

# Alpha/Beta Allocator: Equities

## Why pay more for less?

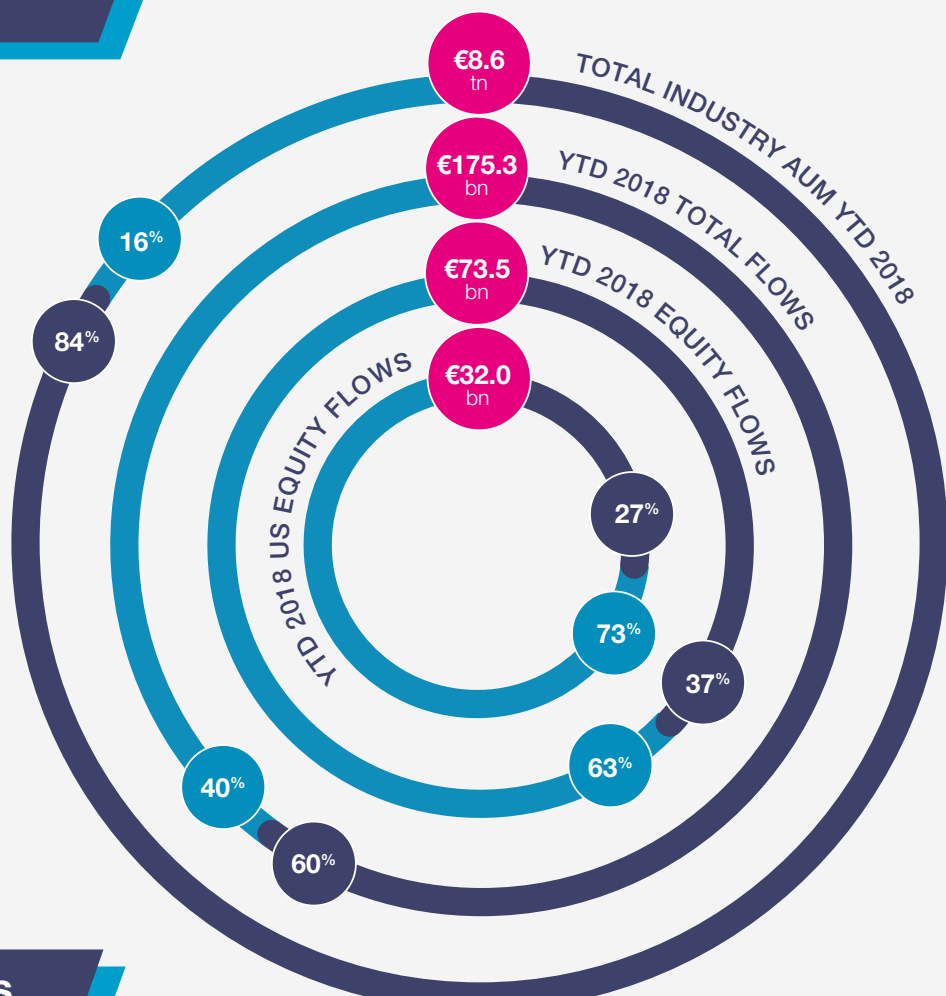
### The industry

#### AUM & flows

Active Passive

“The data is clear – passive is now the default choice”

