

**LYXOR INVESTMENT STRATEGIES PLC**  
*(an investment company with variable capital and limited liability)*

**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS**

**For the financial year ended 31 December 2020**

## ***LYXOR INVESTMENT STRATEGIES PLC***

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## ***LYXOR INVESTMENT STRATEGIES PLC***

### **Organisation**

<b>Board of Directors</b>	Mr Peter Madden (Irish, Irish Resident)* <sup>1</sup> Mr. Bryan Tiernan (Irish, Irish Resident)** Mr. Vincent Dodd (Irish, Irish Resident)** Mr. Moez Bousarsar (French. French Resident)* Mr. Olivier Germain (French, French Resident)* <sup>1</sup>
<b>Registered Office</b>	70 Sir John Rogerson's Quay Dublin 2 Ireland
<b>Secretary</b>	Matsack Trust Limited 70 Sir John Rogerson's Quay Dublin 2 Ireland
<b>Depository</b>	CACEIS Bank, Ireland Branch One Custom House Plaza International Financial Services Centre Dublin 1 Ireland
<b>Sub-Investment Manager</b>	Metori Capital Management 9 rue de la Paix 75002 Paris France
<b>Irish Legal Advisors</b>	Matheson 70 Sir John Rogerson's Quay Dublin 2 Ireland
<b>Manager/Promoter/Investment Manager</b>	Lyxor Asset Management S.A.S 17, Cours Valmy 929687 Paris La Défense France
<b>Chartered Accountants and Statutory Audit Firm</b>	PricewaterhouseCoopers One Spencer Dock North Wall Quay Dublin 1 Ireland
<b>Administrator</b>	CACEIS Ireland Limited One Custom House Plaza International Financial Services Centre Dublin 1 Ireland

\*Non-Executive

\*\*Independent & Non-Executive

<sup>1</sup>Effective 20 April 2020, Peter Madden resigned as a Director of the Company and Olivier Germain was appointed as a Director of the Company on the same date.

## ***LYXOR INVESTMENT STRATEGIES PLC***

### **Background to the Company**

Lyxor Investment Strategies plc (the “Company”) is an investment company with variable capital constituted as an umbrella fund with segregated liability between Sub-Funds. The Company was incorporated on 7 December 2010 under the laws of Ireland pursuant to the Companies Act 2014 and is authorised by the Central Bank of Ireland (“Central Bank”) as an Undertaking for Collective Investment in Transferable Securities (“UCITS”) pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended) (the “UCITS Regulations”) and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019 (the “Central Bank UCITS Regulations”).

As at 31 December 2020, the Company had one active Sub-Fund, the Lyxor Epsilon Global Trend Fund (launched on 13 April 2011) (the “Sub-Fund”).

### **Investment Objectives**

#### **Lyxor Epsilon Global Trend Fund**

The investment objective of the Sub-Fund is to achieve capital appreciation over the medium to long term by implementing the Lyxor Epsilon Global Trend Strategy.

The Lyxor Epsilon Global Trend Strategy is a systematic trend following strategy as it seeks to identify upward and downward price trends and to capitalise on them. In order to implement the Lyxor Epsilon Global Trend Strategy, the Sub-Fund’s exposure to the several asset classes on the global markets will be achieved through direct investments in the following instruments: futures, options, swaps and forwards on the following asset classes: equities (such as S&P500, CAC40 or DAX equity indices), bonds (such as UK Gilts, US T-Bills and T-Notes or German Bund, Schatz and Boble), volatility and interest rates; forward currency exchange contracts, currency futures, cross currency asset swaps or currency options; structured debt securities selected by the investment manager, provided that such securities fall within the categorization of “transferable securities” as contemplated by the UCITS Notices; fixed income securities and money market instruments issued by government issuers which are listed, traded or dealt in on one or more of the Recognized Markets set out in Annex I of the Prospectus; and cash deposits and near cash instruments for the purpose of cash management.

The Sub-Fund will also invest in structured debt securities selected by the Sub-Investment Manager, provided that such securities fall within the categorization of “transferable securities” as contemplated by the Central Bank UCITS Regulations. The Structured debt securities are expected to provide a sub-set of the Sub-Fund’s exposure to the Lyxor Epsilon Global Trend Strategy. Exposure to the Structured Debt Securities is expected to range between 0 and 20% of the Net Asset Value of the Sub-Fund, 20% being a maximum level of exposure.

### **Calculation of Net Asset Value/Valuation of Assets**

The Net Asset Value of the Sub-Fund shall be calculated by the Administrator as at the Valuation Point for each Dealing Day by valuing the assets of the Sub-Fund and deducting them from the liabilities of the Sub-Fund. Where there is more than one class of Shares in the Sub-Fund, the Net Asset Value per Share of any class is calculated by the Administrator by ascertaining the Net Asset Value of the Sub-Fund as at the Valuation Point for that Sub-Fund on the relevant Dealing Day and determining the amount of the Net Asset Value which is attributable to the relevant class of Shares. The Net Asset Value per Share of the relevant class is calculated by determining that proportion of the Net Asset Value of the Sub-Fund which is attributable to the relevant class at the Valuation Point. The Valuation Point for the Sub-Fund is set out in the Supplement for the Sub-Fund. The Net Asset Value per Share is the resulting sum rounded to the nearest four decimal places.

### **Dealing Day**

Any Business Day on which applications for subscriptions or redemptions will normally be accepted for Shares, as the Directors may from time to time determine, provided there shall be at least one Dealing Day per fortnight in the Sub-Fund.

## **LYXOR INVESTMENT STRATEGIES PLC**

### **Investment Managers Report**

The Lyxor Epsilon Global Trend Fund (I-USD Shares) (“Epsilon” or the “Fund”) returned a net 10.8% in 2020, with a volatility of 7.2%. This should be compared with a performance of 6.3% with a volatility of 10.5% for the SG Trend Index, which tracks the performance of the World’s largest systematic trend followers.

Epsilon’s performance this year was achieved in the context of extreme market conditions, triggered by the impact of the pandemic on the global economy and record-high volatility levels in most asset classes. This performance was achieved with a correlation of -9% vs. global equities. This brings Epsilon’s long term performance to +35.8% over the past 5 years (6.3% annualised), with a volatility of 8.6%. The SG Trend Index was up 2.3% over the same period (0.5% annualised), with a volatility of 11.1%.

#### **Performance contributions**

Epsilon recorded strong gains in Q1 (+7.5%), retreated slightly in Q2 (-1.1%), and made new gains in Q3 (+1.3%) and Q4 (+2.8%).

The principal gains were recorded on US fixed income, followed by US equities, Japanese equities, and UK fixed income. The principal losses were recorded on European equities, followed by Emerging currencies, European fixed income, and UK equities. G10 currencies and Japanese fixed income were mixed, ending the year slightly positive and negative, respectively.

The long position on the Eurodollar was this year’s largest contributor, followed by longs on US 2Y and 5Y contracts, a short on the Brazilian currency and a series of longs on US and Japanese equity indices. The largest detractors were two long positions on emerging currencies (Russia and Mexico) and a position on Italian equities, both at the beginning of the year. The Fund’s P&L this year was spread across 19 gainers (average gain of 1.7%) and 22 losers (average loss of 0.8%). The concentration of the P&L was high on the upside (the top positive contributor accounting for 42% of total gains) but low on the downside (the largest negative contributor accounting for 13% of total losses).

#### **Q1 (+7.5%):**

Epsilon ended the first quarter up 7.5% while the S&P 500 and the EuroStoxx 50 were down 20% and 25.6% respectively. It recorded three positive months in a row. Epsilon caught the fixed income trend early in January, and exited from equities and emerging currencies quickly (turning to a short), after risky assets tumbled at the end of February. The main contributors were long US fixed income and short G10 currencies (long USD), which more than covered losses on equities, Italian bonds, and emerging currencies. Margin-to-equity dropped from over 15% to below 5%, as the Fund de-risked its portfolio across the board.

#### **Q2 (-1.1%):**

The second quarter was a challenging one for trend followers, with most assets trading range-bound in the aftermath of the Q1 sell-off. Epsilon ended slightly in the red, down 1.1%. Losses were limited thanks to its turnover management component. Margin-to-equity was maintained at historical lows (below 5%) through the quarter, as volatilities and correlations remained high and risk-adjusted trends were not sufficiently attractive. Epsilon started to rebuild a long equity position with the Nasdaq at the very start of April, adding a long on the Nikkei towards the end of May. Meanwhile, Epsilon closed all its longs USD vs. G10, its long German bonds and short Euribor, and increased its short BRL. The main detractors were G10 currencies and European fixed income, while long US equities and fixed income and short emerging FX contributed positively.

## **LYXOR INVESTMENT STRATEGIES PLC**

### **Investment Managers Report** *(continued)*

Q3 (+1.3%):

Epsilon renewed its risk appetite during the third quarter, progressively increasing its margin to equity from 3.7% to over 12%. It ended the quarter up 1.3%. The Fund added to its long Nikkei in early August, then built a long S&P 500 in three steps through August until early September. The long Nasdaq was maintained but slightly reduced. Risk-on positions were completed with a long Italian BTP. Meanwhile, some selective equity shorts were entered (UK and Spain) in September. US fixed income was increased through August and September, while the Fund was testing a short on German fixed income (2Y). As for currencies, Epsilon turned long G10 vs. USD while increasing its short emerging currencies. Positive contributors in Q3 were equities (US and Japan), emerging currencies and US fixed income, while G10 currencies contributed negatively and European fixed income was mixed.

Q4 (+2.8%):

The fourth quarter started on a negative note, amid fears of a new wave of the pandemic. But with prospects of a vaccine more established, followed by the resolution of political deadlocks in the US, markets eventually rallied and pushed the USD lower. Epsilon ended the fourth quarter up 2.8%, led by gains on both equities and fixed income. Currencies were mixed, with losses on emerging FX offsetting gains on the short USD vs. G10. Epsilon closed its two equity shorts in November and benefited from its longs in the US and Japan. Total margin-to-equity slipped from a peak of 14% in November to 10.7% in late December.

#### **Annual performances per share classes as at 31/12/2020 :**

<b>I EUR</b>	<b>I USD</b>	<b>A EUR</b>	<b>I GBP</b>	<b>I CHF</b>	<b>AA USD</b>	<b>IA USD</b>
9.22%	10.76%	8.53%	10.17%	9.02%	1.99%	2.13%

### **Outlook**

#### **January 2021:**

January was dominated by US politics, the slow pace of vaccine distribution and concerns over the economic outlook in Europe, and the retail trading frenzy. Global stocks fell sharply during the final week, dragging major indices to monthly loss. US treasury yields moved higher. In the European bond market, the German 10-year bond yields moved sideways, ending the month slightly up, while Italian bond yields moved higher before retreating in the final week. The US dollar strengthened on weaker Euro, Swiss Franc and Yen. In this context, the Fund ended the month down 0.3% (I-USD Share Class). Margin-to-equity remained stable at around 11%. The fixed income portfolio posted a negative contribution (-0.6%). Losses came firstly from long positions on US 5Y and Italian bonds, followed by UK. The Fund reduced its long US contracts, while increasing its long positions on UK rates. In Europe, the fund maintained its longs in Italy and a small long in France.

It is still away from German and Japanese bonds. Equities ended the month up 0.1%. Gains from long positions on US and Japanese equities were partly offset by losses from long German and Hong Kong equities. The Fund maintained its long in the US and Japan. Overall, the net nominal exposure to equities moved from 39.5% to 50.5%, mostly through initiating selective longs in Germany and Hong Kong during the first half of January. The FX book posted a positive contribution of 0.3%. Gains on short emerging currencies (BRL and RUB) and long EUR Crosses covered losses on long G10 currencies (EUR, JPY and CHF) vs. the USD. The fund increased its long nominal G10 exposures by 12%, mostly through adding to its long GBP. Exposures to Euro Crosses and emerging currencies were kept stable.

# **LYXOR INVESTMENT STRATEGIES PLC**

## **Investment Managers Report** *(continued)*

### **Outlook** *(continued)*

#### **February 2021:**

Following a month driven by progress in vaccinations and prospects for a global economic recovery, bonds and equities reversed at the very end of February amid fears of higher inflation and tightening monetary policies. US long-dated treasury yields surged to one-year highs before retreating partly. Major equity markets sold off during the last two days, yet posting a net gain for the month. Meanwhile, the US dollar moved sideways. In this context, the Lyxor Epsilon Global Trend Fund ended the month down 0.1% (I-USD Share Class). Margin-to-equity moved up from 11.7% to 15.6%. The fixed income portfolio posted a negative contribution (-1.8%), with positions rotating significantly towards the end of the month. Losses from long positions on US fixed income, Italian BTP and UK short-term rates were partly offset by gains from new short positions on Japanese and UK bond contracts. The fund increased its long exposures on the short-end of the curve in the US, while shifting to neutral to short on the long-end of the curve. In Europe, the fund initiated a short in Germany and maintained its longs in Italy. In the UK, it maintained its long on the short-term rate contract, while shifting to a short on the 10Y. Equities posted a positive contribution (+1.9%). Gains came mainly from long positions on US and Japanese equities, followed by Hong Kong and Germany. Overall, the net nominal exposure to equities was mostly unchanged, slightly up to 53% from 50%. The FX book ended the month almost flat. Losses from long G10 vs. USD were compensated with gains from Euro crosses, while emerging currencies ended the month flat. The fund increased its long G10 exposures (by 13% in nominal), mostly through adding to its long GBP. Exposures to emerging currencies were kept stable.

#### **March 2021:**

March witnessed a contrast between the two sides of the Atlantic. While Europe struggled with vaccine shortage and the rise of covid cases, the US made large progress with vaccination and debuted a new stimulus package. Stocks rose globally throughout the month, taking most major indices into positive territory. Concerns over reflation in the context of Biden's spending plan, pushed for a steepening of the US Treasury yield curve. Meanwhile, European yields moved sideways through the month. The greenback surged while the Euro, Pound, Yen, and Swiss Franc slid. In this context, the Lyxor Epsilon Global Trend Fund ended the month up 0.2% (I-USD Share Class). Margin-to-equity moved down from 15.6% to 12.7%. The fixed-income portfolio posted a positive contribution (+0.25%). Gains from short positions on US and Canadian bonds and from long positions on the Italian BTP, covered losses from the short JGB, the long Eurodollar, and the UK rates. The Fund reduced its long Eurodollar and increased its shorts on the long end of the curve. Meanwhile, it increased its exposure to Italy, closed its shorts in Germany and Japan, and decreased its short on UK Gilts. Equities brought the biggest contribution in March (+0.9%). Gains came from long positions in the US and Europe, which covered small losses in Hong Kong. Overall, the net nominal exposure decreased from 53% to 36% through trimming down longs across the board. The FX book ended the month with a negative contribution (-0.8%). Gains from Euro crosses were offset by losses on most G10 vs. USD, while losses from emerging FX were minimal. The Fund dramatically decreased its long G10 and short emerging FX exposures. As a result, the net short USD vs. all currencies dropped from 56% to 3%.

#### **Brexit**

- “The United Kingdom (“UK”) left the European Union (“EU”) on 31st January 2020 pursuant to the terms of a withdrawal agreement between the UK and the EU. Since 1st January 2021, the UK is now qualified as a “third party-country” from the EU. As the result of, the UK financial services firms have lost their EU passport rights in EU.
- Regarding the Irish UCITS Funds managed by Lyxor Asset Management, the Post-Brexit impacts could be explained and described regarding (1) Delegation of the Investment Portfolio Management to UK Asset Management Company, (2) OTC Agreements/Prime Brokerage Agreements/Clearing Agreements, (3) Marketing Irish UCITS Funds in UK, (4) UK Benchmark Administrator, (5) UK Share Trading and (6) UK Derivatives Trading Obligations.

# **LYXOR INVESTMENT STRATEGIES PLC**

## **Investment Managers Report** *(continued)*

### **Brexit** *(continued)*

#### **1. Delegation of the Investment Portfolio Management to UK Asset Management Company**

First of all, there is no change concerning the relationship with the asset manager located in the UK and Lyxor Asset Management. Lyxor Asset Management acting as the Manager of the Lyxor UCITS Funds is still entitled to delegate its investment portfolio management to any asset management domiciliated in the UK. Nonetheless, under Post-Brexit Regime, UK-based businesses have lost their ability to provide their services throughout the EEA without the need for authorization from an EEA national regulator (ie “regime of equivalence decisions”). Subsequently, UK-based businesses can no longer take advantages of passporting rights, principle of reciprocity and principle of freedom of services under EU Regulation.

