

## LYXOR / MARATHON EMERGING MARKETS BOND FUND - CLASS I USD

LYXOR ASSET MANAGEMENT

## INVESTMENT OBJECTIVE

The Sub-Fund's investment objective is to outperform the J.P. Morgan EMBI Global Diversified Index ("the Benchmark Index") over the medium to long term. The Sub-Fund seeks to achieve this objective through investment primarily in debt securities such as sovereign, quasi-sovereign and corporate bonds in emerging markets and denominated in hard currencies.

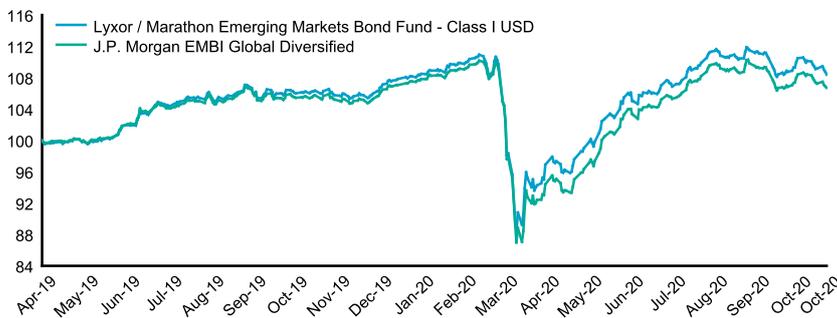
## MONTHLY COMMENTARY

An air of caution drifted through markets as U.S. and European COVID cases and hospitalizations continued to rise, the U.K. prepared for a second lockdown and the conclusion of a tightly contested U.S. presidential election loomed. With such uncertain conditions, returns for major Fixed Income risk asset classes were muted in October. Meanwhile during the month, U.S. treasury yields climbed to post-COVID shock highs (ten-year yields rose to 0.875% by 19 bps) in conjunction with a selloff in U.S. equities (S&P 500 -2.66%), as market participants anticipated the scenario for a surge in government spending in the event of a comprehensive Democratic victory. While investors feared the portents of a blue wave for future growth, past data releases showed an expected large bounce in U.S. and European economic activity in Q3. Asymmetry was revealed, as the recovery was evidently less strong than the prior collapse, with the U.S. and most of Europe remaining 3% to 5% below pre-COVID GDP figures. As a result, Fed and ECB monetary policy was expected to remain very accommodative with the potential for further easing in December, in turn providing a supportive backdrop for EM. As EM credit continued to present a predominantly IG opportunity with a 5% average yield, capital flows continued to materialize into the asset class, reflective of the PMS' continued attractive assessment of their chosen investment universe. Marching close to positive territory, year-to-date flows into EM Fixed Income stood at -\$0.7 billion. A dedicated investor base spurred EM Hard currency flows to return to \$8.2 billion for the year, approaching pre-COVID highs of \$8.9 billion. EM Local currency mandates remained relatively unsupported, with flows at -\$8.9 billion this year, compared to pre-COVID highs of \$2.3 billion.

Year-to-date in 2020, Lyxor/Marathon Emerging Markets Bond Fund posted positive return, and outperformed the JPM EMBI GD Index, that returned -0.54%. Positive Alpha has resulted from their preference for liquid, benchmark-sized securities that they have predominantly sourced from high quality primary and secondary market opportunities. Sovereign-related supply has been effusive in EM credit markets; they have benefited from plentiful issuance and despite challenges, have captured outperformance from: off-Index Israel (+56 bps Alpha), on-Index Panama (+41 bps) and on-Index Malaysia, via Petronas (+22 bps). In 2020, detracting performance from Mexico (-18 bps Alpha) has resulted from the systemically important, quasi-sovereign energy company PEMEX, but has improved over the month as relative valuations to the sovereign transitioned in their favor after higher crude oil and gas prices led to an improved third quarter earnings report and a notable increase in operating cash flow for the entity.

