



Laffitte Risk Arbitrage Ucits

Monthly Reporting November 2011

Fund's objective

Laffitte Risk Arbitrage Ucits' objective in the medium term is to reach an absolute performance which is uncorrelated to the stock market, with volatility below 5% and by using leverage within the framework of the rules set forth by the French AMF.

Fund's Management

Laffitte Risk Arbitrage Ucits is an absolute performance fund dedicated to Merger Arbitrage on announced deals in Europe and in the United States.

In practice, the position is to buy or sell the stocks (or other equities) which are the targets of a takeover deal (in cash, stocks or mixed cash and stocks) or a squeeze out.

The common position is to buy the target company at a price below the implied value of the offer (merger spread) and to keep the position till the merger settlement.

If the merger is a stock deal (or if the offer is mixed cash and stocks), a selling position on the buying company is put in place to capture the spread between the implied price of the offer and the price of the target company on the market.

When the probability of success looks to be too tight, an opposite position can be set up (selling the target in the case of a cash deal or selling the target company and buying the Purchasing company in the case of a stock deal).

Fund's Characteristics

- INVESTMENT COMPANY: Laffitte Capital
- TYPE OF FUND: UCITS III (Diversified Fund)
- CUSTODIAN: RBC Dexia
- AUDITOR: PWC - Cabinet Sellam
- SYNTHETIC PRIME BROKER: 4 counterparties
- NAV: Daily
- RECOMMENDED DURATION OF INVEST.: 3 years
- ALLOTMENT OF RESULTS: Capitalization
- SUBSCRIPTION FEE: none
- PART FOR THE FUND: none
- MANAGEMENT FEES: 2% TTC
- PERF. FEES: 20% TTC above Eonia capitalized
- INITIAL VALUE (12.19.07): 10.000 €
- MINIMUM INVESTMENT: 1.000 €
- SUBSEQUENT MINIMUM INVESTMENT: none
- CENTRALIZATION: D-1 at 11.00 am Paris time
- EXECUTION: in D at the closing
- SUBSCRIPTIONS DELIVERY: D+3
- REDEMPTIONS DELIVERY: D+5
- CODE BLOOMBERG : LAFRSA2 FP Equity

Isin FR0010762187

Fund's AuM : €188.78M

NAV on November 30th: 11967.52

Performance Analysis

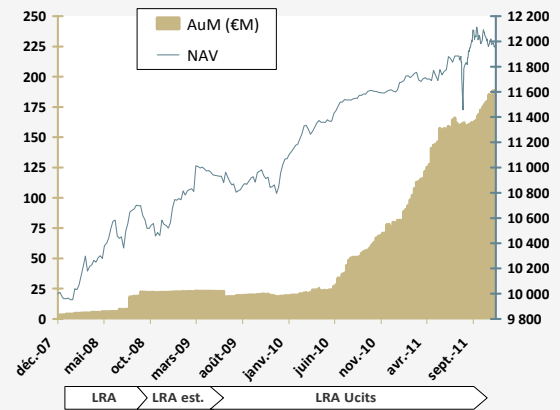
Monthly Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year Perf.
2007												-0.41%	-0.41%
2008	-0.05%	+1.93%	+0.69%	+0.83%	+1.37%	+0.14%	+0.93%	+1.39%	-1.71%	-0.59%	+0.88%	+1.65%	+7.90%
2009	+0.65%	+0.15%	+1.59%	-0.37%	-0.29%	-0.40%	-0.65%	+0.47%	+0.84%	-0.42%	-0.46%	+1.89%	+3.00%
2010	+0.74%	+1.07%	+0.15%	+0.65%	+0.06%	+1.35%	+0.15%	+0.31%	+0.26%	+0.01%	+0.02%	-0.07%	+4.79%
2011	+0.80%	+0.32%	-0.22%	-0.12%	+0.39%	+1.11%	-0.07%	+0.76%	+0.85%	-0.73%	+0.07%		+3.18%

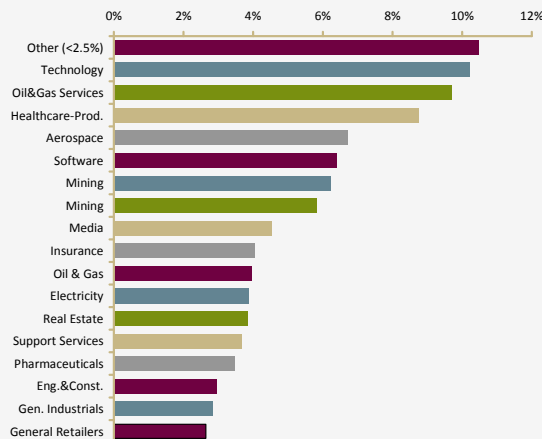
Past performance is not a reliable indicator of future results. No assurance is or can reasonably be given that the Fund's investment objectives will be achieved.