#### **2. OTC agreements with counterparty located in UK, prime brokerage agreements, clearing agreements with UK CCP**

For Lyxor UCITS Funds, Lyxor Asset Management acting as the Manager was entitled to execute any prime brokerage agreements with any broker/executive broker whatever its jurisdiction. Consequently, the localization of the broker or executive broker in the UK is not considered as an issue. Under Post-Brexit Regime, Lyxor Asset Management acting as the Manager is no longer entitled to execute any clearing agreements with any Central Counterparty Clearing House (ie“ CPP”) located in UK except with specific entities such as Ice Clear Europe Limited, LCH Limited and LME Clear Limited. Nonetheless, Lyxor Asset Management acting as the manager is still entitled to execute OTC agreements with any counterparty located in UK.

#### **3. Marketing Irish UCITS Funds in UK**

Under Post-Brexit Regime, Lyxor Asset Management acting as the manager of the Irish UCITS Funds has made its notification directly to the Financial Conduct Authority (the “FCA”) in order to obtain its authorizations to actively market the Irish UCITS funds (only if they have been notified to the FCA before 30/12/2020) in the UK for three years after the Brexit decision and in compliance with the UK laws (ie “Temporary Permission Regime” or TPR” for three years). Furthermore, The Manager could have recourse to any distributor located in UK without any European Union (“EU”) passport regime.

#### **4. UK Benchmark Administrator**

Under Post-Brexit Regime, the UK Benchmark administrators are now qualified as “benchmark administrators from of third country”(Regulations EU 20/6/2011 of the EU Parliament and the Council dated 8th June 2016). Nonetheless, the UK Benchmark administrators would be able to claim for the equivalence regime, or the recognition regime and the endorsement regime in order to be registered into the ESMA register.

#### **5. UK Shares Trading**

Under Post-Brexit Regime, only “shares with GB ISIN” and “shares with EU ISIN” with the pound sterling currency should be admitted to be traded on a regulated markets, on a trading venue, MTF or on a systematic internalizer or via third country venues assessed (“Article 23 Trading obligations for investment firms under Regulation EU n°609/2014 of the European Parliament of the Council of 15th May 2014 on market in financial instruments amending Regulation EU n°648/2012”).

#### **6. UK Derivative Trading Obligations (“DTO”)**

Under Post-Brexit Regime, the financial instruments such as “IRS” and “CDS” shall not be eligible on UK Derivatives Trading Platform unless there would be a recognition regime by the EU supervision (Article 28 MIFIR).



# **LYXOR INVESTMENT STRATEGIES PLC**

## **Directors' Report**

The Directors submit their report together with the audited financial statements of Lyxor Investment Strategies plc (the "Company") for the financial year ended 31 December 2020.

## **Statement of Directors' responsibilities**

The Directors are responsible for preparing the annual report and the financial statements in accordance with Irish law and International Financial Reporting Standards (IFRS's), as adopted by the European Union.

Irish company law requires the Directors to prepare financial statements for each financial year. Under Company law, the Directors must not approve those financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company at the financial year end date and of the profit or loss of the Company for that year. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the applicable standards, identify those standards, and note the effect and the reasons for any material departure from those standards;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements are prepared in accordance with IFRSs as adopted by the European Union and comply with the Irish Companies Act 2014 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (as amended) (the "UCITS Regulations") and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019 (the "Central Bank UCITS Regulations"). They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under the Central Bank UCITS Regulations, the Directors are required to entrust the assets of the Company to the Depositary for safe-keeping. In this regard, the Directors have appointed CACEIS Bank, Ireland Branch as Depositary pursuant to the terms of the Depositary Agreement.

The Directors together with Lyxor Asset Management S.A.S. are responsible for the maintenance and integrity of the publication of these financial statements online. Legislation in the Republic of Ireland governing the presentation and dissemination of the financial statements may differ from legislation in other jurisdictions.

## **Adequate accounting records**

The measures taken by the Directors to secure compliance with section 281 to 285 of the Companies Act 2014 to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at the following address: CACEIS Ireland Limited, One Custom House Plaza, IFSC, Dublin 1, Ireland.

## **Review of the business and future developments**

The Company is an investment company with variable capital constituted as an umbrella fund with segregated liability between Sub-Funds. The Company was incorporated on 7 December 2010 under the laws of Ireland pursuant to the Companies Act 2014 and is authorised by the Central Bank of Ireland ("Central Bank") as an Undertaking for Collective Investment in Transferable Securities ("UCITS") as amended pursuant to the UCITS Regulations.

There can be no assurance that the Company will achieve its investment objective.

# **LYXOR INVESTMENT STRATEGIES PLC**

## **Directors' Report** *(continued)*

### **Review of the business and future developments** *(continued)*

A detailed review of the business and any future developments are included in the Investment Manager's report.

### **Corporate Governance**

The Board has adopted the voluntary Irish Funds Corporate Governance Code for Irish domiciled Collective Investment Schemes and Management Companies, issued 14 December 2011 (the "Code") with effect from 31 December 2012. The Board has reviewed and assessed the measures included in the Code and considers its corporate governance practices and procedures since the adoption of the Code as consistent therewith.

### **Companies Registration Office ('CRO')**

Investment companies are now required to file the statutory financial statements, statutory auditors' report and directors' reports with the Company Registration Office (the 'CRO') not later than 11 months after the end of each financial year which commenced on or after the 1st of January 2017. Such documents will be publicly available on the CRO's website.

### **Risk management objectives and policies**

The main risks arising from the Company's financial instruments are market risk (including market price risk, currency risk and interest rate risk), credit risk and liquidity risk, as set out in note 7.

During the year the Company was exposed to risk as a result of Brexit. The details of the impact on the Company are disclosed on page 7.

The Company was also exposed to risk as a result of the Covid-19 Pandemic. The details of the impact can be found in the Investment Managers Report.

### **Results and Dividends**

The results for the year are set out in the Statement of Comprehensive Income on page 16 of the financial statements. The Directors do not propose the payment of a dividend.

### **Significant events during the year**

During the period, the world has experienced a global pandemic of Covid-19 affecting all continents without distinction. Managers have adapted their working organisation to this new environment to maintain an efficient operating, trading and investment process. The Board of Directors and the Manager continue to monitor central banks measures, local financial regulators actions on financial markets and governments' efforts to contain the spread of the virus and their impacts on the economy and the securities held in the portfolio. The details of the impact can be found in the Investment Manager's Report.

Effective 20 April 2020, Peter Madden resigned as a Director of the Company and Olivier Germain was appointed as a Director of the Company on the same date.

Effective 1 July 2020, the way in which the Administration fee is calculated changed. Please refer to note 5 for further information.

A new supplement was issued on 18 September 2020 to reflect the updated performance fee calculation methodology.

There have been no other significant events to report during the financial year.

## **LYXOR INVESTMENT STRATEGIES PLC**

### **Directors' Report** *(continued)*

#### **Significant events since the year end**

The Covid-19 pandemic continues to affect all continents without distinction. The board of directors and the manager continue to monitor central banks measures, local financial regulators actions on financial markets and governments' efforts to contain the spread of the virus and their impacts on the economy and the securities held in the portfolio.

An updated supplement was issued on 4 March 2021 to reflect relevant Sustainable Finance Disclosure Regulation ("SFDR") requirements.

There have been no other significant events to report since the financial year end.

#### **Directors**

The names of persons who were Directors at any time during the year ended 31 December 2020 are set out below. Directors:

- Mr. Peter Madden (Irish, Irish resident)\*<sup>1</sup>
- Mr. Bryan Tiernan (Irish, Irish resident)\*\*
- Mr. Vincent Dodd (Irish, Irish resident)\*\*
- Mr. Moez Bousarsar (French, French resident)\*
- Mr. Olivier Germain (French, French resident)\*<sup>1</sup>

\* Non-executive director

\*\* Independent non-executive director

<sup>1</sup>Effective 20 April 2020, Peter Madden resigned as a Director of the Company and Olivier Germain was appointed as a Director of the Company on the same date.

#### **Directors' and Secretary's interests**

The Director's and Secretary and their families had no interest in the shares of the Company at 31 December 2020. No Director had at any time during the year, a material interest in any contract of significance, subsisting during or at the end of the year, in relation to the business of the Company. All Directors' fees are borne by the Manager.

#### **Connected Persons Transactions**

The Board is satisfied that: (i) there are adequate arrangements in place, to ensure that the obligations set out in Regulation 41 (1) of the Central Bank UCITS Regulations are applied to all transactions with connected persons; and (ii) transactions with connected persons entered into during the period complied with the obligations set out in that paragraph.

#### **Directors Compliance Statement**

The Directors acknowledge that they are responsible for securing the Company's compliance with the relevant obligations as set out in Section 225 of the Companies Act 2014.

The Directors confirm that:

- 1) A compliance policy statement has been drawn up that sets out policies, that in our opinion are appropriate to the Company, respecting compliance by the Company with its relevant obligations,
- 2) Appropriate arrangements or structures are in place that are, in our opinion, designed to secure material compliance with the Company's relevant obligations, and
- 3) During the financial year, the arrangements or structures referred to in (2) have been reviewed.

## ***LYXOR INVESTMENT STRATEGIES PLC***

### **Directors' Report** *(continued)*

#### **Audit Committee Statement**

The Board has decided not to establish an audit committee. The reason for this decision is that, given the size of the Board, it is likely that an audit committee would comprise all, or a significant majority, of the Board and accordingly it is more efficient for audit matters to be discussed by the entire Board rather than by an audit committee.

#### **Audit Information Statement**


In accordance with Section 330 of the Companies Act 2014, each of the directors believe the following to be the case:

So far as the directors are aware, there is no relevant audit information of which the Company's statutory auditors are unaware, and the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

#### **Independent Auditors**

PricewaterhouseCoopers have expressed their willingness to continue in office in accordance with Section 383(2) of the Companies Act 2014.

Signed on behalf of the board;

  
\_\_\_\_\_  
Vincent Dodd

  
\_\_\_\_\_  
Bryan Tiernan

Date: 21 April 2021

***LYXOR INVESTMENT STRATEGIES PLC***

**Annual Depositary Report to Shareholders**

We, CACEIS Bank, Ireland Branch, appointed Depositary to Lyxor Investment Strategies plc ('the Company') provide this report solely for the shareholders of the Company for the year ended 31 December 2020 ("Annual Accounting Period").

This report is provided in accordance with the UCITS Regulations – European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. No. 352 of 2011) (as amended) and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48 (1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 which implemented Directive 2009/65/EU into Irish Law (the "Regulations"). We do not, in the provision of this report, accept nor assume responsibility for any other purpose or to any other person to whom this report is shown.

In accordance with our Depositary obligations as provided for under the Regulations, we have enquired into the conduct of the Company for this Annual Accounting Period and we hereby report thereon to the shareholders of the Company as follows;

We are of the opinion that the Company has been managed during the Annual Accounting Period, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the constitutional documents and by the Regulations; and
- (ii) otherwise in accordance with the provisions of the constitutional documents and the Regulations.

CACEIS Bank, Ireland Branch

CACEIS Bank, Ireland Branch

**21 April 2021**



# ***Independent auditors' report to the members of Lyxor Investment Strategies plc***

## ***Report on the audit of the financial statements***

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### **Opinion**

In our opinion, Lyxor Investment Strategies plc's financial statements:

- give a true and fair view of the Company's assets, liabilities and financial position as at 31 December 2020 and of its results and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended).

We have audited the financial statements, included within the Annual Report and Audited Financial Statements, which comprise:

- the Statement of Financial Position as at 31 December 2020;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Statement of Changes in Net Assets attributable to Redeemable Participating Shareholders for the year then ended;
- the Schedule of Investments as at 31 December 2020; and
- the notes to the financial statements, which include a description of the significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Conclusions relating to going concern**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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## Reporting on other information

The other information comprises all of the information in the Annual Report and Audited Financial Statements other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
- Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

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## Responsibilities for the financial statements and the audit

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

[https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf).

This description forms part of our auditors' report.



### *Use of this report*

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## **Other required reporting**

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### **Companies Act 2014 opinions on other matters**

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.

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### **Companies Act 2014 exception reporting**

#### *Directors' remuneration and transactions*

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Aoife O' Connor

Aoife O' Connor  
for and on behalf of PricewaterhouseCoopers  
Chartered Accountants and Statutory Audit Firm  
Dublin  
21 April 2021



# LYXOR INVESTMENT STRATEGIES PLC

## Statement of Comprehensive Income

For the financial year ended 31 December 2020

		Lyxor Epsilon Global Trend Fund* 31 December 2020 EUR	Lyxor Epsilon Global Trend Fund* 31 December 2019 EUR
<b>Income</b>	<b>Note</b>		
Interest income		644	1,094
Net gain on financial assets and financial liabilities at fair value through profit or loss	4	46,999,325	56,737,455
<b>Total Investment Gain</b>		<b>46,999,969</b>	<b>56,738,549</b>
<b>Operating Expenses</b>			
Management fees	5	(5,032,638)	(3,467,493)
Performance fees	5	(6,593,927)	(4,263,712)
Global administrative fees	5	(556,707)	(470,795)
Transaction costs	1(k)	(853,141)	(636,384)
<b>Total Operating Expenses</b>		<b>(13,036,413)</b>	<b>(8,838,384)</b>
<b>Net Income</b>		<b>33,963,556</b>	<b>47,900,165</b>
<b>Finance Costs</b>			
Interest expense	1(d)	(1,041,146)	(743,632)
<b>Increase in net assets attributable to redeemable participating shareholders resulting from operations</b>		<b>32,922,410</b>	<b>47,156,533</b>

\*Lyxor Epsilon Global Trend Fund was the only Sub-Fund in the Company and therefore the above details of Lyxor Epsilon Global Trend Fund are also those of the Company for the financial year ended 31 December 2020 and 31 December 2019.

Gains and losses arose solely from continuing operations.

There were no gains or losses other than those dealt with in the Statement of Comprehensive Income.

The accompanying notes form an integral part of the financial statements.

# LYXOR INVESTMENT STRATEGIES PLC

## Statement of Financial Position

As at 31 December 2020

		Lyxor Epsilon Global Trend Fund* 31 December 2020 EUR	Lyxor Epsilon Global Trend Fund* 31 December 2019 EUR
	Note		
<b>Current assets</b>			
Financial assets at fair value through profit or loss:			
Investments at fair value	1 (c), 7 (e)	465,215,367	331,299,973
Unrealised gain on futures contracts	1 (c), 6	10,712,078	6,655,186
Unrealised gain on forward foreign exchange contracts	1 (c), 6	90,991	1,064,943
Subscriptions receivable	1 (g)	286,875	166,819
Cash and cash equivalents	3	36,776,016	21,238,212
Margin cash balance	3	50,322,840	58,996,441
Other assets		-	4,093
<b>Total Current Assets</b>		<b>563,404,167</b>	<b>419,425,667</b>
<b>Current liabilities</b>			
Financial liabilities at fair value through profit or loss:			
Unrealised loss on futures contracts	1(c), 6	(152,633)	(6,993,639)
Unrealised loss on forward foreign exchange contracts	1 (c), 6	(1,988,345)	(1,114,855)
Redemptions payable	1 (g)	(4,505,411)	(74,293)
Margin overdraft balance	3	(6,570,520)	(3,857,588)
Payable for securities purchased	1 (l)	-	(8,023,064)
Management fees payable	5	(3,925,930)	(1,881,530)
Performance fees payable	5	(6,592,010)	(4,263,712)
Global administrative fees payable	5	(410,225)	(255,128)
Other payables		(18,604)	-
<b>Total Current Liabilities</b>		<b>(24,163,678)</b>	<b>(26,463,809)</b>
<b>Net assets attributable to redeemable participating shareholders</b>		<b>539,240,489</b>	<b>392,961,858</b>

*Vincent Dodd*

**Vincent Dodd**  
21 April 2021

*Bryan Tiernan*

**Bryan Tiernan**  
21 April 2021

\*Lyxor Epsilon Global Trend Fund was the only Sub-Fund in the Company and therefore the above details of Lyxor Epsilon Global Trend Fund are also those of the Company as at 31 December 2020 and 31 December 2019.

The accompanying notes form an integral part of the financial statements.

## **LYXOR INVESTMENT STRATEGIES PLC**

### **Statement of Changes in Net Assets attributable to Redeemable Participating Shareholders**

For the financial year ended 31 December 2020

	<b>Lyxor Epsilon Global Trend Fund* 31 December 2020 EUR</b>	<b>Lyxor Epsilon Global Trend Fund* 31 December 2019 EUR</b>
<b>Net assets attributable to redeemable participating shareholders at 1 January</b>	<b>392,961,858</b>	<b>328,010,562</b>
Increase in net assets attributable to redeemable participating shareholders resulting from operations	32,922,410	47,156,533
<b>Share Transactions</b>		
Proceeds from redeemable participating shares issued	314,363,733	208,183,672
Payments for redeemable participating shares redeemed	(201,007,512)	(190,388,909)
Net increase in net assets resulting from share transactions	113,356,221	17,794,763
<b>Net assets attributable to redeemable participating shareholders at 31 December</b>	<b>539,240,489</b>	<b>392,961,858</b>

\*Lyxor Epsilon Global Trend Fund was the only Sub-Fund in the Company and therefore the above details of Lyxor Epsilon Global Trend Fund are also those of the Company for the financial year ended 31 December 2020 and 31 December 2019.

