

# Longchamp Autocall Fund

December 2022

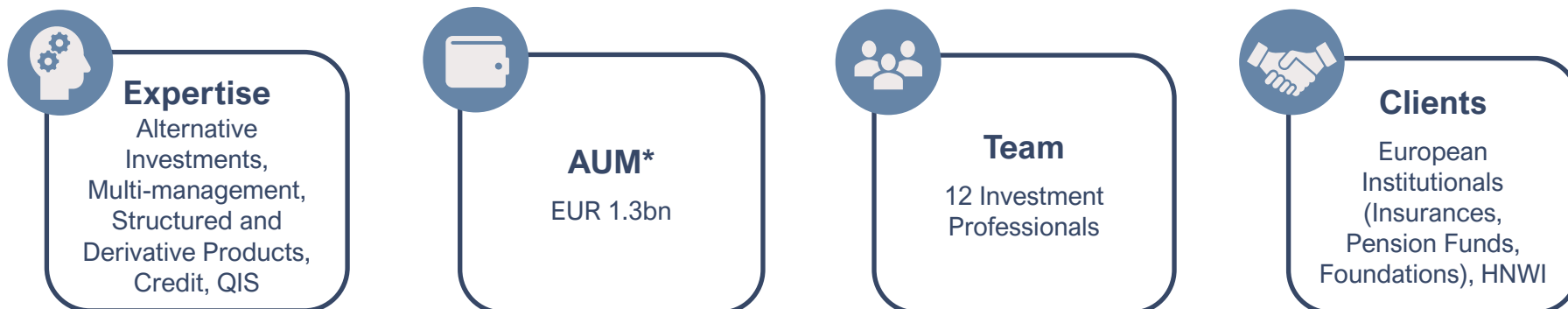
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# Longchamp Asset Management & Expertise on Structured Products

# Longchamp AM Overview



- Founded in 2013, Longchamp AM built its investment management expertise around a **long-term investment approach** and a philosophy of **alignment of interests** with its investors. Its managers are personally invested in their funds and thus offer **conviction-based portfolio management**
- Through its history and its team, it is at the crossroads of investment management and capital market activities. It combines **independence, agility**, and an **experienced team**, with specialists from the world of asset management as well as financial engineering and investment banking
- Longchamp AM sets itself up both as a **content creator** but also as a **financial engineering company** which likes to develop solutions dedicated to solving specific, complex issues
- Since 2018, Longchamp has built an extended expertise in the field of **QIS (Quantitative Investment Strategies)**
- Longchamp AM is approved by the **Autorité des Marchés Financiers** (01 March 2013: GP – 13000009)

\*Estimate as of December 2022

# Industry Recognition



Longchamp Asset Management in the list of “*les Champions de la Croissance*” (growth Champions) of the famous French magazine *Les Echos* (rank 146/500 in 2021 and 194/500 in 2022)



Longchamp Asset Management ranked in the **FT 1000**, the **Financial Times'** annual list of **Europe's fastest-growing companies** (rank 817/1000)



Longchamp Galileo Equity Income Fund: **Best absolute return fund** at the “*Coupoles de la Distribution*” hosted by *L'AGEFI*



Longchamp Patrimoine Fund: **Best performing fund over 5Y** in the **Fund of Funds category** at the *UCITS Hedge Awards 2020* hosted by *the Hedge Fund Journal*



Galileo Multi Asset Premia Fund: **Best new launch** in the **Alternative Risk Premia category** at the *UCITS Hedge Awards 2021* hosted by *the Hedge Fund Journal*



Lafayette Dalton Asia Pacific UCITS Fund: **Highly Commended prize** in the **UCITS Equity category** at the *HFM European Performance Awards 2021*



Dalton India UCITS Fund: **Best performing fund in 2021 and over 2 years** in the **Long/Short Equity India (Long Biased) category** at the *UCITS Hedge Awards 2022* published by *the Hedge Fund Journal*

# Industry Recognition – Longchamp Autocall Fund

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The Fund has been recognized as one of the best performing strategies in the "Niche Strategy Hedge Funds" category by Preqin.

## Longchamp Asset Management

### FUND

Longchamp Autocall Fund - Share Class D

### FEATURED AS ONE OF THE

Top Performing Niche Strategy Hedge Funds in 2021  
by Net Returns



2022 Preqin League Tables



# Our Expertise

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Since our creation, providing investors with dedicated solutions and structured products\* has been core to our expertise. Before launching our first open end Autocall Fund we managed Structured Products portfolios in “funds of one” for several institutional investors

## SKILLED TEAM

Our team is mainly composed of former investment bankers from institutions specialized in derivatives (*Société Générale, Morgan Stanley, UBS, Citi, Bank of America Merrill Lynch*)

## PRACTICE OF STRUCTURED PRODUCTS

Structured products portfolio management for mandates  
Dedicated Fund management investing in Autocalls  
Investment advisory for financial institutions

## OUR EXPERTISE AND SKILLS

Fundamental and quantitative research  
Tailored solutions structuring  
Development of internal quantitative screening tools

## OUR TOOLS FOR STRUCTURED FUND MANAGEMENT

Proprietary pricing and independent valuation tools  
Internal risk management tools  
Use of BLOOMBERG DLIB to complete internal system

\* AMF approval for “IFT Complexes” since the company’s creation

# Investment Team

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## David Armstrong, CEO & Head of Portfolio Management

David is Chief Executive Officer at Longchamp Asset Management, which he founded in 2013. Previously, he was a Managing Director at Morgan Stanley & Co. International Plc, heading the investment bank's **Funds and Fund Linked business** globally. In particular, he was in charge of the FundLogic UCITS Platform and served as President of the French asset management company, FundLogic SAS. Prior to joining Morgan Stanley, David had spent fourteen years within the **Global Equity and Derivatives Solutions** division at Société Générale. After joining the group in Paris, David moved to Milan to head the global capital markets operations including all Equity and Fixed Income activities. He also chaired the Italian alternative asset management company, Lyxor SGR. Thereafter, he moved to New York to head up Structured Products Sales for the Americas. David holds a master's degree in Business Administration from EDHEC, Lille, France.

## Isabelle Mérrou, Jr Portfolio Manager

Isabelle is Junior Portfolio Manager at Longchamp Asset Management. In particular, she is dedicated to fund structuration, multi-management funds and wealth management mandates. Previously, Isabelle worked at Société Générale Bank and Trust (SGBT) in the Cross Assets OTC Derivatives dealing desk. She worked on several projects including portfolio review, restructuring, strategy implementation and development as well as regulatory issues.

Before joining SGBT, Isabelle worked at Société Générale Corporate and Investment Banking (SGCIB) as Foreign Exchange Derivatives and Structured Products Sales.

Isabelle holds an Engineering Diploma in Financial Engineering from the Léonard de Vinci Graduate School of Engineering.

## Lorenc Golemi, Chief Risk Officer & Head of Financial Engineering

Lorenc is the Chief Risk Officer at Longchamp AM. Before joining Longchamp AM, Lorenc worked in consultancy and advisory in investment banking and asset management. Previously he worked as Portfolio Manager, Risk Manager and Financial Engineer at UBS AM, CommerzBank and Dresdner Kleinwort Benson. He was in charge of systematic strategies and risk management of volatility and absolute return funds.

Lorenc holds an Engineer degree in computer science and a master's degree in applied mathematics.

## Raphaël Darmon, Portfolio Manager Assistant

Raphaël joined Longchamp AM as a Junior Portfolio Manager. Previously, he worked as a Sales Assistant at la Société Générale Corporate et Investment Banking (SGCIB) within the Cross Asset Solutions team. Before joining SGCIB, he worked at La Française Global Investment Solutions (LFIS) in the London Alternative fund Sales team.

Raphaël holds a Master's degree in Quantitative Finance from EM Lyon Business School.

