

OFI RISK ARB ABSOLU GR

Monthly Factsheet - Absolute Return - february 2019



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 28/02/19

Net Asset Value (EUR):	100,54
Net Assets of the unit (EUR M):	8,65
Total Net Asset (EUR M):	249,74
Number of strategies:	42
Gross investment ⁽²⁾ :	45,42%

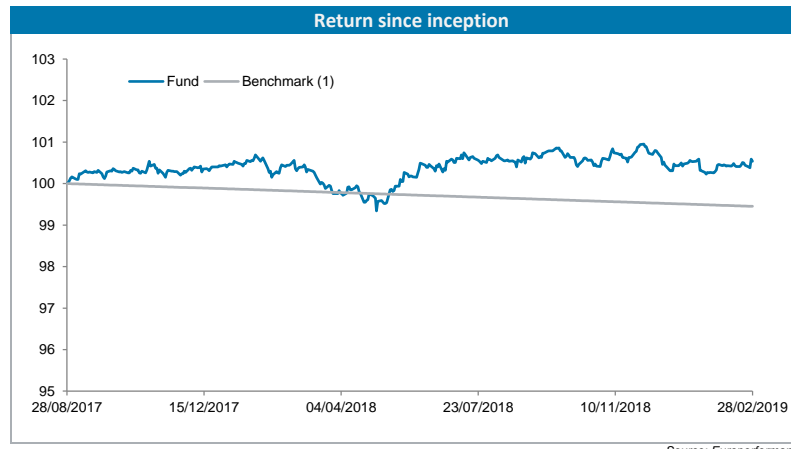
Characteristics

ISIN Code :	FR0013275070
Ticker :	OFIRAGR FP Equity
AMF classification:	Mixed Fund
Europerformance classification:	Absolute Return
Benchmark ⁽¹⁾ :	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 of the fund:	12/03/2004
Inception date of the unit:	28/08/2017
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:	1,30%
Custodian:	SOCIETE GENERALE PARIS
Administrative agent:	SOCIETE GENERALE SECURITIES SERVICES

(1) Compounded EONIA

(2) Sum of long positions.

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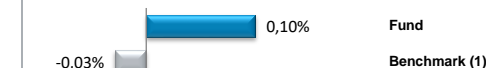


Risk Profile (SRII)

Level :



Monthly return



Source: Europerformance

YTD return



Source: Europerformance

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 GR	0,54%	0,98%	-	-	0,23%	1,08%	0,11%	-	-0,08%	-0,35%
Benchmark ⁽¹⁾	-0,55%	0,00%	-	-	-0,37%	0,00%	-0,06%	-	-0,18%	-0,09%

Source: Europerformance

Monthly returns

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Year	Benchmark
2017								0,13%*	0,15%	0,05%	-0,03%	0,12%	0,50%	-0,12%
2018	0,17%	-0,28%	-0,55%	-0,05%	0,47%	0,34%	0,09%	0,01%	0,17%	-0,25%	0,35%	-0,46%	0,01%	-0,37%
2019	0,01%	0,10%											0,11%	-0,06%

*Return from 28/08/2017 to 31/08/2017

Source: Europerformance

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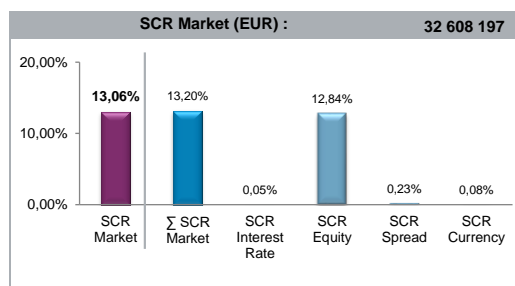
Since OFI Risk Arb Absolu is a feeder fund, the following data is the same as the master fund

Top 5 Holdings

Name	Weight
GEMALTO	3,66%
NAVIGATORS GROUP INC	3,12%
BTG PLC	3,08%
USG CORP	3,00%
JARDINE LLOYD THOMPSON GROUP	2,18%
TOTAL	15,04%

Source: OFI AM

Solvency Capital Requirement ⁽¹⁾



(1) Quarterly data as of 28/02/2019

Source: OFI AM

Asset Management Strategy

Performance analysis:

The performance of OFI Risk Arb Absolu was 10bps in February 2019.

