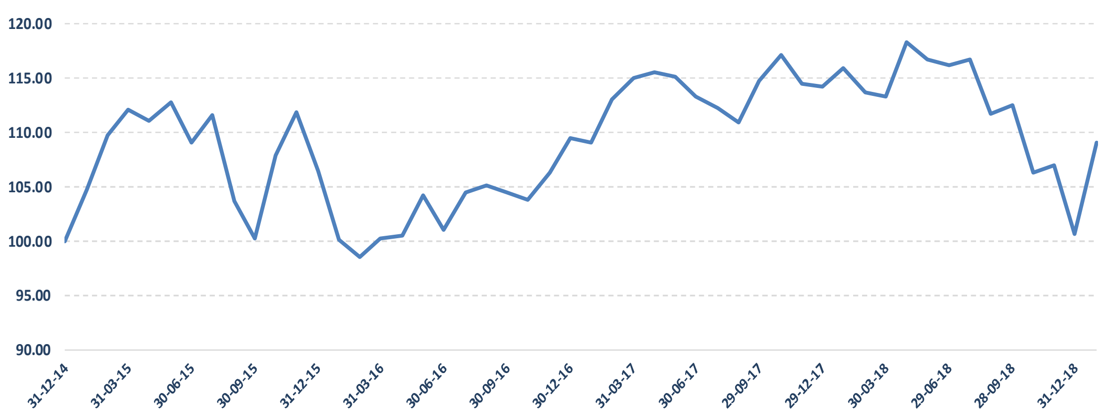
LSF – EEE Enhanced Equity Exposure

HERON ASSET MANAGEMENT

Data as of 31 January 2019

Fund performance and risk analysis

Monthly NAV

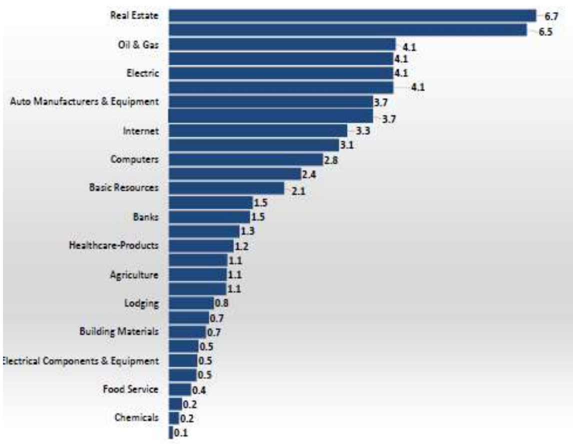


Historical monthly returns

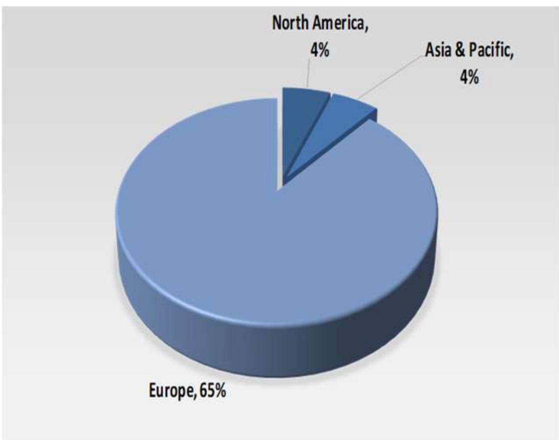
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2015	4.75%	4.78%	2.14%	-0.96%	1.58%	-3.28%	2.27%	-7.01%	-3.35%	7.68%	3.63%	-4.88%	**6.42%**
2016	-5.96%	-1.59%	1.83%	0.29%	3.58%	-3.02%	3.46%	0.64%	-0.67%	-0.67%	2.46%	2.92%	**2.84%**
2017	-0.33%	3.60%	1.76%	0.52%	-0.42%	-1.63%	-0.91%	-1.13%	3.39%	2.07%	-2.24%	-0.20%	**4.38%**
2018	1.46%	-1.93%	-0.32%	4.43%	-1.39%	-0.38%	0.47%	-4.35%	0.70%	-5.42%	0.50%	-5.85%	**-11.88%**
2019	8.38%												**8.38%**

Asset allocation

Sector breakdown



Geographic breakdown



Manager commentary

After the worst December since 1931, we had one of the best January for Equities in the past 20 years: MSCI World +7.7%, SP500 +7.87%, Nasdaq +9.7%, Topix (Japan) +5%, Hang Seng (HK) +8%, Shanghai China +6%, Eurostoxx 600 +6.23%, Dax +5.82%, Cac40 +5.5% and Ftsemib +7.5%. Markets bounced buoyed by the Fed's dovish stance, improvements in China/US talks, some risk-on mood in Growth and more importantly a severe underweight from investors. The Fed delivered a dovish message, which means lower rates (slower/less rate hikes) and slower normalization of the Fed's balance sheet. There's little doubt that the Fed's pivot is bullish for risk assets. In fact, the rally this year began on January 4th, the day that Fed Chair Powell suggested the Fed would be patient which is code for a pause in rate hikes. The earning season is proving to be a tough one, even though better than feared, with the lowest percentage of US companies beating EPS estimates since 4Q16 and the highest percentage of US companies missing estimates since 4Q16. Earning growth and breadth are deteriorating. Oil and Gold had a strong January, up respectively 18.5% and 3%. On one hand the Venezuela crisis is tightening the oil market after the US imposed sanctions, on the other the Fed's dovish posture and lower rates are a bonanza for gold.

Enhanced Equity Exposure, +8.5% MoM, outperformed the main European indexes. EEE has been mainly invested in indexes via derivatives and defensive sectors such as Transportation & Logistics, Real Estate and Utilities in order to avoid profit warnings in a touch earning season.

Fund description

Enhanced Equity Exposure (EEE) is a Long Only UCITS open-end fund incorporated in Luxembourg.

The Fund mainly invests in and gains exposure to the developed markets of Europe and North America.

The fund's investment process is driven by stock specific fundamental analysis. Hedging strategies are implemented to reduce volatility.

Fund facts

Nav as of 31 January 2019: €109.10
AUM as of 31 January 2019: €30.7 mln

Currency class: EUR, CHF
Base currency: EUR

Inception date: 31 December 2014

Management Fee: 1.5%

Performance Fee: 15% of the positive performance between the sub-fund performance and the High Watermark

Liquidity: Daily

Fund type: UCITS IV
Investment Manager: Heron Asset Management SA

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Valoren: 25986742
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