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# The Longchamp Autocall Fund Value Proposition



# Longchamp Value Proposition

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- **Investment philosophy : Portfolio Management approach applied to a new Asset Class**
  - We view Autocall Notes as an Asset Class
  - We seek diversification in terms of issuers, entry points, underlyings, sectors
  - Timing and reactivity is key to implement investments
- **Capitalize on Longchamp core expertise :**
  - Skilled Team
  - Systems
  - Efficient Execution
  - Rigorous Risk Management
- **Format : UCITS Fund with daily liquidity**

## The Fund

Offers an “**Equity - Credit hybrid profile**”

Combines a **regular return flow** (bond substitute) **with equity like returns over the long term**

**Can be used as a Bond Diversifier or an Equity Diversifier like Convertible Bonds**

# Investment Strategy and Objective

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**Target a net 6% annualized return**  
Share class available:  
• Distribution  
• Accumulation

**Long term return construction** through a diversified stream of attractive coupons

Exposure to **European, US and Asian markets** through Equity Indices, ETFs, and Single Stocks

**Discretionary Portfolio Management**  
***Top-down** (equity market sensitivity, portfolio carry)  
&  
**Bottom-up** (indices and stocks selection with a “Value” bias)*

**Risk Management**  
Proprietary Tools  
Pricing  
Greeks  
Hedges

# Counterparties and Partners

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- ✓ Main market players onboarding for structured products
- ✓ Market counterparties selection based on multiple factors including prices, back-office quality, operational efficiency, rating, and secondary market quality
- ✓ Tender offers between eligible counterparties



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# Portfolio Construction

# Philosophical Tenets

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## Unconstrained, Total Return, Value Approach Structural Inefficiencies Create Long-Term Opportunities

### Philosophical Tenets:

Structured Products have become an Asset Class

Structured Products offer Attractive Risk Adjusted Returns from an Historical perspective

Investing in Autocalls requires a Portfolio Approach to obtain diversification, tactical allocation and cash reinvestment management

Inefficiencies can be exploited with a **flexible unconstrained mandate** through disciplined money management

**Co-Investment:** Lead PM invests most of his liquid assets in the Fund

### Investment Process:

Return construction coming cumulatively from Income and Capital gains

Careful security construction with the Market Leaders of the Structured Products Market

Disciplined Capital Deployment: maximize return on risks taken, paying strong attention to drawdowns

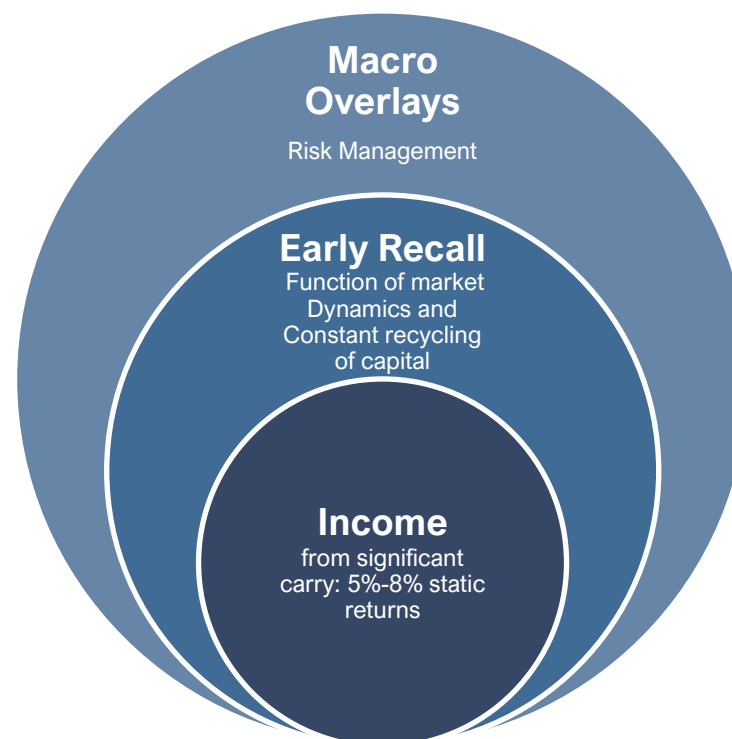
Full flexibility in risk allocation. Contrarian value approach uses sell-offs as opportunities

Daily Ongoing Monitoring

# Investment Objective

Generate attractive Equity-Like Risk-Adjusted returns from Hybrid Instruments over the full market cycle

- To take advantage of value opportunities across the Structured Products Market, a **Long-term contrarian mindset** is essential: apply a Private Market approach to liquid Structured Products with a disciplined value approach: ***Buy as if you held to maturity***
- Leverage the **unique total return opportunities from Structured Products** : *actively monetize gains of re-pricing of risk and exit fundamental underperformers.*
- **Diversified Portfolio** in terms of Issuers, Underlyings, Sectors, Maturities (position weightings from 1% to 5%; max 10% per Issuer).
- **High-Yield returns** with around 60% of Equity Markets volatility (7%-15%). Embedded Carry of around 5%-8%.
- **Tactical approach** in capital deployment and possibility of hedges implementation



# Portfolio Construction

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| Portfolio Guidelines   |   |
|------------------------|---|
| Overall Allocation     | Autocall Portfolio: 70%<br>Cash, Diversification and Hedges: 30%  |
| Underlyings            | Mainly Europe<br>Mainly Equity Indices and Single Stocks  |
| Types of Structure     | A variety of Athena<br>A variety of Phoenix   |
| Leverage               | Max Economic Exposure: 100%<br>Leverage derives essentially from Hedging Strategies or Diversification  |
| Number of Positions    | Autocall Portfolio: 30-50 positions<br>Cash, Diversification and Hedges: 15-30 positions                |
| Issuer Diversification | 5/10/40 UCITS Rule<br>Max Exposure to a single Banking Group: 20%<br>Use of Swaps to manage Credit Risk |
| Average Maturity       | Typical Average Maturity: 3-5 years<br>Min Max Maturities: 2-10 years                                   |

# Portfolio Construction

## Bottom Up Approach based on various levels of inputs

### 1. Define the overall level of Portfolio Risk

- In case of aggressive positioning, we increase our allocation to Autocall
- In case of defensive positioning, we increase our allocation to Diversification
- Variable exposure to Equity Markets can be passive or active. Hedging overlay from time to time

### 2. Manage Overall Carry and care for Convexity

- Basic Autocall exhibit negative convexity (limited upside / full downside)
- Adequate structuring allows to improve the upside profile of the whole strategy

### 3. Observe main market parameters

- Volatilities, Dividends, Correlations...
- Use them to confirm the opportunity set.

### 4. Evaluation of the overall structured products market

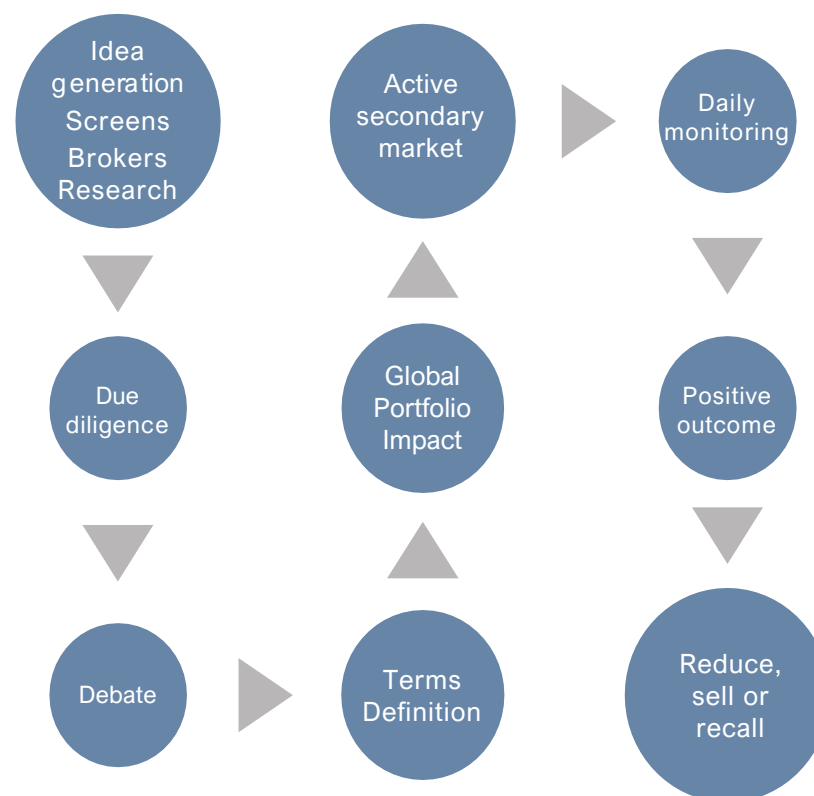
- Players, banks's risk management
- Identify pitfalls and opportunities
- Adapt preferred structures to market environment