Second waves of the COVID outbreak are emergent, the drag on the recovery and asymmetrical shape of global rebounds imply that growth deficits will not be compensated for as quickly as was forecast a few months ago. Within this irregular recession, the composition of the recovery will be very different than the composition of the downturn. While the recovery has reflected pent-up demand, it has also shown a good deal of expenditure switching from services towards goods, which is not being made-up. While the fiscal, social and monetary policies in response to the first viral wave were very effective and robust, second wave responses are likely to be less comprehensive and severe, despite a considerable runup in COVID cases and hospitalizations to end 2020. Though the policies being put in place now may not prevent a shrinking of European and potentially U.S. GDP in the fourth quarter, the decline is not expected to be near the magnitude of that experienced in the second quarter. Both the triggers of the global crisis and the reaction by global policy makers were novel this year. History does not provide an adequate blueprint, and the path of recovery may be subject to undetermined exogenous factors (the scope and depth of second waves and related risks of renewed restrictions and lockdowns, and the formulation of an effective vaccine, for example). Developed Markets are generating COVID and stimulus related stress points in the final quarter of 2020. Fundamentals have generally deteriorated in EM, and uncertainty is elevated. Thus, individual credits should be increasingly judged by their ongoing economic performance, policy flexibility, political and social circumstances, among other variables. Such context can translate to opportunity. By maintaining a nimble and actively traded portfolio, focusing on credit differentiation while selectively taking risk, the PMS believe their Optimal Beta strategy is well positioned to navigate the next stages of the COVID-related global recession.

## PERFORMANCE SINCE INCEPTION



## FUND FACTS

Legal Structure	Sub-Fund Of Lyxor Newcits IRL II PLC
Inception Date of the Fund	March 28, 2019
Inception Date of the Class	April 10, 2019
Share Class Currency	USD
Available Currency Classes	CHF, EUR, GBP, USD

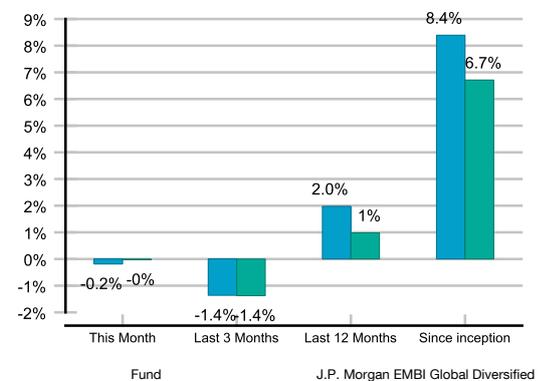
ISIN Code	IE00BGMHJD69
Bloomberg Code	LYMEMIU ID
Investment Manager	Lyxor Asset Management S.A.S.
Sub-Investment Manager	Marathon Asset Management, L.P.
Administrator	SS&C Financial Services (Ireland) Limited
Liquidity (1)	Daily
Subscription/Redemption Notice	2:00 pm CET Daily
Valuation Day	Daily

Total Fund Assets (M USD)	380
Management Fee (2)	Up to 0.70% p.a.
Class Performance Fee (2)	-
Administration Fee (2) (3)	0.25%

Long Exposure *	97.14%
Short Exposure	0.00%
Net Exposure ( long - short )	97.14%
Gross Exposure ( long + short )	97.14%

\* Excluding Cash

## PERFORMANCE ANALYSIS



## HISTORICAL MONTHLY RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2020	1.68%	-1.36%	-12.21%	2.70%	5.44%	3.14%	3.55%	0.55%	-1.72%	-0.19%			0.44%
2019				-0.06%	0.38%	3.48%	1.56%	0.67%	-0.14%	0.28%	-0.49%	2.04%	7.92%*

\* Since inception: April 10, 2019

## RISK ANALYSIS

	Since inception	
	Fund	Index*
Volatility	12.87%	13.31%
Sharpe ratio	0.33	0.24
Maximum DrawDown	-18.15%	-19.39%

\*J.P. Morgan EMBI Global Diversified

## IMPORTANT NOTE

Official NAV is calculated every day, subject to holidays & certain extraordinary events. Performance based on the Fund's last official NAV, and the Index level as of the same day. The Fund complies with the UCITS Directive and has been approved by the Central Bank of Ireland. Please refer to the Fund's prospectus for a full disclosure of the fund's characteristics.

