

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

UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS

For the period from 1 January 2020 to 30 June 2020

LYXOR INVESTMENT STRATEGIES PLC

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LYXOR INVESTMENT STRATEGIES PLC

Organisation

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

*Non-Executive

**Independent & Non-Executive

¹Effective 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 30 June 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.

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.

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Investment Managers Report

Lyxor Epsilon Global Trend Fund

Epsilon GT ended the half year with a positive performance of 6.3% with an annualized volatility of 8.7%. By comparison, the SG Trend Index (which includes the largest systematic trend followers) is down 0.8% with a volatility of 11.2%. The continuation of the previous year's trends came to a sudden halt with the crash at the end of February and a new sell off in March, followed by a long period of uncertainty and volatility in the second quarter.

Epsilon GT achieved a positive first quarter (up 7.5%), with three consecutive months of growth. The program was able to take advantage of its long positions on bond and interest rate contracts. Positions in equity markets were trimmed down rapidly (in the very first days of the crisis) then closed before reverting to a small short. The combination of medium-to-long-term and short-term estimators enabled the model to quickly detect the market regime shift. The jump in volatility across all asset classes, accompanied by a sharp re-correlation, led the Epsilon program to restructure its portfolio in the early days of the crisis.

The second quarter proved to be more difficult, with interest rates and exchange rates going range-bound, while high volatility accompanied the equity market rebound. Nevertheless, Epsilon preserved most of its first-quarter gains, limiting its loss to 1.1% over the second quarter. Margin-to-equity (MTE), which measures the amount of margin deposits in front of futures positions as a proportion of the fund's net assets (and thus the overall risk of the portfolio), has fallen to historic lows in the early days of the crisis. In the months that followed, and still today, the MTE remained below 5%. This level illustrates a risk off positioning, in response to the persistence of high volatilities and correlations.

Equities: portfolio rotation and performance

Epsilon GT started the year with a strong long position in the equity markets, the latter reaching 80% (in nominal) at the time of the first crash on 24th February. The model reduced its position as early as the last week of February, dropping to 27.3% on March 2nd. As of March 10th, Epsilon GT was fully immunized and then maintained a slightly short position until mid-April (-6.4% at its lowest). The strong rebound in April was accompanied by extreme volatility. As an illustration, the daily variations in the S&P 500 ranged from -4.4% to 7.0% in April. As a result, Epsilon remained on very low levels and exposures throughout the second quarter of the year, rising from short 0.8% to long 10.7% between the end of March and the end of June. The first quarter resulted in a 5.9% loss in equity markets, while the following quarter resulted in a 0.4% gain.

Positioning and performance in bond and interest rate markets:

Epsilon GT started the year with a long position on US and UK short rate contracts and US, Germany, France and Italy bond contracts. These positions account for much of the gains made in the first quarter.

This position also offset losses in equity markets at the end of February, explaining the fund's positive performance during the first month of the crisis. During the month of March, French and Italian bonds correlated with risky assets; the model therefore cut those positions, as it did with equity positions. At the same time, volatility on U.S. and German bond contracts - although traditionally considered safe havens - led the model to reduce its exposures from March on. Subsequently, Epsilon cut its last German positions in June, in parallel with the opening of shorts on the Euribor contract and the Schatz (German 2 years). The remaining long positions at the end of the semester are on the US and the UK. Fixed income contracts contributed 15.9% in the first quarter; their contribution in the following quarter was slightly positive (0.2%).

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Investment Managers Report *(continued)*

Lyxor Epsilon Global Trend Fund

Positioning and performance on exchange rates:

The first half of 2020 was marked by a range-bound dollar against G10 currencies, accompanied by high volatility in the early days of the crisis. At the beginning of the year, Epsilon was still long on the US dollar against the G10, initially against the Euro and then against the Australian dollar and the Sterling. After experiencing large variations at the beginning of the crisis, these positions stabilized and were finally cut in June. At the beginning of the year, the fund had a long net position on emerging currencies (Russia, Mexico and South Africa). The latter were gradually cut between the end of January and the beginning of March, in the context of an overall reduction in risky asset positions. At the same time, a short position on the Brazilian currency was rebuilt at the end of January and maintained throughout the period. FX positions were overall losers in the first half, as gains on the BRL short position were not enough to offset losses on other positions. The total contribution of the currency portfolios is -1.2% and -1.6% on the first and second quarters, respectively.