### 5. Maintain over time a good level of diversification

- Issuers, stocks, sectors, countries and strikes

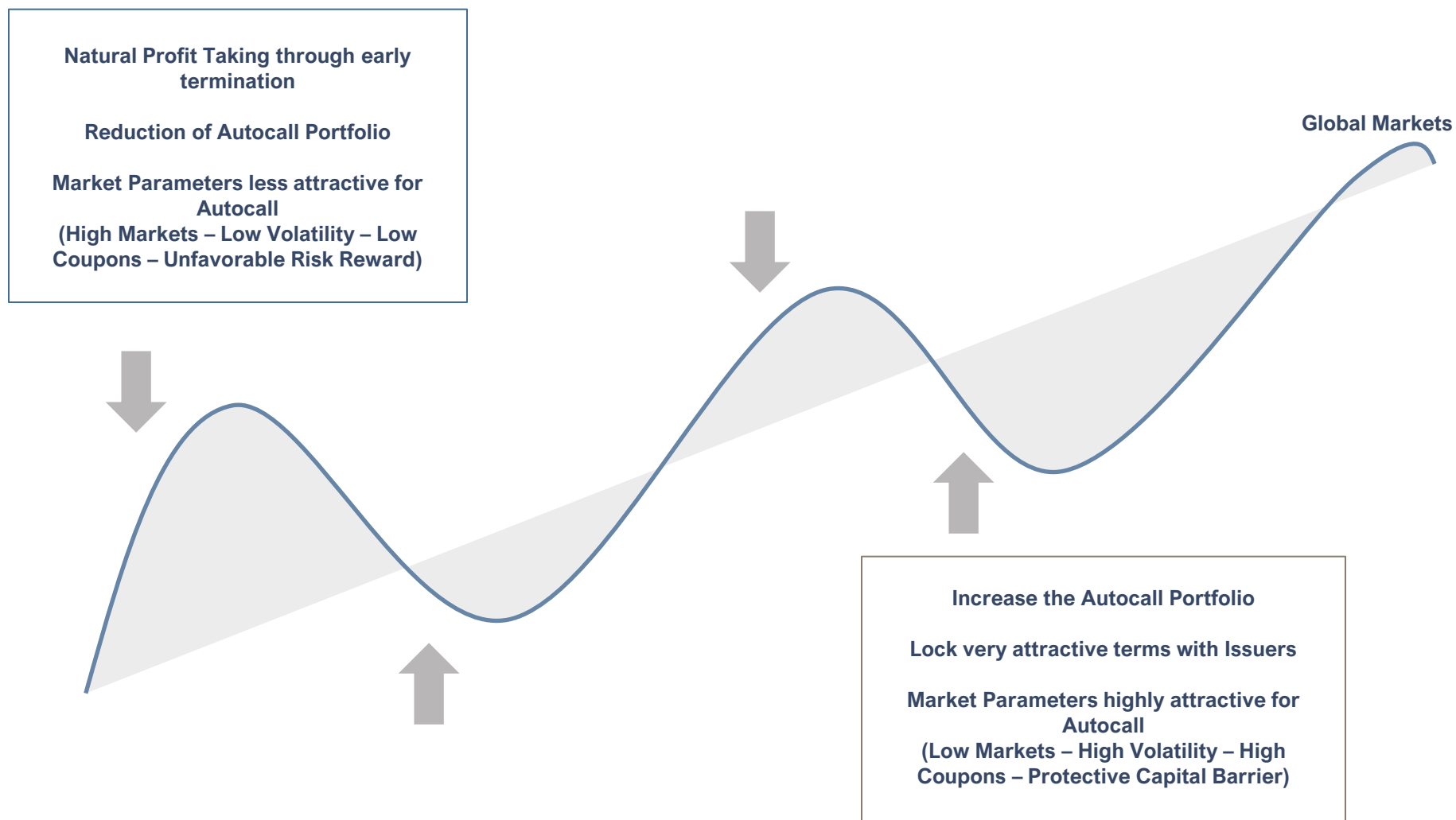
## The lifecycle of an investment

During our ownership of an investment, we regularly reassess the opportunity and its merit in a portfolio.





# Follow the Cycle with a Contrarian Mind



# The Autocall Ecosystem

The Autocalls are instruments that evolve in a specific ecosystem.

In the formation of their value, intervene important factors:

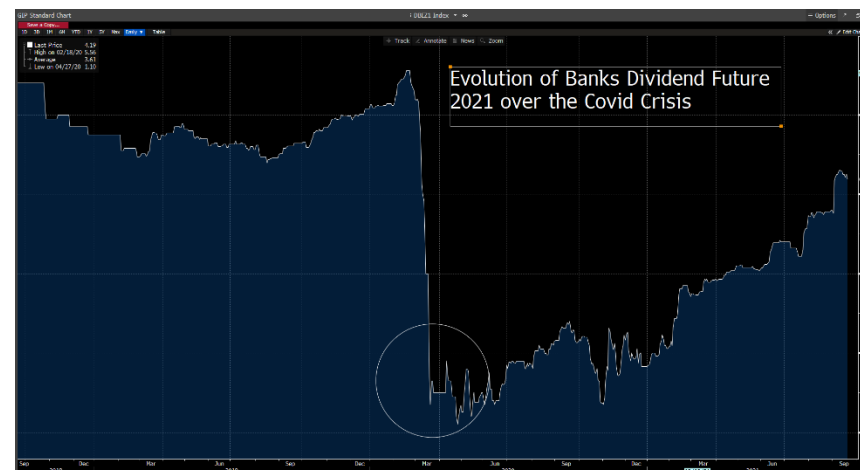
- Volatility and expectations for the coming years (the volatility curve)
- Dividends and also their expectations
- The level of funding of issuers
- The level of the term securities lending markets

So behind their apparent simplicity, Autocalls must be chosen and built while optimizing the parameters mentioned above.

Distortions in pricing of the component of the ecosystem are a source of risk but also of opportunities

*As an example, during March 2020, dividend's futures were completely dislocated by announcement of dividend suspensions. This was favorable for existing Autocalls and offered attractive entry points as markets overreacted.*

## The Autocall Ecosystem



## A quantitative and qualitative double approach

### Pre-selection based on fundamental criteria

- **Financial Analysis:**

### Pre-selection based on quantitative criteria

- **Specific Risk:**

- **Market Timing**

## Pre-selection reconciliation with coupon levels

- **Expected Return:**

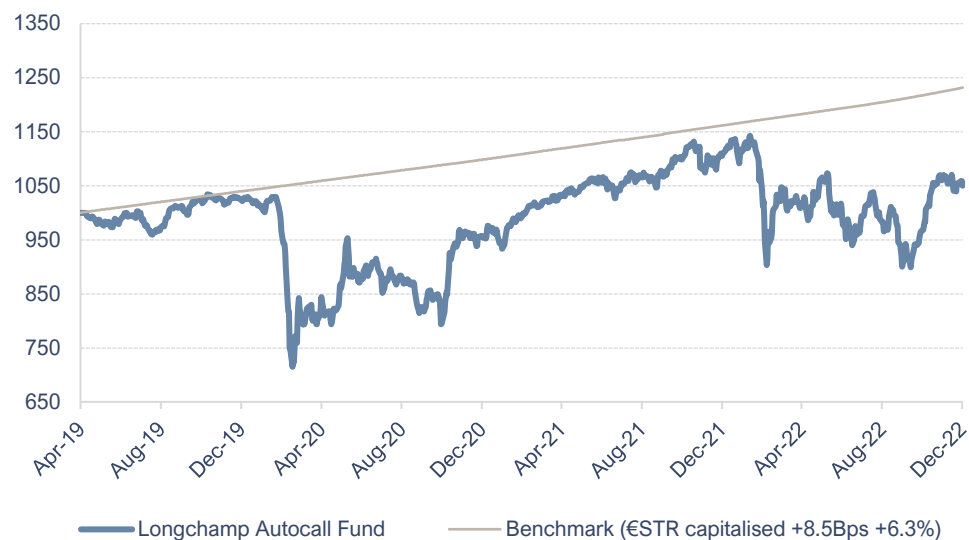
**Qualitative process** is complementary to the selection process with **ad-hoc analysis**. It allows to take into account the **portfolio management team's convictions** and adjust **barriers levels** (recall, capital and coupon).



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# Fund Performance and Portfolio Positioning

# Fund Performance



## Autocall Portfolio Characteristics

|                         |        |
|-------------------------|--------|
| Average Yield           | 16.89% |
| Average Maturity        | 2.77   |
| Average Spot            | 87.40% |
| Average Capital Barrier | 66.24% |

## Statistics

|                        |        |
|------------------------|--------|
| Annualized Performance | 1.34%  |
| Performance LTD        | 5.01%  |
| Volatility (LTD Ann.)  | 16.90% |
| VAR (95%) Weekly       | -4.99% |

|             | Jan    | Feb    | Mar     | Apr    | May    | Jun    | Jul    | Aug    | Sep    | Oct    | Nov    | Dec    | YTD           |
|-------------|--------|--------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|
| <b>2019</b> |        |        |         |        | -2.12% | 0.80%  | -0.05% | -1.14% | 3.91%  | 0.47%  | 0.72%  | -0.34% | <b>2.16%</b>  |
| <b>2020</b> | -1.61% | -3.90% | -15.95% | 3.05%  | 2.84%  | 2.56%  | -3.45% | 2.77%  | -5.90% | -2.95% | 19.17% | 0.10%  | <b>-6.61%</b> |
| <b>2021</b> | -2.17% | 6.02%  | 2.91%   | 1.40%  | 1.39%  | 0.82%  | -0.40% | 1.36%  | 0.41%  | 2.67%  | -1.74% | 2.79%  | <b>16.31%</b> |
| <b>2022</b> | 0.73%  | -6.63% | -0.36%  | -2.04% | 4.01%  | -6.74% | 0.61%  | -1.56% | -7.47% | 6.94%  | 10.44% | -1.81% | <b>-5.36%</b> |