The accompanying notes form an integral part of the financial statements.

# LYXOR INVESTMENT STRATEGIES PLC

## Statement of Cash Flows

For the financial year ended 31 December 2020

		<b>Lyxor Epsilon Global Trend Fund* 31 December 2020 EUR</b>	<b>Lyxor Epsilon Global Trend Fund* 31 December 2019 EUR</b>
	<b>Note</b>		
<b>Cash flows from operating activities</b>			
Interest received		644	1,094
Proceeds from sale of investments		795,496,059	783,478,417
Purchase of investments		(899,481,556)	(756,772,810)
Movement in margin cash balance		11,386,533	(29,631,923)
Operating expenses paid		(8,490,014)	(3,692,237)
Interest paid		(1,041,146)	(743,632)
<b>Net cash (used in) operating activities</b>		<b>(102,129,480)</b>	<b>(7,361,091)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of redeemable shares		314,243,678	208,307,281
Payments on redemption of redeemable shares		(196,576,394)	(190,679,372)
<b>Net cash provided by financing activities</b>		<b>117,667,285</b>	<b>17,627,909</b>
<b>Net Increase in cash and cash equivalents</b>		<b>15,537,804</b>	<b>10,266,818</b>
Cash and cash equivalents at beginning of the year	3	21,238,212	10,971,394
<b>Cash and cash equivalents at end of year</b>	<b>3</b>	<b>36,776,016</b>	<b>21,238,212</b>

\*Lyxor Epsilon Global Trend Fund was the only Sub-Fund in the Company and therefore the above details of Lyxor Epsilon Global Trend Fund are also those of the Company for the financial year ended 31 December 2020 and 31 December 2019.

The accompanying notes form an integral part of the financial statements.

**Notes to the Financial Statements**

**1. Significant Accounting Policies**

The principal accounting policies and estimation techniques applied in the preparation of these financial statements are set out below.

**a) Basis of Preparation**

Lyxor Investment Strategies plc (the “Company”) was incorporated on 7 December 2010 under registration number 492330. These financial statements have been prepared for the financial year ended 31 December 2020. Comparative figures are for the financial year ended 31 December 2019. As at 31 December 2020 and 31 December 2019, the Company had one active Sub-Fund, the Lyxor Epsilon Global Trend Fund (launched on 13 April 2011) (the “Sub-Fund”).

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and those parts of the Companies Act 2014 applicable to companies reporting under IFRS as adopted by the European Union. The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS, as adopted by the European Union, requires the use of certain critical accounting estimates. It also requires the Board of Directors, based on the advice of the Investment Manager, to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below. Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

**b) Standards, amendments and interpretations to existing standards**

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2020:

***Definition of Material – Amendments to IAS 1 and IAS 8***

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of ‘primary users of general purpose financial statements’ to whom those financial statements are directed, by defining them as ‘existing and potential investors, lenders and other creditors’ that must rely on general purpose financial statements for much of the financial information they need.

***Interest rate benchmark reform – Amendment to IFRS 7, IFRS 9 and IAS 39***

The amendments modify some specific hedge accounting requirements to provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries

## **LYXOR INVESTMENT STRATEGIES PLC**

### **Notes to the Financial Statements (continued)**

#### **1. Significant Accounting Policies (continued)**

##### **c) Financial Assets/Liabilities at Fair Value through Profit or Loss**

###### **Classification**

###### **Assets:**

The Sub-Fund classifies its investments based on both the Sub-Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Sub-Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

The Sub-Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Sub-Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Sub-Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

###### **Liabilities:**

Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

As such, the Sub-Fund classifies all of its investment portfolio as financial assets or liabilities at fair value through profit or loss.

The Fund's policy requires the Investment Manager and the Board of Directors to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

###### **Recognition/Derecognition**

Regular-way purchases and sales of investments are recognised on the trade date, which is the date that the Company commits to purchase or sell the asset. Investments are initially recognised at cost, and transaction costs for all financial assets and financial liabilities carried at fair value through profit or loss are expensed as incurred. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

###### **Measurement**

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through profit or loss are presented in the Statement of Comprehensive Income in the period in which they arise.

###### **Fair Value Estimation**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. The Company utilises the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

###### **Government/Private bonds**

A government/private bond is a debt security issued by a government/private company to support spending. The fair value of the government is determined by active market prices. The private bonds are priced by the counterparty statements received from the issuer.

## **LYXOR INVESTMENT STRATEGIES PLC**

### **Notes to the Financial Statements (continued)**

#### **1. Significant Accounting Policies (continued)**

##### **c) Financial Assets/Liabilities at Fair Value through Profit or Loss**

###### **Treasury bills**

A Treasury bill is a short-term debt obligation backed by a government department with a maturity of less than one year. Treasury bills have various maturities. The fair value of the treasury bill is determined by active market prices.

###### **Forward foreign exchange contracts**

The Sub-Fund may enter into forward foreign exchange contracts. All forward foreign exchange contracts are fair valued using forward exchange rates prevailing at the relevant valuation date for the remaining period to maturity and any resulting unrealised gains are recorded as financial assets and unrealised losses as financial liabilities in the Statement of Financial Position, accordingly. Realised gains and losses are recorded in the Statement of Comprehensive Income at the time the forward exchange contracts settle.

###### **Futures**

Futures are contracts for delayed delivery of commodities, securities or money market instruments in which the seller agrees to make delivery at a specified future date of a specified commodity or instrument, at a specified price or yield.

Futures contracts are valued on the basis of the latest available active market prices. Gains and losses on futures are recorded by the Sub-Fund based upon market fluctuations and are recorded as realised or unrealised gains or losses in the Statement of Comprehensive Income.

###### **Offsetting**

Disclosures about offsetting of the Company's financial assets and financial liabilities are discussed in note 7.

###### **Realised Gains and Losses from Sale of Investments**

Realised gains and losses on investment transactions are calculated using the average cost method or on a FIFO basis for certain derivative contracts.

Gains and losses realised on the sale of all financial assets and financial liabilities carried at fair value through profit or loss are recognised in the Statement of Comprehensive Income.

##### **d) Accounting for Investment Income and Expenses**

###### **Interest income/expense and interest from financial assets at fair value through profit or loss**

Interest is recognised on a time-proportionate basis using the effective interest method. Interest income includes interest from cash and cash equivalents. Interest from financial assets at fair value through profit or loss includes interest from debt securities.

Interest expense represents interest costs on cash deposits and bank overdraft and margin cash and margin overdraft.

###### **Operating Expenses**

The Sub-Fund of the Company shall pay all of its expenses and such proportion of the Company's expenses as is attributable to it. All expenses are accrued on a daily basis as part of net asset valuation each day. See note 5 for further details on fees paid by the Company.

## **LYXOR INVESTMENT STRATEGIES PLC**

### **Notes to the Financial Statements (continued)**

#### **1. Significant Accounting Policies (continued)**

##### **e) Foreign Currency**

Items included in the Sub-Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The Euro ("EUR") is the functional and presentation currency for the Sub-Fund. The EUR is the presentation currency for the Company as a whole.

Monetary assets and liabilities denominated in currencies other than the functional currencies are translated into the functional currency at the closing rates of exchange at each year end. Transactions during the year, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction. Foreign currency transaction gains and losses are included in realised and unrealised gains and losses on investments in the Statement of Comprehensive Income.

The following exchange rates were used at 31 December 2020 and 31 December 2019 to convert investments and other assets and liabilities denominated from local to base currency:

<b>31 December 2020</b>		<b>31 December 2019</b>	
	<b>EUR</b>		<b>EUR</b>
<b>AUD</b>	1.58560	<b>AUD</b>	1.59685
<b>CAD</b>	1.55880	<b>CAD</b>	1.45560
<b>CHF</b>	1.08155	<b>CHF</b>	1.08700
<b>GBP</b>	0.89510	<b>GBP</b>	0.84735
<b>HKD</b>	9.48725	<b>HKD</b>	8.74630
<b>JPY</b>	126.32545	<b>JPY</b>	121.98770
<b>SEK</b>	10.04850	<b>SEK</b>	10.50775
<b>USD</b>	1.22355	<b>USD</b>	1.12250
<b>ZAR</b>	17.97245	<b>ZAR</b>	15.69650

#### **1. Significant Accounting Policies (continued)**

##### **f) Redeemable Participating Shares**

All redeemable shares issued by the Sub-Fund provide the investors with the right to require redemption for cash at the value proportionate to the investors share in the Sub-Fund's net assets at the redemption date. In accordance with IAS 32 such instruments give rise to a financial liability for the present value of the redemption amount.

##### **g) Subscriptions Receivable/ Redemptions Payable**

Subscriptions receivable and redemptions payable represent amounts due from or to investors for share dealing contracted but unsettled at Statement of Financial Position date.

##### **h) Cash and Cash Equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less. Bank overdrafts are presented as a liability in the Statement of Financial Position.

##### **i) Margin Cash and Margin Overdraft**

Margin cash and margin overdraft consist of cash holdings with/due to brokers, transferred as collateral against derivatives.

##### **j) Taxation**

Liabilities relating to uncertain tax positions are accrued only when such liabilities are probable and can be estimated with reasonable accuracy.



# LYXOR INVESTMENT STRATEGIES PLC

## Notes to the Financial Statements (continued)

### 1. Significant Accounting Policies (continued)

#### k) Transaction costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument. Only transaction costs which are separately identifiable are disclosed in the Statement of Comprehensive Income. These include transaction costs paid to depositaries, identifiable brokerage charges and commissions, identifiable transaction related taxes and other market charges and separately identifiable transaction costs related to financial derivative instruments.

#### l) Receivable on Securities Sold/Payable on Securities Purchased

Receivables for securities sold and payables for securities purchases are investment trades that have been contracted for but not yet settled or delivered on the Statement of Financial Position date respectively. These amounts are recognised at fair value, less any provision for impairment for amounts receivable.

### 2. Number of Shares in Issue and Net Assets attributable to Redeemable Participating Shareholders

#### Authorised

The authorised share capital of the Company is 500,000,000,002 Shares of no par value divided into 2 Subscriber Shares of no par value and 500,000,000,000 Ordinary Shares of no par value.

The Subscriber Shares entitle the holders to attend and vote at general meetings of the Company but do not entitle the holders to participate in the profits or assets of the Company except for a return of capital on a winding-up.

The Redeemable Participating Shares entitle the holders to attend and vote at general meetings of the Company and to participate equally in the profits and assets of the Sub-Funds to which the Shares relate.

The Subscriber Shares are solely held by Lyxor Asset Management S.A.S.

The movement in redeemable participating shares in the Company during the year ended 31 December 2020 was as follows:

#### 31 December 2020

	<b>C3</b>	<b>C6</b>	<b>C1</b>	<b>C5</b>
	<b>Lyxor</b>	<b>Lyxor</b>	<b>Lyxor</b>	<b>Lyxor</b>
	<b>Epsilon</b>	<b>Epsilon</b>	<b>Epsilon</b>	<b>Epsilon</b>
	<b>Global Trend</b>	<b>Global Trend</b>	<b>Global</b>	<b>Global Trend</b>
	<b>Fund</b>	<b>Fund</b>	<b>Trend Fund</b>	<b>Fund</b>
	<b>EUR Class A</b>	<b>CHF Class I</b>	<b>EUR Class I</b>	<b>GBP Class I</b>
Shares in issue at beginning of the year	69,431	433,448	1,661,970	402,760
Shares issued during the year	91,698	86,616	1,818,545	77,557
Shares redeemed during the year	(22,809)	(93,096)	(1,129,561)	(66,431)
Shares in issue at the end of the year	<b>138,320</b>	<b>426,968</b>	<b>2,350,954</b>	<b>413,886</b>

	<b>C2</b>	<b>C8</b>	<b>C9</b>
	<b>Lyxor</b>	<b>Lyxor</b>	<b>Lyxor</b>
	<b>Epsilon</b>	<b>Epsilon</b>	<b>Epsilon</b>
	<b>Global Trend</b>	<b>Global Trend</b>	<b>Global</b>
	<b>Fund</b>	<b>Fund</b>	<b>Trend Fund</b>
	<b>USD Class I</b>	<b>USD Class</b>	<b>USD Class</b>
		<b>AA*</b>	<b>IA*</b>
Shares in issue at beginning of the year	443,871	-	-
Shares issued during the year	165,004	100	100
Shares redeemed during the year	(126,419)	-	-
Shares in issue at the end of the year	<b>482,456</b>	<b>100</b>	<b>100</b>

\*Share class launched effective 14 October 2020.

# LYXOR INVESTMENT STRATEGIES PLC

## Notes to the Financial Statements (continued)

### 2. Number of Shares in Issue and Net Assets attributable to Redeemable Participating Shareholders (continued)

The movement in redeemable participating shares in the Company during the year ended 31 December 2019 was as follows:

31 December 2019	C3 Lyxor Epsilon Global Trend Fund EUR Class A	C7 Lyxor Epsilon Global Trend Fund USD Class A	C6 Lyxor Epsilon Global Trend Fund CHF Class I
Shares in issue at beginning of the year	140,749	3,000	8
Shares issued during the year	15,288	-	437,148
Shares redeemed during the year	(86,606)	(3,000)	(3,708)
Shares in issue at the end of the year	<b>69,431</b>	<b>-</b>	<b>433,448</b>

	C1 Lyxor Epsilon Global Trend Fund EUR Class I	C5 Lyxor Epsilon Global Trend Fund GBP Class I	C2 Lyxor Epsilon Global Trend Fund USD Class I
Shares in issue at beginning of the year	1,807,625	420,944	416,717
Shares issued during the year	1,069,423	55,342	137,771
Shares redeemed during the year	(1,215,078)	(73,526)	(110,617)
Shares in issue at the end of the year	<b>1,661,970</b>	<b>402,760</b>	<b>443,871</b>

### 3. Cash and Cash Equivalents

	Lyxor Epsilon Global Trend Fund 31 December 2020 EUR	Lyxor Epsilon Global Trend Fund 31 December 2019 EUR
Cash and cash equivalents	36,776,016	21,238,212
Margin cash balance	50,322,840	58,996,441
Margin overdraft balance	(6,570,520)	(3,857,588)
	<b>80,528,336</b>	<b>76,377,065</b>

All cash balances and overdrafts are held with CACEIS Bank, Ireland Branch. Margin balances and overdrafts are held with Société Générale.

### 4. Net gains and losses on financial assets and liabilities at fair value through profit or loss

	Lyxor Epsilon Global Trend Fund 31 December 2020 EUR	Lyxor Epsilon Global Trend Fund 31 December 2019 EUR
<b>Net realised gain from financial assets and financial liabilities at fair value through profit or loss:</b>		
Bond positions	10,133,857	11,024,432
Treasury bills	(1,958,907)	(1,656,508)
Futures contracts	25,735,420	20,889,868
Forward foreign exchange contracts	(5,942,757)	6,984,834
Foreign currency	(268,665)	(186,758)
	<b>27,698,948</b>	<b>37,055,868</b>

**Notes to the Financial Statements (continued)**

**4. Net gains and losses on financial assets and liabilities at fair value through profit or loss (continued)**

**Net change in unrealised gain from financial assets and financial liabilities at fair value through profit or loss:**

Bond positions	10,453,287	17,579,020
Treasury bills	(203,365)	149,967
Futures contracts	10,897,897	2,276,286
Forward foreign exchange contracts	(1,847,442)	(323,686)
	<u>19,300,377</u>	<u>19,681,587</u>

**Total net gain on financial assets and financial liabilities at fair value through profit or loss**

<u>46,999,325</u>	<u>56,737,455</u>
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\*The above gains/losses on forward currency contracts and foreign exchange also includes those related to FX contracts placed for share class hedging purposes.

**5. Fees**

**Management Fee**

The Company may charge a management fee which will be paid to the Manager (Lyxor Asset Management S.A.S. (the "Manager")). The management fee, with the exception of any performance fee payable in respect of the Sub-Fund, shall accrue daily and be payable quarterly in arrears. The Manager will pay any sub-investment manager out of the management fee.

Class A Shares are subject to a management fee of up to 1.75% per annum and Class I Shares are subject to a management fee of up to 1.00% per annum. Class AA Shares are subject to a management fee of up to 1.9% per annum. Class IA Shares are subject to a management fee of up to 1.25% per annum. Management fees charged during the year amounted to EUR 5,032,638 (31 December 2019: EUR 3,467,493) of which EUR 3,925,930 (31 December 2019: EUR 1,881,530) was payable at the year end.

