

LYXOR ASSET MANAGEMENT UK LLP

REPORT & FINANCIAL STATEMENTS

31 DECEMBER 2021



PARTNERSHIP REGISTRATION NO. OC313685

LYXOR ASSET MANAGEMENT UK LLP
YEAR ENDED 31 DECEMBER 2021

STRATEGIC REPORT

REVIEW OF THE BUSINESS

Lyxor Asset Management UK LLP (the "LLP") is a Limited Liability Partnership established under laws of England and Wales with registration number OC313685 and having its registered office at 77 Coleman Street, London, EC2R 5BJ, United Kingdom.

The LLP is directly owned by Amundi (UK) Limited ("Amundi UK"), which is a wholly owned subsidiary of Amundi Asset Management S.A.S ("the Amundi Group"), which is headquartered in Paris, and by Amundi Asset Management ("Amundi AM"), a French société par actions simplifiée. The Amundi Group provides tailored investment solutions to retail, institutional and corporate clients worldwide. It covers main markets and investment regions throughout the world.

On the 31 December 2021 the LLP was sold and all the LLP's members' interests were transferred from Société Générale Investments (UK) Limited ("SGIUK") and SG Financial Services Limited ("SGFS") to Amundi UK and Amundi AM respectively. SGIUK and SGFS are both wholly owned by Société Générale S.A. ("the SG Group").

The functional currency of the accounts is in pounds sterling.

The LLP has the following activities and sources of income:

- The distribution of Lyxor Global funds and Exchange-Traded Funds ("ETFs") to institutional and professional clients in the UK, which earns a retrocession fee from Lyxor France.
- Fees from Lyxor Asset Management S.A.S. ("LAM") and Lyxor International Asset Management S.A. ("LIAM") received when the LLP participates in assignments for Lyxor Global - for example; hedge fund relationship management, ETF marketing, ETF capital market, requests for proposal, and supervision of some global initiatives. The LLP charges a fee calculated as cost plus arrangement.

The key financial and other performance indicators during the year were as follows:

	2021	2020	Change
	£	£	%
Revenue	9,729,336	11,058,380	-12%
Operating profit	2,408,424	2,227,069	8%
Net profit	2,408,424	2,239,397	8%
Members' interest	3,840,274	9,749,607	-61%
Number of employees	33	36	-7%

The LLP is a BIPRU €50K firm and therefore has a base capital resources requirement of €50,000. As at 31 December 2021 it had total members' interest of £3,840,274, a 61% decrease from 31 December 2020. The decrease in members' interest is due to the payment of £5,909,334 Loans and other debts due to members.

The LLP made a profit of £2,408,424 (2020: £2,239,397).

OUTLOOK 2022

The outlook looks very challenging for financial markets in 2022 due to the war in Ukraine. This has deeply unsettled global equity, bond and commodity markets. While markets are likely to remain volatile throughout the year, the diverse range of investment funds offered by Lyxor across these different financial sectors will allow our clients to change their asset allocations or position themselves more defensively according to their requirements. As such, we expect the overall positive asset gathering trend witnessed by Lyxor funds over the past two years to continue across both Lyxor ETFs and Lyxor Alternative UCITS.

LYXOR ASSET MANAGEMENT UK LLP YEAR ENDED 31 DECEMBER 2021

STRATEGIC REPORT (Continued)

Following the purchase of the LLP from Societe Generale, the members have decided to cease trading from the LLP and absorb its operation into Amundi UK. On dissolution of the LLP, the staff, trading activities and net assets will be transferred to Amundi UK. The members intend for the dissolution to be completed during 2022.

IMPACT OF BREXIT

The LLP still benefits from the FCA Temporary Permission Regime ("TPR") for the Lyxor funds currently distributed to UK clients and as a result has the permission to distribute funds to UK clients. These are confirmed as appearing in the Financial Services Register. This constitutes the majority of the LLP's clients.

UK TPR took effect from the end of the transition period (i.e. 31 Dec 2020) for a period of 3 years (TPR is scheduled to cease at the end of 2023). As noted in the 2022 outlook above the LLP will be dissolved during 2022, therefore the impact of Brexit is negated.

INVESTMENT FIRM PRUDENTIAL REGIME ("IFPR")

Until 31 December 2021, the LLP was designated as a BIPRU firm under the FCA's Prudential sourcebook for Banks, Building Societies and Investment Firms (BIPRU). The LLP was also designated as a BIPRU €50K Firm. Since 1 January 2022, FCA introduced a new prudential regime for MiFID investment firms of IFPR with the aim to streamline and simplify the prudential requirements for FCA investment firms. Under IFPR, the LLP is designated as a non small SNI (Small and Non-interconnected Firm). Under the new regime the ICAAP will be replaced with the Internal Capital and Risk Assessment (ICARA), which is used to assess the risk of harm to clients, markets and the firm, ensuring relevant mitigants are in place. The LLP continues to monitor its capital position under the new regulation. As the members intend to dissolve the LLP during 2022 the IFPR will not be applicable.