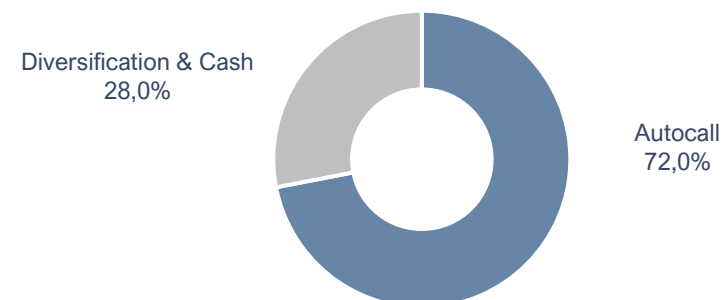
As of 30/12/2022

# Portfolio Analysis

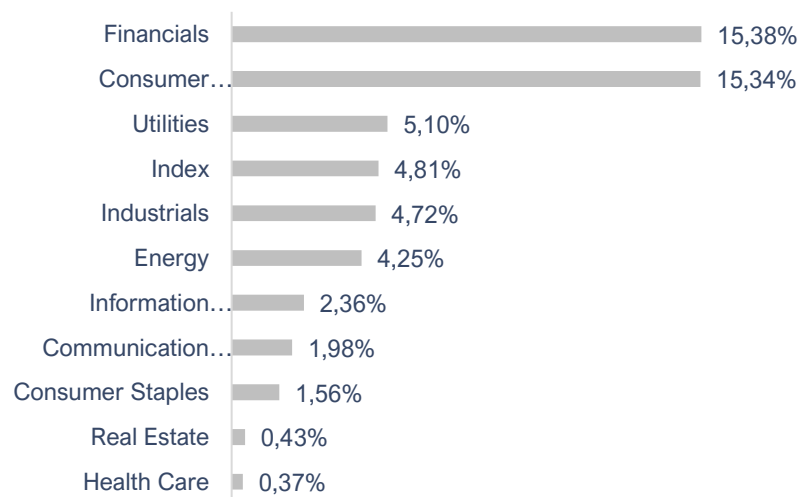
## Risk Analysis

|  |       |
|--|-------|
| Fund Delta   | 88.6% |
| FX Exposure  | 10.9% |
| Number of Positions in the Fund                      | 91    |
| Number of Positions in the Autocall Portfolio        | 53    |
| Number of Positions in the Diversification Portfolio | 38    |

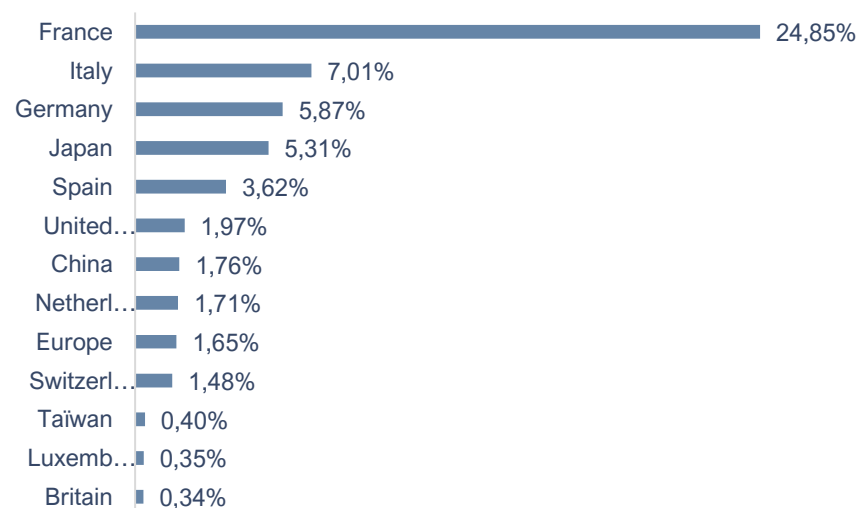
## Portfolio Breakdown



## Sector Breakdown



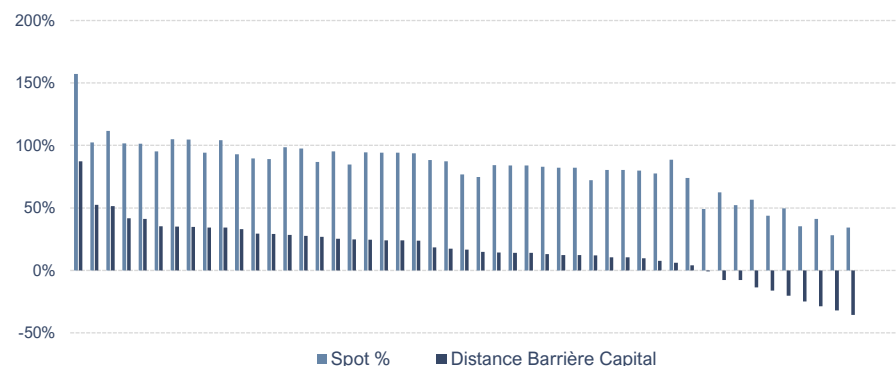
## Country Breakdown



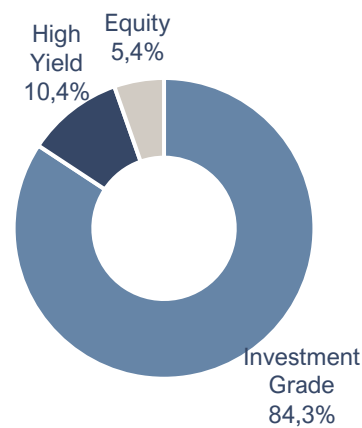
As of 30/12/2022

# Portfolio Analysis

Spot and Distance to Capital Barrier (%)



Breakdown in terms of Capital at Risk



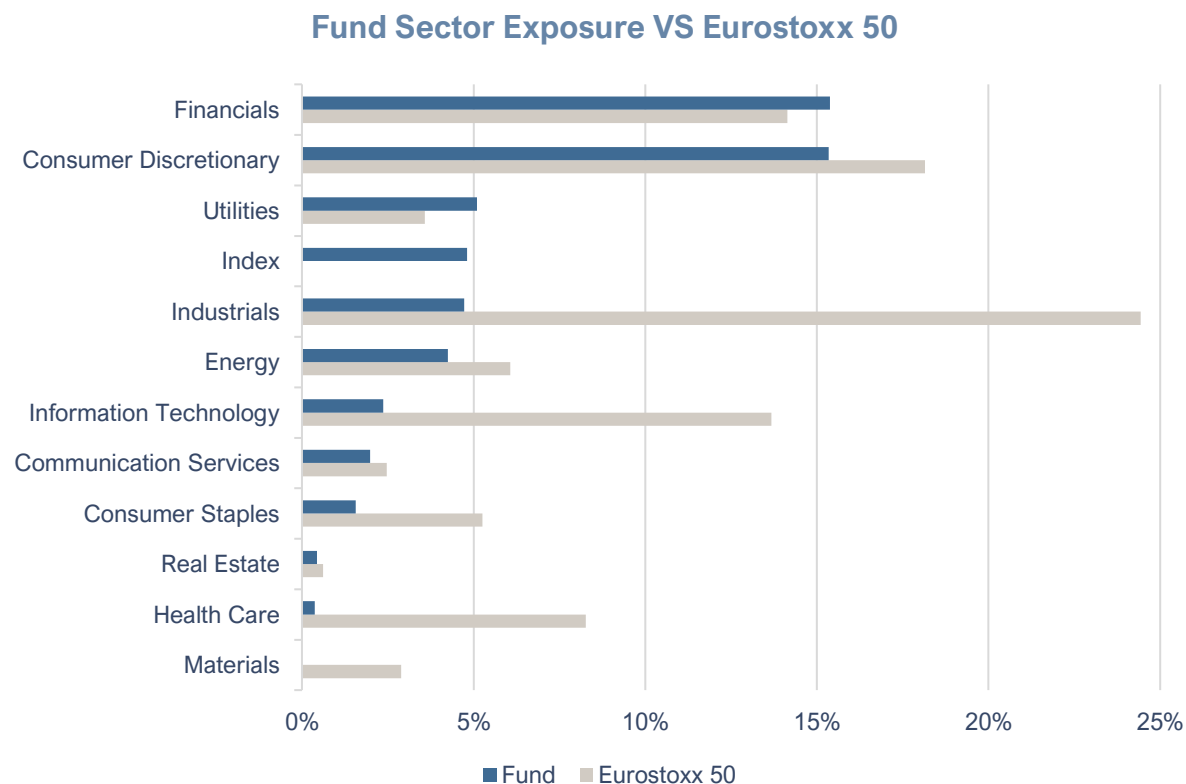
**Investment Grade :**  
Spot > capital barrier