LYXOR INVESTMENT STRATEGIES PLC

Statement of Comprehensive Income

For the period ended 30 June 2020

| | | Lyxor Epsilon Global Trend Fund* 30 June 2020 | Lyxor Epsilon Global Trend Fund* 30 June 2019 |
|---|-------------|--|--|
| Income | Note | EUR | EUR |
| Interest income | 1(d) | 397 | 508 |
| Net gain on financial assets and financial liabilities at fair value through profit or loss | 4 | 27,058,442 | 45,585,473 |
| Total Investment Gain | | 27,058,839 | 45,585,981 |
| Operating Expenses | | | |
| Management fees | 5 | (2,235,659) | (1,595,899) |
| Performance fees | 5 | (3,642,450) | (3,125,584) |
| Global administrative fees | 5 | (302,645) | (215,500) |
| Transaction costs | 1(k) | (442,392) | (315,080) |
| Total Operating Expenses | | (6,623,146) | (5,252,063) |
| Net Income | | 20,435,693 | 40,333,918 |
| Finance Costs | | | |
| Interest expense | 1(d) | (535,318) | (297,627) |
| Increase in net assets attributable to redeemable participating shareholders resulting from operations | | 19,900,375 | 40,036,291 |

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.

*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 period ended 30 June 2020 and 30 June 2019.

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

LYXOR INVESTMENT STRATEGIES PLC

Statement of Financial Position

As at 30 June 2020

| | Note | Lyxor Epsilon Global Trend Fund* 30 June 2020 EUR | Lyxor Epsilon Global Trend Fund* 31 December 2019 EUR |
|---|--------------|---|---|
| Current assets | | | |
| Financial assets at fair value through profit or loss: | | | |
| Investments at fair value | 1 (c), 7 (e) | 458,157,579 | 331,299,973 |
| Unrealised gain on futures contracts | 1 (c), 6 | 11,553,977 | 6,655,186 |
| Unrealised gain on forward foreign exchange contracts | 1 (c), 6 | 419,917 | 1,064,943 |
| Subscriptions receivable | 1 (g) | 3,796,214 | 166,819 |
| Cash and cash equivalents | 3 | 27,284,225 | 21,238,212 |
| Margin cash balance | 3 | 36,348,327 | 58,996,441 |
| Other assets | | - | 4,093 |
| Total Current Assets | | 537,560,239 | 419,425,667 |
| Current liabilities | | | |
| Financial liabilities at fair value through profit or loss: | | | |
| Unrealised loss on futures contracts | 1(c), 6 | (3,413,821) | (6,993,639) |
| Unrealised loss on forward foreign exchange contracts | 1 (c), 6 | (201,028) | (1,114,855) |
| Redemptions payable | 1 (g) | (260,203) | (74,293) |
| Bank overdraft | 3 | (627,860) | - |
| Margin overdraft balance | 3 | (8,993,130) | (3,857,588) |
| Payable for securities purchased | 1 (l) | - | (8,023,064) |
| Management fees payable | 5 | (1,150,387) | (1,881,530) |
| Performance fees payable | 5 | (3,642,636) | (4,263,712) |
| Global administrative fees payable | 5 | (156,163) | (255,128) |
| Total Current Liabilities | | (18,385,228) | (26,463,809) |
| Net assets attributable to redeemable participating shareholders | | 519,175,011 | 392,961,858 |

*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 30 June 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 period ended 30 June 2020

| | Lyxor Epsilon Global Trend Fund* 30 June 2020 EUR | Lyxor Epsilon Global Trend Fund* 30 June 2019 EUR |
|--|--|--|
| Net assets attributable to redeemable participating shareholders at 1 January | 392,961,858 | 328,010,562 |
| Increase in net assets attributable to redeemable participating shareholders resulting from operations | 19,900,375 | 40,036,291 |
| Share Transactions | | |
| Proceeds from redeemable participating shares issued | 193,087,982 | 72,550,942 |
| Payments for redeemable participating shares redeemed | <u>(86,775,204)</u> | <u>(113,096,529)</u> |
| Net increase/(decrease) in net assets resulting from share transactions | 106,312,778 | (40,545,587) |
| Net assets attributable to redeemable participating shareholders at 30 June | <u>519,175,011</u> | <u>327,501,266</u> |

*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 period ended 30 June 2020 and 30 June 2019.

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

LYXOR INVESTMENT STRATEGIES PLC

Statement of Cash Flows

For the period ended 30 June 2020

| | Note | Lyxor Epsilon Global Trend Fund* 30 June 2020 EUR | Lyxor Epsilon Global Trend Fund* 30 June 2019 EUR |
|---|------|---|---|
| Cash flows from operating activities | | | |
| Interest received | | 397 | 508 |
| Proceeds from sale of investments | | 313,845,417 | 387,341,371 |
| Purchase of investments | | (430,410,962) | (331,249,547) |
| Movement in margin cash balance | | 27,723,656 | (12,137,280) |
| Operating expenses paid | | (8,074,330) | (2,482,182) |
| Interest paid | | (535,318) | (297,627) |
| Net cash (used in)/provided by operating activities | | <u>(97,451,140)</u> | <u>41,175,243</u> |
| Cash flows from financing activities | | | |
| Proceeds from issue of redeemable shares | | 189,458,587 | 70,858,170 |
| Payments on redemption of redeemable shares | | (86,589,294) | (112,958,822) |
| Net cash provided by/(used in) financing activities | | <u>102,869,293</u> | <u>(42,100,652)</u> |
| Net increase/(decrease) in cash and cash equivalents | | | |
| | | 5,418,153 | (925,409) |
| Cash and cash equivalents at beginning of the period | 3 | <u>21,238,212</u> | <u>10,971,394</u> |
| Cash and cash equivalents at end of period | 3 | <u>26,656,365</u> | <u>10,045,985</u> |

*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 period 30 June 2020 and 30 June 2019.

