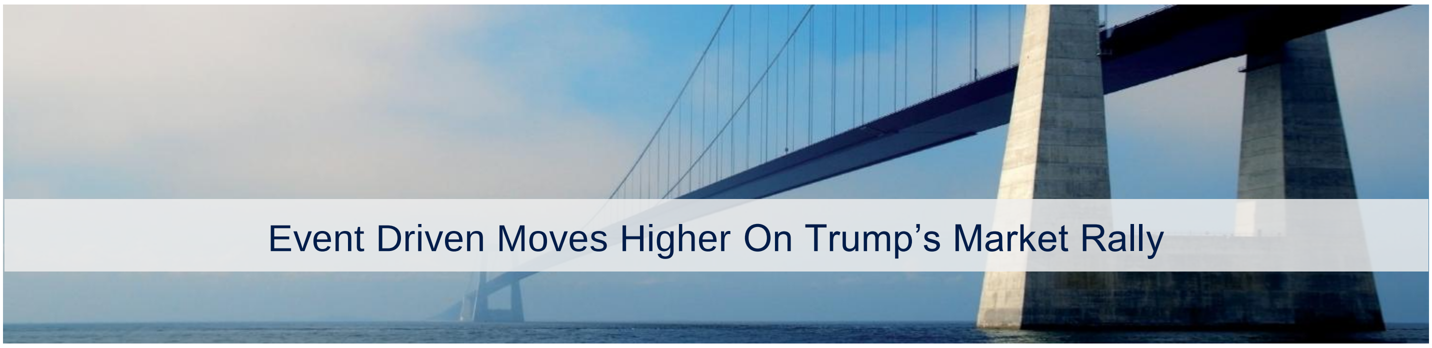


Event Driven Moves Higher On Trump's Market Rally

Philippe Ferreira
Senior Strategist

Praveen Joynathsing
Senior Hedge Fund Analyst

Anne Mauny
Research Analyst

Jean-Baptiste Berthon
Senior Strategist

Jeanne Asseraf-Bitton
Global Head of Cross Asset Research

With U.S. data releases in the black and the Fed ready to act, Treasury yields kept creeping higher over the recent weeks. Meanwhile, the ECB recently signaled it may extend its bond buying program at the current € 80bn per month beyond March 2017 (the final decision is likely to be announced on December 8^{th}). This has led to growing divergence between Treasuries and Bunds across the yield curve and further depreciation of the EUR vs. the USD.

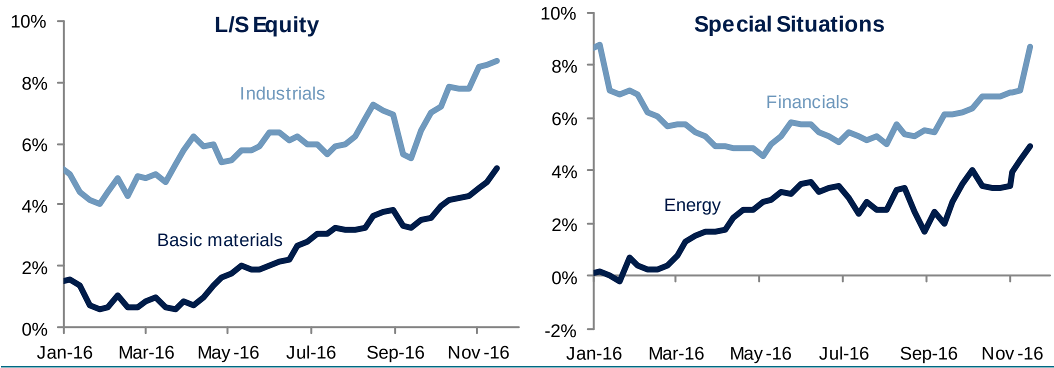
This environment has been supportive for hedge funds. Most strategies delivered positive returns last week as risk assets moved higher on Trump's market rally. Event Driven outperformed as spreads tightened for deals such as Time Warner/AT&T, Monsanto/Bayer, LinkedIn/Microsoft and Alere/Abbott. Such deals rank well in Merger Arbitrage portfolios. On the Special Situations segment, positive developments in Marathon Petroleum and Conagra Brands contributed to returns.