**High Yield :**  
Capital barrier - 20% < Spot  
< capital barrier

**Equity :**  
Spot < capital barrier - 20%

As of 30/12/2022

# Sector Bias vs Eurostoxx 50

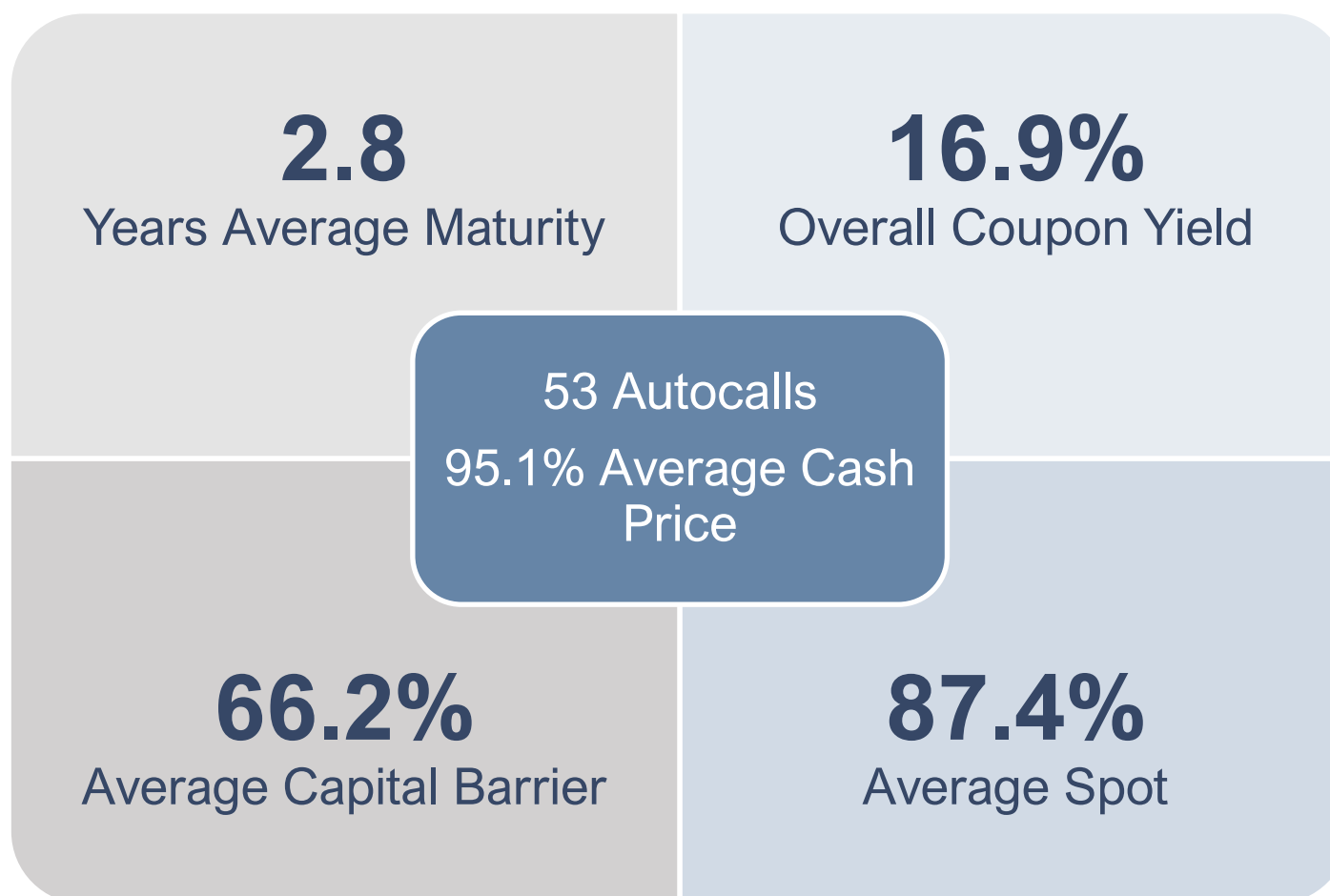


As of 30/12/2021



# Portfolio Main Characteristics in a Few Numbers

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As of 30/12/2022

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## Investment Example

# Investment Example – Worst-Of Intesa / UniCredit (1)

## TERMS

- ✓ Issuer: Société Générale
- ✓ Issue Date: 25 September 2019
- ✓ Maturity Date: 25 September 2024 (5 years)
- ✓ Underlying(s): Worst performance between Intesa Sanpaolo SpA (ISP) and UniCredit SpA (UCG)
- ✓ Reference Coupon: 15.153% p.a.
- ✓ Recall Barrier: 80% of initial level in year 3, and 70% of initial level in year 4
- ✓ Recall Level: 100% + (n \* coupons) if worst performance is  $\geq$  Recall Barrier
- ✓ Final Redemption: If, at maturity, worst performance is  $\geq$  60% of initial level, you receive  $100\% + (5 * 15.153\%) = 175.765\%$

## SCENARIOS

Early Redemption: if, on anniversary date 3 or 4, Underlying Performance  $\geq$  Recall Barrier the product is recalled at:

$$100\% + n * 15.153\%$$

*(n being the number of years since launch)*

Redemption at maturity (if the product has not been recalled):

- If Final Worst Underlying Performance  $\geq$  60% Underlying Strike:  **$100\% + 5 \times 15.153\% = 175.765\%$**
- If Final Worst Underlying Performance  $<$  60% Underlying Strike: **Final Worst Underlying Performance**

# Investment Example – Worst-Of Intesa / UniCredit (2)

In order to be redeemed early, i.e. before the maturity of the product (September 25, 2024), the 2 underlying bank securities had to close above the call barriers (100% in years 1 and 2, 80% in year 3, 70% in year 4).

It is important to note that these barriers had been set on a sliding scale starting from year 3, in order to maximize the probability of an exit. As such, the product was to be redeemed (with coupons) if ISP and UCG closed above 80% of their initial levels on the 3rd anniversary date of the product: September 26, 2022.

Here's how the underlying shares performed from launch to 26 September 2022:



## Investment Example – Worst-Of Intesa / UniCredit (3)

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As we can see, on the product's 3rd anniversary date, the worst performing underlying, ISP, closed at 81% of its initial level, meaning the product was recalled early. Interestingly, both stocks closed lower (UCG at 98% of its initial level), while the product returned  $100\% + (3 \times 15.153\%) = \mathbf{145.46\%}$ .

Note that, if we had bought both ISP and UCG shares, we would have received dividends, and it would therefore be wrong to state that both stocks ended lower. After taking into account the dividends, the performance of ISP and UGC over the period was -8% and +5% respectively.

This product illustrates the interest of holding structured products for extended periods of time as long as the initial level did not come at a high premium. It is also a prime example of the fact that the secondary price of the product may be low during the life of the product (e.g. the product quoted below 60% in March 2020), but as the coupons are capitalized, the price goes up.

Finally, note that a significant part of the repricing seems to appear as the recall date approaches (e.g. the product was quoted at 128.96 at the end of August 2022 and has risen to 145 at the end of September 2022 despite very volatile and bearish markets).

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# Risk Management & Monitoring Systems

# Risk & Liquidity Management

## Risk Management

- Independent Risk Manager
- Independent Valuation and Computations of Portfolio Risks



Portfolio Liquidity management is derived from strict rules and 25 years of capital markets experience

### DIVERSIFIED PORTFOLIO

- UCITS diversification rule
- Diversification per Issuer
- Diversification per Underlying
- Diversification of Protection Barriers

### MARKET RISK HEDGING

- Overall Delta Management
- Investment in Tail Risk Strategies
- Investment in Puts/Puts Spreads on the Overall Market

### MULTIPLE COUNTERPARTIES

- Issuers are carefully selected based on Rating and Service Quality
- The fund faces leading investment banks as counterpart

### FUND CAPACITY

- To deliver liquidity and
  - Implement the current strategy
- **Fund capped at EUR 400M**

# Risk Monitoring Tools

Risk monitoring tools allow to appreciate **the characteristics granularity of each issue and of the portfolio** as a whole.

In particular, it monitors **portfolio performance over time** (theta) and **behavior symmetry in bear or bull markets** in order to improve negative convexity.

## Fund Metrics

| Dt        | DTNAV     | NAV    | AUM        | Delta  | VAR 95% 1W EA | VAR 95% 1W EP | VAR 99% 1W EA | VAR 99% 1W EP | LimitVarOk | Yield  |
|-----------|-----------|--------|------------|--------|---------------|---------------|---------------|---------------|------------|--------|
| 27-Jan-21 | 26-Jan-21 | 946.60 | 20,440,000 | 77.14% | -5.58%        | -4.92%        | -15.69%       | -12.84%       | 1          | 12.47% |
| 26-Jan-21 | 22-Jan-21 | 955.93 | 20,640,000 | 19.60% | -3.96%        | -4.94%        | -15.44%       | -12.87%       | 1          | 0.64%  |
| 21-Jan-21 | 19-Jan-21 | 960.86 | 20,750,000 | 73.12% | -5.46%        | -4.96%        | -15.35%       | -12.92%       | 1          | 12.43% |

## Theta

| dt        | 0.00% |
|-----------|-------|
| 27-Jan-21 | 4.64% |
| 21-Jan-21 | 4.53% |
| 15-Jan-21 | 4.48% |

## Exposition Autocall Synthétique

| DT        | Nominal    | VB         | Spot   | Prix   | CNVX 10% | Barriere | Coupon | Yield  | ExpMat | DVRS G |
|-----------|------------|------------|--------|--------|----------|----------|--------|--------|--------|--------|
| 27-Jan-21 | 14,625,426 | 13,276,774 | 90.06% | 90.78% | 1.16     | 63.28%   | 11.82% | 13.02% | 3.09   | -1%    |
| 21-Jan-21 | 14,619,346 | 13,645,923 | 92.75% | 93.34% | 1.17     | 63.29%   | 11.82% | 12.66% | 3.08   | 1%     |
| 15-Jan-21 | 14,578,775 | 13,632,268 | 93.19% | 93.51% | 1.17     | 63.16%   | 11.84% | 12.66% | 3.08   | -12%   |
| 12-Jan-21 | 14,464,452 | 13,765,536 | 96.05% | 95.17% | 1.19     | 63.18%   | 11.73% | 12.33% | 2.98   | -10%   |

