



SATISH PULLE

Head of Financials &

ABS, Portfolio Manager

ECM/Wells Fargo Asset Management

“ Investors who allocate in high yield financials are likely to be rewarded with superior risk adjusted returns as yields are attractive and default rates are expected to be low. ”

A SPECIALIST FINANCIAL CREDIT STRATEGY

Global high yield financial credit is a large diversified sector, totaling more than \$600 billion comprised of more than 300 issuers from 50 countries. Driven by central banks and regulators, the risks associated with the asset class have reduced since the financial crisis of 2008-12 as banks and insurers have greatly strengthened their capital and liquidity positions. Central bank support (e.g. ECB’s TLTRO III and periodic stress testing) is designed to ensure there are no surprise bank failures in the next recession.

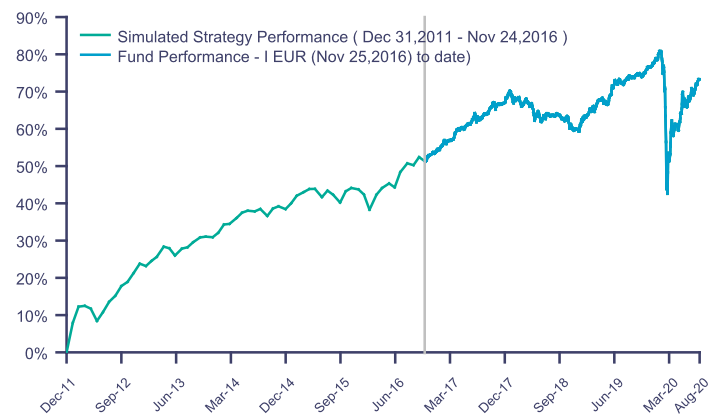
REWARDING YIELDS

The Lyxor / Wells Capital Financial Credit Fund captures the financial sector yield premium by investing across the capital structure from contingent convertible bonds to senior bonds. The fund aims to generate returns of 5-8% per annum over the market cycle while limiting drawdowns by implementing risk reduction strategies during any systemic risk episode or broad market sell-off.

A TRACK RECORD SUPPORTED BY A GLOBAL CREDIT RESEARCH TEAM

The Wells Fargo Asset Management Global Financials team investing philosophy comprises two elements: a) in-depth credit research on banks and insurers, and b) disciplined investing in positive risk-reward credits while avoiding or shorting deteriorating credits. The team is led by Satish Pulle, with 23 years’ experience, supported by five experienced research analysts and an experienced trader.

CUMULATIVE SIMULATED STRATEGY AND REAL FUND PERFORMANCE



The performance shown from December 31, 2011 through September 14, 2016 reflects the performance history of a paper track record as described herein (“Simulated Strategy Performance”) built on the basis of the asset class allocation of the Lyxor/Wells Capital Financial Credit Fund (“Fund”) as of end of August 2016 and using as a proxy the most relevant market index for each of the asset classes: on the long side 5% of BofA Merrill Lynch Euro Tier 1 Index, 60% of The BofA Merrill Lynch Contingent Capital Index, 5% of BofA Merrill Lynch Euro Lower Tier 2 Corporate Index, 10% of BofA Merrill Lynch Euro Subordinated Insurance Index, 10% of BofA Merrill Lynch Euro Senior Banking Index and on the short side 10% notional exposure of MARKIT ITRX SNRFIN (CDS index) and 10% notional exposure of MARKIT ITRX SUBFIN (CDS index). The performance shown from September 15, 2016 represents the performance of the Fund as described herein (“Fund Performance”). Performance for September 2016 represents the linked returns of the Simulated Strategy Performance from September 1, 2016 to September 14, 2016 and the Fund from September 15, 2016 (inception) to September 30, 2016. Simulated Strategy Performance and Fund Performance are for illustration purposes only. Simulated Strategy Performance is not representative of the actual or expected Fund Performance due to, among other reasons, the different investment strategies, structures, fees and expenses. The key differences between the Fund Performance and the Simulated Strategy Performance include: (i) The Simulated Strategy is run using the above stable index allocation whereas the Fund is managed following a discretionary security picking which may modify exposures on a daily basis; (ii) Simulated Strategy Performance is net of management fees of 0.75% but gross of all other fees including administration fees, audit fees etc whereas the Fund Performance is net of all fees; (iii) the Simulated Strategy is using exclusively index-based securities. This removes a significant part of the liquidity constraints of the Fund. The Fund will have management fees of 0.65% to 1.50%, depending on the class of shares in the Fund. It is also important to note that there are inherent limitations with respect to the use of historical data including, without limitation, results which may not reflect the impact that material market or economic factors might have on the Fund or the impact of subscriptions and redemptions. THE FIGURES RELATING TO PAST PERFORMANCE REFER OR RELATE TO PAST PERIODS AND ARE NOT A RELIABLE INDICATOR OF FUTURE RESULTS.