Global Macro and L/S Equity strategies also delivered solid returns last week. The former is well positioned to benefit from the divergence between Europe and the U.S. discussed above. With regards to L/S Equity, Long Biased managers outperformed other sub strategies. The best performer was a value L/S manager (up 3% last week, 13% YTD). At the other end of the spectrum, CTAs were flat and continued to underperform.

As part of the new market regime that has started to take shape after the election of Donald Trump, we have proceeded with some changes in our investment recommendations. We have downgraded Short Term CTAs to make room for an upgrade in L/S Equity Long Bias. We now keep both Short and Long Term CTAs at neutral. Meanwhile, we find Market Neutral L/S Equity to be less appealing while the opportunity set for Special Situations has improved. The likelihood that U.S. corporates will repatriate their cash held overseas under the new administration may translate into shareholder friendly policies (dividend distribution or share buybacks) or more mergers and acquisitions. This creates opportunities for Special Situations managers which we have upgraded at slight overweight.

L/S Equity and Special Situations seek upside in cyclical stocks

Net exposure to sectors (% NAV)



As of 15/11/2016. Equally weighted. Source: Lyxor AM

Contact: Lyxor-crm@lyxor.com - +33 (0) 1 42 13 31 31

THE WEEK IN 3 CHARTS

Hedge Fund Snapshot: Event Driven outperforms during a supportive week for hedge funds

	WTD*	MTD	YTD
Lyxor Hedge Fund Index	**0.7%**	**-1.0%**	**-1.6%**
CTA Broad Index	**0.0%**	**-4.1%**	**-5.8%**
Event Driven Broad Index	**0.9%**	**-0.1%**	**1.0%**
Fixed Income Broad Index	0.2%	-1.1%	0.1%
L/S Equity Broad Index	0.7%	-1.4%	-4.2%
Global Macro Index	0.8%	-0.7%	-1.3%
MSCI World Index	*1.1%*	*1.8%*	*4.9%*
Barclays Global Agg Bond Index	*-0.2%*	*-2.1%*	*3.8%*

*From 15 November to 22 November 2016

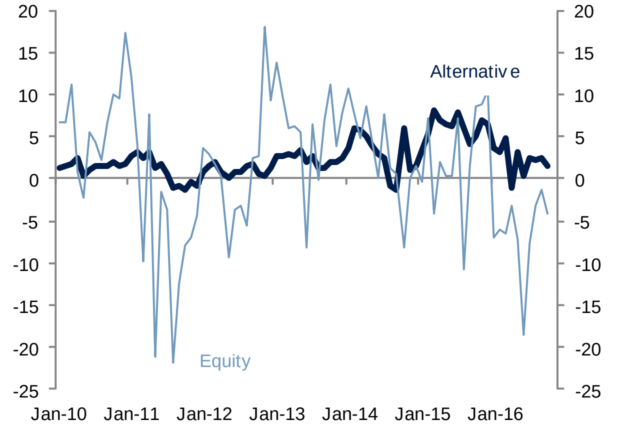
Hedge funds enjoyed meaningful returns last week, with the Lyxor Hedge Fund Index moving up 0.7% over the period. From a broad perspective, all strategies ended the week on a positive note except for CTAs that ended flat.

Event Driven led the pack (0.9%), supported by positive returns in both Merger Arbitrage and Special Situations. Global Macro and L/S Equity gained some ground, the latter benefitting from solid gains in the Long Bias segment (1.6%).

Gains were somewhat modest for Fixed Income managers (0.2%) in light of the ongoing bond sell-off. L/S Credit outperformed (0.5%) supported by the strong performance of U.S. high yield bonds.