**Administration, Depositary and Global Administrative Fees**

CACEIS Ireland Limited acts as Administrator to the Company, pursuant to the Administration Agreement dated 4 April 2011. For administration, registrar services and transfer agent services provided, the Administrator shall be entitled to receive out of the net assets of the Sub-Fund an annual fee, accrued daily and paid quarterly in arrears.

CACEIS Bank, Ireland Branch acts as Depositary to the Company, pursuant to the Custodian Agreement 4 April 2011 and updated on 6 June 2017. For services rendered the Depositary shall be entitled to receive out of the net assets of the Sub-Fund an annual fee, accrued daily and paid quarterly in arrears.

The Sub-Fund was subject to an administrative expenses fee at a fixed rate of up to €30,000 per annum, together with an additional fee of up to 0.13% of the Net Asset Value of each Class of the Sub-Fund per annum, out of which will be paid the fees and expenses of the Depositary and the Administrator from 1 January 2020 up to 30 June 2020.

Effective 1 July 2020, the Sub-Fund was subject to an administrative expenses fee of 0.09% of the Net Asset Value of each Class of the Sub-Fund per annum, out of which will be paid the fees and expenses of the Depositary and the Administrator.

The Administrative expenses fees charged for Sub-Fund for the financial year ended 31 December 2020 amounted to EUR 556,707 (31 December 2019: EUR 470,795) of which EUR 410,225 (31 December 2019: EUR 255,128) was payable at the year end.

## **LYXOR INVESTMENT STRATEGIES PLC**

### **Notes to the Financial Statements (continued)**

#### **5. Fees (continued)**

##### **Performance Fees (continued)**

Effective 18<sup>th</sup> September 2020, the performance fee calculation was amended to reflect a change in the period end from the 21<sup>st</sup> calendar day of December to the last valuation day of December.

A class performance fee of up to 15% may be applied to each Share in Class A and Class I and up to 20% in Class AA and Class IA of the Sub-Fund and is payable to the Manager. The return of the Sub-Fund's Net Asset Value per Share will reflect a performance fee to be charged at the end of each incentive fee period if the Sub-Fund's

Net Asset Value per Share, at the end of such incentive fee period, exceeds the High Water Mark (after deduction of all fees charged to the Sub-Fund, to the exclusion of the Sub-Fund's class performance fees).

The High Water Mark is

(i) for any Share Class issued on or after 25 February 2014, for the initial Incentive Fee Period, the initial offer price per Share of the relevant Share Class and thereafter, the highest value of the Sub-Fund's Net Asset Value per Share on the last Valuation Day of any Incentive Fee Period after deduction of all fees charged to the Sub-Fund or the initial offer price per Share of the relevant Share Class, whichever is greater, in each case adjusted to reflect a rate of return equal to the 1-year Euribor interest rate in effect at the beginning of the relevant Incentive Fee Period (each Incentive Fee Period being the period ending on the last Valuation Day of December in each year).

(ii) for any Share Class already in issue on 25 February 2014, initially equal to the high watermark of the Lyxor Global Trend Strategy Index on 25 February 2014 adjusted to reflect a rate of return equal to the 1-year Euribor interest rate in effect on 24 December 2013 and for each subsequent Incentive Fee Period it will be the highest value of the Sub-Fund's Net Asset Value per Share on the last Valuation Day of any Incentive Fee Period after deduction of all fees charged to the Sub-Fund (or the high watermark of the Lyxor Global Trend Strategy Index on 25 February 2014, whichever is greater) in each case adjusted to reflect a rate of return equal to the 1-year Euribor interest rate in effect at the beginning of the relevant Incentive Fee Period.

Performance fees charged for the financial year ended 31 December 2020 amounted to EUR 6,593,927 (31 December 2019: EUR 4,263,712) and EUR 6,592,010 was payable at the year end (31 December 2019: EUR 4,263,712).

##### **Directors Fees**

The Directors shall be entitled to a fee as remuneration for their services at a rate to be determined from time to time by the Directors provided that the amount of remuneration payable to each Director in any one (1) year in respect of the Company shall not exceed in one year €15,000 per Sub-Fund or such other amount as may be approved by a resolution of the Directors and disclosed to the Shareholders in the annual or semi-annual accounts.

For the financial year ended 31 December 2020 all Directors fees were paid by the Manager on behalf of the Company. This amounted to EUR 26,000 for 2020 (2019: EUR 32,000).

Mr. Peter Madden, Mr. Moez Boursarsar and Mr. Olivier Germain are not entitled to receive fees for their services as Directors to the Company during the year.

The Manager, Administrator, Depositary and Directors are entitled to reimbursement of all out-of-pocket expenses.

# LYXOR INVESTMENT STRATEGIES PLC

## Notes to the Financial Statements (continued)

### 5. Fees (continued)

#### Auditors' Remuneration

Fees and expenses charged by the statutory auditors, PricewaterhouseCoopers, in respect of the year ended 31 December 2020 and 31 December 2019 are as follows:

2020	USD	2019	USD
Audit of statutory accounts	7,900*	Audit of statutory accounts	7,900*
Tax Services	Nil	Tax Services	Nil

\*All amounts are included ex-VAT

The audit fees of the Company are borne by the Manager.

### 6. Derivative Contracts

The Sub-Fund uses futures and forward currency exchange contracts to achieve its investment objective as well as to hedge non-base currency share classes.

Forward foreign exchange contracts entered into by the Sub-Fund of the Company represent a firm commitment to buy or sell an underlying asset or currency at a specified value and point in time based upon an agreed or contracted quantity. The realised gain or loss is equal to the difference between the value of the contract at the onset and the value of the contract at settlement date and are included in the Statement of Comprehensive Income. The fair value of the forward foreign exchange contracts are included in the Statement of Financial Position.

Futures contracts held by the Sub-Fund of the Company are exchange traded derivatives which represent agreements to buy or sell a financial instrument in the future for a specified price. The future contracts are collateralised by cash held by brokers in margin accounts and changes in the value of the contracts are settled net, on a daily basis. The realised gain or loss is equal to the difference between the value of the contract at the onset and the value of the contract at settlement date and are included in the Statement of Comprehensive Income. The fair value of the future contracts are included in the Statement of Financial Position.

As at 31 December 2020, the following derivative contracts were included in the Company's Statement of Financial Position at fair value through profit or loss:

#### Forward foreign exchange contracts

CCY	Buy	CCY	Sell	Maturity	Unrealised Gain EUR	Counterparty
CHF	46,453,284	EUR	(42,917,801)	08 January 2021	34,257	Société Générale
GBP	1,288,000	EUR	(1,410,603)	08 January 2021	28,766	Société Générale
EUR	681,880	USD	(816,000)	08 January 2021	15,019	Société Générale
EUR	386,858	USD	(468,000)	08 January 2021	4,482	Société Générale
EUR	374,345	USD	(454,000)	08 January 2021	3,382	Société Générale
GBP	43,000	EUR	(46,945)	08 January 2021	1,113	Société Générale
GBP	30,000	EUR	(32,871)	08 January 2021	661	Société Générale
GBP	578,000	EUR	(645,215)	08 January 2021	546	Société Générale
GBP	30,000	EUR	(33,051)	08 January 2021	456	Société Générale
CHF	1,001,000	EUR	(925,213)	08 January 2021	394	Société Générale
GBP	23,000	EUR	(25,298)	08 January 2021	379	Société Générale
GBP	14,000	EUR	(15,380)	08 January 2021	262	Société Générale
USD	534,000	EUR	(436,108)	08 January 2021	248	Société Générale
GBP	8,000	EUR	(8,766)	08 January 2021	170	Société Générale
GBP	11,000	EUR	(12,118)	08 January 2021	169	Société Générale
EUR	17,289	USD	(21,000)	08 January 2021	130	Société Générale
GBP	9,000	EUR	(9,930)	08 January 2021	125	Société Générale
EUR	8,251	USD	(10,000)	08 January 2021	79	Société Générale
EUR	13,019	CHF	(14,000)	08 January 2021	75	Société Générale
EUR	22,270	CHF	(24,000)	08 January 2021	75	Société Générale

**LYXOR INVESTMENT STRATEGIES PLC**
**Notes to the Financial Statements (continued)**
**6. Derivative Contracts (continued)**
**Forward foreign exchange contracts (continued)**

CCY	Buy	CCY	Sell	Maturity	Unrealised Gain EUR	Counterparty
GBP	69,000	EUR	(76,630)	08 January 2021	57	Société Générale
EUR	6,565	USD	(8,000)	08 January 2021	27	Société Générale
EUR	1,661	USD	(2,000)	08 January 2021	26	Société Générale
GBP	4,000	EUR	(4,443)	08 January 2021	26	Société Générale
GBP	3,000	EUR	(3,331)	08 January 2021	21	Société Générale
CHF	36,000	EUR	(33,267)	08 January 2021	20	Société Générale
CHF	14,000	EUR	(12,930)	08 January 2021	14	Société Générale
EUR	822	USD	(1,000)	08 January 2021	5	Société Générale
USD	5,000	EUR	(4,068)	04 January 2021	5	Société Générale
USD	6,000	EUR	(4,901)	08 January 2021	2	Société Générale
<b>Total unrealised gains on forward foreign exchange contracts</b>					<b>90,991</b>	

CCY	Buy	CCY	Sell	Maturity	Unrealised (Loss) EUR	Counterparty
EUR	25,889	CHF	(28,000)	08 January 2021	(1)	Société Générale
EUR	4,067	USD	(5,000)	08 January 2021	(2)	Société Générale
EUR	1,846	CHF	(2,000)	08 January 2021	(3)	Société Générale
CHF	1,000	EUR	(928)	08 January 2021	(4)	Société Générale
CHF	2,000	EUR	(1,854)	08 January 2021	(5)	Société Générale
EUR	10,167	CHF	(11,000)	08 January 2021	(5)	Société Générale
CHF	2,000	EUR	(1,859)	08 January 2021	(10)	Société Générale
EUR	8,311	CHF	(9,000)	08 January 2021	(13)	Société Générale
USD	48,000	EUR	(39,206)	08 January 2021	(14)	Société Générale
CHF	5,000	EUR	(4,647)	08 January 2021	(23)	Société Générale
EUR	47,116	CHF	(51,000)	08 January 2021	(43)	Société Générale
GBP	28,000	EUR	(31,347)	08 January 2021	(68)	Société Générale
EUR	8,871	GBP	(8,000)	08 January 2021	(70)	Société Générale
EUR	76,633	GBP	(69,000)	04 January 2021	(113)	Société Générale
EUR	55,644	GBP	(50,000)	08 January 2021	(182)	Société Générale
EUR	305,385	USD	(374,000)	08 January 2021	(190)	Société Générale
EUR	7,623	GBP	(7,000)	08 January 2021	(194)	Société Générale
USD	9,887	EUR	(8,293)	08 January 2021	(214)	Société Générale
USD	9,895	EUR	(8,300)	08 January 2021	(215)	Société Générale
EUR	94,020	CHF	(102,000)	08 January 2021	(277)	Société Générale
USD	93,000	EUR	(76,286)	08 January 2021	(336)	Société Générale
USD	95,000	EUR	(78,154)	08 January 2021	(529)	Société Générale
CHF	278,000	EUR	(257,816)	08 January 2021	(764)	Société Générale
USD	52,000	EUR	(43,447)	08 January 2021	(960)	Société Générale
EUR	606,245	GBP	(547,000)	08 January 2021	(4,708)	Société Générale
USD	1,547,000	EUR	(1,273,787)	08 January 2021	(10,018)	Société Générale
GBP	59,254,320	EUR	(66,519,962)	08 January 2021	(338,372)	Société Générale
USD	74,975,672	EUR	(62,890,401)	08 January 2021	(1,631,012)	Société Générale
<b>Total unrealised loss on forward foreign exchange contracts</b>					<b>(1,988,345)</b>	

All open Forward Foreign Exchange Contracts held at 31 December 2020 are held for share class hedging purposes.

# LYXOR INVESTMENT STRATEGIES PLC

## Notes to the Financial Statements (continued)

### 6. Derivative Contracts (continued)

#### Futures Contracts

Contract Size	Description	Maturity Date	Unrealised Gain/(loss) EUR	Counterparty
<b>Currency Futures</b>				
1	AUDUSD CURNY FUTUR MAR21	31 March 2021	1,022	Société Générale Newedge-UK Limited
(3,581)	BRAZIL REAL /202102	28 February 2021	382,894	Société Générale Newedge-UK Limited
1,075	EUR/JPY (CME) MAR21	31 March 2021	146,368	Société Générale Newedge-UK Limited
1,582	EUR/USD (CME /202103	31 March 2021	1,025,671	Société Générale Newedge-UK Limited
326	JPN YEN CURR /202103	31 March 2021	219,576	Société Générale Newedge-UK Limited
551	USD/CHF (CME) MAR21	31 March 2021	120,408	Société Générale Newedge-UK Limited
97	USD/GBP (CME /202103	31 March 2021	55,356	Société Générale Newedge-UK Limited
(2,519)	USD/RUB (CME) MAR21	31 March 2021	634,894	Société Générale Newedge-UK Limited
2	USD/ZAR (CME) MAR21	31 March 2021	879	Société Générale Newedge-UK Limited
<b>Total unrealised gain on currency futures</b>			<b>2,587,068</b>	
<b>Index Futures</b>				
164	DJIA MINI FU /202103	31 March 2021	162,143	Société Générale Newedge-UK Limited
494	E-MINI RUSSELL 2000 (CME) MAR21	31 March 2021	1,242,409	Société Générale Newedge-UK Limited
1	FTSE MIB IND /202103	31 March 2021	3,720	Société Générale Newedge-UK Limited
1	IBEX 35 INDE /202101	31 January 2021	177	Société Générale Newedge-UK Limited
166	NASDAQ 100 E-MINI MAR21	31 March 2021	1,302,912	Société Générale Newedge-UK Limited
535	NIKKEI 225 ( /202103	31 March 2021	2,347,175	Société Générale Newedge-UK Limited
303	S&P 500 EMINI 0321	31 March 2021	1,077,097	Société Générale Newedge-UK Limited
62	S&P MID 400 /202103	31 March 2021	331,691	Société Générale Newedge-UK Limited
<b>Total unrealised gain on index futures</b>			<b>6,467,324</b>	
<b>Interest Rate Futures</b>				
4,549	EURO/USD 90D /202103	31 March 2021	309,193	Société Générale Newedge-UK Limited
4,352	EURO/USD 90D /202106	30 June 2021	304,851	Société Générale Newedge-UK Limited
15,392	EURO/USD 90D /202109	30 September 2021	912,805	Société Générale Newedge-UK Limited
11,567	90DAY GBP LI /202103	31 March 2021	130,837	Société Générale Newedge-UK Limited
<b>Total unrealised gain on interest rate futures</b>			<b>1,657,686</b>	
<b>Total unrealised gain on futures contracts</b>			<b>10,712,078</b>	
<b>Currency Futures</b>				
163	EUR/GBP (CME) MAR21	31 March 2021	(148,636)	Société Générale Newedge-UK Limited
3	USD/MXN (CME) MAR21	31 March 2021	(151)	Société Générale Newedge-UK Limited
<b>Total unrealised loss on currency futures</b>			<b>(148,787)</b>	
<b>Index Futures</b>				
1	CAC40 10 EUR /202101	31 January 2021	(190)	Société Générale Newedge-UK Limited
2	DJ EURO STOXX /202103	31 March 2021	(175)	Société Générale Newedge-UK Limited
1	S&P/TSE CAN 60 INDEX MAR21	31 March 2021	(1,873)	Société Générale Newedge-UK Limited
1	SPI 200 INDE /202103	31 March 2021	(1,608)	Société Générale Newedge-UK Limited
<b>Total unrealised loss on index futures</b>			<b>(3,846)</b>	
<b>Total unrealised loss on futures contracts</b>			<b>(152,633)</b>	

# LYXOR INVESTMENT STRATEGIES PLC

## Notes to the Financial Statements (continued)

### 6. Derivative Contracts (continued)

As at 31 December 2019, the following derivative contracts were included in the Company's Statement of Financial Position at fair value through profit or loss:

