

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	43 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%	2.68%	1.40%	-0.77%	-2.48%	1.86%	-0.15%	8.90%
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%

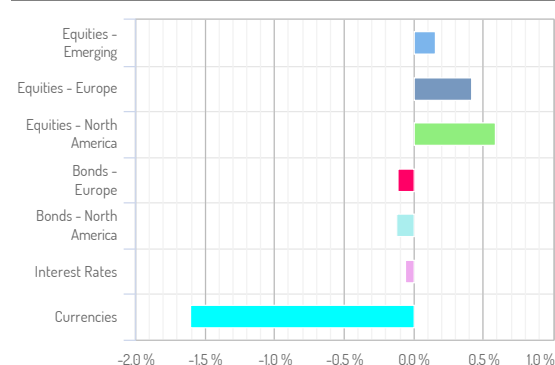
*Inception date: October 7, 2016.

PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Performance since Inception (October 7, 2016)



Monthly Gross Sector Performance



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Key Statistics (Based on monthly data)

Rolling Statistics

Return over last 12 months	8.90%
Trailing 12m Volatility	10.96%
Current Margin/Equity Ratio	7.17%
Current drawdown	-1.57%

Since Inception

Annualized Return	1.97%
Annualized Volatility	10.83%
Return / Volatility	0.18
Largest drawdown	-13.39%

Assets

NAV per Share	121.310207
Assets in Key Trends UCITS (approx.)	€ 21 000 000
Assets in Strategy (approx.)	\$ 350 000 000

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Leverage & VaR

Leverage	VaR 99% 20 days
1675%	-7.46%

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Sources : KeyQuant, Bloomberg
Calculation : KeyQuant

Monthly Commentary

For the month ending December 31, 2019, the Key Trends UCITS (A-USD Shares) posted a net return of -0.15%, bringing the net YTD to +8.90%.

December saw declining geopolitical and trade tensions: U.S. and China agreed to sign "phase one" of the trade deal and in the U.K., Boris Johnson's conservatives won the general election giving him more latitude in the Brexit negotiation with parliament. American and European stock indices continued their up-trend, reaching new record highs. Central banks maintained the status quo: Chairman Powell stated that the U.S. Federal Reserve did not anticipate any changes to the fed funds rate in the coming months (assuming that the U.S. economy continues on its expected trajectory). Newly appointed chairwoman Christine Lagarde said that the ECB will not proceed with a rate hike if the inflation rate is not maintained at 2% for a certain period of time. The German Bund 10-Yr and Schatz 2-Yr yielded higher, by 11 bps and 3 bps respectively. The 10-Yr U.S. Treasury yield was 14 bps higher while the 2-Yr U.S. Treasury yield was down by 4 bps. In currencies, the USD underperformed against safe-haven currencies such as the JPY and the CHF, but also against the EUR and the GBP.

The program was quite active in December. Maintaining a trend which started in mid-October, the model is now short on rates and bonds with a large decrease on Long US Bonds, German Bund 10-Yr and U.K. Short Sterling positions switching from long to short. A difficult month in currencies led to a drastic reduction on the net long USD exposure: Short GBP position was trimmed, while exposure on commodity currencies CAD, NZD and AUD switched from short to long vs USD. The model decreased modestly its net exposure to equities, reducing its exposure to the S&P 500, the S&P Toronto 60 and the Dax, mainly. Overall portfolio risk increased slightly, with the ex-ante volatility changing from 11.0% to 11.8%.

In 2019, the primary themes driving markets were the US/China trade war, accommodative central bank policies, flare ups in the Middle East and Brexit. For the year, the S&P 500 was up nearly 30%, with sell-offs in May and August. The accommodative policy from central banks was a strong performance driver for CTAs from the start of the year thru the end of August. By early September, most of the market expectations for rates and bonds had already taken hold, and thereafter we started seeing more of a down to sideways market. The model perceived extreme risks in June on the back of an acceleration in both equity and bond uptrends, which drove total risk lower from 14.1% on June 3 to 8.5% on June 28. The reduced risk eventually helped mitigate losses in September and October. 2019 was a decent year for CTAs, whereby the Key Trends UCITS (A-USD Shares) delivered a healthy return of +8.90%.

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	T-EUR	T-USD
Inception Date	May 24, 2013	April 12, 2013	October 7, 2016	September 6, 2019	September 6, 2019
Eligibility	Professional Investors only	Professional Investors only	Professional Investors only	Professional Investors only	Professional Investors only
Reference Currency	EUR	EUR	USD	EUR	USD
Hedged Share Class	-	-	Yes	-	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)	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	EUR 100,000	USD 100,000
Management Fees	2%	1.25%	2%	0.5%	0.5%
Performance Fees	20%	20%	20%	5%	5%
ISIN Code	LU0904233987	LU0904234019	LU0904234449	LU2038972514	LU2038972605
Bloomberg Ticker	KEYKTAE LX	KEYKTIE LX	KEYKTAU LX	KEYKTTE LX	KEYKTTU LX

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Explanatory Notes

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

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