Performance in May was mainly driven by the following:

- The completion of the operation within Orbotech/KLA-Tencor announced almost a year ago, following the green light from the Chinese antitrust authorities.
- The hostile and unexpected bid from Merck for the electronic component manufacturer Versum Materials which is involved in a merger process between equals with the American company Entegris. Versum rejected the hostile bid. The story is not over, then, and the market is betting on an increase in Merck's cash bid.

These gains were partly wiped out by the following:

- The avoidance of the Panaltna/ DSV discount following the opposition of the Ernst Goehner foundation, Panaltna's principal shareholder which considers DSV's hostile bid unattractive.
- The significant avoidance of the Goldcorp/Newmont discount following the hostile bid by Barrick Gold on Newmont in the gold sector. This hostile bid without bonus was firmly rejected by Newmont which confirmed, moreover, its intention to buy Goldcorp
- The avoidance of the Celgene/Bristol Myers discount following the announcement of the principal shareholder of Bristol Myers, Wellington, that it did not support the planned merger. Wellington, which owns approximately 8% of the capital of Bristol-Myers, explains that it considers the plan too risky and too expensive.

Market overview:

Around fifteen operations were announced in February. These are principally American bids of less than \$5 billion in numerous sectors. Worthy of note are a resurgence in activity in Europe and notably in the UK with the bids for Provident Financial and Dairy Crest. As, too, is the hostile bid for DIA in Spain and the buyout of the minority shareholders of VTG in Germany.

The principal merger of the month remains the purchase in the American banking sector of Suntrust Banks for \$28 billion by BB&T Corporation. This is the biggest banking merger in the United States since the financial crisis in 2009.

Investment decisions:

We invested in 8 new positions, while 18 completed deals exited the portfolio. We also reinforced some positions already in the portfolio.

As a result of the many deals announced since the start of the year, we managed to maintain our investment rate at 45,4% at the end of February (compared with 46,6% at the end of January).

We maintained a high level of diversification, with 42 positions in the portfolio.

Outlook and exposure:

The upturn observed in January on most stock and bond markets continued in February. This optimism on the markets translates into a good deal of M&A activity with, notably, a return of hostile bids (Dia, Newmont, Versum).

However, we take the view that caution is vital since macroeconomic uncertainties persist, particularly in China with the slowdown in growth but also in Europe with Brexit and Italy.

We think 2019 will see the return of volatility in most asset classes. In implementing our risk arbitrage strategy, we therefore retain our prudent approach based on a rigorous selection of M&A deals and a portfolio which remains diversified at all times.

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
KABU.COM SECURITIES CO LTD	1,55%
VERSUM MATERIALS INC	1,27%
ULTIMATE SOFTWARE GROUP INC	1,00%
TCF FINANCIAL CORP	0,96%
GOLDCORP INC	0,91%

Source: OFI AM

Main unwound

Name	Weight
ATHENAHEALTH INC	1,67%
POYRY OYJ	1,45%
DUN AND BRADSTREET CORP	1,43%
ORBOTECH LTD	1,19%
AHLSSELL AB	1,11%

Source: OFI AM

Main mergers announced during the month

Target	Acquirer	Target sector	Size (EUR M)	Country
SUNTRUST BANKS INC	BB&T CORP	Banks	29 361	UNITED STATES
NEWMONT MINING CORP	BARRICK GOLD CORP	Basic Resources	17 666	UNITED STATES
ULTIMATE SOFTWARE GROUP INC	Private Equity	Technology	9 196	UNITED STATES
VERSUM MATERIALS INC	MERCK KGAA	Chemicals	5 262	UNITED STATES
PROVIDENT FINANCIAL PLC	NON-STANDARD FINANCE PLC	Financial Services	3 522	BRITAIN