#### Forward foreign exchange contracts

CCY	Buy	CCY	Sell	Maturity	Unrealised Gain EUR	Counterparty
GBP	56,075,000	EUR	(65,532,369)	10 January 2020	625,806	Société Générale
CHF	24,970,000	EUR	(22,726,218)	10 January 2020	247,585	Société Générale
CHF	12,496,000	EUR	(11,406,206)	10 January 2020	90,805	Société Générale
CHF	5,220,000	EUR	(4,763,644)	10 January 2020	39,018	Société Générale
EUR	1,845,841	USD	(2,051,000)	10 January 2020	19,906	Société Générale
GBP	1,179,000	EUR	(1,378,230)	10 January 2020	13,167	Société Générale
EUR	1,267,177	USD	(1,409,000)	10 January 2020	11,944	Société Générale
CHF	642,000	EUR	(584,342)	10 January 2020	6,275	Société Générale
CHF	1,995,000	EUR	(1,832,889)	10 January 2020	2,884	Société Générale
EUR	326,148	USD	(364,000)	10 January 2020	2,104	Société Générale
GBP	220,000	EUR	(257,889)	10 January 2020	1,677	Société Générale
EUR	95,374	USD	(106,000)	10 January 2020	1,568	Société Générale
GBP	180,000	EUR	(211,811)	10 January 2020	561	Société Générale
EUR	32,424	USD	(36,000)	10 January 2020	375	Société Générale
EUR	65,290	USD	(73,000)	10 January 2020	302	Société Générale
GBP	53,000	EUR	(62,286)	10 January 2020	242	Société Générale
GBP	24,000	EUR	(28,107)	10 January 2020	208	Société Générale
EUR	21,355	GBP	(18,000)	10 January 2020	119	Société Générale
EUR	15,430	GBP	(13,000)	10 January 2020	93	Société Générale
EUR	15,425	GBP	(13,000)	10 January 2020	87	Société Générale
EUR	8,080	USD	(9,000)	10 January 2020	68	Société Générale
CHF	10,000	EUR	(9,140)	10 January 2020	61	Société Générale
CHF	7,000	EUR	(6,403)	10 January 2020	37	Société Générale
CHF	2,000	EUR	(1,824)	10 January 2020	16	Société Générale
CHF	14,000	EUR	(12,867)	10 January 2020	14	Société Générale
CHF	2,000	EUR	(1,829)	10 January 2020	11	Société Générale
EUR	9,449	GBP	(8,000)	10 January 2020	10	Société Générale
<b>Total unrealised gains on forward foreign exchange contracts</b>					<b>1,064,943</b>	

#### Lyxor/Epsilon Global Trend Fund

CCY	Buy	CCY	Sell	Maturity	Unrealised (Loss) EUR	Counterparty
EUR	915	CHF	(1,000)	10 January 2020	(5)	Société Générale
USD	1,000	EUR	(897)	10 January 2020	(7)	Société Générale
EUR	7,351	CHF	(8,000)	10 January 2020	(10)	Société Générale
GBP	13,000	EUR	(15,350)	10 January 2020	(12)	Société Générale
EUR	5,502	CHF	(6,000)	10 January 2020	(18)	Société Générale
EUR	18,355	CHF	(20,000)	10 January 2020	(46)	Société Générale
EUR	10,067	CHF	(11,000)	10 January 2020	(54)	Société Générale
EUR	8,220	CHF	(9,000)	10 January 2020	(60)	Société Générale
GBP	8,000	EUR	(9,498)	10 January 2020	(60)	Société Générale
EUR	21,150	GBP	(18,000)	10 January 2020	(87)	Société Générale
EUR	16,418	GBP	(14,000)	10 January 2020	(99)	Société Générale
EUR	34,756	CHF	(38,000)	10 January 2020	(205)	Société Générale
GBP	32,000	EUR	(38,316)	10 January 2020	(563)	Société Générale
USD	72,000	EUR	(64,997)	10 January 2020	(894)	Société Générale
GBP	84,000	EUR	(100,404)	10 January 2020	(1,302)	Société Générale
EUR	612,891	CHF	(670,000)	10 January 2020	(3,485)	Société Générale
EUR	1,398,290	GBP	(1,194,000)	10 January 2020	(10,809)	Société Générale
USD	1,356,000	EUR	(1,228,978)	10 January 2020	(20,960)	Société Générale



# LYXOR INVESTMENT STRATEGIES PLC

## Notes to the Financial Statements (continued)

### 6. Derivative Contracts (continued)

#### Forward foreign exchange contracts (continued)

CCY	Buy	CCY	Sell	Maturity	Unrealised (Loss) EUR	Counterparty
USD	2,493,000	EUR	(2,242,865)	10 January 2020	(23,349)	Société Générale
EUR	3,408,414	GBP	(2,924,000)	10 January 2020	(41,319)	Société Générale
USD	63,092,000	EUR	(57,181,456)	10 January 2020	(1,011,511)	Société Générale
<b>Total unrealised loss on forward foreign exchange contracts</b>					<b>(1,114,855)</b>	

All open Forward Foreign Exchange Contracts held at 31 December 2019 are held for share class hedging purposes.

#### Future Contracts

##### Lyxor/Epsilon Global Trend Fund

Contract Size	Description	Maturity Date	Unrealised Gain/(loss) EUR	Counterparty
<b>Currency Futures</b>				
4,786	USD/MXN (CME /202003)	31 March 2020	2,054,788	Société Générale Newedge-UK Limited
2,055	USD/ZAR (CME) 0320	31 March 2020	908,207	Société Générale Newedge-UK Limited
2,822	USD-RUB (CME/202003)	31 March 2020	2,609,198	Société Générale Newedge-UK Limited
<b>Total unrealised Gain on currency futures</b>			<b>5,572,193</b>	
<b>Index Futures</b>				
598	CAC40 10 EUR /202001	31 January 2020	71,370	Société Générale Newedge-UK Limited
325	FTSE MIB INDEX	31 March 2020	72,175	Société Générale Newedge-UK Limited
99	NASDAQ 100 E /202003	31 March 2020	451,198	Société Générale Newedge-UK Limited
289	NIKKEI 225 ( /202003	31 March 2020	43,705	Société Générale Newedge-UK Limited
469	S&P/TSE CAN /202003	31 March 2020	18,206	Société Générale Newedge-UK Limited
428	SWISS MARKET /202003	31 March 2020	426,339	Société Générale Newedge-UK Limited
<b>Total unrealised gain on index futures</b>			<b>1,082,993</b>	
<b>Total unrealised gain on futures contracts</b>			<b>6,655,186</b>	
<b>Contract Size Description Maturity Date Unrealised Gain/(loss) EUR Counterparty</b>				
<b>Currency Futures</b>				
(982)	BRAZIL REAL 0220	31 January 2020	(392,601)	Société Générale Newedge-UK Limited
(679)	EUR/GBP (CME /202003)	31 March 2020	(313,381)	Société Générale Newedge-UK Limited
(497)	EUR/JPY (CM /202003)	31 March 2020	(762,895)	Société Générale Newedge-UK Limited
(1,461)	EUR/USD (CME)	31 March 2020	(1,966,498)	Société Générale Newedge-UK Limited
<b>Total unrealised loss on currency futures</b>			<b>(3,435,375)</b>	
<b>Index Futures</b>				
299	DJ EURO STOXX /202003	31 March 2020	(21,489)	Société Générale Newedge-UK Limited
539	SPI 200 INDEX (SFE)	31 March 2020	(1,510,098)	Société Générale Newedge-UK Limited
<b>Total unrealised loss on index futures</b>			<b>(1,531,587)</b>	
<b>Interest Rate Futures</b>				
10,865	EURO/USD 90D /202003	31 March 2020	(1,146,843)	Société Générale Newedge-UK Limited
935	EURO/USD 90D /202009	30 September 2020	(145,418)	Société Générale Newedge-UK Limited
5,986	EURO/USD 90DAY(CME)	30 June 2020	(734,416)	Société Générale Newedge-UK Limited
<b>Total unrealised loss on interest rate futures</b>			<b>(2,026,677)</b>	
<b>Total unrealised loss on futures contracts</b>			<b>(6,993,639)</b>	

**Notes to the Financial Statements** *(continued)*

**7. Financial Risk Management**

**a) Overall risk management**

The Company/Sub-Fund is exposed to a number of risks due to the nature of its activities. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company/Sub-Fund trades financial instruments that may be impacted by market liquidity, credit worthiness of issuers and/or counterparties, changes in interest rate, currency, market prices and volatility.

The Company/Sub-Fund is also exposed to operational risk such as Custody or counterparty risk. Custody or counterparty risk is the risk of loss being incurred on securities in custody as a result of the counterparty's or the Custody's insolvency, negligence, misuse of assets, fraud, poor administration or inadequate record-keeping. In the event that one of the Company/Sub-Fund's counterparties or Custody becomes bankrupt and/or fails to segregate the Company/Sub-Fund's assets on deposit as required, the Company/Sub-Fund may be subject to a risk of loss. Although an appropriate legal framework is in place that reduces the risk of loss of value of the securities held by the counterparty, in the event of its failure, the ability of the Company/Sub-Fund to transfer the securities might be temporarily impaired.

The Company/Sub-Fund's risk management policies are approved by the Board of Directors and seek to minimise the potential adverse effects of these risks on the Company/Sub-Fund's financial performance. The risk management system is an ongoing process of identification, measurement, monitoring and controlling risk.

In order to avoid excessive concentrations of risk, the Company/Sub-Fund's investment policies and risk management procedures include specific guidelines to ensure the maintenance of a diversified portfolio.

The ongoing risk in relation to the Covid-19 pandemic is discussed in note 12 to the Financial Statements.

**b) Credit Risk**

Credit risk is the risk that an issuer or counterparty will be unable to meet a commitment that it has entered into with the Company/Sub-Fund. There is a possibility that an issuer will be unable to make interest payments and repay principal when due. Changes in an issuer's financial strength or in a financial instrument's credit rating may affect a financial instrument's value.

At the reporting date, financial assets and financial liabilities exposed to credit risk include treasury bills which have a credit rating of AA (31 December 2019: AA) and private bonds the issuer of which has a credit rating of A (31 December 2019: A). The carrying amount of the financial assets and financial liabilities are disclosed in the Statement of Financial Position on page 17. It is the opinion of the Manager that the carrying amounts of these financial assets and financial liabilities represent the credit risk exposure at the reporting date. The notional amounts on derivatives represents the maximum potential credit risk exposure on derivatives. The notional amounts on derivatives held by the Company/Sub-Fund as at 31 December 2020 and 31 December 2019 are disclosed in note 6 to these financial statements.

The credit risk on cash transactions and transactions involving derivative financial instruments is mitigated by transacting with counterparties that are regulated entities subject to prudential supervision, or with counterparties with high credit ratings assigned by a recognised rating agency.

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. At 31 December 2020 and 31 December 2019, all other receivables, amounts due from brokers, cash and short-term deposits are held with counterparties with a credit rating of AA/Aa or higher and are due to be settled within 1 week. Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Sub-Fund.

**Notes to the Financial Statements (continued)****7. Financial Risk Management (continued)****b) Credit Risk (continued)****Counterparties Risk**

In accordance with the investment restrictions as described in the prospectus, where the Company/Sub-Fund directly enters into over-the-counter derivative transactions or other arrangements with counterparties and where assets are transferred to those counterparties, each counterparty must have a minimum credit rating of at least A-2 from S&P or equivalent by a recognised rating agency.

Substantially all of the assets of the Company/Sub-Fund are held in segregated accounts by the Depositary, CACEIS Bank, Ireland Branch and by the counterparty Société Générale. Bankruptcy or insolvency of the Depositary or counterparties may cause the Company/Sub-Fund's rights with respect to securities held by the Depositary or counterparty to be delayed or limited in certain cases. The Company/Sub-Fund monitors its risk by monitoring the credit quality and financial positions of the counterparties the Company/Sub-Fund uses.

The below table illustrates the credit rating of counterparties associated with the Company/Sub-Fund:

	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>Credit Rating*</b>	<b>Credit Rating*</b>
CACEIS Bank, Ireland Branch	A+	A+
Société Générale	A	A

\*Standard and Poor's ratings

**Offsetting financial assets and financial liabilities**

As at 31 December 2020 and 31 December 2019, the Company/Sub-Fund was not subject to any master netting arrangements with its counterparty, Société Générale. The forward foreign exchange contracts and Futures contracts were held with Société Générale.

Forward foreign exchange contracts and futures contracts are settled on a gross basis. The fair value of the forward foreign exchange contracts and futures contracts as at 31 December 2020 and 31 December 2019 is disclosed in the Statement of Financial Position on page 17.

**c) Liquidity Risk**

Liquidity risk is the risk that the Company/Sub-Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Company/Sub-Fund's redeemable shares are redeemable at the shareholder's option daily for cash equal to a proportionate share of the Company/Sub-Fund's net asset value. The Company/Sub-Fund is therefore potentially exposed to daily redemptions by its shareholders.

The Company/Sub-Fund invests in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash. It is also the Company/Sub-Fund's policy to maintain sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests.

To manage liquidity risk, where outstanding redemption requests from all holders of Shares in the Company/Sub-Fund on any Dealing Day total an aggregate of more than 10% of the Net Asset Value of the Company/Sub-Fund on such Dealing Day, the Directors shall be entitled at their discretion to refuse to redeem such number of Shares in issue in respect of the Company/Sub-Fund on that Dealing Day in respect of which redemption requests have been received in excess of 10% of the Net Asset Value of the Company/Sub-Fund as the Directors shall determine.

# LYXOR INVESTMENT STRATEGIES PLC

## Notes to the Financial Statements (continued)

### 7. Financial Risk Management (continued)

#### c) Liquidity Risk (continued)

If the Company/Sub-Fund refuses to redeem Shares for this reason, the requests for redemption on such date shall be reduced rateably and the Shares to which each request relates which are not redeemed shall be redeemed on subsequent Dealing Days, provided that the Company/Sub-Fund shall not be obliged to redeem more than 10% of the Net Asset Value of the Company/Sub-Fund outstanding on any Dealing Day, until all the Shares to which the original request related have been redeemed.

The Investment Manager monitors the Company/Sub-Fund's liquidity risk on a daily basis in accordance with the Company/Sub-Fund's investment objectives, policies and investment guidelines. The Company/Sub-Fund's overall liquidity positions are reviewed on a daily basis by the Manager.

The following tables detail the Company/Sub-Fund's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company/Sub-Fund can be required to pay.

The following table sets out the Company/Sub-Fund's total exposure to liquidity risk as at the 31 December 2020:

Lyxor Epsilon Global Trend Fund	Less than 1 Month EUR	1 - 3 Months EUR	3 - 12 Months EUR	Over 12 Months EUR	No Stated Maturity EUR	Total EUR
<b>Liabilities</b>						
Derivative liabilities	1,988,535	152,443	-	-	-	2,140,978
Redemptions payable	4,505,411	-	-	-	-	4,505,411
Margin overdraft balance	6,570,520	-	-	-	-	6,570,520
Management fees payable	3,925,930	-	-	-	-	3,925,930
Performance fees payable	6,592,010	-	-	-	-	6,592,010
Global administrative fees payable	410,225	-	-	-	-	410,225
Other payables	18,604	-	-	-	-	18,604
Net assets attributable to redeemable participating shareholders	539,240,489	-	-	-	-	539,240,489
<b>Total financial liabilities</b>	<b>563,251,724</b>	<b>152,443</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>563,404,167</b>

The following table sets out the Company/Sub-Fund's total exposure to liquidity risk as at the 31 December 2019:

Lyxor Epsilon Global Trend Fund	Less than 1 Month EUR	1 - 3 Months EUR	3 - 12 Months EUR	Over 12 Months EUR	No Stated Maturity EUR	Total EUR
<b>Liabilities</b>						
Derivative liabilities	1,507,456	5,721,205	879,833	-	-	8,108,494
Redemptions payable	74,293	-	-	-	-	74,293
Margin overdraft balance	3,857,588	-	-	-	-	3,857,588
Management fees payable	1,881,530	-	-	-	-	1,881,530
Payable for securities purchased	8,023,064	-	-	-	-	8,023,064
Performance fees payable	4,263,712	-	-	-	-	4,263,712
Global administrative fees payable	255,128	-	-	-	-	255,128
Net assets attributable to redeemable participating shareholders	392,961,858	-	-	-	-	392,961,858
<b>Total financial liabilities</b>	<b>412,824,629</b>	<b>5,721,205</b>	<b>879,833</b>	<b>-</b>	<b>-</b>	<b>419,425,667</b>

**Notes to the Financial Statements (continued)**

**7. Financial Risk Management (continued)**

**d) Market Risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and market prices.

The Company/Sub-Fund employs an advanced risk management methodology which monitors global exposure using a risk management process which, in compliance with the UCITS Regulations and the Central Bank UCITS Regulations, aims to ensure that on any day the absolute Value at Risk (VaR) of the Company/Sub-Fund will be no greater than 20% of the Net Asset Value of the Company/Sub-Fund over a period of 20 days or that the relative VaR of the Company/Sub-Fund will not exceed twice the Value at Risk of the relevant Reference Assets, as appropriate. The daily VaR will be calculated using 99% confidence level, and the historical observation period will not be less than one year unless a shorter period is justified.