PRINCIPAL RISKS

Credit Risk

The LLP carries credit risk towards LAM and LIAM, which pays the distribution fees and the service fees. This risk is mitigated in that distribution fee payments are paid quarterly.

The LLP is exposed to Société Générale London Branch with whom it holds cash deposits. The Executive Committee (on recommendation from the Advisory Committee) could recommend switching the bank used for the LLP's cash deposits in the event that a deteriorating financial position of Société Générale S.A. justified this.

Operational Risk

The main business of the LLP is the sale and marketing of the Lyxor Division's funds in the jurisdictions in which the LLP operates. As such, the LLP is exposed to a diverse range of operational risks. Failure to effectively manage these risks may lead to operational losses, either direct financial losses from client claims, or indirect losses from regulatory fines or longer-term reputational damage.

Operational risk can arise from the following main categories:

- Client claims for which the LLP would ultimately be liable, therefore, are limited to cases where the LLP's sales teams or capital markets teams provide information to clients that is incorrect or misleading (either deliberately or accidentally) and which results in a substantial client loss. To mitigate this possibility, the LLP adhered to the SG Group Sales and Conduct policies, including the use of a Sales Handbook, regular conduct and compliance training and other best practices, such as the recording of calls on client lines. Also, all marketing material produced by the LLP is done in accordance with a strict legal and compliance control framework and must include appropriate disclaimers to mitigate the risk of Lyxor France or the LLP being held responsible for any client losses.

LYXOR ASSET MANAGEMENT UK LLP
YEAR ENDED 31 DECEMBER 2021

STRATEGIC REPORT (Continued)

- **Fraud:** The LLP manages its own cash and therefore there is a potential risk of fraud by an employee against the firm. The LLP has set up appropriate procedures to minimise the risk that one person defrauds the firm, for example, the bank mandate that stipulates any payment has to be authorised by two signatories.

In terms of the LLP's principal business activity of fund distribution, there is limited scope for fraud as the LLP does not make payments to any of its clients and does not hold investor funds. Any rebate agreements with UK clients are undertaken on behalf of the LLP by Lyxor France, with fees independently calculated, processed and paid by the middle-office of Lyxor France.

- **IT disruption, system failure or data compromise:** IT disruption will have the biggest short-term impact on the LLP's ETF Capital Market team, but this is mitigated as the business has team members based in other countries (France and Germany) that would be able to continue the ETF liquidity management. There are also market making agreements in place with third parties, which means that even if Lyxor Capital Markets suffers a total loss of access to its IT systems, a minimum service would still be in place to ensure adequate liquidity on ETF funds.

Conduct, Legal and Compliance Risk

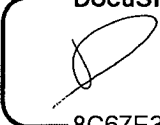
As the LLP does not hold client assets, the serious risk of Money Laundering does not apply, although there could still be significant reputational damage if a client were to use Lyxor funds for money laundering purposes, which the KYC process aims to minimise.

Business Risk

There is a risk that the business environment deteriorates or suffers a prolonged downturn. However, the sources of income of the LLP are well diversified: distribution fees on ETFs and on Alternative funds and service fees on functional support to Lyxor Asset Management S.A.S and Lyxor International Asset Management S.A. Moreover, the LLP focuses on institutional investors and private banks, which provide a stable demand for services and products over the long term and are less impacted by short term economic conditions.

Approved by the members and signed on behalf of the members

77 Coleman Street
London
United Kingdom
EC2R 5BJ

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25 April 2022

Amundi (UK) Limited
Designated Member

LYXOR ASSET MANAGEMENT UK LLP
YEAR ENDED 31 DECEMBER 2021

REPORT OF THE MEMBERS

The members have pleasure in submitting their report together with the financial statements for the year ended 31 December 2021.

PRINCIPAL ACTIVITY

The principal activity of the LLP is the distribution of Lyxor Global funds and Exchange-Traded Funds (ETFs) to institutional clients and professional distributors.

The LLP registration number is OC313685.

RESULTS

The LLP's profit for the year ended 31 December 2021 is £2,408,424 (2020: £2,239,397).

FUTURE DEVELOPMENTS

The future developments in the business of the LLP have been included in the strategic report under Outlook 2022 and under the Going Concern section below.

GOING CONCERN

As noted in the Strategic Report, the management have approved an intra-group transfer of the business to Amundi UK, which in due course would culminate in the eventual dissolution of the LLP. The dissolution of the LLP is anticipated to occur under 12 months' time.

Accordingly, the members believe that the use of a going concern basis in preparing the annual report and accounts is not appropriate and have decided to prepare the financial statements on a basis other than going concern. The members believe that the current book values disclosed on the balance sheet approximate the net realisable value and therefore, no adjustments are required to be made.

