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Q1 2019 Alpha/Beta Allocator: Equities

Why pay more for less?

The industry AUM & flows

Active Passive

Q1 2019 TOTAL INDUSTRY AUM



Q1 2019 TOTAL FLOWS



Q1 2019 EQUITY FLOWS



Q1 2019 EMERGING MARKETS EQUITY FLOWS



“Emerging markets remain an outpost for active. Perhaps they shouldn’t.”

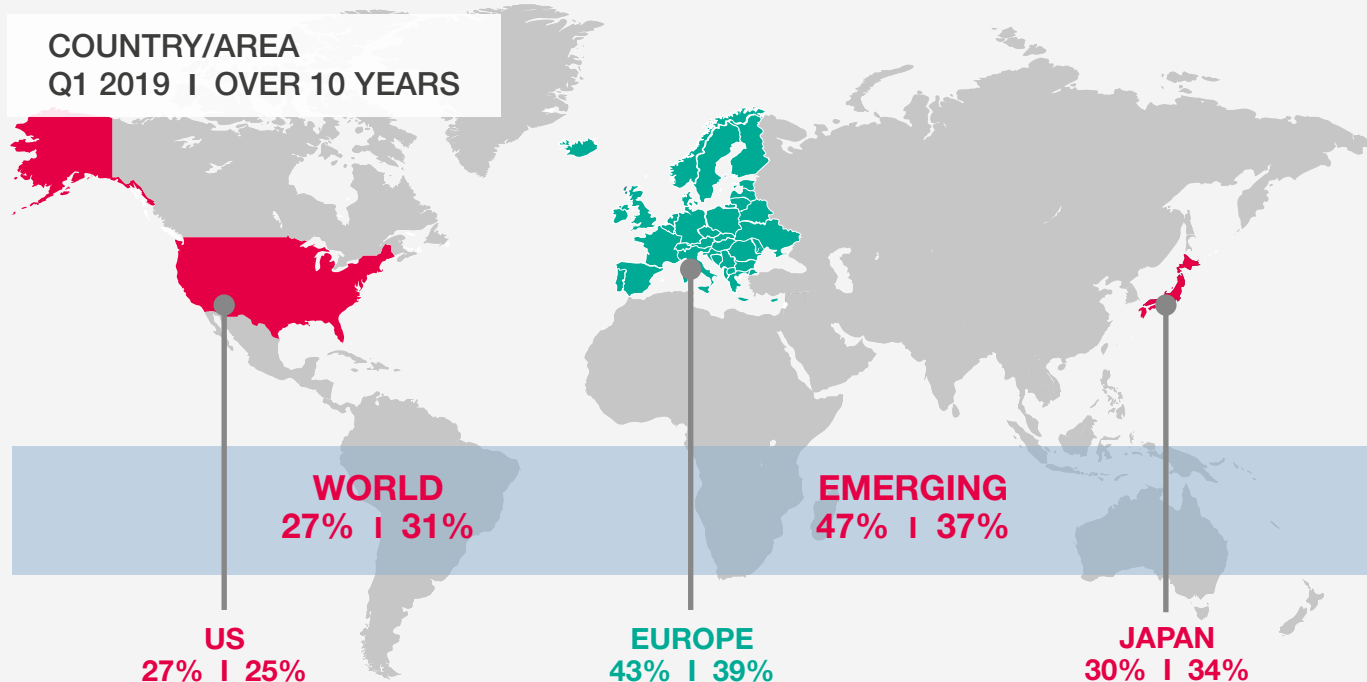
Marlène Hassine Konqui,
Head of ETF Research

The active managers

% outperformance vs. benchmarks

In Q1, the emerging markets were fertile grounds for active managers...

Hit Miss



...but a poor year last year shows how difficult it is to sustain this kind of performance

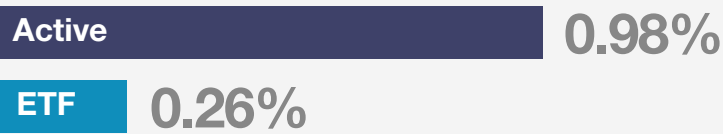
Q1 2019 Q4 2018 2018 2017 10 year* Hit: when YTD results are >50% or >10yr figure Miss: when YTD results are <33% or <10yr figure



*Yearly average over the last 10Y

The costs

How active & passive compare



The typical active equity fund is c.4x more expensive than the typical ETF – why pay more for less?

Source: Lyxor International Asset Management. Data as at 24/04/2019

Why Lyxor for emerging market equities?

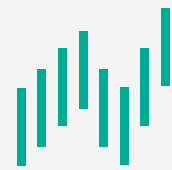
Targeted

From broad, regional and single country equities, to sovereign debt



Liquid

Some of the oldest, largest and most widely traded Emerging Markets ETFs available



Innovative

The oldest and largest Russia, India and Eastern Europe ETFs in the market*



Dependable

Over 12 years' track record*



Source: Lyxor International Asset Management. Data as at 24/04/2019. *Data as at 31/03/2019. Past performance is no guide to future returns.

*Source: Morningstar and Bloomberg data from 31/12/2008 to 29/03/2019. 50% and 33% represent the best and worst results after we divided the universe we cover into 3 sub-groups. Between those limits, "hits" and "misses" are set comparing the current quarter's result vs. the long-term averages. Past performance is no guide to future returns.

LYXOR



SOCIETE GENERALE GROUP

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Knowing your risk

It is important for potential investors to evaluate the general risks described below and in the fund prospectus on our website www.lyxoretf.com

Capital at risk

ETFs are tracking instruments: Their risk profile is similar to a direct investment in the Underlying index. Investors' capital is fully at risk and investors may not get back the amount originally invested.

Replication risk

The fund objectives might not be reached due to unexpected events on the underlying markets which will impact the index calculation and the efficient fund replication.

Counterparty risk

With synthetic ETFs, investors are exposed to risks resulting from the use of an OTC swap with Société Générale. In-line with UCITS guidelines, the exposure to Société Générale cannot exceed 10% of the total fund assets. Physically replicated ETFs may have counterparty risk if they use a securities lending programme.

Concentration risk

Smart Beta ETFs select stocks or bonds for their portfolio from the original benchmark index. Where selection rules are extensive, it can lead to a more concentrated portfolio where risk is spread over fewer stocks than the original benchmark.

Underlying risk

The Underlying index of a Lyxor ETF may be complex and volatile. For example, when investing in commodities, the Underlying index is calculated with reference to commodity futures contracts exposing the investor to a liquidity risk linked to costs such as cost of carry and transportation. ETFs exposed to Emerging Markets carry a greater risk of potential loss than investment in Developed Markets as they are exposed to a wide range of unpredictable Emerging Market risks.

Currency risk

ETFs may be exposed to currency risk if the ETF is denominated in a currency different to that of the Underlying index they are tracking. This means that exchange rate fluctuations could have a negative or positive effect on returns.

Liquidity risk

Liquidity is provided by registered market-makers on the respective stock exchange where the ETF is listed, including Société Générale. On exchange, liquidity may be limited as a result of a suspension in the underlying market represented by the Underlying index tracked by the ETF; a failure in the systems of one of the relevant stock exchanges, or other market-maker systems; or an abnormal trading situation or event.

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