Appetite for Alternative UCITS is in stark contrast with outflows suffered by long only Equity mutual funds

Alternative UCITS continued to attract substantial inflows
Net inflows into mutual funds (€ bn)



Universe of funds available for sale in Europe. As of 31/10/2016. Source: Morningstar, Lyxor AM

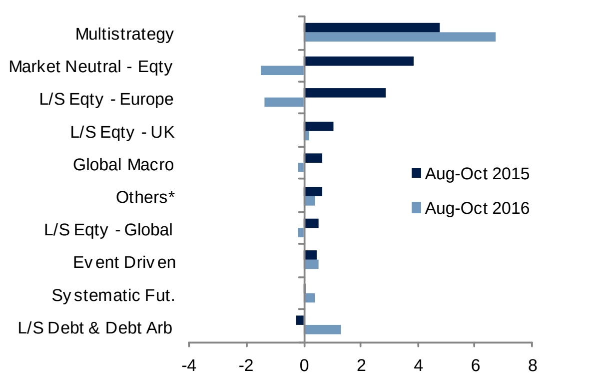
The appetite for Alternative UCITS remained sustainable in October, with net inflows reaching EUR1.5bn according to Morningstar.

Since the beginning of the year, Alternative UCITS funds have experienced steady inflows compared to other asset classes. Long only equity mutual funds have suffered large outflows this year, reaching EUR 64bn YTD as of October.

The appetite for alternative funds suggests that investors are still looking for diversification, especially after a difficult year where political surprises (i.e. Brexit referendum, Trump's election) led to unexpected market rallies. The next milestone to reach is the Italian referendum on constitutional reform on December 4th.

Multistrategy funds continued to attract the bulk of inflows within Alternative UCITS

Multistrategy funds remain unruffled
Net inflows into Alternative UCITS, August-October 2016 (EUR bn)



As of 31/10/2016. Source: Morningstar, Lyxor AM.

Strategy-wise, Multistrategy funds remain the most popular category within the Alternative UCITS universe. In that regard, the strategy received the largest inflows over the past three months (almost EUR 7bn between August and October 2016).

After several months of outflows, investors have been regaining appetite for L/S Debt and Debt Arbitrage funds. The strategy received strong inflows over the past three months (EUR 1.3bn).

On the flip side, L/S Equity market neutral funds have been losing their appeal due to lackluster returns year to date. The strategy suffered the strongest outflows along with L/S Equity funds with a focus on European stocks.

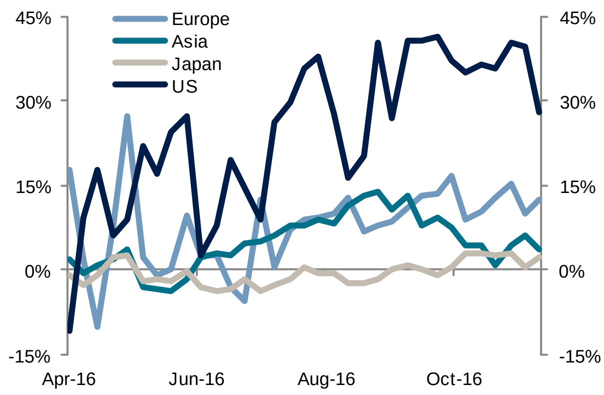
CTAs

	WTD*	MTD	YTD
CTA Broad Index	**0.0%**	**-4.1%**	**-5.8%**
CTA Long Term	0.0%	-4.4%	-5.9%
CTA Short Term	-0.4%	-0.2%	-5.9%

*From 15 November to 22 November 2016

Systems maintained their long equity bias across regions

Net Exposure to equities, % NAV



As of November 15th, Equally weighted. Source: Lyxor AM

An uneventful week

CTAs finished the period flat with portfolios still holding most of their risk in equities. Long exposure to U.S. equities proved rewarding as major U.S. indices rallied to record highs. Asian and Japanese equities added to gains amid the risk-on rally.

The currency allocation proved rewarding with short EUR against USD being the noteworthy positive contributor as the common currency continued to remain under pressure. However, Long JPY detracted as USD pursued its post-Trump appreciation.

