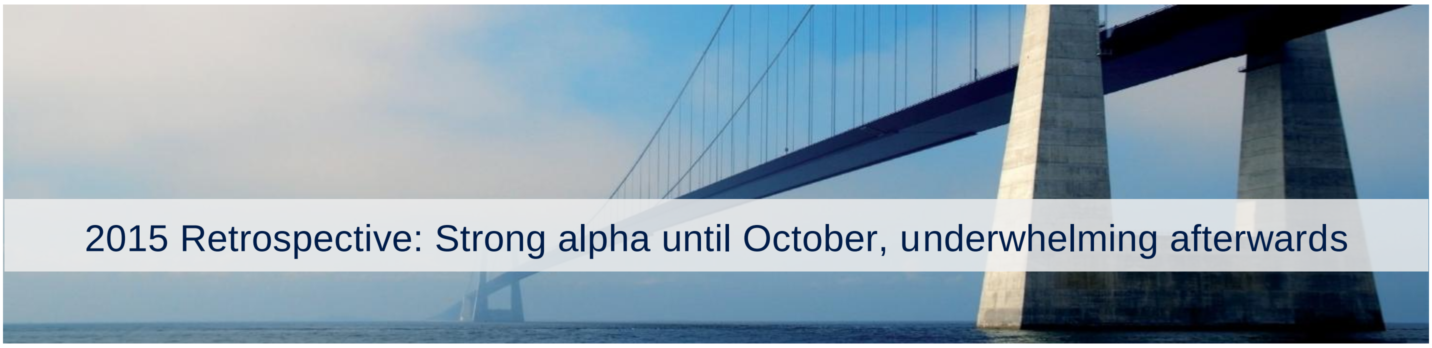

2015 Retrospective: Strong alpha until October, underwhelming afterwards

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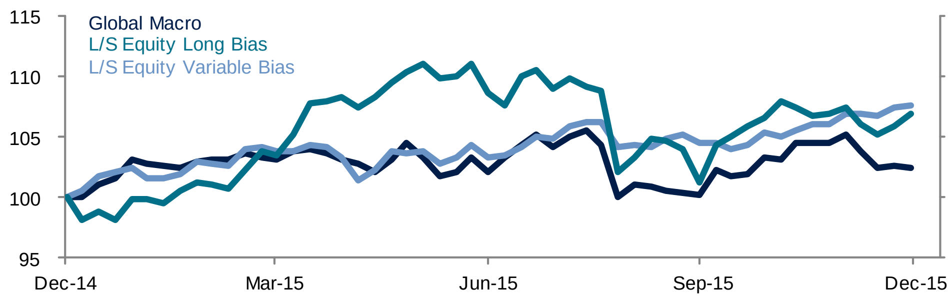
This year remained macro driven, dominated both by monetary policies and the shifts in deflation scares, themselves function of the stance regarding the Chinese transition and oil prices. Four phases paced markets and hedge funds trends:

[Jan-Mar] Bull reversal for global assets and reflation zones: 2015 began with oil prices bottoming following a half-year plunge, and the ECB's QE announcement. It strongly supported the directional strategies - L/S Equity and Event Driven - and the trend followers.
[Apr-Jul] Bond rout and global growth concerns: Profit taking after the ECB started its purchases, the Greek saga and second thoughts about the sustainability of the global recovery opened a see-sawing episode for risky assets. The directional strategies lost some ground and CTAs were sharply hurt by the bond rout. Trend-followers and Global Macro strengthened thereafter.
[Aug-Sep] Deflation debacle: The deflation and growth scares, which built up over the summer, morphed into a vicious cycle by the end of August. Event Driven, Asia and the longest bias L/S Equity funds were the main losers. Apart from the losses endured by a few industry heavy-weighted funds, returns were resilient in other strategies, particularly among variable L/S Equity, CTAs and Global Macro.
[Oct-Dec] A laborious recovery in risky assets: Finding a bottom after the plunge proved laborious, managers remained cautious when markets recovered in October. Whilst L/S Equity participated in the rally, Event Driven funds lagged, hit by the healthcare meltdown. Macro funds' returns were mixed, but they navigated relatively well from the multiple rotations leading up to the first Fed rate hike.

