

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%	3.60%	-	-	-	-	-	-	6.26%
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.

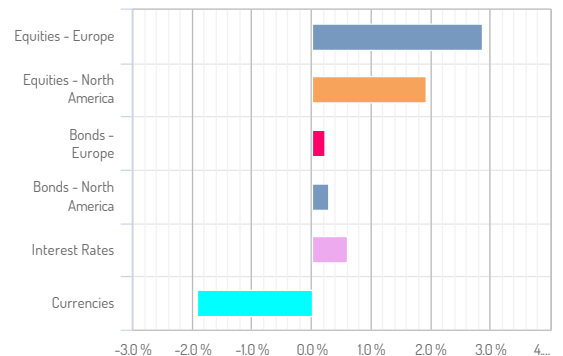
PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Performance since Inception (October 7, 2016)



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Monthly Gross Sector Performance



Key Statistics (Based on monthly data)

Rolling Statistics

Return over last 12 months	0.65%
Trailing 12m Volatility	12.08%
Current Margin/Equity Ratio	7.47%
Current drawdown	-3.91%

Since Inception

Annualized Return	1.43%
Annualized Volatility	11.51%
Return / Volatility	0.12
Largest drawdown	-13.39%

Assets

NAV per Share	118.374622
Assets in Key Trends UCITS (approx.)	€ 21 000 000
Assets in Strategy (approx.)	\$ 480 000 000

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Leverage & VaR

Leverage	VaR 99% 20 days
2.697%	-6.07%

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Sources : KeyQuant, Bloomberg
Calculation : KeyQuant

Monthly Commentary

For the month ending June 28, 2019, the Key Trends UCITS (A-USD Shares) posted a net return of +3.60%, bringing the net YTD return to +6.26%.

Early in the month, the U.S. Labor Department's May jobs report showed lower-than-expected wages and a much slower hiring pace. Since the start of the trade war last year, a loss of confidence amongst U.S. companies has led to lower growth in private investment. After the latest Federal Reserve meeting in June, the "dot plot" shows eight of the twelve Federal Open Market Committee members believing that at least one Fed funds rate cut will take place later this year. European Central Bank President Draghi hinted on June 18 that the ECB would announce further stimulus actions if the economic situation deteriorates. With a higher probability of a U.S. Fed rate cut and the potential of ECB stimulus, both U.S. and European rates/bonds rallied. This in turn drove U.S. and European equities higher by 6% to 7% for the month of June. The USD weakened on the dovish Fed, and thus the Dollar Index fell by 1.66%. Oil prices rose late in the month on news that Iran shot down a U.S. military drone, raising fears of a military confrontation between Tehran and Washington. Gold price surged to a nearly six-year high at \$1,400 an ounce.

Early in the month, the model saw large upside moves on rates/bonds and equities; for some of these underlying markets, the model made decreases to profitable long positions. So, while the Key Trends UCITS (A-USD Shares) gained 3.60% in June, the model substantially reduced the ex-ante volatility from 14.3% to 8.5%, driven by the Global Economic Factor ("GEF") falling from 1.50 to 1.05. There were reductions of 35% on long equity positions, 20% on long bond positions, whereas in currencies, the reduction went as deep as 60%.

Why the substantial decrease of exposure in such a profitable month? Near May month-end, certain equity index markets signals had switched to a short bias with 20-day or 30-day lookbacks. With the subsequent sharp rebound in prices starting in early June, there was a tail risk triggered on these markets. The model is wary of sudden sharp price acceleration and these are perceived as an extreme risk. Concurrently, the model saw increased tail risk as well as signals switching to a short USD bias on a number of currency pairs. And finally, in mid-June, the system saw over-extended price moves on short-term rates which triggered tail risk and caused positions to be curtailed. The trickle-down effect of the signals to the GEF caused a very significant decrease in global risk all-the-while the fund was on its way to nearly a 4% monthly return, therefore crystallizing some of the large gains this month.

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

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Explanatory Notes

Leverage: Total notional amount for futures contracts (According to CESR/10-788).

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