Contributions from Fixed Income were more muted and neutralized by lower exposures and trendless markets. Long German duration generated a small gain as European yields eased on the back of Draghi's recent dovish comments.

Performance in commodities was negative, with short energy positions enduring losses as oil prices were boosted by hopes of an OPEC output cut. Allocations to sugar and coffee weighed on returns as both commodities came under pressure during the week.

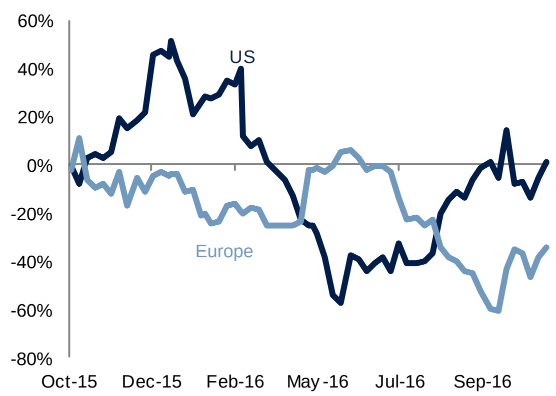
GLOBAL MACRO

	WTD*	MTD	YTD
Global Macro Index	**0.8%**	**-0.7%**	**-1.3%**

*From 15 November to 22 November 2016

Managers started to alter their positioning on U.S. rates

Net Exposure to fixed income, % NAV



As of November 15th, Equally weighted. Source: Lyxor AM

Lifted by short EUR stance

Global Macro funds were positive last week although the dispersion in individual fund returns highlighted the divergence in manager views.

Currencies were the main driver of performance with long USD vs. EUR benefitting from the ongoing appreciation of USD. Long MXN exposure continued to detract as the peso extended losses amid Trump concerns.

Fixed income books had a mixed impact on performance. Short European duration led to losses as investors expect the ECB to extend its asset purchase program. Long Mexican duration was loss-making following a rate hike from the Bank of Mexico.

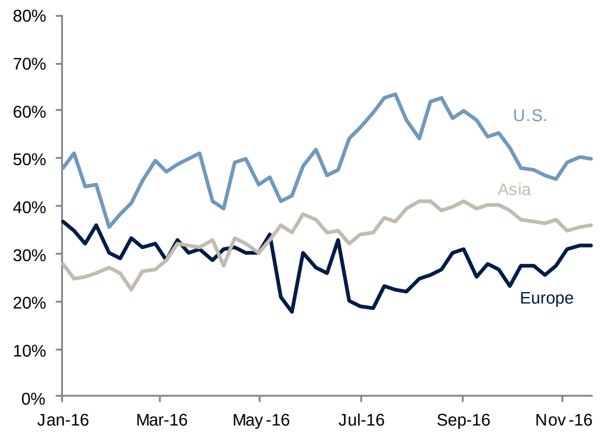
Equities dragged performance down. Short U.S. indices weighed as the post-election equity rally continued. Constructive views on Japanese equities were supported by the recent Yen weakness.

L/S EQUITY

	WTD*	MTD	YTD
L/S Equity Broad Index	**0.7%**	**-1.4%**	**-4.2%**
Long Bias	1.6%	0.5%	2.7%
Market Neutral	-0.3%	-3.2%	-8.4%
Variable Bias	0.5%	-1.9%	-6.9%

*From 15 November to 22 November 2016

Trump's election continues to fuel optimism among managers
Net Exposure to Equities, % NAV



As of November 15th, Equally weighted. Source: Lyxor AM

Cyclicals rally

Equity markets continued their upward move with the S&P 500 hitting an all-time high while maintaining a low level of volatility. In this risk-on environment, equity long/short managers generated positive returns with most of the gains generated in their long portfolios.

On the one hand, cyclical stocks continued to outperform given the prospects of fiscal stimulus. On the other hand, high yielding sectors and low-volatility stocks suffered.