MEMBERS

The members of the LLP during the year were:

- Société Générale Investments (U.K.) Limited ("SGIUK")
- SG Financial Services Limited ("SGFS")

On the 31 December 2021 the LLP was sold and the membership was transferred. Up to the date of this report the members were:

- Amundi (UK) Limited ("Amundi UK")
- Amundi Asset Management ("Amundi AM")

POLICY REGARDING MEMBERS' DRAWINGS AND CAPITAL

Amounts standing to the credit of a member's current account, allocated by the Advisory Committee, shall be available for drawings. The profit for the year of £2,408,424 (2020: £1,566,378) was transferred from members' capital to debt. Members' capital is subscribed for in accordance with the current members' agreement and retained by the LLP until such time as the Advisory Committee agrees that it should be repaid.

LYXOR ASSET MANAGEMENT UK LLP
YEAR ENDED 31 DECEMBER 2021

REPORT OF THE MEMBERS (Continued)

On 25 November 2021, £5,909,333 relating to the 2014 to 2020 transfer of members' capital to debt, was paid to the SGIUK, being the 99% direct owner of the LLP at the time. SGFS, being the 1% direct owner, waived its rights to profit distribution in favour of SGIUK. With the transfer of members' interest from SGIUK and SGFS to Amundi UK and Amundi AM respectively on the 31 December 2021, it was agreed that the whole of 2021 profit would be distributed to SGIUK and as a result an interim profit distribution of £2,100,000 was paid to SGIUK on 17 December 2021. The remaining 2021 profit of £308,424 was provided for as a payable to SGIUK. Note 7 to the financial statements provide details of members' interests.

AUDITORS

Each of the persons who is a member at the date of approval of this report confirms that:

(a) so far as the member is aware, there is no relevant audit information of which the LLP's auditors are unaware; and

(b) the member has taken all the steps that he ought to have taken as a member in order to be aware of any relevant audit information and to establish that the LLP's auditors are aware of that information.


REAPPOINTMENT OF AUDITOR

Deloitte LLP was reappointed for the 2021 audit. As a result of the transfer of the LLP's membership to Amundi UK and Amundi AM, the reappointment of the next auditors will be aligned with Amundi UK's auditor rotation policy.

Approved by the members and signed on behalf of the members

77 Coleman Street
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25 April 2022

Amundi (UK) Limited
Designated Member

LYXOR ASSET MANAGEMENT UK LLP
YEAR ENDED 31 DECEMBER 2021

STATEMENT OF MEMBERS' RESPONSIBILITIES

The members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with IFRSs as adopted by the International Accounting Standards Board ("IASB"). The financial statements are also required by law to be prepared in accordance with the Companies Act 2006, as applicable to limited liability partnerships.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the firm's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, members are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the firm and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the firm and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

These responsibilities are exercised by the designated member on behalf of the members.

LYXOR ASSET MANAGEMENT UK LLP
YEAR ENDED 31 DECEMBER 2021

Independent auditor's report to the members of Lyxor Asset Management UK Limited Liability Partnership ('LLP')

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Lyxor Asset Management UK LLP (the 'LLP'):

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applied to limited liability partnerships.

We have audited the financial statements of the LLP which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in members' interest;
- the cash flow statement; and
- the related notes 1 to 11.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) in conformity with the requirements of the Companies Act 2006 and IFRS as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the LLP in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Review Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Financial statements prepared other than on a going concern basis

We draw attention to note 1 of the financial statements, which indicates that the financial statements have been prepared on a basis other than that of going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The members are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

LYXOR ASSET MANAGEMENT UK LLP
YEAR ENDED 31 DECEMBER 2021

Independent auditor's report to the members of Lyxor Asset Management UK Limited Liability Partnership ('LLP') (Continued)

Responsibilities of members

As explained more fully in the members' responsibilities statement, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to dissolve the LLP or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the LLP operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Companies Act 2006, as applied to limited liability partnerships; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the LLP's ability to operate or to avoid a material penalty. These included the BIPRU €50K capital requirement for investment firms, as regulated by the FCA.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- Revenue recognition for Service level agreement ("SLA") fee income: We performed design and implementation testing of the key controls related to revenue recognition. In addition, we have obtained a confirmation of the fee income, agreed the SLA fee income to invoices and bank statements, and have recalculated the fee based on contractual terms in the SLA.

LYXOR ASSET MANAGEMENT UK LLP
YEAR ENDED 31 DECEMBER 2021

Independent auditor's report to the members of Lyxor Asset Management UK Limited Liability Partnership ('LLP') (Continued)

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with the FCA.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the members' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the member's report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the members' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

LYXOR ASSET MANAGEMENT UK LLP
YEAR ENDED 31 DECEMBER 2021

Independent auditor's report to the members of Lyxor Asset Management UK Limited Liability Partnership ('LLP') (Continued)

Use of our report

This report is made solely to the LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Paul Wilde FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
25 April 2022

LYXOR ASSET MANAGEMENT UK LLP
YEAR ENDED 31 DECEMBER 2021

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<u>Notes</u>	<u>2021</u> <u>£</u>	<u>2020</u> <u>£</u>
<u>Discontinuing Operations</u>			
Revenue	2	9,729,336	11,058,380
Gross profit		9,729,336	11,058,380
Administrative expenses	3	(7,320,912)	(8,831,311)
Operating profit		2,408,424	2,227,069
Interest receivable	4	-	12,328
Profit for the financial year		2,408,424	2,239,397
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION		2,408,424	2,239,397
Other Comprehensive Profit			
Other comprehensive profit for the year		-	-
Total comprehensive profit for the year		2,408,424	2,239,397
Profit for the financial year before members' remuneration and profit shares		2,408,424	2,239,397
Members' remuneration charged as an expense		-	-
Total comprehensive profit for the financial year available for discretionary division among members		2,408,424	2,239,397

All profits for the current financial year are from discontinuing operations.