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

LYXOR INVESTMENT STRATEGIES PLC

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. The accounting policies applied and method of computation followed in these financial statements are the same as those applied in the Company's annual financial statements, as at and for the year ended 31 December 2019.

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 period from 1 January 2020 to 30 June 2020. Comparative figures are for the year ended 31 December 2019 for the Statement of Financial Position and related notes and for the period from 1 January 2019 to 30 June 2019 for the Statement of Comprehensive Income and related notes, the Statement of Changes in Net Assets attributable to Redeemable Participating Shareholders and the Statement of Cash Flows. As at 30 June 2020, the Company had one active Sub-Fund, the Lyxor Epsilon Global Trend Fund (launched on 13 April 2011) (the "Sub-Fund").

The unaudited 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. These condensed financial statements have been prepared in conformity with the requirements for interim financial reporting in IAS 34.

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company.

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.

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 *(continued)*

Classification *(continued)*

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/private bonds is determined by active market prices.

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 and are issued at a discount from par. The fair value of the treasury bill is determined by active market prices.

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 *(continued)*

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 valuation provided by the counterparty, Société Générale Newedge – UK Limited. 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

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when and only when the Company has a legal right to offset the amounts and it intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

Realised Gains and Losses from Sale of Investments

Realised gains and losses on investment transactions are calculated using the average cost method.

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 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 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 period end. Transactions during the period, 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 30 June 2020 and 31 December 2019 to convert investments and other assets and liabilities denominated from local to base currency:

| 30 June 2020 | | 31 December 2019 | |
|--------------|-----------|------------------|-----------|
| | EUR | | EUR |
| AUD | 1.63130 | AUD | 1.59685 |
| CAD | 1.52975 | CAD | 1.45560 |
| CHF | 1.06425 | CHF | 1.08700 |
| GBP | 0.90900 | GBP | 0.84735 |
| HKD | 8.70495 | HKD | 8.74630 |
| JPY | 121.17105 | JPY | 121.98770 |
| SEK | 10.46400 | SEK | 10.50775 |
| USD | 1.12315 | USD | 1.12250 |
| ZAR | 19.51475 | ZAR | 15.69650 |

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.

LYXOR INVESTMENT STRATEGIES PLC

Notes to the Financial Statements (continued)

1. Significant Accounting Policies (continued)

i) Margin Cash and Margin Overdraft

Margin cash and margin overdraft consist of cash holdings with 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.

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 period ended 30 June 2020 was as follows:

| | Lyxor Epsilon Global Trend Fund EUR Class A | Lyxor Epsilon Global Trend Fund CHF Class I | Lyxor Epsilon Global Trend Fund EUR Class I |
|--|--|--|--|
| Shares in issue at beginning of the period | 69,431 | 433,448 | 1,661,970 |
| Shares issued during the period | 10,891 | 70,475 | 1,176,555 |
| Shares redeemed during the period | (14,982) | (32,303) | (473,276) |
| Shares in issue at the end of the period | 65,340 | 471,620 | 2,365,249 |

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 period ended 30 June 2020 was as follows (continued):

| | Lyxor Epsilon Global Trend Fund GBP Class I | Lyxor Epsilon Global Trend Fund USD Class I |
|--|--|--|
| Shares in issue at beginning of the period | 402,760 | 443,871 |
| Shares issued during the period | 31,274 | 98,063 |
| Shares redeemed during the period | (46,151) | (45,994) |
| Shares in issue at the end of the period | 387,883 | 495,940 |

The movement in redeemable participating shares in the Company during the period ended 30 June 2019 was as follows:

| | Lyxor Epsilon Global Trend Fund EUR Class A | Lyxor Epsilon Global Trend Fund USD Class A | Lyxor Epsilon Global Trend Fund CHF Class I |
|--|--|--|--|
| Shares in issue at beginning of the period | 140,749 | 3,000 | 8 |
| Shares issued during the period | 9,012 | - | 101 |
| Shares redeemed during the period | (68,598) | (3,000) | - |
| Shares in issue at the end of the period | 81,163 | - | 109 |

| | Lyxor Epsilon Global Trend Fund EUR Class I | Lyxor Epsilon Global Trend Fund GBP Class I | Lyxor Epsilon Global Trend Fund USD Class I |
|--|--|--|--|
| Shares in issue at beginning of the period | 1,807,625 | 420,944 | 416,717 |
| Shares issued during the period | 484,622 | 29,370 | 61,719 |
| Shares redeemed during the period | (782,502) | (26,434) | (42,820) |
| Shares in issue at the end of the period | 1,509,745 | 423,880 | 435,616 |