U.S.-focused managers returned to winning ways. A value-oriented fund outperformed as long positions in telecoms and consumer discretionary worked.

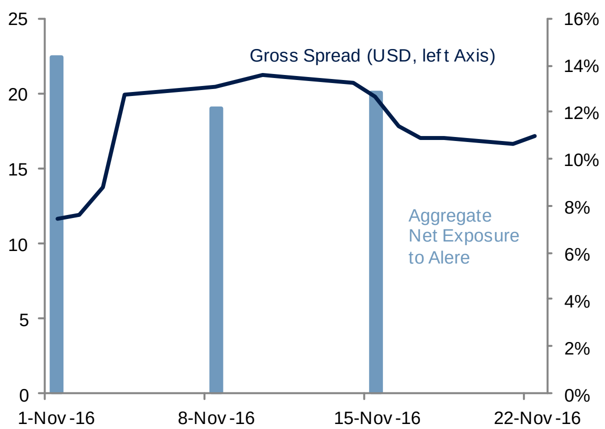
European-focused funds extracted alpha as well. As optimism continued to grow in the markets, net and gross exposures have been gradually increased. Quantitative models continued to lag due to their detracting short books.

EVENT DRIVEN

	WTD*	MTD	YTD
Event Driven Broad Index	**0.9%**	**-0.1%**	**1.0%**
Merger Arbitrage	1.0%	-0.1%	2.3%
Special Situations	0.9%	-0.1%	-1.0%

*From 15 November to 22 November 2016

Net Fund Exposure to Alere vs. Deal Spread
Aggregate Net Exposure to Alere as a % NAV



As of November 22th, Equally weighted. Source: Lyxor AM

Buoyed as spreads compress

Event Driven managers recorded strong performance last week. Merger arbitrage strategies benefited from the spread compression across a number of deals including Alere/Abbott, Time Warner/AT&T, Monsanto/Bayer and LinkedIn/Microsoft. Alere rallied over 7% during the week after agreeing to turn over files relating to a bribery probe and U.S. billing practices to Abbott Laboratories to settle a contentious dispute that has delayed its acquisition.

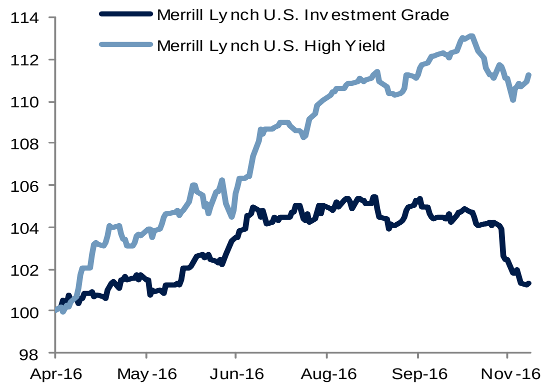
The solid performance of Special Situations funds was mainly driven by company-specific news and idiosyncratic events. For example, Marathon Petroleum saw a surge in its share price on the back of an activist investor urging the company to consider splitting into three separate businesses. Conagra Brands (formerly known as Conagra Foods) completed a tax-free spinoff of non-core unit Lamb Weston, becoming a pure player in grocery-store brands, strictly speaking. The rating agency Fitch affirmed Conagra's long-term rating at 'BBB-'and revised its outlook from stable to positive.

L/S CREDIT ARBITRAGE

	WTD*	MTD	YTD
Fixed Income Broad Index	**0.2%**	**-1.1%**	**0.1%**
L/S Credit Arbitrage	0.5%	0.4%	4.5%

*From 15 November to 22 November 2016

U.S. HY regained momentum while U.S. IG continued to suffer
Total return indices, rebased at 100 on 01/04/2016



As of November 22nd, Source: Bloomberg, Lyxor AM

U.S. High Yield outperformed

After the severe bond sell-off, the reflation trade linked to higher inflation expectations is starting to stabilize and as such, credit markets posted mixed results.