Hedge funds finished 2015 with only marginally positive returns. Overall, they produced strong alpha relative to traditional assets until Q4. They lost about half of their advance during the rally, heavily dragged by the Special Situations' underperformance.

L/S variable bias, long bias and Global Macro funds outperformed in 2015

Lyxor indices, performance YTD, base 100 as of 30/12/2014



Source: Lyxor AM

THE WEEK IN 3 CHARTS

Hedge Fund Snapshot: L/S Equity and Global Macro outperformed in 2015

	Last 2 weeks	MTD	YTD
Lyxor Hedge Fund Index	**0.4%**	**-0.3%**	**0.2%**
CTA Broad Index	**-1.1%**	-1.7%	-2.6%
Event Driven Broad Index	**1.0%**	**1.1%**	-3.3%
Fixed Income Broad Index	0.0%	-1.2%	**-3.3%**
L/S Equity Broad Index	0.7%	0.3%	**4.1%**
Global Macro Index	0.0%	**-2.0%**	2.4%
S&P 500	*1.7%*	*-0.5%*	*-0.1%*
10 Y US Treasury (Change in bps)	*4*	*7*	*12*

*From 15 December to December 29, 2015

Hedge funds ended 2015 on a good note. The Lyxor Hedge Fund Index was up 0.4% over the last 2 weeks, supported by Event Driven managers.

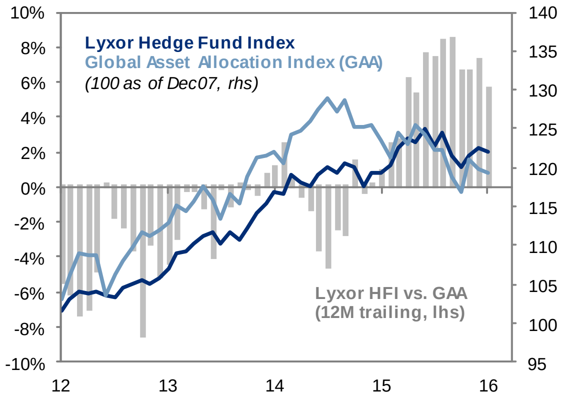
Fund managers benefitted from bottoming credit and oil prices. It paved the way for a small year-end equity rally, in low trading volumes and with scarce fundamental data. Event Driven funds were up 1.1% in December, alleviating the earlier losses.

YTD, Special Situations managers were the main performance detractors while Merger Arbitragers ended 2015 nearly flat. CTAs had a volatile year. They accumulated strong returns over Q1, before slowly recovering from the bond-rout episode.

On the positive side, L/S equity and Global Macro outperformed.

Significant alpha generation amid poor traditional assets performance in 2015

Hedge Funds (Lyxor HFI) vs. Global Asset Allocation (GAA)
GAA = 40% Glob. Equity + 45% Glob. Bond + 5% Comdty + 10% FX Carry



Source: Bloomberg, Lyxor AM

Hedge Funds accumulated a notable advance relative to traditional assets. They gave up some of their advances during the year-end rally.

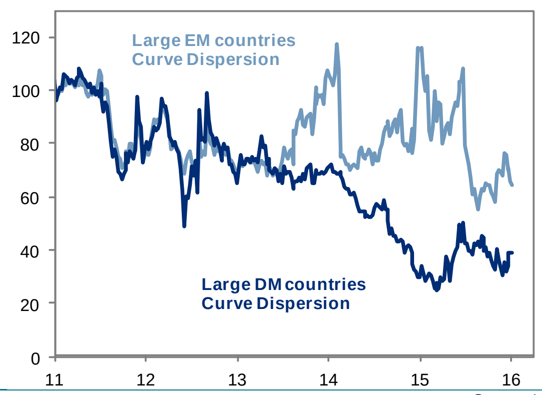
L/S Equity funds produced strong alpha. Their focus on reflation zones and their increasingly cautious market exposure during the summer has paid off.

