

# OFI RISK ARB ABSOLU R

Monthly Factsheet - Absolute Return - june 2019



## Investment Policy :

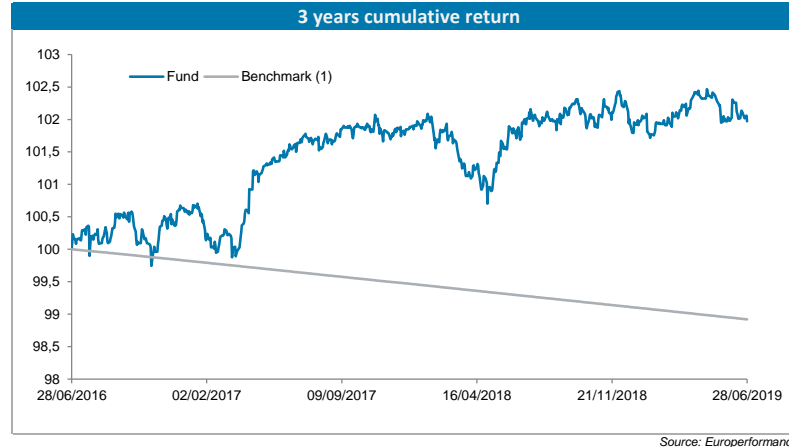
OFI Risk Arb Absolu is an investment vehicle that benefits from arbitrage opportunities created by inefficiencies in the valuation of companies that are in the process of a public merger offer. This fund also invests in holding company and share class discounts and long/short strategies.

### Key Figures as of 30/06/19

Net Asset Value (EUR):	131,81
Net Assets of the unit (EUR M):	47,04
Total Net Asset (EUR M):	272,65
Number of strategies:	49
Gross investment <sup>(2)</sup> :	52,85%

### Characteristics

ISIN Code:	FR0010058164
Ticker:	ADIRAAB FP Equity
AMF classification:	Mixed Fund
Europe performance classification:	Absolute Return
Benchmark <sup>(1)</sup> :	Compounded EONIA
Main risks:	Uncertainties inherent in M&A deals Cyclicality of M&A portfolio Strategy less favourable in a high interest rate environment No capital guarantee
Management Company:	OFI ASSET MANAGEMENT
Fund manager(s):	Jean Charles NAUDIN
Legal form:	French FCP (Mutual Fund, UCITS IV)
Distribution policy:	Capitalisation
Currency:	EUR
Inception date:	12/03/2004
Recommended investment horizon:	18 months
Valuation:	Daily
Subscription cut-off:	D at 11h
Redemption cut-off:	D at 11h
Settlement:	D+3
Subscription fees:	None
Redemption fees:	None
Outperformance fees:	None
Ongoing charge:	1,21%
Custodian:	SOCIETE GENERALE PARIS
Administrative agent:	SOCIETE GENERALE SECURITIES SERVICES



### Risk Profile (SRRI)

Level : 1 2 3 4 5 6 7

### Monthly return



### YTD return



### Return & Volatility

	Since inception (cum.)		3 years (cum.)		1 year		YTD		6 months	3 months
	Return	Volat.	Return	Volat.	Return	Volat.	Return	Volat.	Return	Return
OFI RISK ARB ABSOLU R	31,81%	2,79%	1,74%	1,05%	0,04%	0,98%	0,05%	0,92%	0,05%	-0,32%
Benchmark <sup>(1)</sup>	16,94%	0,21%	-1,08%	0,00%	-0,37%	0,00%	-0,18%	0,00%	-0,18%	-0,09%

Source: Europerformance

### Monthly returns

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Year	Benchmark
2014	0,11%	0,49%	-0,18%	0,64%	0,75%	0,26%	0,07%	0,18%	0,10%	0,00%	0,53%	0,49%	3,49%	0,10%
2015	-0,03%	0,38%	-0,09%	0,03%	1,04%	-1,10%	0,40%	-0,19%	-0,63%	0,55%	0,02%	0,64%	0,98%	-0,11%
2016	0,41%	0,15%	0,39%	-0,28%	-0,12%	-0,26%	-0,04%	0,01%	0,34%	-0,45%	0,23%	0,29%	0,67%	-0,32%
2017	-0,43%	0,03%	0,16%	0,77%	0,21%	0,27%	0,05%	0,08%	0,10%	0,01%	-0,09%	0,09%	1,26%	-0,36%
2018	0,13%	-0,33%	-0,54%	-0,04%	0,48%	0,35%	0,10%	0,02%	0,18%	-0,23%	0,36%	-0,45%	0,04%	-0,37%
2019	0,02%	0,11%	0,23%	0,06%	-0,34%	-0,04%							0,05%	-0,18%

Source: Europerformance

(1) Compounded EONIA

(2) Sum of long positions.

