



### Laffitte Equity Arbitrage - Ucits III

Monthly Reporting June 2010

Isin FR0010807412

Fund's AUM : €5.42M

NAV 06/30/10 : 101.17

#### Fund's Objective

Laffitte Equity Arbitrage's objective is to deliver an absolute performance which is uncorrelated to the stock market. To reach this goal the Fund detects Events and invests in Equity Long/Short positions in Europe and in North America.

#### Fund's Management

The Fund is focused on arbitrage linked to mergers (mergers, covered pre merger, indices re-balancing following a merger, share class arbitrage) and arbitrage linked to other corporate events (right issues, dual listing, holding arbitrage and intra sector arbitrage following a special event).

From the universe of mid and large European and U.S. caps the asset managers detect such catalysts. This is the arbitrage «stock picking».

Then, the asset managers apply a probabilistic-statistical analysis of the arbitrage idea which determines the best level to open the position. This gives the arbitrage « Market Timing ».

Finally the asset managers optimize in a discretionary way the portfolio's allocation by evaluating the risk/reward of each position.

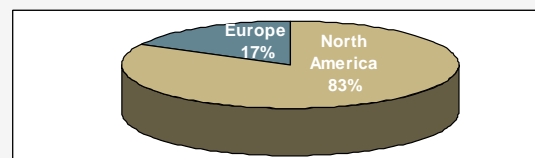
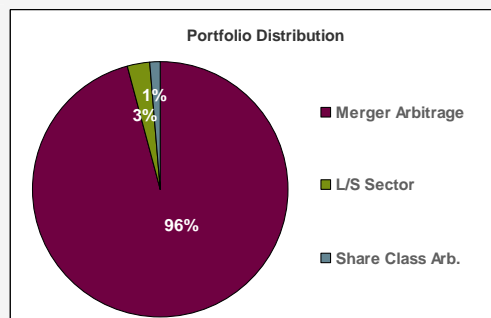
#### Fund's Characteristics

- INVESTMENT COMPANY: Laffitte Capital Mt
- TYPE OF FUND : UCITS III (Diversified Fund)
- CUSTODIAN : RBC Dexia
- AUDITOR : Cabinet Sellam
- SYNTHETIC PRIME BROKER : Various Cpties
- NAV : Daily
- RECOMMENDED DURATION OF INVESTMENT : 2y
- ALLOTMENT OF RESULTS : Revenues capitalised
- SUBSCRIPTION FEE : 2% TTC Max
- PART FOR THE FUND : None
- MANAGEMENT FEES : 2% TTC
- PERF. FEES : 20% TTC above EONIA capitalized
- INITIAL VALUE (11.23.09) : €100
- MINIMUM INVESTMENT : €1000
- CODE BLOOMBERG : LAFEARA FP Equity

### Performance Analysis

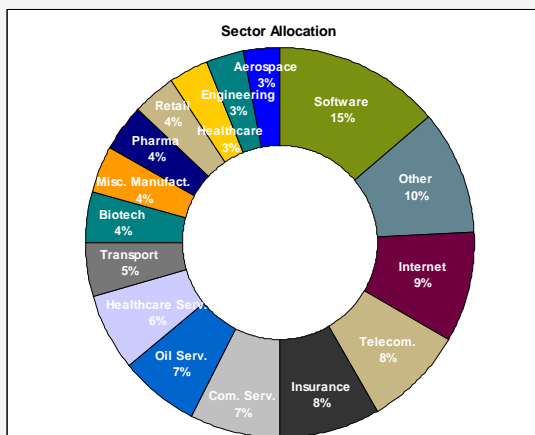
#### Monthly Performance

|      | Jan    | Feb    | Mar    | Apr    | May    | Jun    | Jul | Aug | Sep | Oct | Nov | Dec | Year Perf. |        |
|------|--------|--------|--------|--------|--------|--------|-----|-----|-----|-----|-----|-----|------------|--------|
| 2009 |        |        |        |        |        |        |     |     |     |     |     |     | +0.71%     | +0.71% |
| 2010 | +0.00% | +0.55% | -0.57% | +0.03% | -0.06% | +0.52% |     |     |     |     |     |     |            | +0.46% |



#### Performance Analysis

|                                       |         |
|---------------------------------------|---------|
| Month to date performance             | +0.52%  |
| Year to date performance              | +0.46%  |
| Performance since inception           | + 1.17% |
| Weekly volatility                     | +1.80%  |
| Maximum drawdown since inception      | -0.57%  |
| Sharpe Ratio                          | 0.54    |
| Number of strategies in the portfolio | 36      |
| New position over the month           | 14      |
| Closed positions over the month       | 11      |



### Comments

#### Environment

June was marked by a strong volatility and a technical rebound followed by a new fall caused by tensions on sovereign debts. Doubts reach most European countries and investors fear that this worry could spread to the United States. Moreover, expectations of weaker growth in China increased even more the market instability. All the ingredients are gathered for a new period of doubt on the markets. Nonetheless, economies are recovering, though at a slower pace than expected but without surprise.

Improvement is confirmed in the M&A market in North America and Asia. European activity is catching up, supported by a stronger dollar that encourage American companies to reinforce their activities in Europe.

#### Performance analysis

At the end of the month, Laffitte Equity Arbitrage displays a positive return of **+0.52%**, supporting our decision of using more merger arbitrage strategies within highly volatile environment which is less adapted to statistical arbitrage like Long/Short Arbitrage and share class arbitrage.

#### Event Arbitrage

We can outline a number of offers in North America including the offer from Celgène on Abraxis Bioscience Inc. for \$2.73Bln, the offer from the Spanish company Grifols on Talecris Biotherapeutics for \$3.91Bln in the biotechnologies sector, the offer from Biovail Corp on Valeant Pharma for \$2.43Bln in the pharmaceutical sector, the offer from Allscripts-Misys Healthcare on Eclipsys Medical in the medical information system sector and the offer from Covidien Plc on EV3 Inc on the medical instruments sector.

The fund benefited from the finalization of several deals: Astelias Pharma on OSI Pharmaceuticals, MSCI on Riskmetrics, SSI Investments on Skillsoft and the noteworthy operation of Exxon Mobil on XTO Energy. Most deals contributed positively to the fund performance. We can mention Dyncorp, Ev3 inc, Interactive Data Corp et Mariner Energy. Only Cybersource inc and Phase Forward had a negative impact on the performance due to the fear of an in depth review from American antitrust authorities. However, we remain confident over the outcome of these deals.

We also reinforced our positions on new operations like American Italian Pasta, SonicWall and Bowne & Co. We also benefited from convergence of operations that had been stressed in May, to cash the profits on deals that could suffer from strong volatility during summer. Thus, the oil spill in the Mexico Gulf and the beginning of hurricane season made the managers cut their position on Mariner Energy/Apache Corporation. Similarly, by fear of the problems raised by the Public Utilities Commission in several American States, the position on electric utilities Allegheny Energy/First Energy Corp. was closed.

We also kept our positions on Long/short intra-sector positions like Schneider/Legrand and Veolia/Suez Environnement.

#### Arbitrage linked to Capital Structure

Positions on share class arbitrage were reduced but we still hold our position on Fiat because we think that the spin-off of the car subsidiary at the end of the year will definitely have a positive impact on the convergence of this class of shares. We also worked on Unipol and Renewable Energy Corp. through subscription rights.

#### Perspectives

The decision to focus the fund on merger arbitrage is very rewarding. We repeat that the environment is very conducive to merger arbitrage strategies due to new M&A operations in the U.S. and ongoing operations in Europe.

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