Global Macro funds benefitted from the monetary divergences among developed countries and from the divergences between developed and EM assets.

Multi-credit FI Arbitrage Funds increasingly extracted alpha out of the pricing dislocations within the credit markets.

Opportunities from an asynchronous cycle

Dispersion in G20 10-2Y Yield Curve
Weekly standard deviation



Source: Lyxor AM.

Macro divergence remained elevated among countries in 2015. As a result, asset return dispersion was substantial, especially for relative value styles. The strong performance of macro funds this year was no coincidence.

However, these opportunities were not that easy to capture, requiring hedging and/or tactical skills. It is witnessed by the erratic changes in G20 yield curves dispersion. Along with the developments in China, monetary activity was behind the greatest volatility spikes in 2015, including the SNB de-peg in January, the PBOC devaluation in August, the ECB disappointment in December.

CTAs

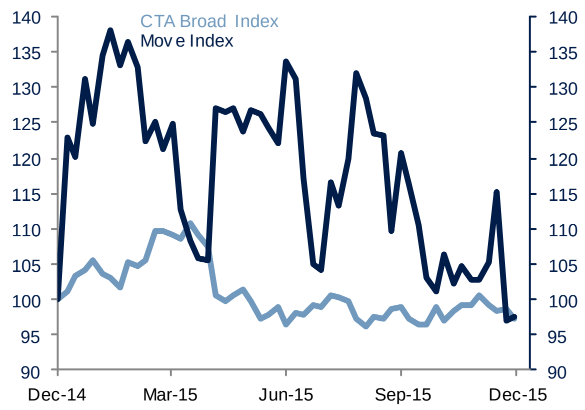
Mixed backdrop

	Last 2 weeks	MTD	YTD
CTA Broad Index	**-1.1%**	**-1.7%**	**-2.6%**
CTA Long Term	-1.2%	-1.9%	-2.6%
CTA Short Term	0.3%	0.2%	-3.4%

*From 15 December to December 29, 2015

Volatility in US rates drove CTA performance

Lyxor CTA broad Index performance vs Move index



Source: Bloomberg, Lyxor AM

In the last two weeks, CTA systems posted mixed results. Short-term systems outperformed Long-term ones.

Short exposure to energy proved detrimental, especially on the natural gas where a strong rebound took place. Short contracts based on precious metals worsened the bucket's returns.

The fixed income space was the main detractor to performance. The significant long duration exposure held by most long term players suffered from the increase in rates after central banks' announcements.

In the FX bucket, the long USD trend correction was detrimental to most managers: systems' short positions on EUR and JPY turned detrimental. However, long exposure to some emerging currencies brought gains.

Equity markets had limited impact on performance but brought some gains, especially for the more reactive short term players.

GLOBAL MACRO

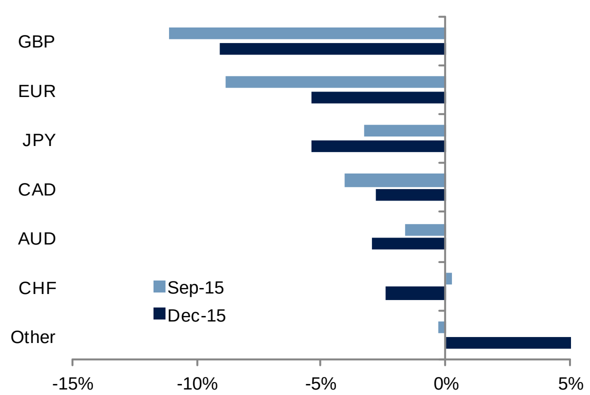
Ending 2015 on a healthy note

	Last 2 weeks	MTD	YTD
Global Macro Index	**0.0%**	**-2.0%**	**2.4%**

*From 15 December to December 29, 2015

Long positions on US dollar were rewarding in 2015

Net Exposure to currencies vs USD, % NAV



Equally weighted. Source: Bloomberg, Lyxor AM

Macro managers showed mixed results in the last two weeks of a bumpy year across all asset classes.