3. Cash and Cash Equivalents

| | Lyxor Epsilon Global Trend Fund 30 June 2020 EUR | Lyxor Epsilon Global Trend Fund 31 December 2019 EUR |
|---------------------------|---|---|
| Cash and cash equivalents | 27,284,225 | 21,238,212 |
| Margin cash balance | 36,348,327 | 58,996,441 |
| Bank overdraft | (627,860) | - |
| Margin overdraft balance | (8,933,130) | (3,857,588) |
| | 54,071,562 | 76,377,065 |

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

LYXOR INVESTMENT STRATEGIES PLC

Notes to the Financial Statements (continued)

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

| | Lyxor Epsilon Global Trend Fund 30 June 2020 EUR | Lyxor Epsilon Global Trend Fund 30 June 2019 EUR |
|---|---|---|
| Net realised gain/(loss) from financial assets and financial liabilities at fair value through profit or loss: | | |
| Bond positions | 10,133,857 | 5,080,422 |
| Treasury bills | (815,767) | 928,290 |
| Futures contracts | 6,924,175 | 5,006,244 |
| Forward foreign exchange contracts* | (3,290,203) | 2,663,247 |
| Foreign currency | (466,113) | 32,896 |
| | <u>12,485,949</u> | <u>11,854,519</u> |
| Net change in unrealised gain/(loss) from financial assets and financial liabilities at fair value through profit or loss: | | |
| Bond positions | 6,050,976 | 25,685,341 |
| Treasury bills | (225,891) | 235,258 |
| Futures contracts | 8,478,607 | 9,355,964 |
| Forward foreign exchange contracts* | 268,801 | (1,545,609) |
| | <u>14,572,493</u> | <u>33,730,954</u> |
| Total net gain on financial assets and financial liabilities at fair value through profit or loss | <u><u>27,058,442</u></u> | <u><u>45,585,473</u></u> |

*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.

Lyxor Epsilon Global Trend Fund

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. Management fees charged during the period amounted to EUR 2,235,659 (30 June 2019: EUR 1,595,899) of which EUR 1,150,387 (31 December 2019: EUR 1,881,530) was payable at the period 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.

LYXOR INVESTMENT STRATEGIES PLC

Notes to the Financial Statements *(continued)*

5. Fees *(continued)*

Administration, Depositary and Global Administrative Fees *(continued)*

Lyxor Epsilon Global Trend Fund

The Sub-Fund shall be subject to a Global 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.

The Global Administrative expenses fees charged for Sub-Fund for the period ended 30 June 2020 amounted to EUR 302,645 (30 June 2019: EUR 215,500) of which EUR 156,163 (31 December 2019: EUR 255,128) was payable at the period end.

Performance Fees

Lyxor Epsilon Global Trend Fund

A class performance fee of up to 15% may be applied to each Share in each share class of the Sub-Fund. 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 21st calendar day of December in each year, or if it is not a Valuation Day, on the following Valuation Day).

(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 period ended 30 June 2020 amounted to EUR 3,642,450 (30 June 2019: EUR 3,125,584) and EUR 3,642,636 was payable at the period 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 period ended 30 June 2020 all Directors fees were paid by the Manager on behalf of the Company. This amounted to EUR 14,500 for the period to 30 June 2020 (30 June 2019: EUR 11,667).

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

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)

6. Derivative Contracts

The Sub-Fund uses futures and forward currency exchange contracts to achieve its investment objective.

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.

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 fair value of the future contracts are included in the Statement of Financial Position.

As at 30 June 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 |
|-----|------------|-----|--------------|--------------|---------------------|------------------|
| USD | 68,990,000 | EUR | (61,161,890) | 31 July 2020 | 244,214 | Société Générale |
| CHF | 51,009,000 | EUR | (47,774,128) | 31 July 2020 | 167,666 | Société Générale |
| GBP | 590,000 | EUR | (644,844) | 01 July 2020 | 4,220 | Société Générale |
| GBP | 219,000 | EUR | (239,158) | 31 July 2020 | 1,664 | Société Générale |
| GBP | 219,000 | EUR | (239,590) | 01 July 2020 | 1,333 | Société Générale |
| USD | 1,832,000 | EUR | (1,629,687) | 31 July 2020 | 484 | Société Générale |
| CHF | 45,000 | EUR | (42,130) | 01 July 2020 | 153 | Société Générale |
| GBP | 219,000 | EUR | (240,718) | 31 July 2020 | 108 | Société Générale |
| EUR | 42,341 | CHF | (45,000) | 31 July 2020 | 49 | Société Générale |
| USD | 24,000 | EUR | (21,340) | 02 July 2020 | 14 | Société Générale |
| EUR | 240,837 | GBP | (219,000) | 31 July 2020 | 12 | Société Générale |