## Rating Autocall Synthétique

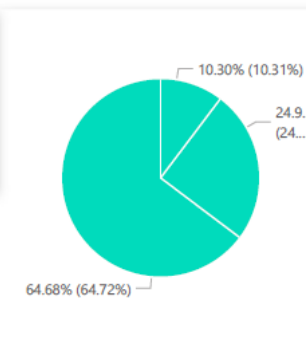
| DT        | Equity | HY     | IG     |
|-----------|--------|--------|--------|
| 27-Jan-21 | 10.30% | 24.95% | 64.68% |
| 21-Jan-21 | 9.47%  | 19.86% | 70.61% |
| 15-Jan-21 | 7.39%  | 26.45% | 66.09% |
| 12-Jan-21 | 6.52%  | 21.93% | 71.49% |

## Risque Autocall Synthétique

| DT        | Delta  | Vega   | Smile10% | Theta | VAR 95%1D | Beta autocall | Beta - | Beta + | Conv Beta |
|-----------|--------|--------|----------|-------|-----------|---------------|--------|--------|-----------|
| 27-Jan-21 | 88.62% | -0.43% | -0.92%   | 4.37% | -2.23%    | 1.15          | 1.12   | 1.31   | 1.18      |
| 21-Jan-21 | 81.27% | -0.44% | -0.89%   | 4.42% | -2.12%    | 1.15          | 1.12   | 1.32   | 1.18      |
| 15-Jan-21 | 83.70% | -0.44% | -0.84%   | 4.71% | -2.00%    | 1.16          | 1.12   | 1.32   | 1.18      |
| 12-Jan-21 | 81.23% | -0.53% | -0.86%   | 4.74% | -1.96%    | 1.18          | 1.13   | 1.34   | 1.19      |

## FX Exposure

| Dev | % Actif | Exposition Devise |
|-----|---------|-------------------|
| GBP | 0.02    | 4,606.0           |
| USD | 10.88   | 2,222,460.7       |
| EUR | 89.13   | 18,214,400.7      |



## Valeur en dessous de la barrière



| Dev          | % Actif      | Exposition Devise  | Libellé   |
|--------------|--------------|--------------------|---|
| GBP          | 0.02         | 4,606.0            | VOD.L   |
| USD          | -0.43        | -87,910.7          | SGIDTES OSPY4 SWAP                                      |
| USD          | 1.27         | 259,120.5          | SG ISSUER WARAANT ON EQUITY REG S 18/06/2021            |
| USD          | 0.05         | 9,247.3            | SG ISSUER SA 25/02/2025                                 |
| USD          | 2.80         | 572,644.7          | LEONTEQ SECURITIES AG 11/06/2025                        |
| USD          | 2.64         | 538,981.3          | GOLDMAN SACHS FINANCE CORP INTERNATIONAL LTD 14/05/2029 |
| USD          | 0.21         | 43,562.1           | EFG INTERNATIONAL FINANCE GUERNSEY LIMITED 05/05/2026   |
| USD          | 1.90         | 387,960.1          | CREDIT SUISSE AG LONDON BRANCH 10/06/2024               |
| USD          | 2.44         | 498,855.3          | BNP PARIBAS 22/12/2023                                  |
| <b>Total</b> | <b>10.90</b> | <b>2,227,066.7</b> |   |



# Portfolio Monitoring

Portfolio monitoring tool with Autocall portfolio analysis:

- Distance to barriers
- Strike levels
- Recalls
- Yields analysis

|                      | Produit | Produit Détaillé | Indicateur | Indicateur (Joker) |              |                                      |      |        |        |     |          |  |  |  |  |
|----------------------|---------|------------------|------------|--------------------|--------------|--------------------------------------|------|--------|--------|-----|----------|--|--|--|--|
| Delta One<br>Empower |         |                  |            |                    | CH0550066393 | Autos LC ENP GLE                     | Note | 38.15  | 33.41  | EUR | Banque   |  |  |  |  |
|                      |         |                  |            |                    | CH0550070390 | Autos LC BABA BNP                    | Note | 37.42  | 85.37  | EUR | Duques   |  |  |  |  |
|                      |         |                  |            |                    | CH0239553139 | Autos Duane Carrefour                | Note | 100    | 106.45 | EUR | Loireng  |  |  |  |  |
|                      |         |                  |            |                    | CH0196055551 | Autos LC ENI, REP, RDOA, Total       | Note | 100    | 102.04 | EUR | Banque   |  |  |  |  |
|                      |         |                  |            |                    | XS2207405587 | Autos LC Decrement Total             | Note | 100    | 102.59 | EUR | Cligro   |  |  |  |  |
|                      |         |                  |            |                    | XS2207405751 | Autos LC Decrement Enis              | Note | 100    | 98     | EUR | Cligro   |  |  |  |  |
|                      |         |                  |            |                    | XS2206066674 | Autos LC BABA TSM                    | Note | 100    | 93.666 | USD | Marcus F |  |  |  |  |
|                      |         |                  |            |                    | XS2225253267 | Autos V0 Alibaba à Apple - Marcu     | Note | 100.45 | 66.9   | EUR | Marcus F |  |  |  |  |
|                      |         |                  |            |                    | XS2225254065 | Autos V0 Alibaba à Microsoft - Marcu | Note | 100    | 85.36  | EUR | Marcus F |  |  |  |  |
|                      |         |                  |            |                    |              |                                      |      |        |        |     |          |  |  |  |  |
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|                      |         |                  |            |                    |              |                                      |      |        |        |     |          |  |  |  |  |
|                      |         |                  |            |                    |              |                                      | </   |        |        |     |          |  |  |  |  |

Dividend portfolio focus:

- Strike, futures, and estimates
- Recalls
- Underlyings exposures

# Contribution Analysis

## Longchamp Autocall Fund - Contributions

Monthly Analysis

FY 2021

### Performances and Contributions

MTD : 1.89%  
YTD : 12.28%\*

\* Gross of fees

| Portfolio                 | Contribution |
|---------------------------|--------------|
| Autocall Portfolio        | 6.78%        |
| Diversification Portfolio | 6.10%        |

### Autocall Portfolio

#### Top 5 contributors

| Name                | ISIN         | Contrib |
|---------------------|--------------|---------|
| Phoenix GLE UCG     | CH0524720536 | 0.92%   |
| Athena WO ISP + UCG | XS2027794507 | 0.74%   |
| Phoenix WO BNP ISP  | CH0521592755 | 0.66%   |
| Athena SG USD       | XS1989543738 | 0.56%   |
| Athena WO MIB IBEX  | CH0524352371 | 0.45%   |

#### Top 5 detractors

| Name                                  | ISIN         | Contrib |
|---------------------------------------|--------------|---------|
| Athena WO Alibaba & Apple - Marex     | XS2221513927 | -0.36%  |
| Athena WO Alibaba & Microsoft - Marex | XS2221514065 | -0.24%  |
| Swap Phoenix SESG                     | OLRP6        | -0.14%  |
| Athena SoftBank                       | XS2175922835 | -0.01%  |
| Athena Casino                         | CH0534160483 | 0.00%   |

### Diversification Portfolio

#### Top 5 contributors

| Name                     | ISIN         | Contrib |
|--------------------------|--------------|---------|
| Dividend Swap SX7E       | XS2063264415 | 1.01%   |
| Option Palladium         | GSZ32303C-02 | 0.97%   |
| Dividend Basket BNP 2022 | XS2204165182 | 0.85%   |
| Swap EuReCa              | OPYJ0        | 0.83%   |
| Dividend Basket BNP 2023 | XS2204165265 | 0.80%   |

#### Top 5 detractors

| Name                  | ISIN           | Contrib |
|-----------------------|----------------|---------|
| Swap Symphony         | OQOW7          | -0.45%  |
| BNP VOLE              | SI3514OG       | -0.44%  |
| Div Unibail 2023 - SG | ELI-1286681937 | -0.15%  |
| Swap SGIDTES          | OSPY4          | -0.15%  |
| Div Unibail 2022 - SG | ELI-1286682047 | -0.14%  |

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## Summary & Fund Terms

# Summary

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**High performance  
potential**