Where this 20% limit is exceeded, the Investment Manager is notified and ensures that appropriate action is taken so that this threshold is not breached at the next valuation point, notwithstanding that immediate action will not be taken if this would be detrimental to investors in the Company/Sub-Fund.

<b>Sub-Fund</b>	<b>Holding Period</b>	<b>VaR 31-Dec-20</b>	<b>VaR 31-Dec-19</b>
Lyxor Epsilon Global Trend Fund	20 Day	11.25%	6.41%

Some limitations of VaR/sensitivity analysis are;

- the models are based on historical data and cannot take account of the fact that future market price movements, correlations between markets and levels of market liquidity in conditions of market stress may bear no relation to historical patterns;
- the market price risk information is a relative estimate of risk rather than a precise and accurate number;
- the market price information represents a hypothetical outcome and is not intended to be predictive (in the case of probability-based methods, such as VaR, profits and losses are almost certain to exceed the reported amount with a frequency depending on the confidence interval chosen); and
- future market conditions could vary significantly from those experienced in the past.

**(i) Global exposure and leverage**

Global exposure is measured using the VaR approach which considers the full constituents of the portfolio.

The table below details the highest, lowest and average utilisation of the VaR limit, expressed as a percentage of the respective absolute VaR regulatory limit for they year ended 31 December 2020:

<b>Sub-Fund</b>	<b>Market Risk Approach</b>	<b>Highest utilisation of the VaR limit %</b>	<b>Lowest utilisation of the VaR limit %</b>	<b>Average utilisation of the VaR limit %</b>
Lyxor Epsilon Global Trend Fund	Absolute VaR	56.23%	14.23%	25.60%

The table below details the highest, lowest and average utilisation of the VaR limit, expressed as a percentage of the respective absolute VaR regulatory limit for they year ended 31 December 2019:

<b>Sub-Fund</b>	<b>Market Risk Approach</b>	<b>Highest utilisation of the VaR limit %</b>	<b>Lowest utilisation of the VaR limit %</b>	<b>Average utilisation of the VaR limit %</b>
Lyxor Epsilon Global Trend Fund	Absolute VaR	37.35%	12.40%	22.89%

## **LYXOR INVESTMENT STRATEGIES PLC**

### **Notes to the Financial Statements (continued)**

#### **7. Financial Risk Management (continued)**

##### **d) Market Risk (continued)**

##### **(i) Global exposure and leverage (continued)**

The use of derivative instruments may expose the Company/Sub-Fund to a higher degree of risk, in particular derivative contracts can be highly volatile, and the amount of initial margin is generally small relative to the size of the contract so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on derivatives than on standard equities. Leveraged derivative positions can therefore increase volatility of the Company/Sub-Fund.

In order to calculate the leverage level inherent in each Strategy Index, the gross exposure is divided by the total value of the Strategy Index as outlined in the Company/Sub-Fund's risk management program.

Disclosed in the table below is the average leverage employed during the year:

<b>Sub-Fund</b>	<b>Average leverage employed during the year ended 31 December 2020</b>	<b>Average leverage employed during the year ended 31 December 2019</b>
Lyxor Epsilon Global Trend Fund	971.27%	686.70%

##### **(ii) Price Risk**

Price risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Company/Sub-Fund is exposed to price risk arising from its investments in debt securities and derivatives.

The overall price risk exposure at 31 December 2020 and as at 31 December 2019 is set out in the Schedule of Investments on pages 49-52.

While pricing information is generally available for most of the financial instruments in which the Company/Sub-Fund invests, some pricing inputs may not always be available for over-the-counter instruments. Such instruments shall be valued at their probable realisation value estimated with care and in good faith by the Directors or a competent person appointed by the Directors and approved for the purpose by the Depositary, however, there can be no assurance that the value of an asset owned by the Company/Sub-Fund will be realised upon its disposition.

The Investment Manager manages the Company/Sub-Funds's market price risk on a daily basis in accordance with the Company/Sub-Fund's investment objectives, policies and investment guidelines. The Company/Sub-Fund's overall market positions are monitored on a daily basis by the Manager.

##### **(iii) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company/Sub-Fund's interest bearing financial assets and liabilities expose it to risk associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The table overleaf summarises the Company/Sub-Fund's exposure to interest rate risks. It includes the Company/Sub-Fund's assets and liabilities at fair value, categorised by the earlier of contractual re-pricing or maturity dates.

# LYXOR INVESTMENT STRATEGIES PLC

## Notes to the Financial Statements (continued)

### 7. Financial Risk Management (continued)

#### d) Market Risk (continued)

##### (iii) Interest Rate Risk (continued)

The below table shows the interest rate risk for the financial year ended 31 December 2020.

	Less than 1 month EUR	1 - 3 Months EUR	3 - 12 Months EUR	1 – 5 Years EUR	Non-Interest Bearing EUR	Total EUR
<b>Assets</b>						
Cash and cash equivalents	36,776,016	-	-	-	-	36,776,016
Margin cash balance		-	-	-	50,322,840	50,322,840
Financial assets at fair value through profit or loss:						
Treasury bills	40,023,600	120,143,200	238,276,623	-	-	398,443,423
Private bonds	-	-	-	66,771,944	-	66,771,944
Futures contracts	-	-	-	-	10,712,078	10,712,078
Forward foreign exchange contracts	-	-	-	-	90,991	90,991
Other receivables	-	-	-	-	286,875	286,875
<b>Total assets</b>	<b>76,799,616</b>	<b>120,143,200</b>	<b>238,276,623</b>	<b>66,771,944</b>	<b>61,412,784</b>	<b>563,404,167</b>
	Less than 1 month EUR	1 - 3 Months EUR	3 - 12 Months EUR	1 – 5 Years EUR	Non-Interest Bearing EUR	Total EUR
<b>Liabilities</b>						
Margin overdraft balance	(6,570,520)	-	-	-	-	(6,570,520)
Financial liabilities at fair value through profit or loss:						
Futures contracts	-	-	-	-	(152,633)	(152,633)
Forward foreign exchange contracts	-	-	-	-	(1,988,345)	(1,988,345)
Other payables	-	-	-	-	(15,452,180)	(15,452,180)
<b>Total liabilities</b>	<b>(6,570,520)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(17,593,158)</b>	<b>(24,163,678)</b>
<b>Total Interest sensitivity gap</b>	<b>70,229,096</b>	<b>120,143,200</b>	<b>238,276,623</b>	<b>66,771,944</b>	<b>43,819,626</b>	<b>539,240,489</b>

A 5% change in the market value of interest bearing assets would have impacted the profit and net asset value of the Sub-Fund by EUR 24,771,043 (31 December 2019: EUR 17,434,030)

**LYXOR INVESTMENT STRATEGIES PLC**

**Notes to the Financial Statements (continued)**

**7. Financial Risk Management (continued)**

**d) Market Risk (continued)**

**(iii) Interest Rate Risk (continued)**

The below table shows the interest rate risk for the financial year ended 31 December 2019.

	Less than 1 month EUR	1 - 3 Months EUR	3 - 12 Months EUR	1 – 5 Years EUR	Non-Interest Bearing EUR	Total EUR
<b>Assets</b>						
Cash and cash equivalents	21,238,212	-	-	-	-	21,238,212
Margin cash balance		-	-	-	58,996,441	58,996,441
Financial assets at fair value through profit or loss:						
Treasury bills	34,707,113	75,078,451	189,884,828	-	-	299,670,392
Private bonds	-	-	-	31,629,581	-	31,629,581
Futures contracts	-	-	-	-	6,655,186	6,655,186
Forward foreign exchange contracts	-	-	-	-	1,064,943	1,064,943
Other receivables	-	-	-	-	170,912	170,912
<b>Total assets</b>	<b>55,945,325</b>	<b>75,078,451</b>	<b>189,884,828</b>	<b>31,629,581</b>	<b>66,887,482</b>	<b>419,425,667</b>
	Less than 1 month EUR	1 - 3 Months EUR	3 - 12 Months EUR	1 – 5 Years EUR	Non-Interest Bearing EUR	Total EUR
<b>Liabilities</b>						
Margin overdraft balance	(3,857,588)	-	-	-	-	(3,857,588)
Financial liabilities at fair value through profit or loss:						
Futures contracts	-	-	-	-	(6,993,639)	(6,993,639)
Forward foreign exchange contracts	-	-	-	-	(1,114,855)	(1,114,855)
Payable for securities purchased	-	-	-	-	(8,023,064)	(8,023,064)
Other payables	-	-	-	-	(6,474,663)	(6,474,663)
<b>Total liabilities</b>	<b>(3,857,588)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(22,606,221)</b>	<b>(26,463,809)</b>
<b>Total Interest sensitivity gap</b>	<b>52,087,737</b>	<b>75,078,451</b>	<b>189,884,828</b>	<b>31,629,581</b>	<b>44,281,261</b>	<b>392,961,858</b>

The Manager reviews exposure to underlying rate movements on a weekly basis.



# LYXOR INVESTMENT STRATEGIES PLC

## Notes to the Financial Statements (continued)

### 7. Financial Risk Management (continued)

#### d) Market Risk (continued)

##### (iv) Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company/Sub-Fund may invest in financial instruments denominated in currencies other than the base currency or in financial instruments which are determined with references to currencies other than the base currency.

The Company/Sub-Fund, however, will invest a portion of its assets in financial instruments denominated in EUR or in financial instruments which are determined with references to EUR. To the extent the base currency is a denomination other than the denomination of the financial instruments owned by the Company/Sub-Fund and no hedge is utilised, the value of the Company/Sub-Fund's net assets will fluctuate based on fluctuations of the exchange rates as well as with price changes of their investments in the various local markets and currencies.

An increase in the value of the EUR compared to the other currencies in which the Company/Sub-Fund may make investments will reduce the effect of increases and magnify the EUR equivalent of the effect of decreases in the prices of the Company/Sub-Fund's financial instruments in their local markets. Conversely, a decrease in the value of the EUR will have the opposite effect of magnifying the effect of increases and reducing the effect of decreases in the prices of the Company/Sub-Fund's non-EUR financial instruments. It may not be possible or practical to hedge against the consequent currency risk exposure and in certain instances the Investment Manager may consider it desirable not to hedge against such risk.

The carrying amount of the Company/Sub-Fund's foreign denominated financial assets and financial liabilities at the reporting date is as follows:

#### Lyxor Epsilon Global Trend Fund

Assets	Trade Currency	EUR	EUR
		Monetary	Non-Monetary
	CAD	731	154
	CHF	92,502	44,190,195
	GBP	108,584	68,856,707
	JPY	143,056	2,493,543
	USD	15,919	71,303,707
		<b>360,792</b>	<b>186,844,306</b>
Liabilities		EUR	EUR
		Monetary	Non-Monetary
	AUD	(2)	(1,608)
	CAD	-	(1,873)
	CHF	-	(1,153,216)
	GBP	(336,332)	(2,300,325)
	JPY	-	(3,395,509)
	USD	(6,234,187)	(3,635,805)
		<b>(6,570,521)</b>	<b>(10,488,336)</b>

# LYXOR INVESTMENT STRATEGIES PLC

## Notes to the Financial Statements (continued)

### 7. Financial Risk Management (continued)

#### d) Market Risk (continued)

#### (iv) Currency Risk (continued)

The carrying amount of the Company/Sub-Fund's foreign denominated financial assets and financial liabilities as at 31 December 2019 was:

#### Lyxor Epsilon Global Trend Fund

Assets	Trade Currency	EUR	EUR
		Monetary	Non-Monetary
	AUD	603,970	-
	CAD	-	18,206
	CHF	18,722	42,158,405
	GBP	1,102,775	68,273,984
	JPY	-	154,314
	USD	84,546	65,685,864
		<b>1,810,013</b>	<b>176,290,773</b>

Liabilities		EUR	EUR
		Monetary	Non-Monetary
	AUD	-	(1,510,098)
	CAD	(431,440)	-
	CHF	(849,724)	(774,102)
	GBP	-	(6,536,999)
	JPY	(2,499)	(762,895)
	USD	(2,573,925)	(9,210,231)
		<b>(3,857,588)</b>	<b>(18,794,325)</b>

#### Foreign Currency Sensitivity

The table below summarises the sensitivity of the foreign currency exposed Company/Sub-Fund's monetary and non monetary assets and liabilities to changes in foreign exchange movement. The analysis is based on the assumptions that the relevant foreign exchange rate increased or decreased against the Company/Sub-Fund's base currency by the percentages disclosed in the table below, with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rates, having regard to historical volatility of those rates.

#### Lyxor Epsilon Global Trend Fund

	31 December 2020 10% Strengthening EUR	31 December 2020 10% Weakening EUR	31 December 2019 10% Strengthening EUR	31 December 2019 10% Weakening EUR
AUD	(161)	161	(90,613)	90,613
CAD	(99)	99	(41,323)	41,323
CHF	4,312,948	(4,312,948)	4,055,330	(4,055,330)
GBP	6,632,863	(6,632,863)	6,283,976	(6,283,976)
JPY	(75,891)	75,891	(61,108)	61,108
USD	6,144,963	(6,144,963)	5,398,625	(5,398,625)

**Notes to the Financial Statements** *(continued)*

**7. Financial Risk Management** *(continued)*

**e) Fair value of financial instruments**

The Company/Sub-Fund is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. In accordance with IFRS 13, the inputs have been categorised into a three-level hierarchy which gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to significant unobservable inputs (Level 3). If the inputs used to value an investment fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the investment.

The Company/Sub-Fund uses the “market approach” valuation technique to value its investments. A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes “observable” may require significant judgement but can generally be considered as that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorisation of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the risk of that instrument.

The three levels of the fair value hierarchy are as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company/Sub-Fund has the ability to access at the measurement date;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as a price) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs) and which are significant to the valuation.

Investments typically classified within level 1 include active listed equities, exchange traded derivatives and certain Government bonds. Investments typically classified within level 2 include investments in corporate bonds, certain Government bonds, certain listed equities and over the counter derivatives. Investment funds are also considered level 2 investments if there is evidence that redemptions occurred during the year and there were no restrictions preventing redemptions at the year end. As level 2 investments include positions that are not traded in active markets and/ or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability. Such adjustments are generally based on available market information. Investments typically classified within level 3 include certain corporate bonds, private equities and investment funds that have suspended redemptions, created side pocket classes or imposed gates. Within level 3, the use of the market approach generally consists of using comparable market transactions.

# LYXOR INVESTMENT STRATEGIES PLC

## Notes to the Financial Statements (continued)

### 7. Financial Risk Management (continued)

#### e) Fair value of financial instruments (continued)

The table below summarises the Company/Sub-Fund's classification of investments, into the above hierarchy levels as of 31 December 2020:

#### Lyxor Epsilon Global Trend Fund

	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or loss - held for trading:</b>				
Treasury bills	398,443,423	-	-	398,443,423
Private bonds	-	-	66,771,994	66,771,944
<i>Derivative Assets</i>				
Futures contracts	10,712,078	-	-	10,712,078
Forward foreign exchange contracts	-	90,991	-	90,991
	<b>409,155,501</b>	<b>90,991</b>	<b>66,771,994</b>	<b>476,018,436</b>
	Level 1	Level 2	Level 3	Total
<b>Financial liabilities at fair value through profit or loss:</b>				
<i>Derivative liabilities</i>				
Futures contracts	(152,633)	-	-	(152,633)
Forward foreign exchange contracts	-	(1,988,345)	-	(1,988,345)
	<b>(152,633)</b>	<b>(1,988,345)</b>	<b>-</b>	<b>(2,140,978)</b>

There were no transfers between the levels for the financial year ended 31 December 2020.

The table below summarises the Company/Sub-Fund's classification of investments, into the above hierarchy levels as of 31 December 2019:

#### Lyxor Epsilon Global Trend Fund

	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or loss - held for trading:</b>				
Treasury bills	299,670,392	-	-	299,670,392
Private bonds	-	-	31,629,581	31,629,581
<i>Derivative Assets</i>				
Futures contracts	6,655,186	-	-	6,655,186
Forward foreign exchange contracts	-	1,064,943	-	1,064,943
	<b>306,325,578</b>	<b>1,064,943</b>	<b>31,629,581</b>	<b>339,020,102</b>
	Level 1	Level 2	Level 3	Total
<b>Financial liabilities at fair value through profit or loss:</b>				
<i>Derivative liabilities</i>				
Futures contracts	(6,993,639)	-	-	(6,993,639)
Forward foreign exchange contracts	-	(1,114,855)	-	(1,114,855)
Payable for securities purchased	(8,023,064)	-	-	(8,023,064)
	<b>(15,016,703)</b>	<b>(1,114,855)</b>	<b>-</b>	<b>(16,131,558)</b>

There were no transfers between the levels for the financial year ended 31 December 2019.