Total unrealised gains on forward foreign exchange contracts

419,917

| CCY | Buy | CCY | Sell | Maturity | Unrealised (Loss) EUR | Counterparty |
|-----|------------|-----|--------------|--------------|-----------------------|------------------|
| EUR | 21,327 | USD | (24,000) | 31 July 2020 | (1) | Société Générale |
| EUR | 42,282 | CHF | (45,000) | 31 July 2020 | (8) | Société Générale |
| EUR | 240,776 | GBP | (219,000) | 31 July 2020 | (45) | Société Générale |
| CHF | 45,000 | EUR | (42,344) | 31 July 2020 | (51) | Société Générale |
| CHF | 45,000 | EUR | (42,344) | 31 July 2020 | (52) | Société Générale |
| EUR | 75,118 | CHF | (80,000) | 01 July 2020 | (52) | Société Générale |
| EUR | 42,139 | CHF | (45,000) | 31 July 2020 | (152) | Société Générale |
| EUR | 1,630,706 | USD | (1,832,000) | 01 July 2020 | (421) | Société Générale |
| USD | 830,000 | EUR | (739,768) | 31 July 2020 | (1,207) | Société Générale |
| GBP | 219,000 | EUR | (242,065) | 31 July 2020 | (1,242) | Société Générale |
| EUR | 239,481 | GBP | (219,000) | 31 July 2020 | (1,340) | Société Générale |
| EUR | 239,266 | GBP | (219,000) | 01 July 2020 | (1,658) | Société Générale |
| USD | 3,894,000 | EUR | (3,466,739) | 31 July 2020 | (1,727) | Société Générale |
| GBP | 55,439,000 | EUR | (61,071,637) | 31 July 2020 | (193,072) | Société Générale |

Total unrealised loss on forward foreign exchange contracts

(201,028)

All open Forward Foreign Exchange Contracts held at 30 June 2019 are held for share class hedging purposes.

LYXOR INVESTMENT STRATEGIES PLC

Notes to the Financial Statements (continued)

6. Derivative Contracts (continued)

Future Contracts

Lyxor/Epsilon Global Trend Fund

| Contract Size | Description | Maturity Date | Unrealised Gain/(loss) EUR | Counterparty |
|------------------------------|---|-------------------|----------------------------|-------------------------------------|
| Currency Futures | | | | |
| (2,194) | BRAZIL REAL BRL/USD 08 | 31 August 2020 | 610,061 | Société Générale Newedge-UK Limited |
| | Total unrealised gain on currency futures | | <u>610,061</u> | |
| Index Futures | | | | |
| 147 | NASDAQ 100 E-Mini sep20 | 30 September 2020 | 1,319,746 | Société Générale Newedge-UK Limited |
| 1 | S&P500 EMINI Sep20 | 30 September 2020 | 2,326 | Société Générale Newedge-UK Limited |
| 1 | SWISS MARKET /202009 | 30 September 2020 | 216 | Société Générale Newedge-UK Limited |
| | Total unrealised gain on index futures | | <u>1,322,288</u> | |
| Interest Rate Futures | | | | |
| 3,988 | EURO/USD 90D /202009 | 30 September 2020 | 5,481,291 | Société Générale Newedge-UK Limited |
| 3,848 | EURO/USD 90D /202012 | 31 December 2020 | 2,407,420 | Société Générale Newedge-UK Limited |
| 2,414 | EURO/USD 90D /202103 | 31 March 2021 | 362,351 | Société Générale Newedge-UK Limited |
| 5,585 | 90DAY GBP LI /202009 | 30 September 2020 | 1,370,566 | |
| | Total unrealised gain on interest rate futures | | <u>9,621,628</u> | |
| | Total unrealised gain on futures contracts | | <u>11,553,977</u> | |
| Index Futures | | | | |
| 313 | NIKKEI 225 (/202009 | 30 September 2020 | (880,421) | Société Générale Newedge-UK Limited |
| | Total unrealised loss on index futures | | <u>(880,421)</u> | |
| Interest Rate Futures | | | | |
| (8,075) | 3MO EURO EUR /202009 | 30 September 2020 | (2,533,400) | Société Générale Newedge-UK Limited |
| | | | <u>(2,533,400)</u> | |
| | Total unrealised loss on futures contracts | | <u>(3,413,821)</u> | |

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 |

LYXOR INVESTMENT STRATEGIES PLC

Notes to the Financial Statements (continued)

6. Derivative Contracts (continued)

Futures 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 (continued):

Forward foreign exchange contracts (continued)

| CCY | Buy CCY | Sell | Maturity | Unrealised Gain EUR | Counterparty |
|---|---------------|-------------|-----------------|---------------------|------------------|
| 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 |
| Total unrealised gains on forward foreign exchange contracts | | | | 1,064,943 | |

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 |

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 (continued):

Forward foreign exchange contracts (continued)

| CCY | Buy CCY | Sell | Maturity | Unrealised (Loss) EUR | Counterparty |
|--|----------------|--------------|-----------------|-----------------------|------------------|
| 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 |
| 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 |
| Total unrealised loss on forward foreign exchange contracts | | | | (1,114,855) | |