(1) Under normal market conditions, Lyxor intends to offer the LIQUIDITY mentioned above. However, the LIQUIDITY is not guaranteed and there are circumstances under which such LIQUIDITY may not be possible. Please refer to the Fund's legal documentation for complete terms and conditions.

(2) For any additional information regarding fees, please refer to the relevant fees section of the Fund's Prospectus.

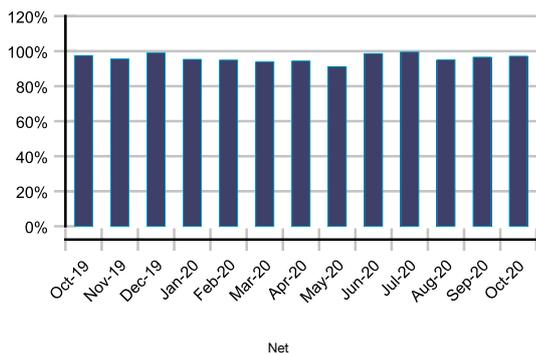
(3) Lyxor / Marathon Emerging Markets Bond Fund is benchmarked against the J.P. Morgan EMBI Global Diversified Index and is used with permission; Copyright 2019, J.P. Morgan Chase & Co. All rights reserved.

Prospective investors should consult with their independent financial advisor with respect to their specific investment objectives, financial situation or particular needs to determine the suitability of investment. There can be no assurance that the investment objective of the Fund will be achieved and investment results may vary substantially over time. Investments in the Fund places an investor's capital at risk. The price and value of investments may fluctuate and investors may lose all or a substantial portion of their investment. Past performance is not indicative of future results. PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE RESULTS  
Source: Lyxor Asset Management

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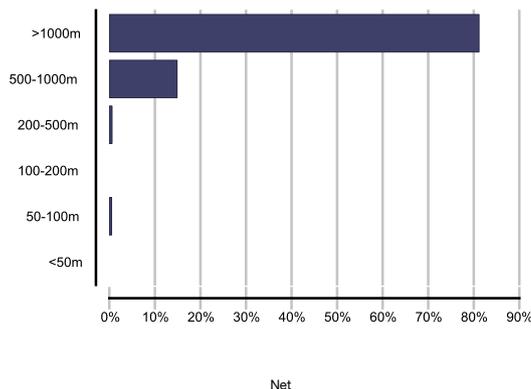
LYXOR