Performance Analysis

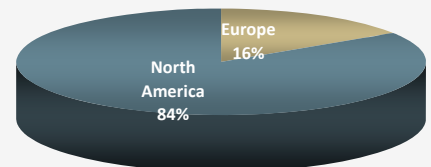
Month to date performance	+0.07%
Year to date performance	+3.18%
Last 12 month performance	+3.11%
Performance since inception	+19.68%
Annualized Performance since inception	+4.93%
Sharpe ratio since inception	1.29
Monthly volatility (last 12 months)	1.74%
Maximum drawdown since inception	-1.71%
Beta since inception (vs Eurostoxx 50)	0.001
Number of strategies in the universe	53
since inception	720
Number of strategies in the portfolio	48
new strategies	+14
closed strategies	-10
Time to completion of the universe (days)	84
Time to completion of the portfolio (days)	65
delta since last month (days)	9



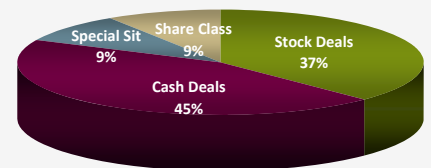
Sector distribution



Geographical distribution



Type of deal distribution



Main announced deals over the month

Target	Buyer	Sector	Deal's size	Zone
Pharmasset, Inc.	Gilead Sciences, Inc.	Pharma.	\$10,605 M	North-America
Transatlantic Holdings, Inc	Alleghany Corporation	Insurance	\$3,693 M	North-America
Korea Exchange Bank	Hana Financial Group Inc	Banking	\$3,474 M	Asia
Commercial Metals Company	Icahn Enterprises LP	Industrial Metals	\$2,570 M	North-America
Canmarc REIT	Cominar REIT	Real Estate	\$CAD1,359 M	North-America
Grande Cache Coal Corporation	Multiple acquirers	Mining	\$1,049 M	North-America
Bank Sarasin & Co. Ltd.	Banco Safra	Banking	\$1,043 M	Europe
Tekelec	Multiple acquirers	Technology	\$613 M	North-America
Magma Design Automation, Inc	Synopsys, Inc.	Software	\$491 M	North-America
Seco Tools AB	Sandvik AB	Machinery	\$479 M	Europe
Iberian Minerals Corporation	Trafigura Beheer B.V.	Mining - Gold	\$393 M	North-America
Hamworthy PLC	Wartsila OYJ	Oil & Gas	\$291 M	United-Kingdom

Comments

Environment

November has again shown an extreme volatility. Even if the indices were stable over the month, they lost nearly 10% and then recovered it in less than a week by month end. The valuation of the shares has become very dependent on the market participants' psychological perception on the ability of European leaders to stem the debt crisis.

This situation is most likely to persist because, once fiscal discipline is applied, solutions to the current situation are structural and therefore will only be effective in the long run.



M&A Market News

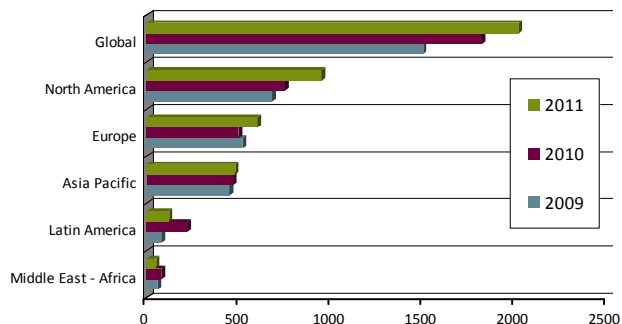
The chart on the right shows the global wave of mergers and acquisitions since 2009. While Europe is beginning this movement, the North American zone clearly drives the global trend.

While October was marked by many operations in the mining sector, we saw in November that there was a return towards more traditional sectors, like the pharmaceutical industry. Gilead announced an offer of \$ 11 billion on Pharmasset to take ownership of a new treatment for hepatitis C which is currently in a clinical trial phase.