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 |
|---|-----------------------|-----------------|----------------------------|-------------------------------------|
| Currency Futures | | | | |
| 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 |
| Total unrealised Gain on currency futures | | | 5,572,193 | |
| Index Futures | | | | |
| 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 |
| Total unrealised gain on index futures | | | 1,082,993 | |
| Total unrealised gain on futures contracts | | | 6,655,186 | |

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 (continued):

Future Contracts (continued)

| Contract Size | Description | Maturity Date | Unrealised | | Counterparty |
|---------------|---|-------------------|--------------------|--|-------------------------------------|
| | | | Gain/(loss) EUR | | |
| | Currency Futures | | | | |
| (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 |
| | Total unrealised loss on currency futures | | <u>(3,435,375)</u> | | |
| | Index Futures | | | | |
| 299 | DJ EURO STOX /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 |
| | Total unrealised loss on index futures | | <u>(1,531,587)</u> | | |
| | Interest Rate Futures | | | | |
| 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 |
| | Total unrealised loss on interest rate futures | | <u>(2,026,677)</u> | | |
| | Total unrealised loss on futures contracts | | <u>(6,993,639)</u> | | |

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 Depository or counterparty risk. Depository or counterparty risk is the risk of loss being incurred on securities in custody as a result of the counterparty's or the Depository'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 Depository 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.

LYXOR INVESTMENT STRATEGIES PLC

Notes to the Financial Statements *(continued)*

7. Financial Risk Management *(continued)*

(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. The carrying amount of the financial assets and financial liabilities are disclosed in the Statement of Financial Position on page 7. 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 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.

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 counterparties Société Générale and Société Générale Newedge – UK Limited. 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.

(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.

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.

LYXOR INVESTMENT STRATEGIES PLC

Notes to the Financial Statements *(continued)*

7. Financial Risk Management *(continued)*

(c) Liquidity Risk *(continued)*

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.

(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.

(i) Global exposure and leverage

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

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.

(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 30 June 2020 is set out in the Schedule of Investments on pages 31-32.

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.

LYXOR INVESTMENT STRATEGIES PLC

Notes to the Financial Statements *(continued)*

7. Financial Risk Management *(continued)*

(d) Market Risk *(continued)*

(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.

As at 30 June 2020, the Sub-Fund of the Company holds debt securities and derivatives which are affected by movements in interest rates and maturities.

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

(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.

(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.

LYXOR INVESTMENT STRATEGIES PLC

Notes to the Financial Statements (continued)

7. Financial Risk Management (continued)

(e) Fair value of financial instruments (continued)

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 period and there were no restrictions preventing redemptions at the period 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.

The table below summarises the Company/Sub-Fund's classification of investments, into the above hierarchy levels as of 30 June 2020:

Lyxor Epsilon Global Trend Fund

| | Level 1 | Level 2 | Level 3 | Total |
|--|--------------------|------------------|-------------------|--------------------|
| Financial assets at fair value through profit or loss - held for trading: | | | | |
| Treasury bills | 413,722,965 | - | - | 413,722,965 |
| Private bonds | - | - | 44,434,614 | 44,434,614 |
| <i>Derivative Assets</i> | | | | |
| Futures contracts | 11,553,977 | - | - | 11,553,977 |
| Forward foreign exchange contracts | - | 419,917 | - | 419,917 |
| | 425,276,942 | 419,917 | 44,434,614 | 470,131,473 |
| | | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Financial liabilities at fair value through profit or loss: | | | | |
| <i>Derivative liabilities</i> | | | | |
| Futures contracts | (3,413,821) | - | - | (3,413,821) |
| Forward foreign exchange contracts | - | (201,028) | - | (201,028) |
| | (3,413,821) | (201,028) | - | (3,614,849) |

There were no transfers between the levels for the period ended 30 June 2020.

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 2019:

Lyxor Epsilon Global Trend Fund

| | Level 1 | Level 2 | Level 3 | Total |
|--|---------------------|--------------------|-------------------|---------------------|
| Financial assets at fair value through profit or loss - held for trading: | | | | |
| 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 |
| | 306,325,578 | 1,064,943 | 31,629,581 | 339,020,102 |
| Financial liabilities at fair value through profit or loss: | | | | |
| <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) |
| | (15,016,703) | (1,114,855) | - | (16,131,558) |

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

The table presented below summarises the change in the Statement of Net Assets carrying value associated with level 3 assets during the period ended 30 June 2020 and the year ended 31 December 2019.

| | 30 June 2020 | 30 June 2019 |
|---|----------------------|----------------------|
| | Private Bonds | Private Bonds |
| | EUR | EUR |
| Level 3 | | |
| Beginning balance as at 1 January | 31,629,581 | 50,008,000 |
| Purchases | 16,159,960 | - |
| Sales | (19,539,759) | (36,130,538) |
| Realised gain | 10,133,857 | 5,080,422 |
| Change in unrealised gain | 6,050,975 | 25,685,341 |
| Ending balance as at 31 December | 44,434,614 | 44,643,225 |

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.

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. 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 .