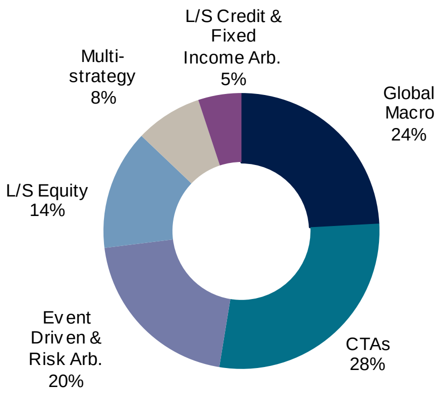
In the U.S., High Yield strongly outperformed Investment Grade and tightened by 24 bps on the back of higher oil prices and positive economic momentum. In Europe, IG and HY spreads widened respectively by 8 and 9 bps with investors eagerly awaiting the Italian referendum outcome. Emerging markets experienced a rather calm week with spreads moving in a narrow band. The Global Emerging bond index was down 0.1% and the Asian non-Investment Grade index rose by 0.1% over the period.

On the Lyxor side, European funds showed mixed results. One fund realized gains thanks to its energy and industrials exposure. An Asian-centric fund posted positive returns in a flat market once more, with extended gains in the basic materials and energy sectors.

METHODOLOGICAL APPENDIX

The information contained in this report on the performance and positioning of hedge funds is based on proprietary data from our Managed Account Platform. The universe of underlying funds is relatively stable, though it evolves according to fund openings and fund closures.

Lyxor Managed Account Platform: breakdown of assets under management by strategy as of October 31st, 2016



- **USD 7.5 billion** of assets under management
- Replicating approximately **USD 220 billion** of AUM

Lyxor Hedge Fund Indices

Based on the complete range of funds available on the Lyxor Managed Account Platform, a universe of funds eligible for inclusion in the indices is defined on a monthly basis taking into account the following elements:

- Investability threshold: to be included in any index, the managed account must have at least $3 million of AuM.
- Capacity constraints: all index components must possess adequate capacity to allow for smooth index replication in the context of a regular increase in investments.
- Index construction: for each index, the relative weightings of the component funds are computed on an asset-weighted basis as adjusted by the relevant capacity factors.
- Each Lyxor Hedge Fund Index is reviewed and rebalanced on a monthly basis.
- The Index construction methodology has been designed to mitigate well-known measurement biases. Inclusions and exclusions of new Hedge Funds do not impact the historical index track record.

DISCLAIMER

The circumstances in which this publication has been produced are such that it is not appropriate to characterise it as independent investment research as referred to in MiFID and that it should be treated as a marketing communication even if it contains a research recommendation. This publication is also not subject to any prohibition on dealing ahead of the dissemination of investment research. However, Lyxor is required to have policies to manage the conflicts which may arise in the production of its research, including preventing dealing ahead of investment research.

This material has been prepared solely for informational purposes only and does not constitute an offer, or a solicitation of an offer, to buy or sell any security or financial instrument, or to participate in any investment strategy. This material does not purport to summarize or contain all of the provisions that would be set forth in any offering memorandum. Any purchase or sale of any securities may be made only pursuant to a final offering memorandum. No advisory relationship is created by the receipt of this material. This material should not be construed as legal, business or tax advice. A more robust discussion of the risks and tax considerations involving in investing in a fund is available from the more complete disclosures incorporated into the offering documentation for such fund.

This material has not been prepared in regard to specific investment objectives, financial situations, or the particular needs of any specific entity or person. Investors should make their own appraisal of the risks and should seek their own financial advice regarding the appropriateness of investing in any securities or financial instrument or participating in any investment strategy. Before you decide to invest in any account or fund, you should carefully read the relevant client agreements and offering documentation. No representation is made that your investment objectives will be achieved. This material is not intended for use by retail customers.

Any descriptions involving investment process, risk management, portfolio characteristics or statistical analysis are provided for illustrative purposes only, will not apply in all situations, and may be changed without notice. Past performance is not indicative of future results, and it is impossible to predict whether the value of any fund or index will rise or fall over time.