KEY FIGURES

Fund Size - EUR M	128.6
Annualized Rate of Return*	6.5%
Annualized Volatility*	7.0%
Sharpe ratio*	1.0

*Since Strategy Inception: January 2012

RISK INDICATORS



Information as of the end of the month indicated at the top of this page.

SUB-MANAGER / ADVISOR DETAILS*

Strategy	Financial Credit
Geographical zone	Global
Date firm incorporation	January 1996
Strategy inception date	January 2012
AuMs - Firm	\$ 353.0 billion
AuMs - Strategy	\$ 26.0 billion
Total firm staff	146

*Information as end of July 2020

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SIMULATED STRATEGY AND FUND MONTHLY RETURNS - %

	J	F	M	A	M	J	J	A	S	O	N	D	YTD
2020	1.18	-2.17	-12.85	5.86	1.68	1.21	1.82	2.52					-1.89
2019	2.20	1.06	0.29	1.51	-0.91	2.93	0.70	0.37	0.28	0.41	0.34	0.87	10.47
2018	1.52	-0.79	-0.99	0.25	-2.41	-0.42	1.19	-0.37	0.10	-0.69	-1.37	-0.24	-4.21
2017	0.65	1.37	0.35	1.36	0.77	0.50	1.47	-0.28	0.67	1.76	-0.13	0.12	8.93
2016	-0.94	-2.87	2.93	1.25	0.85	-0.72	2.84	1.58	-0.32	1.43	-0.67	1.23	6.61
2015	1.12	1.45	0.69	0.57	0.03	-1.54	1.23	-0.77	-1.48	2.15	0.63	-0.27	3.82
2014	0.93	1.66	0.13	1.16	1.07	0.37	-0.13	0.47	-1.35	1.45	0.43	-0.54	5.76
2013	-0.52	1.13	0.86	2.18	-0.34	-1.51	1.46	0.29	1.05	0.99	0.16	-0.12	5.73
2012	7.91	4.03	0.19	-0.67	-2.96	2.19	2.50	1.43	2.25	0.96	1.97	2.10	23.81

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FUND CHARACTERISTICS

	CLASS I	CLASS SI	CLASS A
Currencies	EUR, USD, JPY, CHF, GBP, SEK, NOK		
Type of shares	Capitalisation		
Management Fee	0.75%	0.65%	1.50%
Performance Fee	None		
Administrative Fee**	0.25%		
Minimum Initial Investment***	USD 100,000	USD 10 million	USD 10,000
ISIN	USD EUR GBP	IE00BZ00NH20 IE00BZ00NG13 -	- - IE00BZ0XBO08 IE00BZ00NF06 -

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LEGAL STRUCTURE

Sub-fund of Lyxor Newcits IRL II, Irish UCITS

FUND INCEPTION DATE

15/09/2016

SHARE CLASS LAUNCH DATE

25/11/2016

REFERENCE CURRENCY

EUR

LIQUIDITY*

Daily

SUBSCRIPTION DEADLINE

D-1 business day at 2:00 pm CET

REDEMPTION DEADLINE

D-5 business days at 2:00 pm CET

INVESTMENT MANAGER

Lyxor Asset Management S.A.S.

SUB-INVESTMENT MANAGER

ECM Asset Management

ADMINISTRATOR

Lyxor Asset Management

* Under normal market conditions, Lyxor intends to offer the LIQUIDITY mentioned above. However, the LIQUIDITY is not guaranteed and there are circumstances under which such LIQUIDITY may not be possible.

** The Fund is subject to an Administrative Fee at a fixed rate of up to 50,000 EUR p.a. together with an additional fee of 0.20% of the Net Asset Value of each Class of the Fund p.a.

*** The minimum initial subscription in non-USD currencies is equivalent to the amount stipulated in USD in the table above.

Please refer to the Fund's legal documentation for complete terms and conditions.

MAIN RISKS

Potential investors should be aware that any direct or indirect investment in any security or investment vehicle described herein is subject to significant risks, including total loss of capital, and that there are significant restrictions on transferability and redemption of any such security or interests in any such investment vehicle. Investors should be able to bear the financial risks and limited liquidity of their investment. The Fund has a limited operating history.

- Risk of losses
- Volatility
- Leverage & Value-At-Risk
- Market Risk
- Currency Risk
- Risk of investment in emerging markets
- Risk related to Cocos: Cocos are complex instruments that may not be suitable to all investors. The performance of the fund may be negatively impacted by cocos' behaviors and specific features

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GLOSSARY

Annualized Return – a rate of return for a given period that is less than one year, but that is computed as if the rate were for a full year. The formula is as follows assuming that M is the total number of months of returns which are being measured within the Program: $(1 + \text{Cumulative Returns})^{(12/M)} - 1$.

Annualized Volatility – the square root of 12 multiplied by the Standard Deviation.

Sharpe Ratio – this is a formula used to measure risk-adjusted performance. This is calculated by subtracting the risk-free rate (in this case, 3M T-bill) from the rate of return for the Program and dividing the result by the Standard Deviation.

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