This area should be very promising for our strategy in the coming years. Indeed, a recent study by KPMG shows that 83% of pharmaceutical executives who were surveyed expect their company to be part of a merger or acquisition within the next two years. Their main motivation is to obtain new patents, in order to renew product ranges where the exclusivity for a number of molecules are coming close to their expiration dates. Needless to say that this situation will lead to greater competition on their high-margin drugs from generic products.

Source Bloomberg

M&A Deal Volume by region (\$ Billion)



Disclaimer

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This report does not constitute any recommendation or investment proposal. It has no contractual value and may contain errors and/or omissions.

This report is neither an offer to sell, nor a solicitation to buy, an interest in the Fund. Any such offer, if made, would be made only by way of the offering documents of the Fund and only in jurisdictions where such offer would be lawful.

Laffitte Risk Arbitrage Ucits was created on June 10th, 2009 in the continuity of Laffitte Risk Arbitrage that has been launched on December 11th, 2007 then suspended on September 15th, 2008 following the fail of its Prime Broker Lehman Brothers. All the holders of Laffitte Risk Arbitrage units swapped their units into Laffitte Risk Arbitrage Ucits' units on June 11th, 2009. Laffitte Risk Arbitrage Ucits' performance is in the continuity of Laffitte Risk Arbitrage's one. Laffitte Risk Arbitrage's Nav is estimated between September '08 and May '09, audited on December 31st, 2008.

The Fund has been converted from FCP ARIA-EL to FCP Ucits on May 5th, 2010.

Performance Analysis

Laffitte Risk Arbitrage Ucits finished the month with a slight increase of +0.07%. Performance since the beginning of the year stands at +3.18%.

As the activity of mergers and acquisitions has been more active in North America than in Europe we increased the portfolio's exposure in North-America (84% against 16%). In addition, we reallocated the positions in the special situations cluster towards less volatile sectors. Finally we increased the positions on the share-class arbitrage which has seen a resurgence of activity notably the Fiat's decision to merge ordinary, savings and preferred shares.

In terms of performance, the fund has benefited from the convergence of several deals in the pharmaceutical sector such as Pharmaceutical Products Development and Synthes.

The best contributor to performance was Transatlantic Holdings Inc., a U.S. reinsurance company, whose sector is in a full concentration swing. The fund benefited from a bidding war between Berkshire Hathaway Inc., Allied World Assurance Company Holdings, Validus and Alleghany Corp. It was finally the mixed offer from Alleghany Corp that won the deal, which should be finalized in March.

Among the positions that have affected the performance, we can mention the merger El Paso Corp / Kinder Morgan Inc. in the field of gas distribution in the United States. This merger spread widened due to the higher borrowing costs for Kinder Morgan securities for which we had to be short seller for the arbitrage. Faced with this situation, the team used its extensive experience in the field of securities lending in order to source stable stocks for the arbitrage.

Finally some special situations contributed negatively to the performance including K + S and Molycorp (positions sold) and Tiffany Corp which displayed disappointing earnings (positions kept).

During the month we had opened new positions on Pharmasset Inc and Canmarc Real Estate, as well as positions on the share classes Fiat and BHP Billiton. The following offers were paid during the period: Caliper Life Sciences Inc., Emdeon Inc., Kinetic Concepts Inc., Man AG, and Variant Semiconductor Equipment.

Outlook

While the macroeconomic environment is sluggish to invest in the equity markets, the edge of Laffitte Risk Arbitrage Ucits is to invest in these markets with an arbitrage approach based on true catalyst: announced mergers.

We believe that the ingredients are there to support the current wave of mergers. On the one hand there are companies that are full of cash, with need to create value for their shareholders, accomplishing it through the acquisition of new products and new customers. On the other hand there are companies stuck in a complicated business climate which make them more prone to takeover discussions.

Laffitte's News

Decrease in the minimum initial subscription fee

In order to facilitate the listing of the fund on the life insurance platforms, the minimum initial subscription is € 1,000 instead of € 10,000 since November 15, 2011.

Creation of a US Dollar denominated Unit hedged against the €/ \$ FX risk

As of December 12, 2011 you can invest in a U.S. Dollar denominated Unit hedged against the euro / dollar FX risk. The minimum investment is \$1,000 and the ISIN code is **FR0011158203**.

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