

NAV Sept 2021 : 123.2496

+0.62%

Description Information

Type of fund: Absolute Return
 Assets: Stocks/Rights
 Legal case: Cayman
 Investment zone: Worldwide
 Sub-Advisor: Ananta AM Ltd
 Administrator: ARIA Fund Services
 Custodian: Bank Reyl Genève
 VNI Inception (Oct. 2012): 100

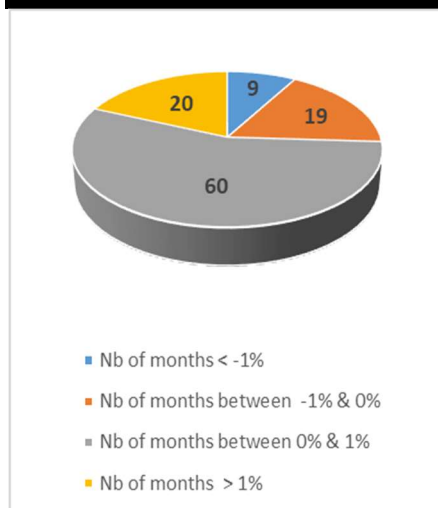
Administrative Information

Isin : KYG173411011
 CUSIP : G17341101
 NAV frequency: Monthly
 Minimum Souscription : 100 000€
 Benchmark Index : EONIA

Returns

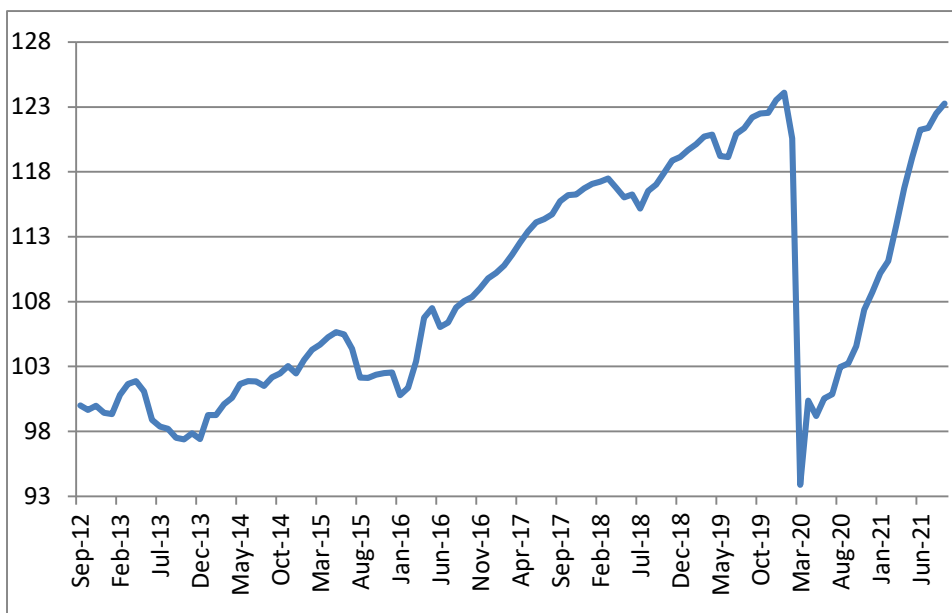
Net Returns				
2018	2019	2020	YTD	Start
2.09%	3.68%	-12%	13.39%	23.25%
Annualized Volatility				
2018	2019	2020	YTD	Start
2.18%	2.32%	24.62%	2.93%	8.46%

Matrix of returns



Since Inception	nb months	%
Positive	80	74%
Negative	28	26%

World Arbitrage Fund Class EUR



Objectives and Philosophy

The main objective of this investment fund is the preservation of capital. Even if the capital is not guaranteed, the chosen investment strategies minimize risk and volatility, while seeking an attractive return. The risk/return ratio is thus optimized. In order to meet this philosophy, the fund manages its assets only in the form of arbitrage, which reduces exposure to various fluctuations in the financial markets.

Strategy

The preferred universe is focused on a very specific type of management invested in the equity markets around the world.

The strategy is to invest in equity markets in the form of "Event driven / Risk arbitrage / Hedged rights issue arbitrage". The aim is to exploit circumstances in the event of mergers/acquisitions or certain imbalances in the allocation of rights by arbitrating.

In compliance with capital protection and in order to achieve absolute performance regardless of market conditions, all positions are driven by omnipresent and well-calibrated risk management.

Comment of the month

Activity has picked up in September after the quiet months of Summer. We have turned over our portfolio 5.11 times. Volume and performance were much more balanced between our two core strategies: 45% of the traded volume was executed on rights issues and 52% on mergers. As regards to performances, 47% of our results was achieved by our rights issue arbitrages and 47% by our merger arbitrages.

Merger spreads were steady throughout the month. We saw confidence being slightly restored in the names where regulatory or antitrust approvals might be problematic. We have seen a decent spread contraction on deals like Aerojet Rocketdyne, IHS Markit - S&P Global or Xilinx-Advanced Micro Devices in the US. This has also been true in other regions with Hitachi Metals in Japan, Mainstream Group in Australia and Harvest Health & Recreation acquisition by Trulieve Cannabis in Canada. This move followed the closing of several mergers with potential problematic approvals: Dialog Semiconductor in Germany, Translate Bio in the US, Great Canadian gaming in Canada or Beijing Capital, Bestway and Sogou in HK and China.

Unfortunately, the acquisition of Soho China by Blackstone blew out and led to our biggest loss of the month. The deal was cancelled by both parties on Chinese state body resistance given the controversial behaviour of the Chinese family controlling Soho China....

The Chinese crackdown on local businesses led to our second loss on 51JOBS.com. This company is Chinese but is listed in the US via an ADR. It is being bought by its management and does not look to be directly impacted by the crackdown. Nevertheless, it's an internet company and arbitrageurs are cautious... In the UK, we had the disappointment that Meggit did not get an improved offer and this also weighed in our portfolio.

After a dull summer, things got exciting again in the rights issues space with several capital increases happening at the same time. We successfully traded in the long-awaited rights issue of Deutsche Lufthansa, and Easyjet in the UK. Volumes were good and the spreads were profitable too. As usual, borrow has been the limiting factor there, especially on the Lufthansa deal, in which we had to trade the spread around on the last day. We participated in the NH Hotel Group deal in Spain. This one was smaller and less crowded and we benefitted from a good oversubscription allocation.

Yet another testimony that some sectors will have to go through fund raising on their way to full recovery.

We also made a decent pnl on the Borussia Dortmund capital increase and a small one on the Veolia rights issue. The latter was a bit of a disappointment. Actors are being too optimistic on oversubscription allocations when pricing the spread. This is mainly due to the good oversubscription result on some French names over the last year. It can't always be the case though.