fund will achieve its investment objective.

PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS