SG Global Value Beta

The best exposure to a global recovery

Value stocks had a rough time during the market rout, something hardly unusual as the investment style tends to include many cyclical stocks. This year's sharp market decline magnified what was already a heavily skewed valuation landscape: value stocks are now as cheap as they have ever been in recent history. These cheap valuations should help to absorb potential earnings downgrades better. We also find when coming out of market crashes that the SG Global Value Beta strategy tends to do better during the market rebound compared to other value exposures.

How the strategy works

SG Global Value Beta

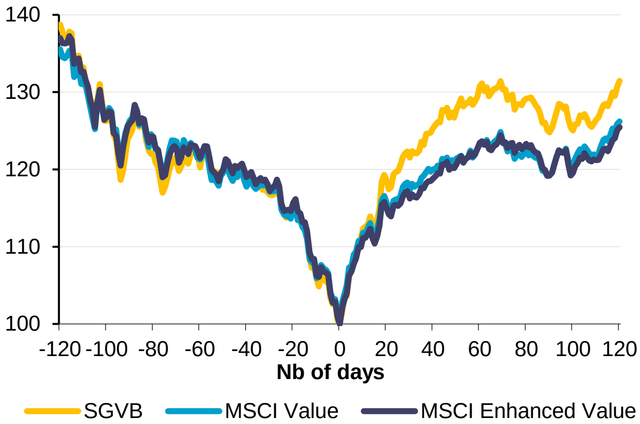
- Takes a universe of developed market equities and
  - Selects stocks with market cap> US$1bn with an average daily turnover >US$3m
  - Stocks are ranked according to a combined valuation score based on five equally-weighted traditional valuation ratios (Price to Book Value, Price Earnings ratio, 12 months forward Price Earnings ratio, Enterprise value to EBITDA, Price to Free Cash Flow).
  - Companies are then ranked by valuation scores
- The 200 cheapest stocks are selected to create an equally weighted portfolio.

What you need to know

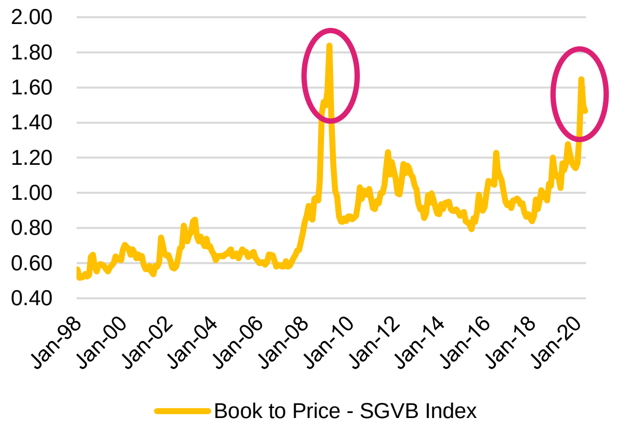
Index and Fund details[1]	
Index name	SG Global Value Beta Net Total Return Index
Currency	EUR
# Holdings	200
Dividend yield	3.61%
Index Bloomberg ticker	SGVBNTR
Rebalancing	Quarterly
Replication	Swap-based
TER	0.40%

[1]TER correct as at 15/06/2020. Source : Lyxor International Asset Management, Bloomberg.

Value performance around market downturn



Value stocks valuations the most attractive since 2008



Sources: Lyxor International Asset Management, SGCIB Cross Asset Research/ Equity Quant. Data as at 31/05/2020.
Past performance is not a reliable indicator of future returns.

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Why Lyxor for Global Value?

Far reaching

Global exposure seeks deep value, unconstrained by country or sector caps

Pure

Higher exposure to the value factor compared to similar value indices*

Accomplished

Over 5 years' track record

[1]Sources: Lyxor International Asset Management, TER correct as at 15/06/2020. *MSCI Value, MSCI Enhanced Value

Knowing your risk

It is important for potential investors to evaluate the 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 Societe Generale. 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

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.

Concentration risk

Thematic and 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.

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 Societe Generale. 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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