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OFI Asset Management • A portfolio management company authorised by the AMF under number GP 92-12 • Intracommunity VAT no.: FR 51384940342 •  
Public limited company with capital of €42,000,000 • Principal activity (APE) code 6630Z 22 rue Vernier 75017 Paris •  
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@RiskArbOFI

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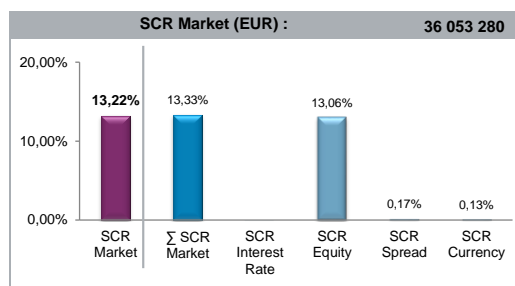
Since OFI Risk Arb Absolu is a feeder fund, the following data is the same as the master fund

## Top 5 Holdings

Name	Weight
BTG PLC	3,08%
TCF FINANCIAL CORP	2,56%
TRIBUNE MEDIA CO - A	2,46%
TOTAL SYSTEM SERVICES INC	2,20%
BINCKBANK NV	2,09%
<b>TOTAL</b>	<b>12,39%</b>

Source: CANDRIAM

## Solvency Capital Requirement <sup>(1)</sup>



(1) Quarterly data as of 30/06/2019

Source: CANDRIAM

## Asset Management Strategy

OFI Risk Arb Absolu achieved performance of -4 bps ("GI" units) in June 2019.

The fund made modest gains on some discounts: WellCare Health Plan, Luxoft and Wabco.

However, performance in June was mainly driven by the following:

- The drop in the Spark Therapeutics share price after the FTC announced an in-depth investigation into the ongoing merger with Roche.
- The drop in the Pacific Biosciences share price after the UK competition authority announced an investigation, fearing that the merger with Illumina might adversely affect competition.
- Lastly, the spread on Celgene/Bristol-Myers, which widened. Bristol-Myers Squibb announced that it would be selling Otezla, Celgene's anti-psoriasis treatment, to calm the fears of US competition authorities. This unplanned divestment is likely to delay completion of Bristol-Myers' takeover of Celgene.

### Market overview:

Plenty of new deals were announced in June, with 30 or so new deals eligible for our portfolio.

We consider a few trends worth highlighting:

- The resumption of megamergers, with four deals announced worth over €20 billion each: Allergan/Abbvie, Raytheon/United Technologies, Total Systems Services/Global Payments and Caesars Entertainment/Eldorado Resorts.
- The un hoped-for return of deals in Europe, including both the iconic merger (already dropped) between Renault and Fiat and the takeovers of German firms Axel Springer and Metro by private equity groups. In the United Kingdom, in spite of Brexit uncertainties, offers continue to come thick and fast, including takeovers of used car reseller BCA and theme park operator Merlin.
- Lastly, capital transactions made a big comeback in June. While the main targets continue to be mid-sized companies, we saw an increase in LBOs in both Europe and the United States.

### Investment decisions:

We invested in 17 new positions, while six deals exited the portfolio. We also increased some positions already in the portfolio.

Thanks to the many deals announced in June, we were able to increase both our investment ratio (to 52,85%, vs. 44,99% at end May) and our level of diversification (with 49 positions, vs. 38 at end May).

### Outlook and exposure:

We are maintaining our cautious approach based on rigorous selection of M&A deals and continued portfolio diversification.

Jean Charles NAUDIN

## SCR Informations

The **aggregate SCR** represents the total of all underlying risks. It does not take into account the effects of diversification.

The **SCR Market** represents the capital requirement taking into account the various risk factors (cf. correlation matrix arising from Delegated Regulation 2015/35).



## Main positions set up and unwound on the month

Main set up	
Name	Weight
ALTRAN TECHNOLOGIES SA	2,00%
TABLEAU SOFTWARE INC-CL A	1,91%
RAMIRENT OYJ	1,50%
LEGACYTEXAS FINANCIAL GROUP	1,02%
ARRAY BIOPHARMA INC	1,00%

Source: CANDRIAM

Main unwound	
Name	Weight
KABU.COM SECURITIES CO LTD	1,87%
LUXOFT HOLDING INC	1,51%
NIGHTSTAR THERAPEUTICS PLC	1,01%
SCOUT24 AG	0,45%
QUANTENNA COMMUNICATIONS INC	0,11%

Source: CANDRIAM

## Main mergers announced during the month

Target	Acquirer	Target sector	Size (EUR M)	Country
ALLERGAN PLC	ABBVIE INC	Health Care	68 465	UNITED STATES
RAYTHEON COMPANY	UNITED TECHNOLOGIES CORP	Industrial Goods & Services	45 940	UNITED STATES
TOTAL SYSTEM SERVICES INC	GLOBAL PAYMENTS INC	Industrial Goods & Services	23 984	UNITED STATES
CAESARS ENTERTAINMENT CORP	ELDORADO RESORTS INC	Travel & Leisure	23 251	UNITED STATES
RENAULT SA	FIAT CHRYSLER AUTOMOBILES NV	Automobiles & Parts	14 314	FRANCE