LYXOR ASSET MANAGEMENT UK LLP
YEAR ENDED 31 DECEMBER 2021

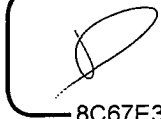
STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<u>Notes</u>	<u>2021</u> £	<u>2020</u> £
ASSETS			
CURRENT ASSETS			
Other receivables	5	2,456,459	3,446,410
Cash and cash equivalents		3,934,954	15,133,607
TOTAL ASSETS		6,391,413	18,580,017
LIABILITIES			
CURRENT LIABILITIES			
Other payables	6	(2,551,139)	(8,830,410)
Loans and other debts due to members		-	(5,909,333)
TOTAL LIABILITIES		(2,551,139)	(14,739,743)
NET ASSETS		3,840,274	3,840,274
EQUITY			
MEMBERS' OTHER INTERESTS			
Members' capital classified as equity	7	3,840,274	3,840,274
		3,840,274	3,840,274
TOTAL MEMBERS' INTERESTS			
Amounts due from members		-	(1)
Loans and other debts due to members		-	5,909,334
Members' other interests		3,840,274	3,840,274
		3,840,274	9,749,607

These financial statements were approved by the members and authorised for issue on 25 April 2022 and signed on behalf of the members by:

DocuSigned by:



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Amundi (UK) Limited
Designated Member

The notes on pages 17 to 29 form an integral part of these financial statements.

The partnership registration number is OC313685.

LYXOR ASSET MANAGEMENT UK LLP
YEAR ENDED 31 DECEMBER 2021

STATEMENT OF CHANGES IN MEMBERS' INTEREST

For the year ended 31 December 2021

	Members' capital (Classified as equity) £	Loans and other debts due to/(from) members £	Other Reserves £	Total £
Members' interests as at 1 January 2020	3,840,274	2,103,558	1,566,378	7,510,210
Profit for financial year	-	3,805,775	(1,566,378)	2,239,397
Members' interests as at 31 December 2020	3,840,274	5,909,333	-	9,749,607
Repayment of Members' Loan Accounts	-	(5,909,333)	-	(5,909,333)
Profit and total comprehensive profit for the financial year	-	-	2,408,424	2,408,424
Interim profit distribution	-	-	(2,100,000)	(2,100,000)
Final profit distribution (Note 6)	-	-	(308,424)	(308,424)
Members' interests after profit for the year	3,840,274	-	-	3,840,274
Allocation of Other Amounts from Members to Equity:				
Amounts due to members	-	-	-	-
Amounts due from members	-	-	-	-
Members' interests as at 31 December 2021	3,840,274	-	-	3,840,274

LYXOR ASSET MANAGEMENT UK LLP
YEAR ENDED 31 DECEMBER 2021

CASH FLOW STATEMENT

For the year ended 31 December 2021

	<u>Notes</u>	<u>2021</u> <u>£</u>	<u>2020</u> <u>£</u>
Net cash flow (used in) / from operating activities	10b	(3,189,320)	2,690,216
<u>Investing activities</u>			
Interest received		-	12,328
Net cash flow from investing activities		-	12,328
<u>Financing activities</u>			
Interim profit distribution		(2,100,000)	-
Repayment of Members' Loan Accounts		(5,909,333)	-
Net cash flow used in financing activities		(8,009,333)	-
Net (decrease) / increase in cash and cash equivalents		(11,198,653)	2,702,544
Cash at the beginning of the year		15,133,607	12,431,063
Cash at the end of the year	10a	3,934,954	15,133,607

LYXOR ASSET MANAGEMENT UK LLP
YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding period is set out below.

Lyxor Asset Management (UK) LLP is a limited liability partnership established under the laws of England and Wales and Limited Liability Partnership Act 2000.

a) Basis of preparation

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the IASB and have been prepared under the historical cost convention.

Going concern

As the management of the LLP have approved an intra-group transfer of the business to Amundi UK subject to the approvals from all relevant stakeholders, which in due course would culminate in the eventual dissolution of the LLP, the members believe that the use of a going concern basis in preparing the annual report and accounts is not appropriate and have thus prepared the financial statements on a basis other than going concern. The members believe that the current book values disclosed on the balance sheet approximate the net realisable value and therefore, no adjustments are required to be made.

