Laffitte Risk Arbitrage Ucits

UCITS

Merger Arbitrage in Europe and in North America

ISIN FR0010762187 (EUR) - FR0011158203 (USD)

LAFFITTE CAPITAL MANAGEMENT

Strategy and Objective

- Laffitte Risk Arbitrage Ucits Fund is a Ucits fund regulated under French law and a Merger Arbitrage Fund on European and U.S. stocks. The Fund has a sub strategy on special situations and pre-merger for about 10%.
- The Fund is suited to investors looking for uncorrelated returns and capital preservation.

HFM AWARDS 2012 FINALIST

EuroHedge Awards 2011 Nominee Convertibles, Volatility and Event Driven

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%	+0.14%	+3.33%
2012	-0.07%	+0.79%	-0.26%	-0.10%									+0.36%

Experienced Asset Managers

- Four senior investment professionals who have been working together for 10 to 20 years as prop traders for a French Banking Group. Their expertise includes risk arbitrage, basket trading, equity finance, options, emerging markets and equity derivatives.
- The team has developed proprietary tools to analyze, monitor and evaluate arbitrage opportunities especially for the M&A universe.

All the ingredients are gathered for a new M&A cycle

- Abundant cash and a need for restructuring balance sheets after the crisis.
- Attractive financing conditions.
- New investors from emerging markets (Asia, Latin America, Middle East).
- Undervalued equity markets.

Strong Investment Process

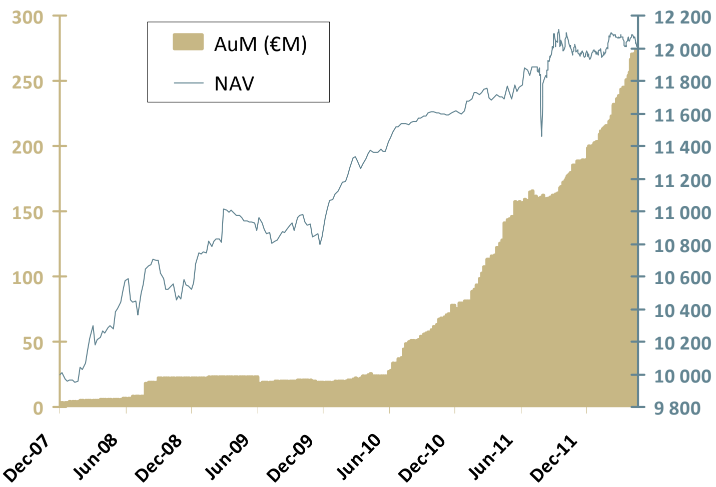
- From a universe of announced deals in Europe and in America, the management applies filters such as capitalization, sector, geography and liquidity. They apply a double analysis on a list of potential deals:
- **Fundamental Analysis (Merger Stock Picking):** the investment team uses the following criteria to analyze a deal: pricing, financing, accounting, anti-trust issue, legal points and downside risk.
- **Statistical Analysis (Market Timing):** the investment team has developed for more than ten years an in-house probabilistic model that identifies all possible deal break causes. For each trade, a downside and upside probability are calculated. The model compiles these data and gives a probability of success for each deal and an assessment of the risk i.e. a “theoretical fair value” of the merger spread.
- **Portfolio Construction**: Investment decisions are discretionary. The calculation of a “theoretical fair value” and of the main factors of risk allow the Fund managers to optimize their portfolio allocation in terms of trades, limits and risk/reward.

Disciplined Risk Management

- Stress test and Value at Risk are implemented for all the positions in the portfolio.
- Limits and Stop-losses are managed on real-time basis with an "alert level" and a “liquidation level”.
- All the legal ratios requested by the AMF are calculated and checked on a daily basis.

Performance analysis

Performance since inception	20.28%
Annualized Performance since inception	4.61%
Sharpe ratio (last 12 months)	1.22
Monthly volatility (last 12 months)	1.77%
Max monthly drawdown	-1.71%
Beta since inception (vs Eurostoxx 50)	-0.004



ISIN Code	FR0010762187 (EUR) FR0010762187 (USD)
Bloomberg	LAFRSA2 FP LAFRSAU FP
Domiciliation	France
Structure	Ucits
Inception date	12/11/07 (Aria-el)
Ucits	05/12/10
Liquidity	Daily
Minimum Inv.	€1,000 - $1,000
Sub-Red. Notice	D-1 (11 am)
Settlement	D+3 (sub) - D+5 (redem)
Fixed fees	2%
Perf. fees	20% above Eonia Capi
HWM	Yes
Auditor	PWC - Cabinet Sellam
Custodian	RBC Dexia IS

Disclaimer

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. This report has been prepared by Laffitte CM. It is provided for information purposes only, and the data contained in the report may be subject to verification or amendment. 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.

Laffitte Capital Management SAS with a capital of €651.100 - 17 rue du Quatre Septembre 75002 Paris
www.laffittecapital.com – sales@laffittecapital.com - +33.1.55.04.79.30