Marlène Hassine Konqui,  
Head of ETF Research



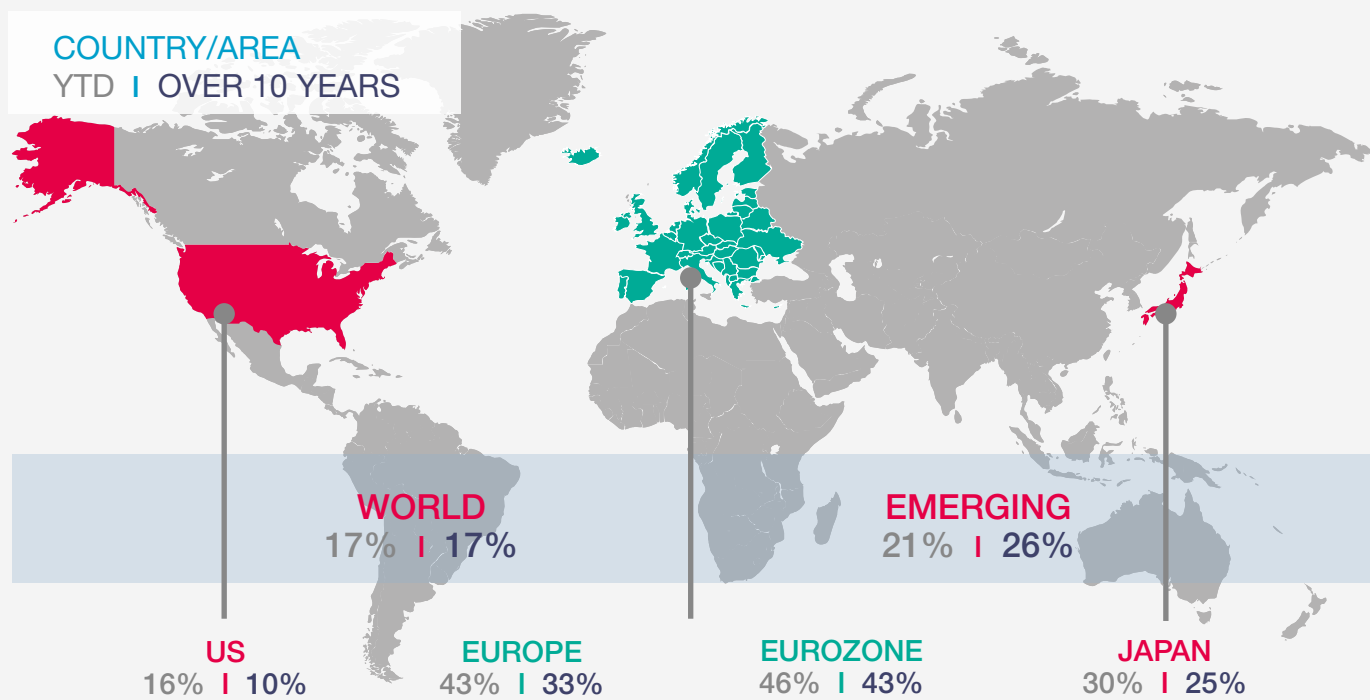
### The active managers

#### Performance vs. benchmarks

Alpha opportunities were again most evident for European equity managers...