Amendments to IFRS that are not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

- Annual Improvements to IFRS Standards 2018 – 2020: Property, Plant and Equipment - Proceeds before Intended Use is effective for annual periods beginning on or after 1 January 2022
- Amendments to IFRS 3: Annual Improvements to IFRS Standards 2018 – 2020 is effective for annual periods beginning on or after 1 January 2022
- Amendments to IAS 37: Reference to the Conceptual Framework is effective for annual periods beginning on or after 1 January 2022
- IFRS 17: Onerous Contracts – Cost of Fulfilling a Contract is effective for annual periods beginning on or after 1 January 2022
- Amendments to IFRS 17: Insurance contracts is effective for annual periods beginning on or after 1 January 2023
- Amendments to IAS 1: IFRS 17 is effective for annual periods beginning on or after 1 January 2023
- Amendments to IAS 1: Classification of Liabilities as Current of Non-current is effective for annual periods beginning on or after 1 January 2023
- Amendments to IFRS 10 and IAS 28: Classification of Liabilities as Current of Non-current is effective for annual periods beginning on or after 1 January 2023
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date not yet set by the Board)

The members do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the LLP in future periods.

Amendments to IFRS that are mandatorily effective for the current year

- Amendments to IFRS 16: Covid-19 Related Rent Concessions is effective for annual periods beginning on or after 1 June 2020. This will have no impact on the LLP due to no rental agreements in place.
- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest rate benchmark reform is effective for annual periods beginning on or after 1 January 2021. This will have no impact on the LLP as it has no IBOR linked assets or liabilities.

LYXOR ASSET MANAGEMENT UK LLP
YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (Continued)

b) Financial instruments

Financial assets and financial liabilities are recognised when the LLP becomes a party to the contractual provisions of the instrument.

Financial assets

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Classification and measurement

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

Despite the foregoing, the LLP may make the following irrevocable election / designation at initial recognition of a financial asset:

- the LLP may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are; and
- the LLP may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch below.

There are no debt and equity instruments designated as at FVTOCI at reporting date.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

LYXOR ASSET MANAGEMENT UK LLP
YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (Continued)

b) Financial instruments (continued)

Impairment of financial assets

The LLP always recognises lifetime ECL for trade receivables, amounts due from customers under construction contracts and lease receivables. The LLP only has receivables from group related parties and therefore does not consider the need to provide for any expected credit losses.

To determine the amount of impairment or provision to be recorded at each reporting date, these exposures are split among three categories based on the increase in credit risk observed since initial recognition. An impairment or provision shall be recognised for the exposures in each category as follows:

Observed deterioration in credit risk since initial recognition of the financial asset			
Credit risk category	Stage 1 Performing assets	Stage 2 Under-performing or downgraded assets	Stage 3 Credit impaired or defaulted assets
Transfer criteria	Initial recognition of the instrument in stage 1: <i>maintained if the credit risk has not increased significantly</i>	Credit risk on the instrument has increased significantly since initial recognition/ 30 days past due	Evidence that the instrument has become credit impaired/ 90 days past due
Measurement of credit risk	12 - months Expected credit losses	Lifetime Expected credit losses	Lifetime Expected credit losses
Interest income recognition basis	Gross carrying amount of the asset before impairment	Gross carrying amount of the asset before impairment	Net carrying amount of the asset after impairment

As all receivables are from group related parties, they are all designated as stage 1 high performing assets and hence no provision for expected credit loss.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the LLP compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the LLP considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Irrespective of the outcome of the above assessment, the LLP presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the LLP has reasonable and supportable information that demonstrates otherwise.

Derecognition of financial assets

The LLP derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

LYXOR ASSET MANAGEMENT UK LLP
YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (Continued)

b) Financial instruments (continued)

Financial liabilities

Classification of financial liabilities

Debt and equity instruments issued by the LLP are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The LLP derecognises financial liabilities when, and only when, the LLP's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

c) Revenue recognition

Retrocession fee income

Retrocessions are transfer pricing revenues received from related counterparties. The LLP has entered into transfer pricing agreements with other Lyxor entities which govern the sharing of revenues and which are accounted for on an accruals basis. Under these agreements, the LLP receives revenue primarily related to the sale of Investment Funds and Exchange Traded Funds. Revenue is recognised over the period to which it relates.

Service level agreement fee income (SLA's)

The LLP has entered into an SLA with LIAM and LAM and the income is accounted for on an accrual basis. The SLA covers the services provided by the LLP to LAM in respect of credit analysis, investment research, management of hedge fund relationships, international development of the Lyxor business and requests for proposals. Revenue is recognised over the period to which it relates.

d) Taxation

The income tax payable on the profits of the LLP is the liability of the members. Each member may be required, under tax regulations appropriate to their jurisdiction of operation to report their share of the income, gains, losses, deductions and credits of the LLP. No taxation is provided in these accounts.

LYXOR ASSET MANAGEMENT UK LLP
YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (Continued)

e) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

f) Foreign currencies

Transactions in currencies other than in Sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

g) Members' remuneration

Profits and losses are shared among the members in accordance with their relevant proportions of capital contributed in accordance with the LLP Agreement. This allocation happens automatically within 40 days of the approval of the financial statements. All profits are allocated to the members' Current Accounts unless the Executive Committee determines to restrict the allocation of profits to the members' Current Accounts with the intention to build adequate capital reserves to support the development of the LLP's business, in which case profits are allocated to the Other Reserves.

h) Critical accounting judgements and key sources of estimation uncertainty

The LLP recognises no critical accounting judgements that management has made in the process of applying the LLP's policies that have a significant effect on the amounts in the financial statements. There are also no key sources of estimation uncertainty.

2. REVENUE

	<u>2021</u>	<u>2020</u>
	<u>£</u>	<u>£</u>
Retrocession fee income (Refer to Note 8)	5,277,302	5,991,451
Service level agreement fee income (Refer to Note 8)	4,452,034	5,066,929
	<u>9,729,336</u>	<u>11,058,380</u>

The retrocession fee income is generated from institutional and professional clients in the UK and the service level agreement fee income is from assignments of UK based staff.

3. ADMINISTRATIVE EXPENSES

	<u>2021</u>	<u>2020</u>
	<u>£</u>	<u>£</u>
Wages and salaries	4,603,760	5,077,823
Social security costs	658,096	733,459
Termination Benefits	5,612	501,988
Contribution to defined contribution schemes	374,708	403,116
Auditor's remuneration - statutory audit	21,905	25,862
Auditor's remuneration - other assurance services	17,000	17,000
Other operating expenses	1,639,831	2,072,063
	<u>7,320,912</u>	<u>8,831,311</u>

LYXOR ASSET MANAGEMENT UK LLP
YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

3. ADMINISTRATIVE EXPENSES (Continued)

Included in the other operating expenses are cost for office space, other office facilities and equipment, business operations infrastructure, IT facilities and equipment, telecommunications facilities and equipment, access to information databases and support functions provided by the internal business lines of Société Générale London Branch.

Analysis of employees by function:

The average number of employees throughout the year was as follows:

	<u>2021</u>	<u>2020</u>
Sales and marketing employees	26	26
Fund analysis employees	4	6
Managing and administrative employees	3	4
	<u>33</u>	<u>36</u>

4. PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION

Profit for the financial year before members' remuneration is stated before crediting:

	<u>2021</u> <u>£</u>	<u>2020</u> <u>£</u>
Interest receivable on cash deposits. All of the interest receivable is from group companies (Refer to Note 8)	-	12,328

5. OTHER RECEIVABLES

	<u>2021</u> <u>£</u>	<u>2020</u> <u>£</u>
Amounts falling due within one year:		
Amounts due from group undertakings (Refer to Note 8)	2,369,430	3,446,410
VAT Recoverable	87,029	-
	<u>2,456,459</u>	<u>3,446,410</u>

The other receivables comprise of retrocession fees and service level agreement fees receivable. The members consider that the carrying amount of these approximates their fair value due to their short-term nature.

The amounts due from group undertakings are non-interest bearing and are receivable on demand and fall within stage 1 as there is no identified significant increase in credit risk.

LYXOR ASSET MANAGEMENT UK LLP
YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

6. OTHER PAYABLES

	<u>2021</u> £	<u>2020</u> £
Amounts owing to group undertakings (Refer to Note 8)	-	8,830,410
Amounts owing to related parties (Refer to Note 8)	830,600	-
Other Payables	1,720,539	-
	<u>2,551,139</u>	<u>8,830,410</u>

The members consider that the carrying amount of other payables approximates their fair value due to their short term nature.

Included in amounts owing to related parties is an amount of £308,424 relating to a final 2021 profit distribution to SGIUK (refer to Note 8).

The amounts owed to group undertakings are non-interest bearing and are payable on demand.

7. TOTAL MEMBERS' INTEREST

Profits and losses are shared among the members in accordance with their relevant proportions of capital contributed in accordance with the LLP Agreement. This allocation happens automatically within 40 days of the approval of the financial statements. All profits are allocated to the members' Current Accounts unless the Executive Committee determines to restrict the allocation of profits to the members' Current Accounts with the intention to build adequate capital reserves to support the development of the LLP's business, in which case profits are allocated to the Other Reserves.

On 25 November 2021, £5,909,333 relating to the 2014 to 2020 transfer of members' capital to debt, was paid to the SGIUK, as SGFS waived its right the profit distribution in favour of SGIUK. With the transfer of members' interest from SGIUK and SGFS to Amundi UK and Amundi AM respectively on the 31 December 2021, it was agreed that the whole of 2021 profit would be distributed to SGIUK and as a result an interim profit distribution of £2,100,000 was paid to SGIUK on 17 December 2021. The remaining 2021 profit of £308,424 was provided for as a payable to SGIUK.

Total Members' interest as at 31 December are as follows:

	<u>SGIUK</u> 99.9999%	<u>SGFS</u> 0.0001%	<u>Total</u> 100%
2020:	£ 9,749,598	£ 10	£ 9,749,608
	<u>Amundi UK</u> 99.9999%	<u>Amundi AM</u> 0.0001%	<u>Total</u> 100%
2021:	£ 3,840,270	£ 4	£ 3,840,274

LYXOR ASSET MANAGEMENT UK LLP
YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

8. RELATED PARTY TRANSACTIONS

During the year, the LLP entered into transactions with related parties within the group and below are the amounts charged to the statement of comprehensive income and balances on the statement of financial position.