MONTHLY STRATEGY EXPOSURE FOR LAST 12 MONTHS \*

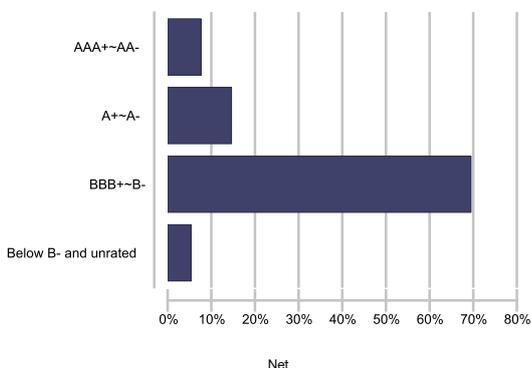


\* All exposure excluding Cash

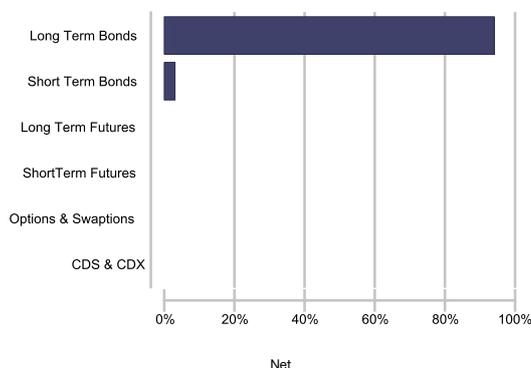
BONDS BY ISSUE SIZE



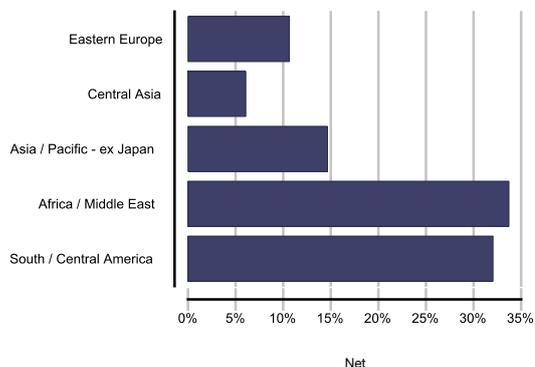
NET EXPOSURE OF BONDS BY RATING



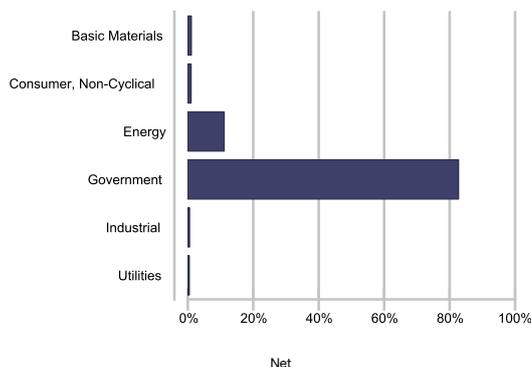
NET EXPOSURE OF FI - CREDIT BY ASSET CLASS



GEOGRAPHICAL BREAKDOWN



SECTOR ALLOCATION



The geographic classification of a security depends on the location of the issuer's main business activity. Treasury securities are categorized according to the issuing country.

MAIN RISKS

**Risk of losses:** The price of Shares can go up as well as down and investors may not realise their initial investment. The investments and the positions held by the Fund are subject to (i) fluctuations in the Strategy (ii) market fluctuations, (iii) reliability of counterparties and (iv) operational efficiency in the actual implementation of the investment policy adopted by the Fund in order to realise such investments or take such positions. Consequently, the investments of the Fund are subject to, inter alia, the risk of declines in the Strategy (which may be abrupt and severe), market risks, credit exposure risks and operational risks. At any time, the occurrence of any such risks is likely to generate a significant depreciation in the value of the Shares. Due to the risks embedded in the investment objective adopted by the Fund, the value of the Shares may decrease substantially and even fall to zero, at any time.

**Counterparty risk:** the Fund is exposed to the risk that any credit institution with which it has concluded an agreement or a transaction could become insolvent or otherwise default. If such an event occurs, you could lose a significant part of your investment.

**Credit risk:** the Fund is exposed to the risk that the credit quality of any direct or indirect debtor of the Fund (be it a state, a financial institution or a corporate) deteriorates or that any such entity defaults. This could cause the net asset value of the Fund to decline.

**Operational risk and asset custody risk:** in the event of an operational failure within the management company, or one of its representatives, investors could experience delays or other disruptions.

**Liquidity risk:** in certain circumstances, financial instruments held by the Fund or to which the value of the Fund is linked could suffer a temporary lack of liquidity. This could cause the Fund to lose value, and/or to temporarily suspend the publication of its net asset value and/or to refuse subscription and redemption requests.

**Risk of using FDI:** the Fund invests in financial derivative instruments in order to reach its investment objective. These instruments may include a range of risks which could lead to their adjustment or result in their early termination. This could lead to the loss of a part of your investment.

**Capital at risk:** the initial capital invested is not guaranteed. As a consequence, investor's capital is at risk and the amount originally invested may not be recovered.

Please refer to the Fund's Prospectus for a complete description of the Investment Risks.

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**Fund Documentation**

The prospectus and KIIDs, the articles of association, together with the annual and semi-annual reports may be obtained free of charge at the representative's offices.

**Publications**

In Switzerland, publications and notifications about the Fund will be available on the electronic platform [www.fundinfo.com](http://www.fundinfo.com). The net asset value per unit of the Fund will be published on each valuation day on the electronic platform [www.fundinfo.com](http://www.fundinfo.com). Copyright 2020 Lyxor Asset Management. All rights reserved