# LYXOR INVESTMENT STRATEGIES PLC

## Notes to the Financial Statements (continued)

### 7. Financial Risk Management (continued)

#### e) Fair value of financial instruments (continued)

The table presented below summarises the change in the Statement of Net Assets carrying value associated with level 3 assets during the year ended 31 December 2020 and 31 December 2019.

	31 December 2020	31 December 2019
	Private Bonds	Private Bonds
Level 3	EUR	EUR
Beginning balance as at 1 January	31,629,581	50,008,000
Purchases	34,031,044	-
Sales	(19,539,759)	(46,981,873)
Realised gain	10,133,857	11,024,433
Change in unrealised gain	10,517,221	17,579,021
<b>Ending balance as at 31 December</b>	<b>66,771,944</b>	<b>31,629,581</b>

The Level 3 investments are Private Bonds issued by and held with Société Générale. The fair value of these investments are not based on observable market data.

#### Sensitivity Analysis

Asset Type	Fair Value at 31 December 2020 EUR	Valuation Technique	Unobservable Inputs	Range of Prices	Range of Impact for Unobservable Element on NAV
Private Bonds	66,771,944	Broker Price	Broker Price	30%	20,031,583

Asset Type	Fair Value at 31 December 2019 EUR	Valuation Technique	Unobservable Inputs	Range of Prices	Range of Impact for Unobservable Element on NAV
Private Bonds	31,629,581	Broker Price	Broker Price	30%	9,488,874

Management consider 30% a reasonable range based on maximum prior period price movements in times of market uncertainty.

The following tables analyse within the fair value hierarchy the Company/Sub-Fund's assets and liabilities (by class) not measured at fair value 31 December 2020, but for which fair value is disclosed.

Lyxor Epsilon Global Trend Fund Assets	Level 1	Level 2	Level 3	Total
Cash	36,776,016	-	-	36,776,016
Margin Cash	50,322,840	-	-	50,322,840
Subscriptions Receivable	286,875	-	-	286,875
<b>Total</b>	<b>87,385,731</b>	<b>-</b>	<b>-</b>	<b>87,385,731</b>
<b>Liabilities</b>				
Management fee payable	-	(3,925,930)	-	(3,925,930)
Performance fee payable	-	(6,592,010)	-	(6,592,010)
Global administrative fee payable	-	(410,225)	-	(410,225)
Redemptions Payable	(4,505,411)	-	-	(4,505,411)
Margin overdraft	(6,570,520)	-	-	(6,570,520)
Other payables	(18,604)	-	-	(18,604)
<b>Total</b>	<b>(11,094,535)</b>	<b>(10,928,165)</b>	<b>-</b>	<b>(22,022,700)</b>

## LYXOR INVESTMENT STRATEGIES PLC

### Notes to the Financial Statements (continued)

#### 7. Financial Risk Management (continued)

##### e) Fair value of financial instruments (continued)

The following tables analyse within the fair value hierarchy the Company/Sub-Fund's assets and liabilities (by class) not measured at fair value 31 December 2019, but for which fair value is disclosed.

Lyxor Epsilon Global Trend Fund	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash	21,238,212	-	-	21,238,212
Margin Cash	58,996,441	-	-	58,996,441
Subscriptions Receivable	166,819	-	-	166,819
Other Assets	4,093	-	-	4,093
<b>Total</b>	<b>80,405,565</b>	<b>-</b>	<b>-</b>	<b>80,405,565</b>
<b>Liabilities</b>				
Management fee payable	-	(1,881,530)	-	(1,881,530)
Performance fee payable	-	(4,263,712)	-	(4,263,712)
Global administrative fee payable	-	(255,128)	-	(255,128)
Redemptions Payable	(74,293)	-	-	(74,293)
Margin overdraft	(3,857,588)	-	-	(3,857,588)
<b>Total</b>	<b>(3,931,881)</b>	<b>(6,400,370)</b>	<b>-</b>	<b>(10,332,251)</b>

The assets and liabilities included in the above table are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

Cash and cash equivalents include cash in hand, deposits held with banks and other short-term investments in an active market.

Other receivables represent present obligations due to the Company/Sub-Fund. Accruals represent expenses.

The puttable value of redeemable shares is calculated based on the net difference between total assets and all other liabilities of the Company/Sub-Fund's in accordance with the Company/Sub-Fund's offering memorandum. These shares are not traded on an active market. A demand feature is attached to these shares, as they are redeemable at the holders' option and can be put back to the Company/Sub-Fund at any dealing date for cash equal to a proportionate share of the Company/Sub-Fund's net asset value attributable to the share class. The fair value is based on the amount payable on demand. As such, Level 2 is deemed to be most appropriate categorization for net assets attributable to holders of redeemable shares.

#### 8. Taxation

Under current law and practice, the Company qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997, as amended. On that basis, it is not chargeable to Irish tax on its income or gains.

However, Irish tax can arise on the happening of a "chargeable event" in the Company. A chargeable event includes any distribution payments to shareholders or any encashment, redemption, cancellation or transfer of shares and the holding of shares at the end of each eight year beginning with the acquisition of such shares.

## **LYXOR INVESTMENT STRATEGIES PLC**

### **Notes to the Financial Statements (continued)**

#### **8. Taxation (continued)**

No Irish tax will arise on the Company in respect of chargeable events in respect of certain exempted Irish tax resident shareholders who have provided the Company with the necessary signed statutory declarations; and a shareholder who is neither Irish resident nor Irish ordinarily resident for tax purposes, at the time of the chargeable event, provided appropriate valid declarations in accordance with the provisions of the Taxes Consolidation Act, 1997, as amended, are held by the Company or the Company has been authorised by the Irish Revenue to make gross payments in the absence of appropriate declarations.

Dividends, interest and capital gains (if any) received on investments made by the Company may be subject to withholding taxes imposed by the country from which the investment income/gains are received and such taxes may not be recoverable by the Company or its shareholders.

#### **9. Related Party Transactions**

IAS 24 - Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Directors and dependents thereof are considered related parties.

Mr. Moez Bousarsar is in charge of Sales for the Middle East region of Lyxor Asset Management S.A.S.

Mr. Olivier Germain (appointed as a Director of the Company on 20 April 2020), is the Head of the Risk Department for Lyxor Asset Management S.A.S.

Mr. Peter Madden (resigned as a Director of the Company on 20 April 2020), was the General Manager of Inora Life DAC which was a wholly owned subsidiary of Societe Generale SA until it was sold in September 2019.

#### **Significant shareholders**

There were no significant shareholders for the Fund as at 31 December 2020 (2019: same).

#### **Manager and Investment Manager**

Lyxor Asset Management S.A.S. (the "Manager") has been appointed as the Manager of the Sub-Funds pursuant to which the Manager has responsibility for the administration of the Sub-Funds, the investment of the assets of the Sub-Funds and the valuation of the assets and liabilities of the Sub-Funds, the issue, repurchase and cancellation of redeemable participating preference shares, and the calculation of the prices of redeemable participating preference shares. In addition, the Manager is responsible for determining the number of redeemable participating preference shares in issue from time to time, keeping and arranging for the safe-keeping and inspection of such returns, records and accounting information of the Sub-Funds as are required by the law, maintaining the Register, acting as Secretary of the Sub-Funds, and providing the registered office of the Sub-Funds.

On 5 May 2017, the Manager appointed Metori Capital Management as Sub-Investment Manager of the Lyxor Epsilon Global Trend Fund. Metori Capital Management is an asset management company whose founders came from Lyxor Asset Management S.A.S.

The Sub-Investment Manager expenses fees charged for Sub-Fund for the financial year ended 31 December 2020 amounted to EUR 3,076,748 (31 December 2019: EUR 2,039,663) of which EUR 2,467,671 (31 December 2019: EUR 1,096,199) was payable at the year end.

# LYXOR INVESTMENT STRATEGIES PLC

## Notes to the Financial Statements (continued)

### 9. Related Party Transactions (continued)

#### Other related parties

The counterparty for the forward foreign exchange contracts held by the Company at the period end and throughout the period is Société Générale. The counterparty of the futures contracts is Société Générale. The Manager and Société Générale are related by virtue of the fact that Société Générale is the ultimate parent of the Manager. Refer to Note 6 for value of Forward Foreign Exchange and Futures contracts at the date of Statement of Financial Position date. Note 4 details gains and losses on these contracts during the year.

The Company holds two private bonds at the year end (2019: two private bonds) which were issued by Société Générale and SG Issuer. Refer to the Schedule of Investments on pages 49-52 for the value of these bonds. Realised gain on bonds held by the Company during the year issued by Société Générale was EUR 10,133,857 (2019: EUR 11,024,433) and the unrealized gain was EUR 10,517,222 (2019: EUR 17,579,021).

### 10. Net Asset Value Comparison

#### Lyxor Epsilon Global Trend Fund

<b>EUR Class A</b>	<b>31 December 2020</b>	<b>31 December 2019</b>	<b>31 December 2018</b>
Net Asset Value	EUR 21,995,552	EUR 10,173,261	EUR 18,118,352
Shares in Issue	138,320	69,431	140,749
Net Asset Value per share	EUR 159.02	EUR 146.52	EUR 128.73

<b>USD Class A</b>	<b>31 December 2020</b>	<b>31 December 2019</b>	<b>31 December 2018</b>
Net Asset Value	-	-	USD 303,867
Shares in Issue	-	-	3,000
Net Asset Value per share	-	-	USD 101.29

<b>CHF Class I</b>	<b>31 December 2020</b>	<b>31 December 2019</b>	<b>31 December 2018</b>
Net Asset Value	CHF 47,909,659	CHF 44,613,739	CHF 732
Shares in Issue	426,968	433,448	8
Net Asset Value per share	CHF 112.21	CHF 102.93	CHF 91.50

<b>EUR Class I</b>	<b>31 December 2020</b>	<b>31 December 2019</b>	<b>31 December 2018</b>
Net Asset Value	EUR 342,188,673	EUR 221,482,369	EUR 210,585,560
Shares in Issue	2,350,954	1,661,970	1,807,625
Net Asset Value per share	EUR 145.55	EUR 133.26	EUR 116.50

<b>GBP Class I</b>	<b>31 December 2020</b>	<b>31 December 2019</b>	<b>31 December 2018</b>
Net Asset Value	GBP 61,129,987	GBP 53,995,769	GBP 48,855,980
Shares in Issue	413,886	402,760	420,944
Net Asset Value per share	GBP 147.70	GBP 134.06	GBP 116.06

<b>USD Class I</b>	<b>31 December 2020</b>	<b>31 December 2019</b>	<b>31 December 2018</b>
Net Asset Value	USD 76,408,660	USD 63,466,292	USD 50,993,159
Shares in Issue	482,456	443,871	416,717
Net Asset Value per share	USD 158.37	USD 142.98	USD 122.37

<b>USD Class AA*</b>	<b>31 December 2020</b>	<b>31 December 2019</b>	<b>31 December 2018</b>
Net Asset Value	USD 10,199	-	-
Shares in Issue	100	-	-
Net Asset Value per share	USD 101.99	-	-

<b>USD Class IA*</b>	<b>31 December 2020</b>	<b>31 December 2019</b>	<b>31 December 2018</b>
Net Asset Value	USD 10,213	-	-
Shares in Issue	100	-	-
Net Asset Value per share	USD 102.13	-	-

\*Share class launched, effective 14 October 2020.



**Notes to the Financial Statements** *(continued)*

**11. Efficient Portfolio Management**

To the extent permitted by the investment objectives and policies of the Company and subject to the limits set down by the Central Bank of Ireland from time to time and to the provisions of the Prospectus, utilisation of financial derivative instruments and investment techniques shall be employed for efficient portfolio management purposes by all the Sub-Funds. The Sub-Funds may use these financial derivative instruments and investment techniques to hedge against changes in interest rates, non-functional currency exchange rates or securities prices or as part of their overall investment strategies.

During the year the Company entered into forward foreign exchange contracts for currency hedging purposes. The counterparty in respect of the forward foreign exchange contracts is Société Générale. Forward foreign exchange contracts outstanding at 31 December 2020 are disclosed in note 6. The counterparty in respect of the futures is Société Générale. Future contracts outstanding at 31 December 2020 are disclosed in note 6. Realised gains and losses on financial instruments used for efficient portfolio management purposes are disclosed in note 4. Excluding futures contracts, transaction costs are embedded in the cost of the investments and therefore cannot be separately disclosed.

**12. Significant events during the year**

During the period, the world has experienced a global pandemic of Covid-19 affecting all continents without distinction. Managers have adapted their working organisation to this new environment to maintain an efficient operating, trading and investment process. The board of directors and the manager continue to monitor central banks measures, local financial regulators actions on financial markets and governments' efforts to contain the spread of the virus and their impacts on the economy and the securities held in the portfolio. The details of the impact can be found in the Investment Manager's Report.

Effective 20 April 2020, Peter Madden resigned as a Director of the Company and Olivier Germain was appointed as a Director of the Company on the same date.

Effective 1 July 2020, the way in which the Administration fee is calculated changed. Please refer to note 5 for further information.

A new supplement was issued on 18 September 2020 to reflect the updated performance fee calculation methodology.

There were no other significant events during the year.

**13. Soft Commissions**

There were no soft commission arrangements entered into during the current year or prior year.

**14. Significant events since the year end**

The Covid-19 pandemic continues to affect all continents without distinction. The board of directors and the manager continue to monitor central banks measures, local financial regulators actions on financial markets and governments' efforts to contain the spread of the virus and their impacts on the economy and the securities held in the portfolio.

An updated supplement was issued on 4 March 2021 to reflect relevant Sustainable Finance Disclosure Regulation ("SFDR") requirements.

There have been no other significant events to report since the financial year end.

**15. Approval of the Financial Statements**

The financial statements were approved by the Board of Directors on 21 April 2021.

**LYXOR INVESTMENT STRATEGIES PLC****Schedule of Investments****Lyxor Epsilon Global Trend Fund  
As at 31 December 2020**

<b>Quantity</b>	<b>Description</b>	<b>Fair Value EUR</b>	<b>As a % of the Net Assets</b>
	<b>Transferable Securities</b>		
	<b>Treasury Bills</b>		
	<b>France</b>		
40,000,000	FRAN TREA BILL BTF ZCP 21-04-21	40,081,000	7.43%
38,000,000	FRANCE TREASURY BILL ZCP 080921	38,169,860	7.08%
40,000,000	FRANCE TREASURY BILL ZCP 100221	40,033,199	7.42%
39,500,000	FRANCE TREASURY BILL ZCP 110821	39,660,962	7.35%
40,000,000	FRANCE TREASURY BILL ZCP 140721	40,142,999	7.44%
40,000,000	FRANCE TREASURY BILL ZCP 160621	40,120,000	7.44%
40,000,000	FRANCE TREASURY BILL ZCP 190521	40,101,800	7.44%
40,000,000	FRANCE TREASURY BILL ZCP 240221	40,045,400	7.43%
40,000,000	FRANCE TREASURY BILL ZCP 240321	40,064,600	7.43%
40,000,000	REPUBLIQUE FRANCAISE ZCP 270121	40,023,600	7.43%
		<u>398,443,423</u>	<u>73.89%</u>
	<b>Total Investment in Treasury Bills</b>	<u><b>398,443,423</b></u>	<u><b>73.89%</b></u>

# LYXOR INVESTMENT STRATEGIES PLC

## Schedule of Investments (continued)

Lyxor Epsilon Global Trend Fund  
As at 31 December 2020 (continued)

Quantity	Description	Fair Value EUR	As a % of the Net Assets
	<b>Private Bonds</b>		
21,730,000	SOCIETE GENERALE* 0.00 17-22 14/02U	33,385,972	6.19%
21,730,000	SG ISSUER* 0.00 17-22 14/02U	33,385,972	6.19%
		<u>66,771,944</u>	<u>12.38%</u>
	<b>Total Investment in Private Bonds</b>	<u><b>66,771,944</b></u>	<u><b>12.38%</b></u>
	Unrealised gain on futures contracts (note 6)	10,712,078	1.99%
	Unrealised gain on forward foreign exchange contracts (note 6)	90,991	0.02%
	<b>Financial Assets at fair value through profit or loss</b>	<u><b>476,018,436</b></u>	<u><b>88.28%</b></u>
	Unrealised loss on futures contracts (note 6)	(152,633)	(0.03%)
	Unrealised loss on forward foreign contracts (note 6)	(1,988,345)	(0.37%)
	<b>Financial Liabilities at fair value through profit or loss</b>	<u><b>(2,140,978)</b></u>	<u><b>(0.40%)</b></u>
	Other assets in excess of other liabilities	65,363,031	12.12%
	<b>Net Assets attributable to redeemable participating shareholders</b>	<u><b>539,240,489</b></u>	<u><b>100.00%</b></u>
	<b>Analysis of Total Assets</b>		
	<b>Assets</b>		<b>% of Total Assets</b>
	Cash and cash equivalents and margin cash balance		15.46%
	Transferable traded as a regulated market		70.72%
	Private bonds		11.85%
	Financial derivative instruments		1.92%
	Other assets		0.05%
			<u><b>100.00%</b></u>

\*Held with Société Générale – related party investments.