	<u>Amounts owed by related parties</u>		<u>Amounts owed to related parties</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Société Générale London Branch (cash balances)*	3,934,954	15,133,607	522,176	8,830,410
Lyxor International Asset Management S.A.	1,680,517	1,722,586	-	-
Lyxor Asset Management S.A.S.	688,913	1,723,823	-	-
Société Générale Investments (UK) Limited*	-	-	308,424	5,909,327
SG Financial Services Limited*	-	1	-	6
	<u>6,304,384</u>	<u>18,580,017</u>	<u>830,600</u>	<u>14,739,743</u>

	<u>Retrocession fee income</u>		<u>Service level agreement fee</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Lyxor International Asset Management S.A.	3,018,150	3,493,325	3,657,062	3,998,937
Lyxor Asset Management S.A.S.	2,259,152	2,498,126	794,972	1,067,992
	<u>5,277,302</u>	<u>5,991,451</u>	<u>4,452,034</u>	<u>5,066,929</u>

	<u>Group interest receivable</u>		<u>Administrative expenses paid</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Société Générale London Branch*	-	12,328	5,599,358	8,831,311
	<u>-</u>	<u>12,328</u>	<u>5,599,358</u>	<u>8,831,311</u>

* Société Générale London Branch, Société Générale Investments (UK) Limited and SG Financial Services Limited were all related parties with the LLP for the duration of 2021 as the members' interests were only transferred to Amundi UK on 31 December 2021, therefore for the purposes of current year and prior year comparatives they have been incorporated in the schedules above.

Until the 31 December 2021 the LLP was a subsidiary of Société Générale Investments (U.K.) Limited ("SGIUK"), whose immediate holding company is Société Générale S.A.

Société Générale London Branch is a branch of Société Générale S.A., which is incorporated in France.

LYXOR ASSET MANAGEMENT UK LLP
YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

8. RELATED PARTY TRANSACTIONS (Continued)

Lyxor International Asset Management S.A. ("LIAM") operates as a subsidiary of Lyxor Asset Management S.A.S. ("LAM").

Lyxor Asset Management S.A.S. was a subsidiary of Société Générale S.A. Group until the 31 December 2021.

As at 31 December 2021 the ultimate holding company, controlling party and parent of the smallest and largest group for which group accounts are prepared is Credit Agricole S.A. (Refer to Note 9).

The amounts outstanding are unsecured and have no fixed date of repayment, settlement occurs in cash.

9. ULTIMATE CONTROLLING PARTY

The LLP's ultimate holding company, controlling party and parent of the smallest and largest group for which group accounts are prepared is Credit Agricole S.A., a company incorporated in France. Copies of the group accounts of Credit Agricole S.A are available from the registered office at 12, place des États-Unis, 92127 Montrouge Cedex, France.

10. NOTES TO THE CASHFLOW STATEMENT

	<u>2021</u> £	<u>2020</u> £
(a) <u>Reconciliation of cash</u>		
Cash at bank and in hand	3,934,954	15,133,607
(b) <u>Reconciliation of profit to cash from operating activities</u>		
Profit	2,408,424	2,239,397
Adjusted for:		
Interest receivable	-	(12,328)
Operating cash flows before working capital changes	2,408,424	2,227,069
Decrease / (increase) in other receivables	989,951	(1,016,102)
(Decrease) / increase in other payables	(6,587,695)	1,479,249
Cash flow (used in) / generated by operations	(3,189,320)	2,690,216
Net cash flow (used in) / from operating activities	(3,189,320)	2,690,216

11. FINANCIAL INSTRUMENTS

The transfer of the LLP's members' interests to Amundi UK and Amundi AM was only concluded on the 31 December 2021, therefore all the management of risks in relation to 2021 financial instruments are viewed considering the LLP as a part of Société Générale S.A. ("the SG Group").

The management of risks in relation to financial instruments is an integral part of the SG Group's corporate culture. The risks encountered by the LLP are managed on its behalf by Société Générale S.A. The LLP has hedged its loan exposures by currency, rate and maturity. It therefore does not have any material sensitivity to any of these risks.

LYXOR ASSET MANAGEMENT UK LLP
YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL INSTRUMENTS (Continued)

The main risks incurred in the LLP's activities are as follows:

i) Credit Risk

The LLP carries credit risk towards LIAM and LAM, which pays the distribution fees, the investment advisory fees and the service fees and is exposed to Société Générale London Branch with whom it holds cash deposits.

To mitigate exposure to credit risk the SG Group has a risk approval process that is based on five principles:

- All transactions giving rise to a counterparty risk must be authorised in advance.
- All requests for authorisations relating to a specific client or client group are handled by a central operating division called the Risk Division. This division is designated, on a case-by-case basis, to ensure a consistent approach to risk management and the permanent control of Société Générale S.A.'s potential exposure.
- Systematic recourse to internal risk ratings. These ratings are provided by the operating divisions that are able to enter into financial exposure with a client and are validated by the Risk Division; they are included in all loan applications and are considered as part of the decision process regarding the issue of a loan.
- Responsibility for analysing and approving risk is delegated to specific credit risk units.
- Risk assessment departments are fully independent at each decision making level.

