



Fund's Objective

Isin FR0010807412

Fund's AUM : €4.53M

NAV 07/30/10 : 101.53

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.

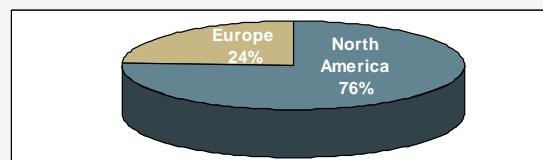
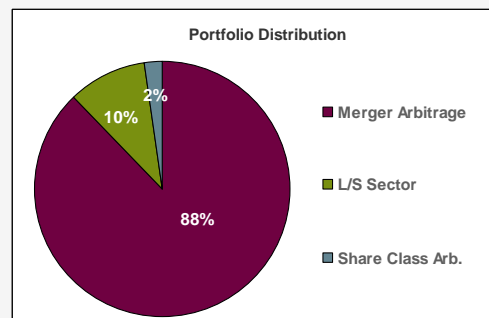
Fund's Characteristics

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 : LAFFEARA FP Equity

Performance Analysis

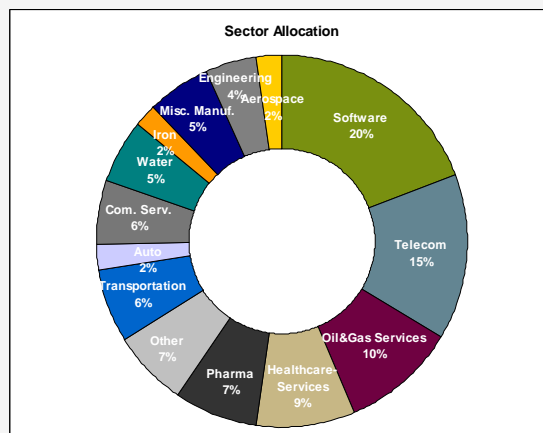
Monthly Performance

	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%	+0.36%							+0.81%



Performance Analysis

Month to date performance	+0.36%
Year to date performance	+0.81%
Performance since inception	+ 1.53%
Weekly volatility	+1.73%
Maximum drawdown since inception	-0.57%
Sharpe Ratio	0.84
Number of strategies in the portfolio	28
New position over the month	3
Closed positions over the month	-11



Comments

Environment

July was again a very volatile month for equity markets, characterized by a downward period during the first weeks, then by a strong rebound with the release of quarterly results. Players have been destabilized for a few weeks: statistics confirm a slow recovery of the economy, especially in Europe, but corporate results seem to be encouraging and are globally better than expected.

Concerning mergers and acquisitions, the activity is still recovering in North America with several deal announcements every week despite a usual low activity during summer. This recovery is firstly spreading to Europe via the UK and Scandinavian countries. Therefore, we expect an improvement of activity in September in the rest of Europe.

Performance analysis

At the end of the month, Laffitte Equity Arbitrage displays a positive return of **+0.36%**. Our decision of using more merger arbitrage strategies which is more favourable to the current market allows the fund to reach its objectives while maintaining a low volatility.

Event Arbitrage

We can mention several deals in North America: the offer from Aon Corp on Hewitt Associates Inc. for \$4.62Bln in human resources, the new offer from Total on UTS Energy Corp for \$CAD1.05Bln in the oil exploring sector after a first aborted offer in April 2009 and finally the offer from General Motors which made a bid on AmeriCredit for \$3.3Bln in the car financing sector. Activity is recovering in UK where Onex Corporation and the Canada Pension Plan Investment Board made a bid on Tomkins Plc, a manufacturing group for an offer of \$4.37M and Reckitt offered £1,163 per SSL International's stock in the medical products sector for a total of £2.5 Bln. Pre-merger activity is also active with a bid on Dana Petroleum from the Korean Knoc and a potential offer from GDF Suez on Power plc.

Also, we noticed a strong drop in the failure rate of mergers which is slightly above 4% whereas the historical average is around 12%. This phenomenon can be explained by the characteristics of mergers that currently have a more industrial than financial purpose.

The fund took advantage of a large number of deals that were settled in July. We can mention the deals of VTG, Waste Services Inc, Millipore, ev3 inc, Dyncorp, CKE Restaurants, American Italian Pasta Co et Scorpion offshore limited. We also noticed that most spreads tightened during the past month and that most of our positions contributed positively to the performance. We reinforced our positions on ADC Telecommunications, Gerdau Ameristeel, NBTY Inc, RCN Corp and Inventiv Health Inc.

On sectorial Long/Short, we kept trading on Veolia/Suez Environnement and we took advantage of a special situation on Zodiac to trade this security against other stocks from the same sector.

Arbitrage linked to Capital Structure

We kept our positions on the share class arbitrage of Fiat. Fiat is saving before the spin-off of the car sector. Also, the subscription rights of Unipol on ordinary stock generated the best performance of the month, especially because of 2013 warrants that were delivered with the securities.

Perspectives

Laffitte Equity Arbitrage managed to stabilize its volatility thanks to a rewarding M&A market in North America which is spreading to Europe via the United Kingdom. Many acquisition rumours will be the source of arbitrages in the following weeks.

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