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

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

Significant shareholders

There were no significant shareholders for the Fund as at 30 June 2020.

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. Metiori 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 period ended 30 June 2020 amounted to EUR 1,296,277 (30 June 2019: EUR 943,465) of which EUR 687,200 (31 December 2019: EUR 1,096,199) was payable at the period 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 Newedge – UK Limited which is a 100% subsidiary of 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 period.

The Company holds two private bonds at the period end (2019: two private bonds) which were issued by Société Générale. Refer to the Schedule of Investments on pages 31-32 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 (30 June 2019: gain EUR 5,080,422) and the unrealized gain was EUR 6,050,976 (30 June 2019: gain EUR 25,685,341).

Connected Person Transactions

The board of directors are satisfied that: (i) there are adequate arrangements in place evidenced by written procedures, 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.

10. Net Asset Value Comparison

Lyxor Epsilon Global Trend Fund

| EUR Class A | 30 June 2020 | 31 December 2019 | 30 June 2019 |
|---------------------------|---------------------|-------------------------|---------------------|
| Net Asset Value | EUR 10,085,620 | EUR 10,173,261 | EUR 11,825,687 |
| Shares in Issue | 65,340 | 69,431 | 81,163 |
| Net Asset Value per share | EUR 154.36 | EUR 146.52 | EUR 145.70 |
| CHF Class I | 30 June 2020 | 31 December 2019 | 30 June 2019 |
| Net Asset Value | CHF 51,272,489 | CHF 44,613,739 | CHF 11,176 |
| Shares in Issue | 471,620 | 433,448 | 109 |
| Net Asset Value per share | CHF 108.72 | CHF 102.93 | CHF 102.53 |
| EUR Class I | 30 June 2020 | 31 December 2019 | 30 June 2019 |
| Net Asset Value | EUR 333,099,725 | EUR 221,482,369 | EUR 199,425,317 |
| Shares in Issue | 2,365,249 | 1,661,970 | 1,509,745 |
| Net Asset Value per share | EUR 140.83 | EUR 133.26 | EUR 132.09 |
| GBP Class I | 30 June 2020 | 31 December 2019 | 30 June 2019 |
| Net Asset Value | GBP 55,154,847 | GBP 53,995,769 | GBP 56,019,836 |
| Shares in Issue | 387,883 | 402,760 | 423,880 |
| Net Asset Value per share | GBP 142.19 | GBP 134.06 | GBP 132.16 |
| USD Class I | 30 June 2020 | 31 December 2019 | 30 June 2019 |
| Net Asset Value | USD 75,403,978 | USD 63,466,292 | USD 61,078,637 |
| Shares in Issue | 495,940 | 443,871 | 435,616 |
| Net Asset Value per share | USD 152.04 | USD 142.98 | USD 140.21 |

LYXOR INVESTMENT STRATEGIES PLC

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 period 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 30 June 2020 are disclosed in note 6. The counterparty in respect of the futures is Société Générale Newedge – UK Limited. Future contracts outstanding at 30 June 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 period

Since the year ended 31 December 2019 we have seen the development of the coronavirus Covid-19 outbreak initially in China and now reaching most continents. The subsequent spread of the virus and its identification as the Covid-19 pandemic by the World Health Organisation does not provide additional evidence about the situation that existed at 31 December 2019, and it is therefore a non-adjusting event. As Covid-19 is a non-adjusting event, its post year end impact has not been taken account of in the recognition and measurement of the company's assets or liabilities at 31 December 2019.

At present it is not possible to assess the detailed impact, of this emerging risk, on the companies in our portfolio but there is growing concern about the impact on the world economy. There has been a significant correction in the financial markets in the last few weeks. The Board and the Manager continue to watch the efforts of governments to contain the spread of the virus and monitor the economic impact, if any, on the companies in our portfolio.

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.

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

13. Soft Commissions

There were no soft commission arrangements entered into during the period.

14. Significant events since the period end

There have been no significant events since the period end.

15. Approval of the Financial Statements

The financial statements were approved by the Board of Directors on 21 August 2020.