Long exposure to equities across developed markets proved rewarding, especially in Europe where stock markets rallied thanks to the improvement in commodities.

FX detracted as short exposure to commodity related currencies were penalized by the rise in commodity prices. The short British pound brought significant gains. All in all, the US dollar appreciated strongly against most G10 currencies in 2015.

In the fixed income portfolio, most managers posted losses. The main detractor was from the long US duration, as interest rates went up. European and US rates ended 2015 in opposite ways on the back of divergent monetary policies.

The commodity bucket suffered from the recovery of Nat Gas and metal prices. Nonetheless, the asset class ended the year extremely negatively.

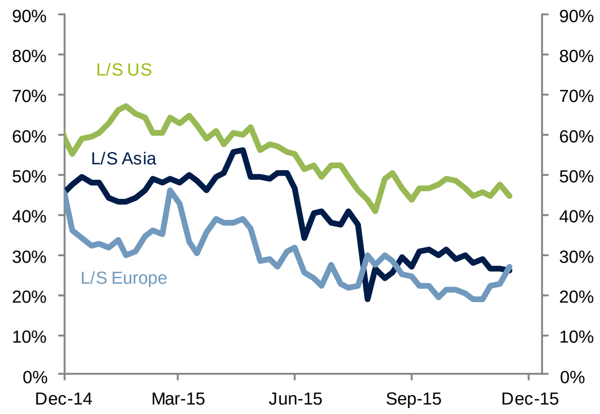
L/S EQUITY

Outperformed in 2015

	Last 2 weeks	MTD	YTD
L/S Equity Broad Index	**0.7%**	**0.3%**	**4.1%**
Long Bias	1.6%	0.0%	6.9%
Market Neutral	-0.8%	-1.2%	-3.8%
Variable Bias	0.9%	1.4%	7.6%

*From 15 December to December 29, 2015

L/S Equity managers kept a cautious stance on equities
Net Exposure to equities, % NAV



Equally weighted. Source: Lyxor AM

The majority of funds in the long/short universe benefitted from a Christmas rally during the last two weeks of the year, as all regions showed strong gains.

European managers led the pack with all managers finishing positively aside from one market neutral quantitative fund. The best performing funds benefitted from large net exposures to the communication and consumer cyclical sectors.

In the US, some managers significantly outperformed equity markets but results remained mixed in this area. Managers with higher net exposure to the energy sector benefitted from a stabilization in the oil price. Only three managers finished in a negative territory, including a short bias fund and a market neutral quantitative strategy.

Finally, EM managers paid off. Our South African biased fund outperformed (+ 2.9%) fuelled by the rally in the South African equity market. The other strong performer was a Japan focused manager who also benefitted from the rally in Japanese indices.

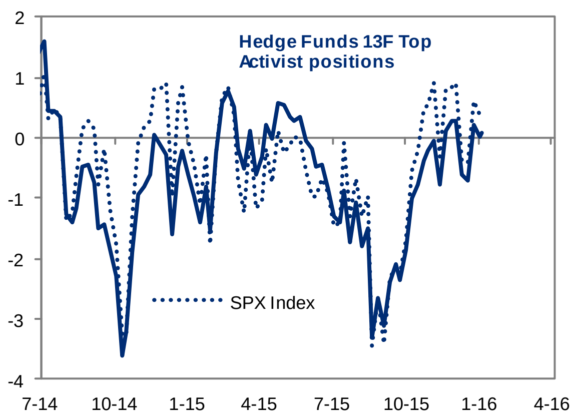
EVENT DRIVEN

Alpha in Merger Arbitrage

	Last 2 weeks	MTD	YTD
Event Driven Broad Index	**1.0%**	**1.1%**	**-3.3%**
Merger Arbitrage	0.9%	2.0%	-0.4%
Special Situations	1.1%	-0.4%	-7.6%

*From 15 December to December 29, 2015

Hedge Funds 13F Qtrly Top Positions
12M z-score



Equally weighted. Source: Lyxor AM

The second half of December was positive for Event Driven funds, in particularly Merger Arbitrage managers.