**Diversified portfolio**



**Actively managed  
strategy  
Experienced team**



**Open-ended UCITS  
Fund with daily  
liquidity**



**Access to a unique  
asset class**



**Innovative tailor-  
made solution for  
wealth management**

# Longchamp Autocall Fund Details

|   |  |
|---|--|
| <b>Fund</b>                             | Longchamp Autocall Fund  |
| <b>Investment Manager</b>               | Longchamp Asset Management   |
| <b>Legal Structure</b>                  | UCITS Sub-Fund of the Longchamp SICAV  |
| <b>Domicile</b>                         | France   |
| <b>Custodian</b>                        | Société Générale Securities Services   |
| <b>Administrator</b>                    | Société Générale Securities Services   |
| <b>Auditor</b>                          | PwC  |
| <b>Compliance</b>                       | Jornet Finance Consulting  |
| <b>Dealing Day ("DD")</b>               | Daily  |
| <b>Subscription/Redemption Deadline</b> | Subscriptions: 11:00 am the relevant Dealing Day (DD)<br>Redemptions: 12:00 pm 5 BDs prior to the relevant Dealing Day (DD-5BDs) |
| <b>Settlement</b>                       | Payment (cash) and delivery (shares /units) shall occur within 5 BDs following the relevant Dealing Day (DD+5BDs)                |
| <b>Launch Date</b>                      | 29 April 2019  |
| <b>Reference Currency</b>               | EUR  |
| <b>Administrative Costs</b>             | 0.25%  |

| Classes                       | Management Fees | Performance Fees                                      | Minimum Initial Subscription | ISINs        | BBG Tickers |
|-------------------------------|-----------------|---|------------------------------|--------------|-------------|
| <b>Class A</b> (Accumulation) | 0.60%           | 20% above €STR capitalized + 8.5bps + 6.3% (with HWM) | € 100,000                    | FR0013405461 | LONAUTA FP  |
| <b>Class B</b> (Accumulation) | 0.90%           | 20% above €STR capitalized + 8.5bps + 6% (with HWM)   | € 5,000                      | FR0013405685 | LONAUTB FP  |
| <b>Class C</b> (Accumulation) | 1.90%           | 20% above €STR capitalized + 8.5bps + 5% (with HWM)   | € 1,000                      | FR0013405693 | LONAUTC FP  |
| <b>Class D</b> (Distribution) | 0.90%           | 20% above €STR capitalized + 8.5bps + 6% (with HWM)   | € 1,000                      | FR0013405701 | LONAUTD FP  |

\*Additional share class available (tailor-made) from € 5,000,000

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# Appendix

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## What is an Autocall ?

# Illustration of a Product and Backtesting

A popular Autocall product : Athena index link the Eurostoxx 50 (Pricing as of 26 Oct 2020)

## TERMS

- ✓ 8 years maturity
- ✓ Reference index : Eurostoxx 50
- ✓ Reference coupon : 6.25%
- ✓ Callable each year
- ✓ Callable barrier: 100% of Eurostoxx Initial
- ✓ Capital protection barrier : 60% of Eurostoxx Initial

## SCENARIOS

If Eurostoxx is positive on any anniversary date the product is called at:

$$100\% + n * \text{Reference Coupon}$$

(n being the number of years since launch)

Redemption at maturity (if the product has not been called)

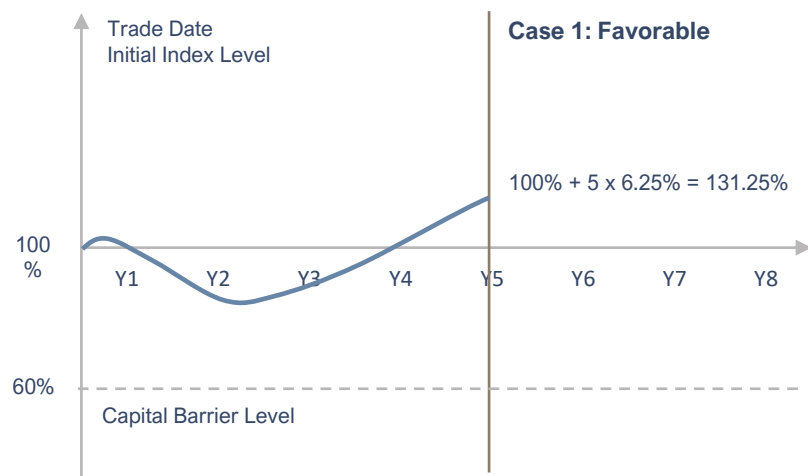
- If Eurostoxx 50 final > Eurostoxx 50 Initial :  $100\% + 8 \times 6.25\% = 150\%$
- If Eurostoxx 50 final  $\geq 60\%$  Eurostoxx Initial : 100%
- If Eurostoxx 50 final < 60% Eurostoxx Initial : Eurostoxx Final

\*pricing as of 25/05/2020

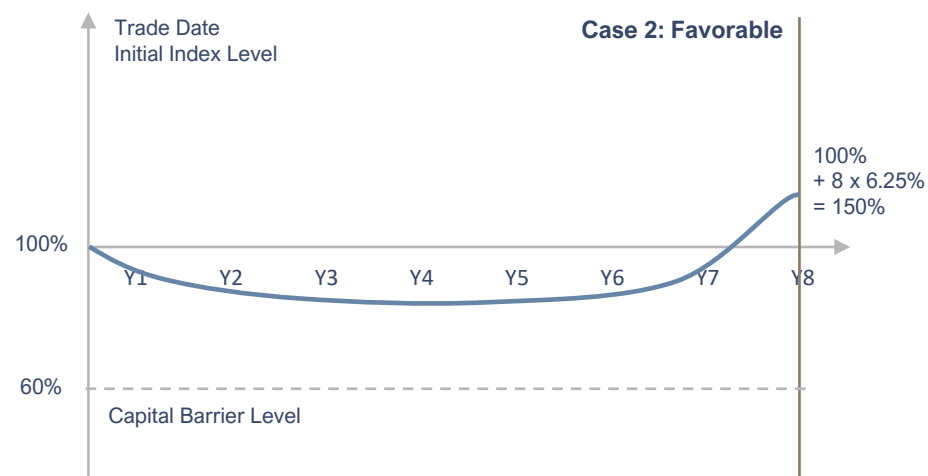


# Examples

## Early Recall



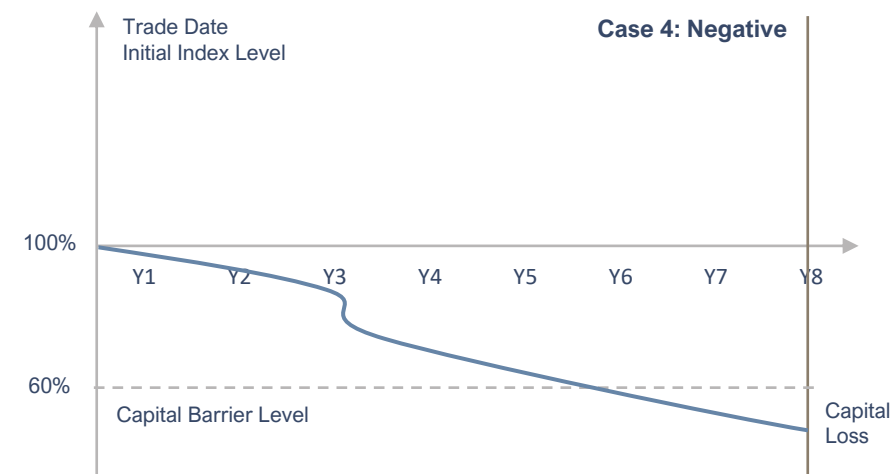
## Maturity Y8: Gain



## Maturity Y8: Neutral



## Maturity Y8: Loss



# Illustration of a Product and Backtesting

---

## Backtesting Results

*(Realized with Bloomberg DLIB Function from 2007 till 2020)*

### IRR (Internal Rate of Return)

|                    |       |
|--------------------|-------|
| Mean               | 4.57% |
| Standard Deviation | 2.58% |
| Min                | 0.00% |
| Max                | 6.22% |

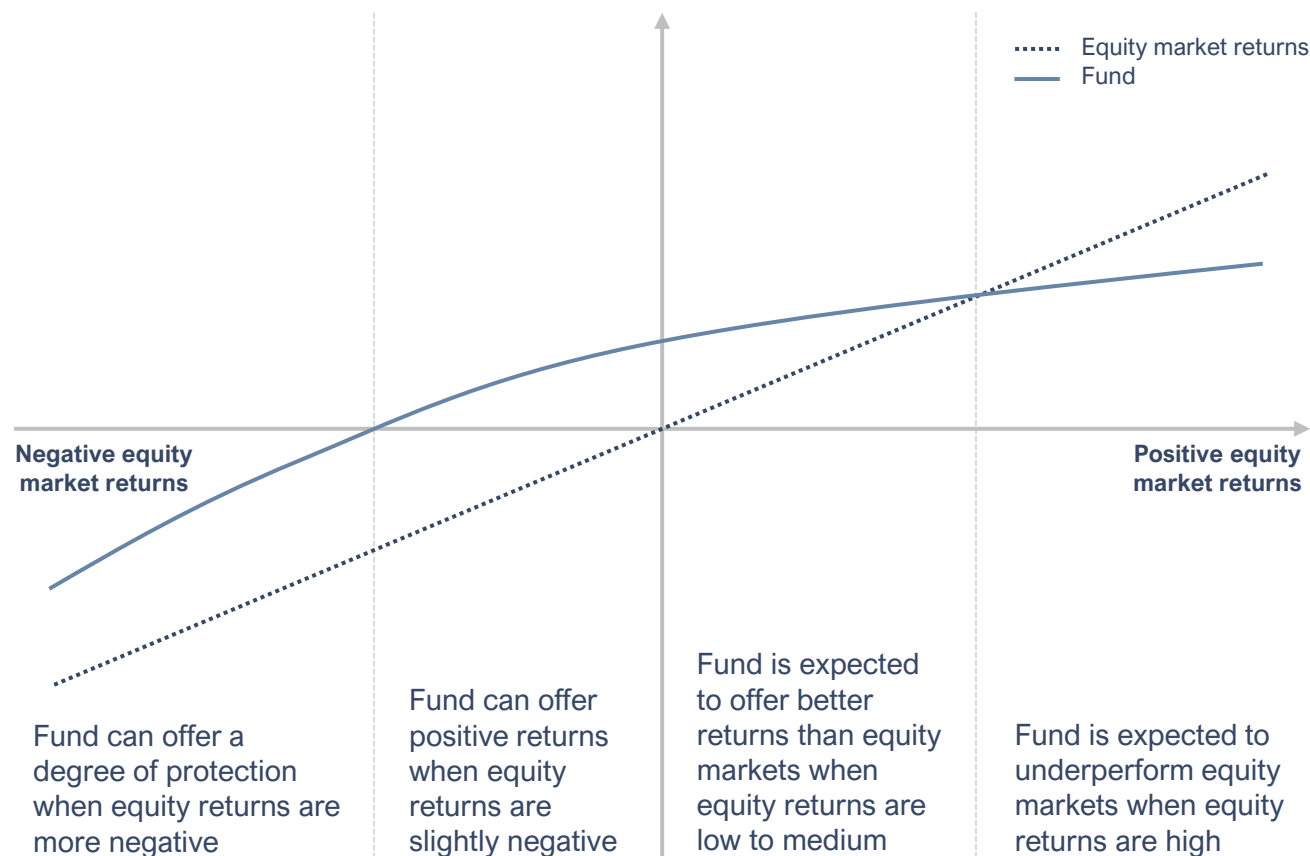
### Life duration of the product (in years)