Source: CANDRIAM

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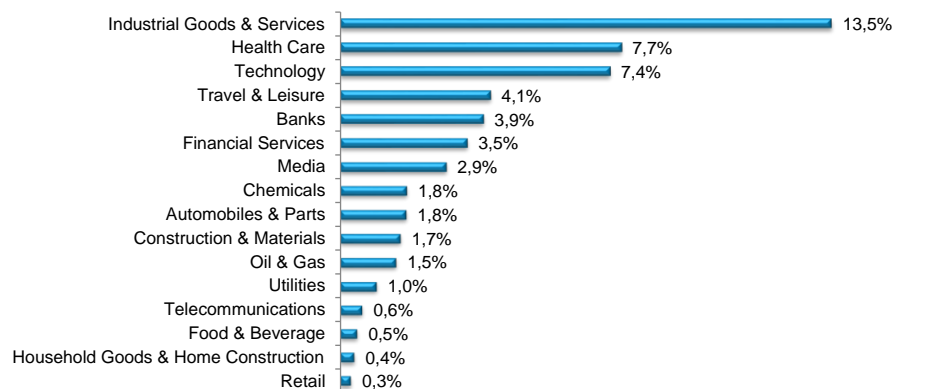
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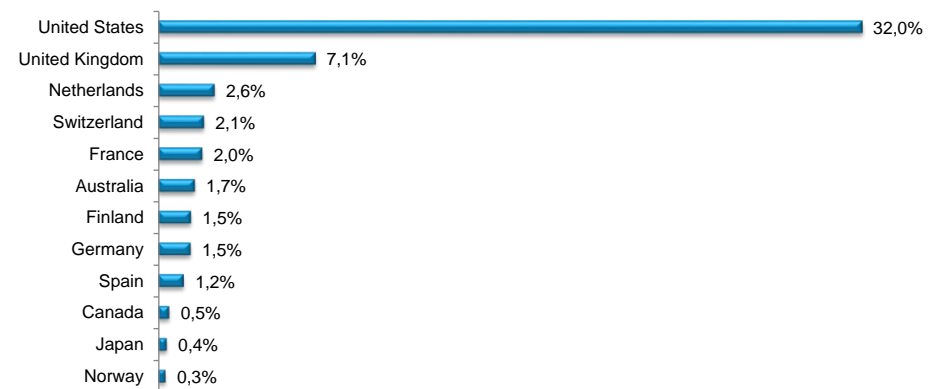
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## Sector breakdown (cash excluded) <sup>(1)</sup>



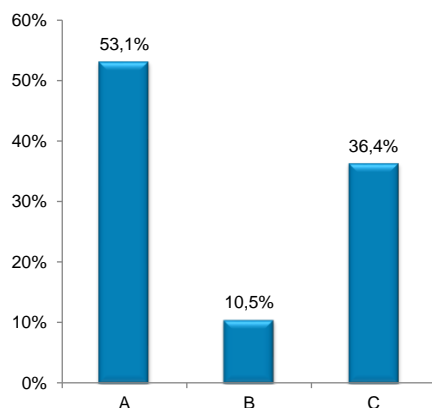
Source: CANDRIAM

## Geographical breakdown (cash excluded) <sup>(1)</sup>



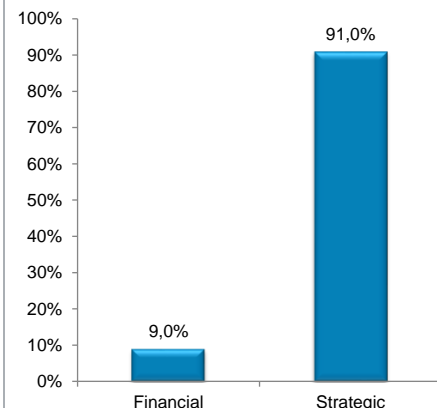
Source: CANDRIAM

## Exposure by risk level (invested part) <sup>(3)</sup>



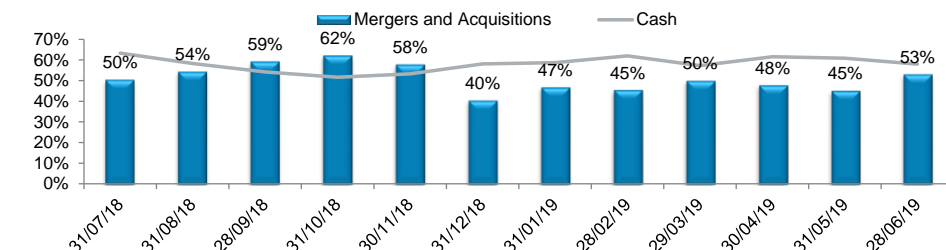
Source: CANDRIAM

## Strategy / Type of acquirer (invested part)



Source: CANDRIAM

## Historical exposure by strategy



Source: CANDRIAM

## Statistical Indicators (weekly)

Sharpe ratio <sup>(2)</sup>	Frequency of profit	Worst drawdown	Drawdown period	Payback period
0,42	59,62%	-0,63%	8 week(s)	-

Source: Europereformance

(1) Sum of long positions.

(2) Risk free rate: EONIA

(3) A, B and C: internal ratings representing the degree of risk inherent in a deal with A: least risky deals and C: most risky.

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