# **LYXOR INVESTMENT STRATEGIES PLC**

## **Schedule of Investments** *(continued)*

**Lyxor Epsilon Global Trend Fund**

**As at 31 December 2019**

<b>Quantity</b>	<b>Description</b>	<b>Fair Value EUR</b>	<b>As a % of the Net Assets</b>
	<b>Transferable Securities</b>		
	<b>Treasury Bills</b>		
	<b>France</b>		
26,000,000	FRANCE TREASURY BILL ZCP 150720	26,078,780	6.64%
43,000,000	FRANCE TREASURY BILL ZCP 220420	43,088,365	10.97%
30,000,000	FRANCE TREASURY BILL ZCP 250320	30,046,200	7.65%
42,000,000	FRENCH REP ZCP 20-05-20	42,115,500	10.72%
37,300,000	REPUBLIQUE FRANCAISE ZCP 090920	37,469,342	9.54%
5,000,000	REPUBLIQUE FRANCAISE ZCP 110320	5,006,050	1.28%
40,000,000	REPUBLIQUE FRANCAISE ZCP 120220	40,026,200	10.18%
34,700,000	REPUBLIQUE FRANCAISE ZCP 150120	34,707,113	8.83%
41,000,000	REPUBLIQUE FRANCAISE ZCP 170620	41,132,842	10.46%
		<u>299,670,392</u>	<u>76.27%</u>
	<b>Total Investment in Treasury Bills</b>	<u><b>299,670,392</b></u>	<u><b>76.27%</b></u>

# LYXOR INVESTMENT STRATEGIES PLC

## Schedule of Investments *(continued)*

Lyxor Epsilon Global Trend Fund  
As at 31 December 2019 *(continued)*

Quantity	Description	Fair Value EUR	As a % of the Net Assets
	<b>Private Bonds</b>		
14,501,000	SG ISSUER* 0.00 17-22 14/02U	15,814,791	4.02%
14,501,000	SOCIETE GENERALE * 0.00 17-22 14/02U	15,814,790	4.02%
		<u>31,629,581</u>	<u>8.04%</u>
	<b>Total Investment in Private Bonds</b>	<u><b>31,629,581</b></u>	<u><b>8.04%</b></u>
	Unrealised gain on futures contracts (note 6)	6,655,186	1.69%
	Unrealised gain on forward foreign exchange contracts (note 6)	1,064,943	0.27%
	<b>Financial Assets at fair value through profit or loss</b>	<u><b>339,020,102</b></u>	<u><b>86.27%</b></u>
	Unrealised loss on futures contracts (note 6)	(6,993,639)	(1.78%)
	Unrealised loss on forward foreign contracts (note 6)	(1,114,855)	(0.28%)
	<b>Financial Liabilities at fair value through profit or loss</b>	<u><b>(8,108,494)</b></u>	<u><b>(2.06%)</b></u>
	Other assets in excess of other liabilities	62,050,250	15.79%
	<b>Net Assets attributable to redeemable participating shareholders</b>	<u><b>392,961,858</b></u>	<u><b>100.00%</b></u>
	<b>Analysis of Total Assets</b>		
	<b>Assets</b>		<b>% of Total Assets</b>
	Cash and cash equivalents and margin cash balance		19.13%
	Transferable securities admitted to an official stock exchange listing/traded as a regulated market		78.99%
	Financial derivative instruments		1.84%
	Other assets		0.04%
			<u><b>100.00%</b></u>

\*Held with Société Générale – related party investments.

## ***LYXOR INVESTMENT STRATEGIES PLC***

### **Statement of Changes in Composition of Portfolio (unaudited)**

#### **Lyxor Epsilon Global Trend Fund**

**For the year ended 31 December 2020**

<u>All Purchases</u>	<u>Security</u>	<u>Cost</u> <u>EUR</u>
1	FRANCE TREASURY BILL	633,994,876
2	REPUBLIQUE FRANCAISE	183,260,976
3	FRAN TREA BILL BTF Z	40,171,596
4	SG ISSUER	17,015,522
5	SOCIETE GENERALE	17,015,522

Per the UCITS regulations, the Company is required to disclose aggregate purchases of a security exceeding 1% of the total value of purchases for the year and aggregate disposals greater than 1% of the total value of sales. At a minimum the largest 20 purchases and largest 20 sales must be given.

**LYXOR INVESTMENT STRATEGIES PLC****Statement of Changes in Composition of Portfolio (unaudited) (continued)****Lyxor Epsilon Global Trend Fund  
For the year ended 31 December 2020**

<u>All Sales</u>	<u>Security</u>	<u>Proceeds</u> EUR
1	FRANCE TREASURY BILL	370,644,711
2	REPUBLIQUE FRANCAISE	300,783,498
3	FRENCH REP ZCP 22-04	43,000,000
4	FRENCH REP ZCP 20-05	42,000,000
5	SG ISSUER	9,769,880
6	SOCIETE GENERALE	9,769,880

Per the UCITS regulations, the Company is required to disclose aggregate purchases of a security exceeding 1% of the total value of purchases for the year and aggregate disposals greater than 1% of the total value of sales. At a minimum the largest 20 purchases and largest 20 sales must be given.

**LYXOR INVESTMENT STRATEGIES PLC****Total Expense Ratio (unaudited)****Lyxor Epsilon Global Trend Fund**

<b>Share Class</b>	<b>Total Rate</b>	<b>Management Fees</b>	<b>Global Administration Fees</b>	<b>Other Administration Fees</b>	<b>Investment Advisory Fees</b>	<b>Performance Fees</b>
EUR Class A	3.30%	1.75%	0.11%	0.00%	0.00%	1.44%
CHF Class I	2.37%	1.00%	0.11%	0.00%	0.00%	1.26%
EUR Class I	2.46%	1.00%	0.11%	0.00%	0.00%	1.35%
GBP Class I	2.55%	1.00%	0.11%	0.00%	0.00%	1.44%
USD Class I	2.29%	1.00%	0.11%	0.00%	0.00%	1.18%
USD Class AA	2.28%	1.90%	0.11%	0.00%	0.00%	0.26%
USD Class IA	1.56%	1.15%	0.11%	0.00%	0.00%	0.30%



## LYXOR INVESTMENT STRATEGIES PLC

### Remuneration (unaudited)

For the financial year ended 31 December 2020

#### 1.1 COMPENSATION POLICY AND PRACTICES

The compensation awarded by Lyxor Asset Management to its employees consists of fixed compensation and may, if economic conditions permit, include a variable component in the form of a discretionary bonus. These bonuses are not related to the performance of the managed vehicles (no profit-sharing in the capital gains).

Lyxor Asset Management applies the Société Générale Group compensation policy. This Group policy takes into consideration the remuneration provisions of directives 2011/61/EU of the European Parliament and of the Council of 8 June 2011 ("AIFM Directive") and 2014/91/EU of the European Parliament and of the Council of 23 July 2014 ("UCITS V Directive"), which apply to the investment fund management sector.

In this framework, Lyxor Asset Management notably implements, for all of the employees receiving deferred variable compensation, an indexing mechanism for a part of this variable compensation composed of multiple investment funds representing the activity of the Lyxor group, such as to ensure that the interests of the employees align with those of investors.

The Lyxor Asset Management compensation policy insures notably the appropriate management of the risks and the compliance by its staff of the Rules and regulations.

The details of the compensation policy are available at the following website: <https://www.lyxor.com/en/policies-and-regulatory-notice>

#### 1.2 BREAKDOWN OF FIXED AND VARIABLE COMPENSATION

Lyxor Asset Management	Staff	Full Time Equivalent	Fixed Compensation (EUR)	Variable Compensation (EUR)	Total (EUR)
Lyxor Asset Management personnel	204	182,18	12 662 461	5 195 581	17 858 042

Lyxor Asset Management	Staff	Full Time Equivalent	Total Compensation (Fixed and Variable) (EUR)
Identified Population*	16	14,14	3 077 421
Of which Portfolio Management team	11	10,24	1 663 421
Of which other personnel identified	5	3,90	1 414 000

(\*) Staff the professional activity of which may have a significant impact on the risk profile of Lyxor Asset Management, or the AIF or UCITS managed by Lyxor Asset Management, within the meaning of article L533-22-2 of the *Code monétaire et financier* (the French Financial Code).

Figures set forth in the tables above correspond to the amounts, before deduction of any tax and social costs, awarded to the staff in the context of the Annual Compensation Review occurred in the relevant accounting year, on the basis of the number of employees as at 31 December of the preceding accounting year.

## **LYXOR INVESTMENT STRATEGIES PLC**

### **Remuneration (unaudited) (continued)**

For the financial year ended 31 December 2020

Please note that variable remuneration set out in table above are those awarded to the staff, and take into account amounts partially differed to following years, and do not take into account the amount actually paid during this accounting year by virtue of a differed remuneration awarded in a previous year. No carried interest was paid during the relevant accounting year.

### **COMPENSATION OF THE STAFF OF ANY THIRD PARTY MANAGING ASSETS OF THE FUND/SUB-FUND(S)**

As per the prospectus of the Fund, one or some third party Managers, authorized under UCITS Directive and/or AIFM Directive and/or the relevant implementing Laws and Regulations, has/have been appointed to manage, wholly or partially, the portfolio of the relevant Fund/Sub-Fund(s), as the case may be. In accordance with the disclosure provided by the relevant third party manager(s), remuneration of its/their staff(s) is as follows:

### **LYXOR INTERNATIONAL ASSET MANAGEMENT**

#### **COMPENSATION OF THE STAFF OF LYXOR INTERNATIONAL ASSET MANAGEMENT (2020 ACCOUNTING YEAR)**

##### **1.1 COMPENSATION POLICY AND PRACTICES**

The compensation awarded by Lyxor International Asset Management to its employees consists of fixed compensation and may, if economic conditions permit, include a variable component in the form of a discretionary bonus. These bonuses are not related to the performance of the managed vehicles (no profit-sharing in the capital gains).

Lyxor International Asset Management applies the Société Générale Group compensation policy. This Group policy takes into consideration the remuneration provisions of directives 2011/61/EU of the European Parliament and of the Council of 8 June 2011 ("AIFM Directive") and 2014/91/EU of the European Parliament and of the Council of 23 July 2014 ("UCITS V Directive"), which apply to the investment fund management sector.

In this framework, Lyxor International Asset Management notably implements, for all of the employees receiving deferred variable compensation, an indexing mechanism for a part of this variable compensation composed of multiple investment funds representing the activity of the Lyxor group, such as to ensure that the interests of the employees align with those of investors.

The Lyxor International Asset Management compensation policy insures notably the appropriate management of the risks and the compliance by its staff of the Rules and regulations.

The details of the compensation policy are available at the following website: <https://www.lyxor.com/en/policies-and-regulatory-notice>

##### **1.2 BREAKDOWN OF FIXED AND VARIABLE COMPENSATION**

<b>Lyxor International Asset Management</b>	<b>Staff</b>	<b>Full Time Equivalent</b>	<b>Fixed Compensation (EUR)</b>	<b>Variable Compensation (EUR)</b>	<b>Total (EUR)</b>
<b>Lyxor International Asset Management personnel</b>	146	136,69	12 288 307	5 856 504	18 144 812

## LYXOR INVESTMENT STRATEGIES PLC

### Remuneration (unaudited) (continued)

For the financial year ended 31 December 2020

Lyxor International Asset Management	Staff	Full Time Equivalent	Total Compensation (Fixed and Variable) (EUR)
Identified Population*	43	39,66	6 780 917
Of which Portfolio Management team	37	35,56	5 049 717
Of which other personnel identified	6	4,10	1 731 200

(\*) Staff the professional activity of which may have a significant impact on the risk profile of Lyxor International Asset Management, or the AIF or UCITS managed by Lyxor International Asset Management, within the meaning of article L533-22-2 of the *Code monétaire et financier* (the French Financial Code).

Figures set forth in the tables above correspond to the amounts, before deduction of any tax and social costs, awarded to the staff in the context of the Annual Compensation Review occurred in the relevant accounting year, on the basis of the number of employees as at 31 December of the preceding accounting year. Please note that variable remuneration set out in table above are those awarded to the staff, and take into account amounts partially differed to following years, and do not take into account the amount actually paid during this accounting year by virtue of a differed remuneration awarded in a previous year. No carried interest was paid during the relevant accounting year.

### Metori Capital Management

2020 Fixed Compensation (EUR) : 838,000

2020 Variable Compensation (EUR) : 192,000

## ***LYXOR INVESTMENT STRATEGIES PLC***

### **SFT Regulation (unaudited)**

For the financial year ended 31 December 2020

### **EU Securities Financing Transactions Regulation (“SFTR”)**

The Regulation 2015/2365 of the European Parliament and of the Council of 25 November 2015 on Transparency of Securities Financing Transactions and of Reuse (the « SFTR ») entered into force on January 12, 2016 aiming to improve transparency in securities and commodities lending, repurchase transactions, margin loans and certain collateral arrangements. Derivative contracts as defined by EMIR are considered out of scope.

As the Lyxor Epsilon Global Trend Fund does not have exposure to any of the above mentioned securities or lending activity, no further disclosure is required in these Financial Statements.

Pursuant to articles L533 22-1 and D533-16-1 of the Monetary and Financial Code.

## 1. Description of Environmental, Social, and Governance (ESG) criteria (reference II-2°)

Lyxor is a signatory to the United Nations Principles for Responsible Investment (UN PRI) and has adopted a responsible investment policy that sets out the values and practices established by our organization to integrate environmental, social and governance ("ESG") in its investment solutions. Lyxor's SRI Policy is available under the website [Lyxor.com](http://Lyxor.com) and is revised each year.

For this fund the SRI Policy includes the following key areas:

In accordance with Article D. 533-16-1 of the [French] Monetary and Financial Code, subscribers are informed of the fact that the UCI does not simultaneously take into account the social, environmental and governance quality criteria in its investment policy

For Hedge Funds or Fund of Mutual Funds directly managed by Lyxor :

The exclusions describe above are applied by the entities of the LYXOR's Group according to the notion of 'best efforts' and taking into account legal and commercial constraints.

The Shareholder Engagement has been delegated to the external Asset Managers. They apply their own policy.

- For Mutual Funds directly managed by Lyxor :

The exclusions describe above are applied by the entities of the LYXOR's Group according to the notion of 'best efforts' and taking into account legal and commercial constraints.

- For Mutual Funds with a management delegation :

The exclusions describe above are applied by the entities of the LYXOR's Group according to the notion of 'best efforts' and taking into account legal and commercial constraints.

- For the external Funds managed by non french asset managers:

The fund is not subject to the articles L533 22-1 and D533-16-1 of the Monetary and Financial Code.

Exclusions:

In regards with the defense exclusion : LYXOR has implemented an exclusion list based on the Defense Sector Policy, applied systematically to the assets of its ETF portfolios whose replication mode is indirect, as well as in its Absolute Return funds, Risk Based & Solutions and on certain funds of the managed account platform, to the extent that this is legally possible and at its sole discretion.

This « Defense » exclusion list applies to companies that deal with the following weapons considered prohibited or controversial:

- Anti-personnel mines, cluster bombs or their key components,
- Depleted uranium munitions, as well as biological, chemical, nuclear or radiological weapons.

In regards with thermal coal exclusion : LYXOR has decided to divest of the most exposed actors by excluding companies whose turnover from activities related to the extraction of thermal coal is greater than 10% and companies that belong to the energy sector, of which more than 30% of electricity generation (energy mix) comes from coal.

The general approach taken by the management company on the ESG criteria are set out in the responsible investor policy available on the [Lyxor.com](http://Lyxor.com) website.

## 2. Description of integration of climate risks and the contribution to the energy transition (Reference II-2°)

Lyxor extends gradually an ESG & Carbon rating capacity with a proprietary approach for its vehicles.

Due to the investment policy of this fund, Lyxor will not disclose any metrics in regard with the communication on how climate risk are taken into account and the contribution of a portfolio to the energy and ecological transition.

## Disclaimer

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Lyxor Asset Management (LAM) is a portfolio management company regulated by the Autorité des marchés financiers to conduct investment business in compliance with provisions of the UCITS (2009/65/CE) and AIFM (2011/61/EU) Directives. Société Générale is a French credit institution approved by the Autorité de contrôle prudentiel et de résolution.