Hit Miss

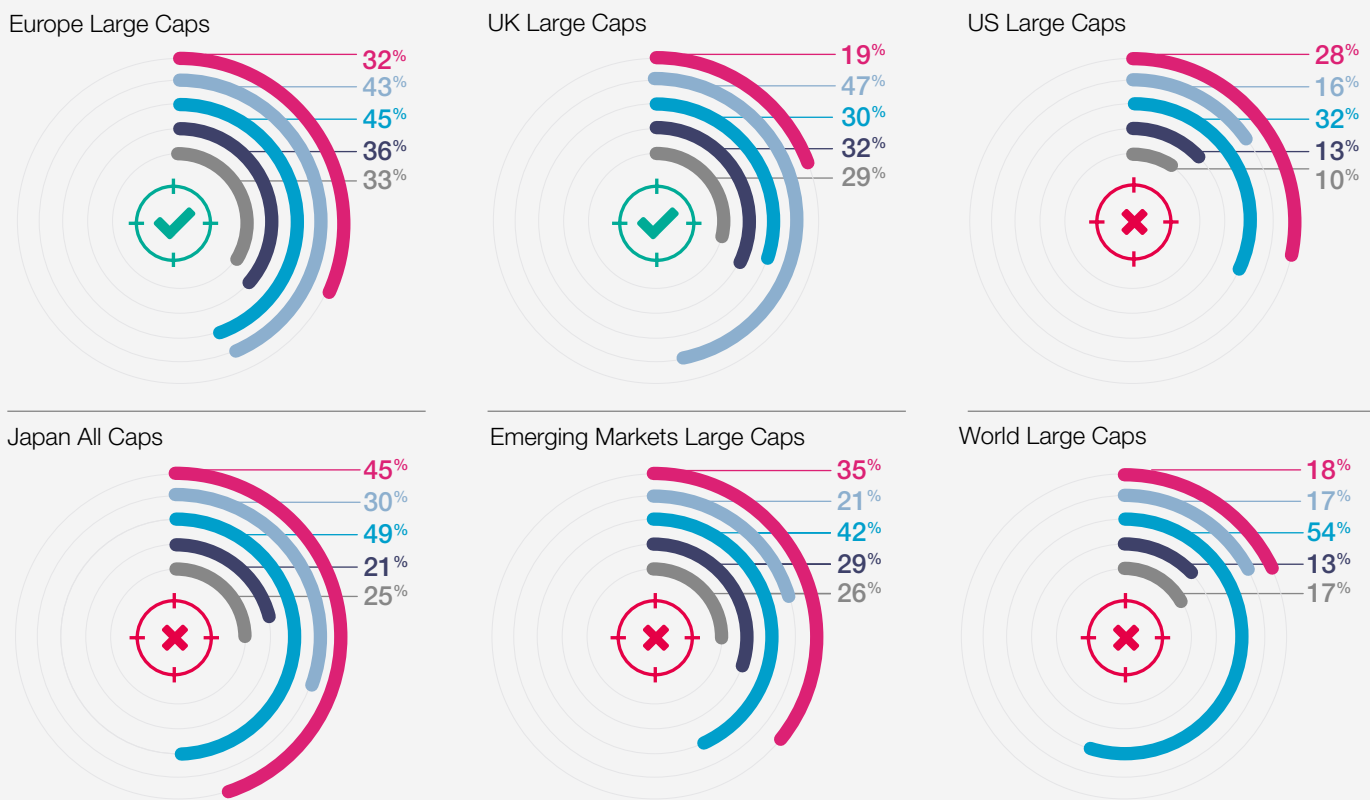
COUNTRY/AREA  
YTD | OVER 10 YEARS



...despite political uncertainty, stuttering growth and the rupture with Rome.

Q3 2018 YTD 2017 5 year 10 year

✓ Hit: when YTD results are >50% or >10yr figure  
✗ Miss: when YTD results are <33% or <10yr figure



### The costs

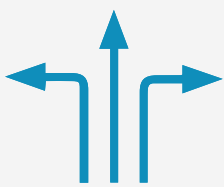
How active & passive compare

Active 0.75%  
ETF 0.26%

The typical active equity fund is c.3x more expensive than the typical ETF – why pay more for less?

### Why Lyxor for US equities?

14+ routes into US equities



Lowest cost

core US equity exposures in Europe

0.04%

Best performing: S&P 500 ETF you can buy



Oldest:

NASDAQ 100 & DJIA ETFs



Source: Lyxor International Asset Management. Data over 5 years as at 30/09/2018. All other statements refer to European ETF market and were correct as at 12/11/2018. Past performance is no guide to future returns.

\*Source: Morningstar & Bloomberg, data from 30/09/2008 to 28/09/2018. 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](http://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.

## Important information

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These funds are sub-funds of either Multi Units Luxembourg or Lyxor Index Fund and have been approved by the CSSF. Alternatively, some of the funds described in this document are sub-funds of Multi Units France a French SICAV incorporated under the French Law and approved by the French Autorité des marchés financiers. Each fund complies with the UCITS Directive (2009/65/CE), and has been approved by the French Autorité des marchés financiers. Société Générale and Lyxor AM recommend that investors read carefully the “risk factors” section of the product’s prospectus and Key Investor Information Document (KIID). The prospectus and the KIID are available in French on the website of the AMF ([www.amf-france.org](http://www.amf-france.org)). The prospectus in English and the KIID in the relevant local language (for all the countries referred to, in this document as a country in which a public offer of the product is authorised) are available free of charge on [lyxoretf.com](http://lyxoretf.com) or upon request to [client-services-etf@lyxor.com](mailto:client-services-etf@lyxor.com)

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Updated composition of the product’s investment portfolio is available on [www.lyxoretf.com](http://www.lyxoretf.com). In addition, the indicative net asset value is published on the Reuters and Bloomberg pages of the product, and might also be mentioned on the websites of the stock exchanges where the product is listed. Prior to investing in the product, investors should seek independent financial, tax, accounting and legal advice. It is each investor’s responsibility to ascertain that it is authorised to subscribe, or invest into this product. This document together

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