While the information in this material has been obtained from sources deemed reliable, neither Société Générale ("SG"), Lyxor Asset Management S.A.S. ("Lyxor AM") nor their affiliates guarantee its accuracy, timeliness or completeness. We are under no obligation to update or otherwise revise such information if and when it changes. Any opinions expressed herein are statements of our judgment on this date and are subject to change without notice. SG, Lyxor AM and their affiliates assume no fiduciary responsibility or liability for any consequences, financial or otherwise, arising from an investment in any security or financial instrument described herein or in any other security, or from the implementation of any investment strategy. Lyxor AM and its affiliates may from time to time deal in, profit from the trading of, hold, have positions in, or act as market-makers, advisers, brokers or otherwise in relation to the securities and financial instruments described herein. Service marks appearing herein are the exclusive property of SG and its affiliates, as the case may be.

Hedge funds may invest in futures and other derivative instruments. Futures trading and other derivatives may permit extremely high degrees of leverage and expose the funds to, among other things, volatility, market illiquidity, market risks, legal risks and operational risks. Hedge funds may be exposed to risks relating to non-domestic markets, including, without limitation, risks relating to currency exchange, tax, lack of liquidity, market manipulation, political instability and transaction costs. An investment in a hedge fund is subject to a total loss.

This presentation contains the views of Lyxor AM analysts and/or strategies. The views espoused in this presentation may differ from opinions and recommendations produced by other departments of SG.

Note about Indices: Indices are not available for direct investment. A comparison to an index is not meant to imply that an investment in a fund is comparable to an investment in the funds or securities represented by such index. A fund is actively managed while an index is a passive index of securities. Indices are not investable themselves, and thus do not include the deduction of fees and other expenses associated with an investment in a fund. Not all the funds that comprise indices cited herein are suitable for U.S. Investors as a result of, among other things, the implementation of the Volcker Rule. Please see the offering documentation for these funds for more details.

Notice to U.S Investors: Any potential investment in any securities or financial instruments, the categories of which are described herein, may not be suitable for all investors. Any prospective investment will require you to represent that you are an “accredited investor,” as defined in Regulation D under the Securities Act of 1933, as amended, and a “qualified purchaser,” as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “40 Act”). The securities and financial instruments described herein may not be available in all jurisdictions.

Investments in or linked to hedge funds are highly speculative and may be adversely affected by the unregulated nature of hedge funds and the use of trading strategies and techniques that are typically prohibited for funds registered under the ’40 Act. Also, hedge funds are typically less transparent in terms of information and pricing and have much higher fees than registered funds. Investors in hedge funds may not be afforded the same protections as investors in funds registered under the ’40 Act including limitations on fees, controls over investment policies and reporting requirements.

Notice to Canadian Investors: Any potential investment in any securities or financial instruments, the categories of which are described herein, may not be suitable for all investors. Any prospective investment will require you to represent that you are a “permitted client,” as defined in Canadian Regulation National Instrument 31-103, and an “accredited investor,” as defined in National Instrument 45-106. The securities and financial instruments described herein may not be available in all jurisdictions of Canada.

For more information, U.S. and Canadian investors and recipients should contact Lyxor Asset Management Inc., 1251 Avenue of the Americas, New York, NY 10020 or invest@lyxor.com.

Notice to U.K. Investors: This communication is issued in the UK by Lyxor Asset Management UK LLP, which is authorised and regulated by the Financial Conduct Authority in the UK under Registration Number 435658.

Source: This document has been prepared by Lyxor Asset Management S.A.S., 17 cours Valmy, 92800 Puteaux. Lyxor AM is a French management company authorized by the Autorité des marchés financiers and placed under the regulations of the UCITS (2014/91/UE) and AIFM (2011/61/EU) Directives. Lyxor AM is also registered with the U.S. Commodity Futures Trading Commission as a registered commodity pool operator and a commodity trading advisor