In the merger space, gains were driven by near dated events that came to fruition. Amongst the positive contributors were Pace vs. Arris (received their final UK court date of December 22) and Altera vs. Intel (completed successfully on December 29).

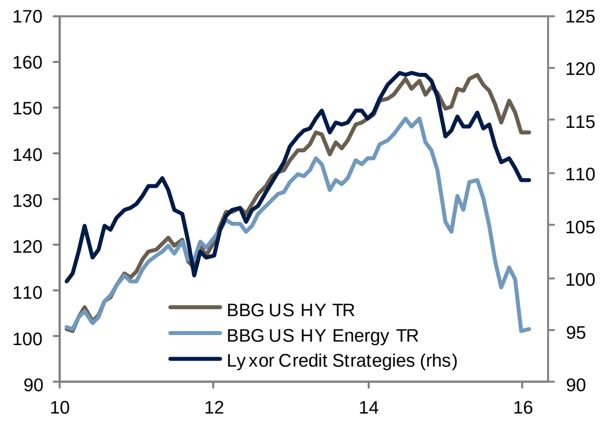
As for special situations, company specific events notched up share prices. Top contributors included Conagra Foods, an activist position. The company's stock price re-rated after the announcement of its earnings and said the split into two separate companies is on track to consummate by the fall of 2016.

L/S CREDIT ARBITRAGE

	Last 2 weeks	MTD	YTD
Fixed Income Broad Index	**0.0%**	**-1.2%**	**-3.3%**
L/S Credit Arbitrage	0.1%	-1.3%	-4.5%

*From 15 December to December 29, 2015

Hedge Fund Credit strategies vs. Credit markets
Bloomberg US Credit index



Source: Bloomberg, Lyxor AM

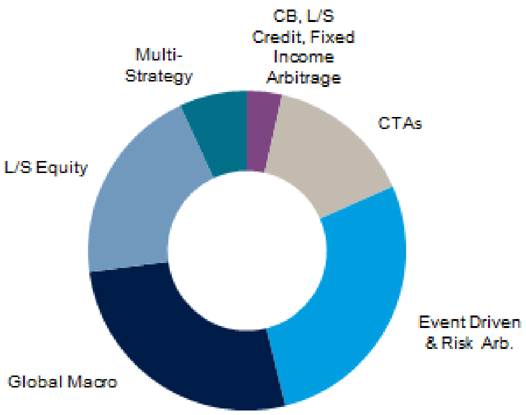
Navigation in troubled waters

After a sharp widening in early December, credit spreads tightened from post Federal Rate hike announcements but remained relatively quiet over the last two weeks of the year. The US HY credit segment recorded a slightly positive performance, with a 19bp spread tightening over the period but remains the worst performer in 2015. The European HY index (+2% YTD) clearly outperformed the ML US HY index (-4.7% YTD).

On the Lyxor side, one of our European funds outperformed the L/S credit platform as a result of the credit market recovery and increase in credit index tranche correlation which benefited to its convexity bucket. Similarly, the other European fund increased over the period and ended the year as the best performer of our L/S credit funds. Unsurprisingly, our US HY focused fund ended slightly positive in the two week period but remains the worst performer on the platform in 2015.

METHODOLOGY

Breakdown of AUM by strategy



- **70 funds** in the platform

- **USD 8.4 billion** of assets under management (as of November 30, 2015)

- Replicating approximately **USD 250 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.

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