The Risk Division aims to increase Société Générale S.A.'s expertise by centralising the analysis of the quality of Société Générale S.A.'s counterparties and the approval of exposure limits allocated to all locations and business lines.

The LLP is not aware of any material items that would affect the credit quality of its financial assets. The LLP has no financial assets whose carrying value would be impaired or considered to be past due but for renegotiation of their terms.

As all receivables are from group related parties, barring VAT Recoverable, and they are all designated as stage 1 high performing assets and hence no provision for expected credit loss.

ii) Market Risk: Interest Rate Risk and Sensitivity Analysis

There is no material exposure to interest rate risk as the loans are of a short-term nature.

iii) Currency Risk

There is no material exposure to currency risk as the LLP holds no foreign currency positions or has any foreign currency transactions.

iv) Fair Values

The information set out below provides information about how the SG Group determines fair values of various financial assets and financial liabilities.

The hierarchy establishes three categories for valuing financial instruments, giving the highest priority to unadjusted active markets for identical assets or liabilities and the lowest priority to unobservable inputs. If the inputs used to measure an asset or a liability fall to different levels within the hierarchy, the classification of the entire asset or liability will be based on the lowest level input that is significant to the overall fair value measurement of the asset or liability.

LYXOR ASSET MANAGEMENT UK LLP
YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL INSTRUMENTS (Continued)

iv) Fair Values (continued)

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices, credit spreads or interest rates and yield curves observable at commonly quoted intervals); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. The LLP develops unobservable inputs using the best information available in the circumstances, which would include the LLP's own data, taking into account all information about market participant assumptions that is reasonably available.

Where the interest rate fixing date of loans, receivables and lease financing transactions are less than one year they are considered to approximate their carrying value due to the short-term nature of these instruments.

Where the fixing date is greater than one year, in the absence of an actively traded market, the fair value is calculated by discounting future cash flow to present values based on a market rate yield curve. The fair value hierarchy of these loans is classified as Level 2.

v) Liquidity Risk

The principles and standards applicable to the management of liquidity risk are defined at the SG Group level. The LLP is responsible for managing its own liquidity and for respecting any liquidity constraints locally or those provided by the Asset Liability Management Department, a dedicated division that manages liquidity in the SG Group overall.

The LLP's financial liabilities are primarily in the form of staff costs due to be paid, recharges from Société Générale's London Branch and a final profit distribution due to Société Générale Investments (UK) Limited. The financial liabilities declared below include intercompany balances with subsidiaries. There are no financial liabilities falling greater than 5 years.

LYXOR ASSET MANAGEMENT UK LLP
YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL INSTRUMENTS (Continued)

v) Liquidity Risk (continued)

(a) Maturity analysis of financial liabilities

	<u>Less than 1 year</u>	
	<u>2021</u>	<u>2020</u>
	<u>£</u>	<u>£</u>
Financial liabilities		
Other payables	2,242,715	8,830,410
Loans and other debts due to members within one year	-	5,909,333
Final profit distribution	308,424	-
	<u>2,551,139</u>	<u>14,739,743</u>

The above being the undiscounted cash flows expected to be made.

(b) Financial assets and liabilities held at amortised cost

	<u>2021</u>	<u>2020</u>
	<u>£</u>	<u>£</u>
Financial assets	<u>6,391,413</u>	<u>18,580,017</u>
Financial liabilities	<u>2,551,139</u>	<u>14,739,743</u>

It is Société Générale S.A.'s treasury teams which ultimately manage the liquidity exposure of the LLP. The objective is to finance the LLP's activities at the best possible rates under normal conditions and ensure it can meet its obligations in the event of a crisis.

vi) Concentration Risk

Although the LLP's assets are concentrated by geography, type of client and economic sector this is ameliorated by Société Générale S.A., which through its other subsidiaries, achieves suitable diversification.

vii) Capital Management Policies and Procedures

The LLP's capital management objectives are:

- to ensure the LLP's ability to continue to be profitable;
and
- to provide an adequate return to members.

The LLP manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

LYXOR ASSET MANAGEMENT UK LLP
YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL INSTRUMENTS (Continued)

vii) Capital Management Policies and Procedures (continued)

Members' interest structure

	<u>2021</u>	<u>2020</u>
	<u>£</u>	<u>£</u>
Amounts due from members	-	(1)
Loans and other debts due to members	-	5,909,334
Members' other interests	3,840,274	3,840,274
	<hr/>	<hr/>
Total capital	<u>3,840,274</u>	<u>9,749,607</u>

The FCA stipulates the minimum level of regulatory capital to be maintained by the LLP and it is the responsibility of the LLP's Members to ensure the LLP maintains sufficient capitalisation.