Sources: Bloomberg & OFI AM

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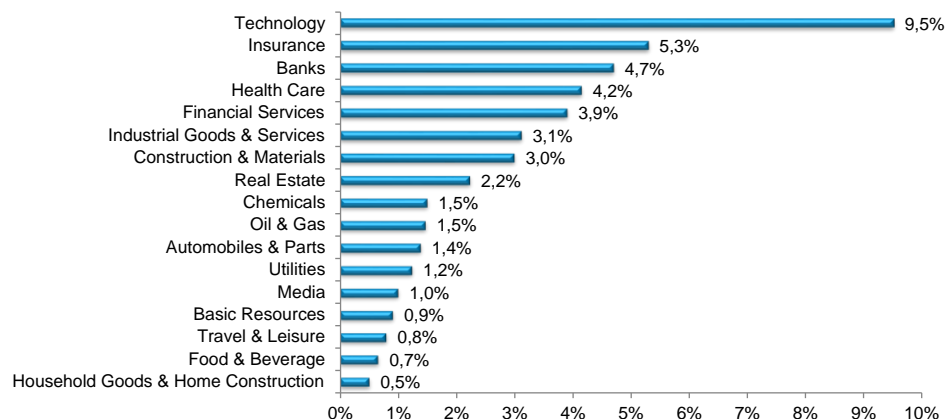
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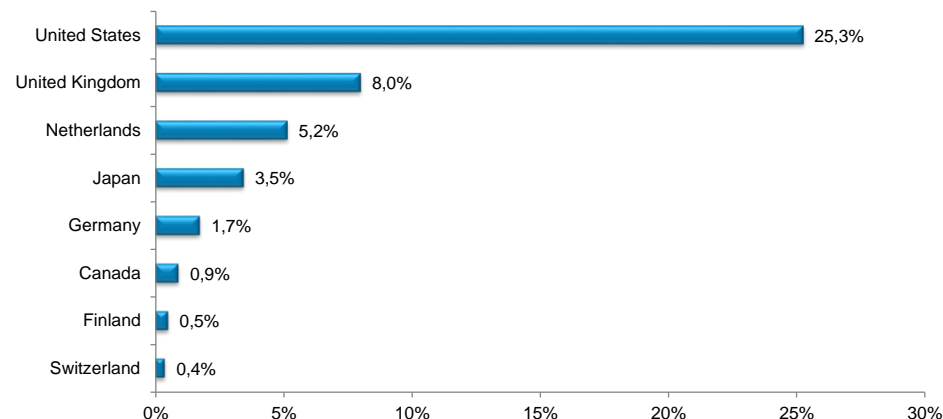
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Sector breakdown (cash excluded) ⁽¹⁾



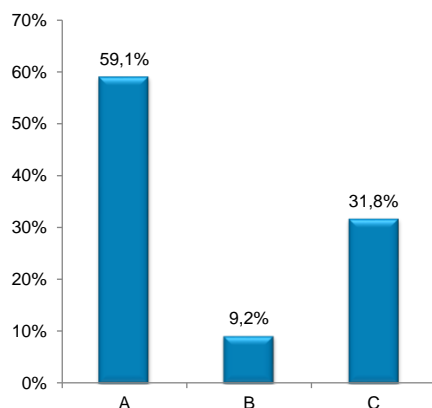
Source: OFI AM

Geographical breakdown (cash excluded) ⁽¹⁾



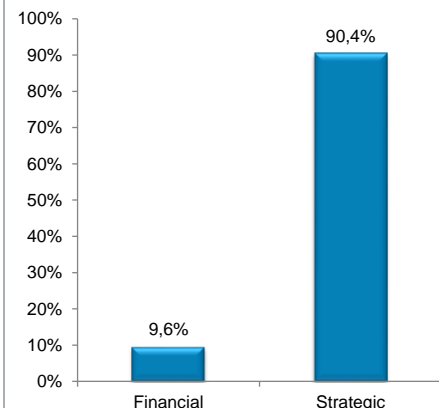
Source: OFI AM

Exposure by risk level (invested part) ⁽³⁾



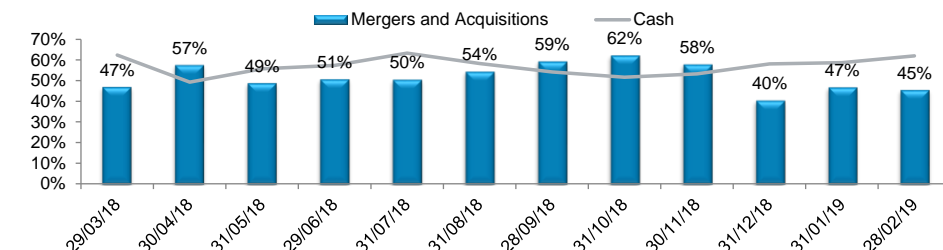
Source: OFI AM

Strategy / Type of acquirer (invested part)



Source: OFI AM

Historical exposure by strategy



Source: OFI AM

Statistical Indicators (weekly)

Sharpe ratio ⁽²⁾	Frequency of profit	Worst drawdown	Drawdown period	Payback period
0,58	61,54%	-0,88%	9 week(s)	6 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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