LYXOR INVESTMENT STRATEGIES PLC

Schedule of Investments

Lyxor Epsilon Global Trend Fund
As at 30 June 2020

| Quantity | Description | Fair Value EUR | As a % of the Net Assets |
|------------|---|--------------------|--------------------------------|
| | Transferable Securities | | |
| | Treasury Bills | | |
| | France | | |
| 30,000,000 | FRANCE TREASURY BILL ZCP 010720 | 30,000,600 | 5.78% |
| 40,000,000 | FRANCE TREASURY BILL ZCP 021220 | 40,093,800 | 7.72% |
| 35,000,000 | FRANCE TREASURY BILL ZCP 150720 | 35,007,525 | 6.74% |
| 15,000,000 | FRANCE TREASURY BILL ZCP 211020 | 15,024,600 | 2.89% |
| 35,000,000 | FRANCE TREASURY BILL ZCP 240221 | 35,125,650 | 6.77% |
| 40,000,000 | FRANCE TREASURY BILL ZCP 240321 | 40,157,000 | 7.73% |
| 40,000,000 | FRANCE TREASURY BILL ZCP 260820 | 40,034,200 | 7.71% |
| 40,000,000 | REPUBLIQUE FRANCAISE ZCP 041120 | 40,076,600 | 7.72% |
| 39,000,000 | REPUBLIQUE FRANCAISE ZCP 071020 | 39,057,720 | 7.52% |
| 39,000,000 | REPUBLIQUE FRANCAISE ZCP 090920 | 39,041,145 | 7.52% |
| 35,000,000 | REPUBLIQUE FRANCAISE ZCP 120820 | 35,022,750 | 6.75% |
| 25,000,000 | REPUBLIQUE FRANCAISE ZCP 270121 | 25,081,375 | 4.83% |
| | | <hr/> | <hr/> |
| | | 413,722,965 | 79.68% |
| | | <hr/> | <hr/> |
| | Total Investment in Treasury Bills | 413,722,965 | 79.68% |

LYXOR INVESTMENT STRATEGIES PLC

Schedule of Investments *(continued)*

Lyxor Epsilon Global Trend Fund

As at 30 June 2020 *(continued)*

| Quantity | Description | Fair Value EUR | As a % of the Net Assets |
|------------|---|----------------------------------|--------------------------------|
| | Private Bonds | | |
| | Private Bonds | | |
| 15,490,000 | SG ISSUER * 0.00 17-22 14/02U | 22,217,307 | 4.28% |
| 15,490,000 | SOCIETE GENERALE * 0.00 17-22 14/02U | 22,217,307 | 4.28% |
| | | <u>44,434,614</u> | <u>8.56%</u> |
| | Total Investment in Private Bonds | <u>44,434,614</u> | <u>8.56%</u> |
| | Unrealised gain on futures contracts (note 6) | 11,553,977 | 2.23% |
| | Unrealised gain on forward foreign exchange contracts (note 6) | 419,917 | 0.08% |
| | Financial Assets at fair value through profit or loss | <u>470,131,473</u> | <u>90.55%</u> |
| | Unrealised loss on futures contracts (note 6) | (3,413,821) | (0.66%) |
| | Unrealised loss on forward foreign contracts (note 6) | (201,028) | (0.04%) |
| | Financial Liabilities at fair value through profit or loss | <u>(3,614,849)</u> | <u>(0.70%)</u> |
| | Other assets in excess of other liabilities | 52,658,387 | 10.15% |
| | Net Assets attributable to redeemable participating shareholders | <u><u>519,175,011</u></u> | <u><u>100.00%</u></u> |
| | Analysis of Total Assets | | |
| | Assets | | % of Total Assets |
| | Cash and cash equivalents and margin cash balance | | 11.76% |
| | Transferable securities admitted to an official stock exchange listing/traded as a regulated market | | 85.31% |
| | Financial derivative instruments | | 2.23% |
| | Other assets | | 0.70% |
| | | | <u><u>100.00%</u></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 period ended 30 June 2020

| <u>All Purchases</u> | <u>Security</u> | <u>Cost</u> <u>EUR</u> |
|----------------------|----------------------|---------------------------|
| 1 | FRANCE TREASURY BILL | 240,014,946 |
| 2 | REPUBLIQUE FRANCAISE | 166,212,991 |
| 3 | SG ISSUER | 8,079,980 |
| 4 | SOCIETE GENERALE | 8,079,980 |

| <u>All Sales</u> | <u>Security</u> | <u>Proceeds</u> <u>EUR</u> |
|------------------|----------------------|-------------------------------|
| 1 | FRANCE TREASURY BILL | 60,355,857 |
| 2 | FRENCH REP ZCP 20-05 | 42,000,000 |
| 3 | FRENCH REP ZCP 22-04 | 43,000,000 |
| 4 | REPUBLIQUE FRANCAISE | 145,777,848 |
| 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 period 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)

| Share Class | Total Rate | Management Fees | Global Administration Fees | Other Administration Fees | Investment Advisory Fees | Performance Fees |
|--------------------|-------------------|------------------------|-----------------------------------|----------------------------------|---------------------------------|-------------------------|
| EUR Class A | 2.74% | 1.75% | 0.13% | 0.01% | 0.00% | 0.85% |
| CHF Class I | 1.79% | 1.00% | 0.13% | 0.01% | 0.00% | 0.65% |
| EUR Class I | 1.94% | 1.00% | 0.13% | 0.01% | 0.00% | 0.80% |
| GBP Class I | 2.05% | 1.00% | 0.13% | 0.01% | 0.00% | 0.91% |
| USD Class I | 2.07% | 1.00% | 0.13% | 0.01% | 0.00% | 0.93% |

LYXOR INVESTMENT STRATEGIES PLC

SFT Regulation (unaudited)

EU Securities Financing Transactions Regulation (“SFTR”)

For period ended 30 June 2020

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.