|                    |      |
|--------------------|------|
| Mean               | 3.62 |
| Standard Deviation | 2.89 |
| Min                | 1    |
| Max                | 8    |

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## How Do You Expect the Fund to Perform Over Time ?

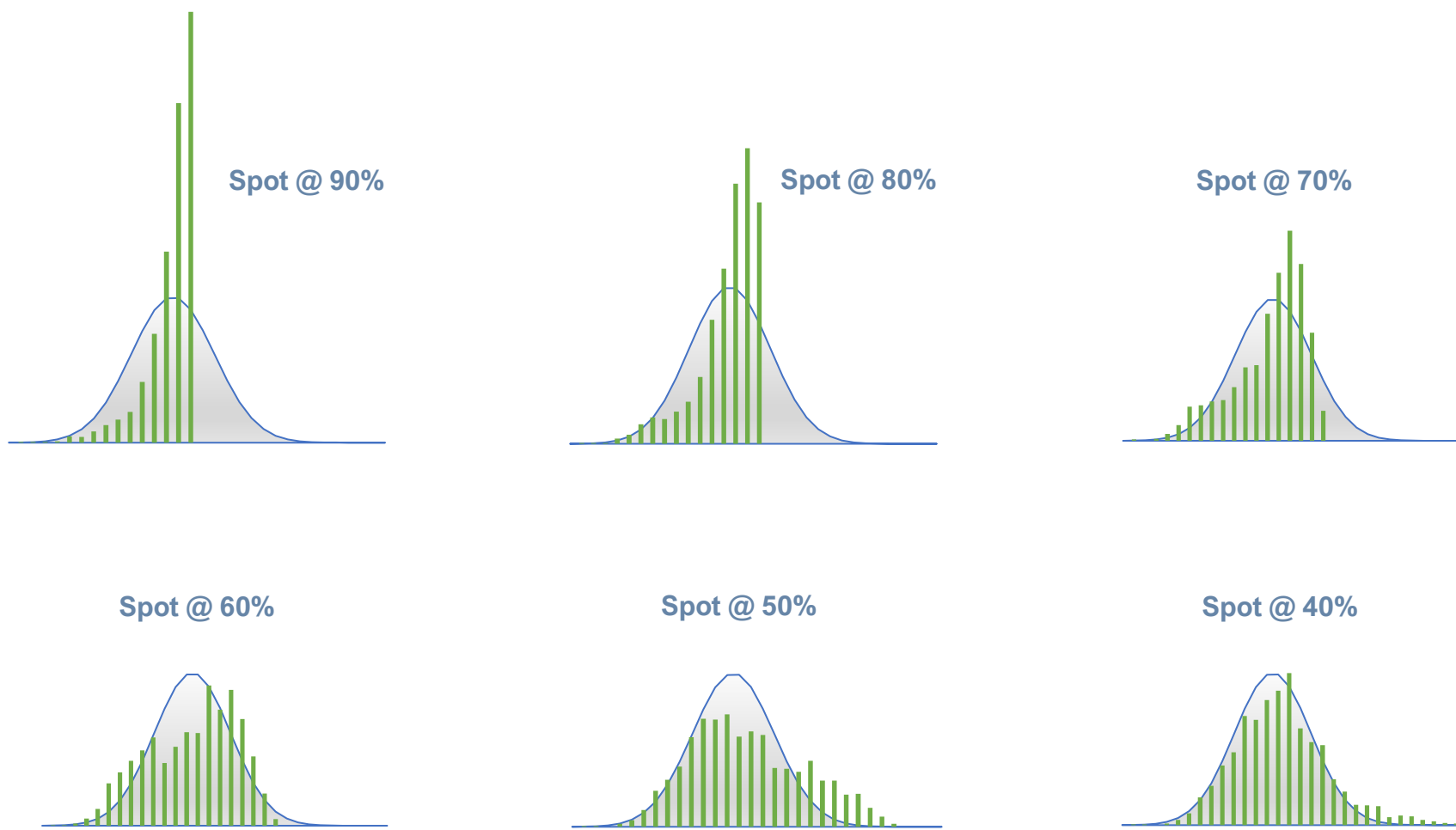
# Manage Convexity : Autocall behavior compared to Equity Markets



# Portfolio Construction - Distribution

## *Distribution of Autocall / Stock yields*

*Illustration of the distance influence of the spot from the barrier (60%)*



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# Autocall Nomenclatura

# Structures

## Autocalls

FORMATS

Note

Swap

STRUCTURES

Phoenix

Phoenix  
Memory

Athena

Athena LC

UNDERLYING ASSET CLASSES

Equities

Indices

Fix Div

Dividends

UNDERLYING TYPE

Single name

Basket

Equalweighted

Worst Of

STRIKE MODE

Close

Best Strike

FX EXPOSURE

Quanto

No

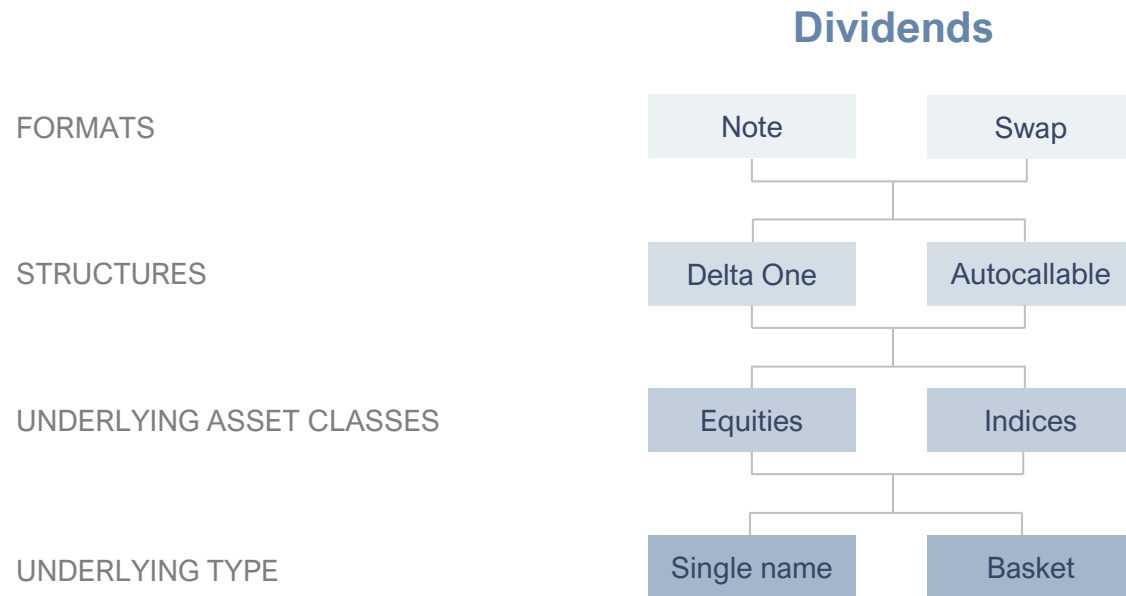
MATURITY PAY-OFF

Participation

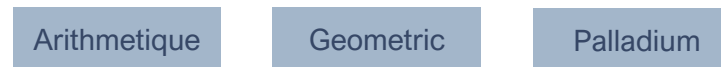
Leverage Put

Put Down & In

# Structures



## Dispersion





# Important Information

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