

# Groupe ABC arbitrage

*HY 2019 Results*



## **AVERTISSEMENT**

*Ce slideshow est un support de communication remis aux participants de la présentation SFAF du 24 septembre 2019 et publié sur le site abc-arbitrage.com*

*Ces éléments d'information sont donnés à des fins d'illustration et ne sauraient se substituer aux documents officiels relatifs au S1 2019.*

# S&P 500 vs. CAC 40



# Q4 2018



# S&P 500 (^GSPC) ⭐

SNP - SNP Real Time Price. Currency in USD

**2,992.07 -14.72 (-0.49%)**

At close: September 20 5:15PM EDT

# S&P 500

Indicators Comparison

Date Range

1D

5D

1M

3M

6M

YTD

1Y

2Y

5Y

Max

Interval

1D

Line

Draw

^GSPC 2531.94

YAHOO!  
FINANCE

2,992.07

2,900.00

2,800.00

2,700.00

2,600.00

2,500.00

2,400.00

6.09B

Back to central banks strong interventions?

019

Feb

14

Mar

14

Apr

14

May

14

Jun

14

Jul

14

Aug

14

Sep



ABC arbitrage

# Historical VIX since 01/2014

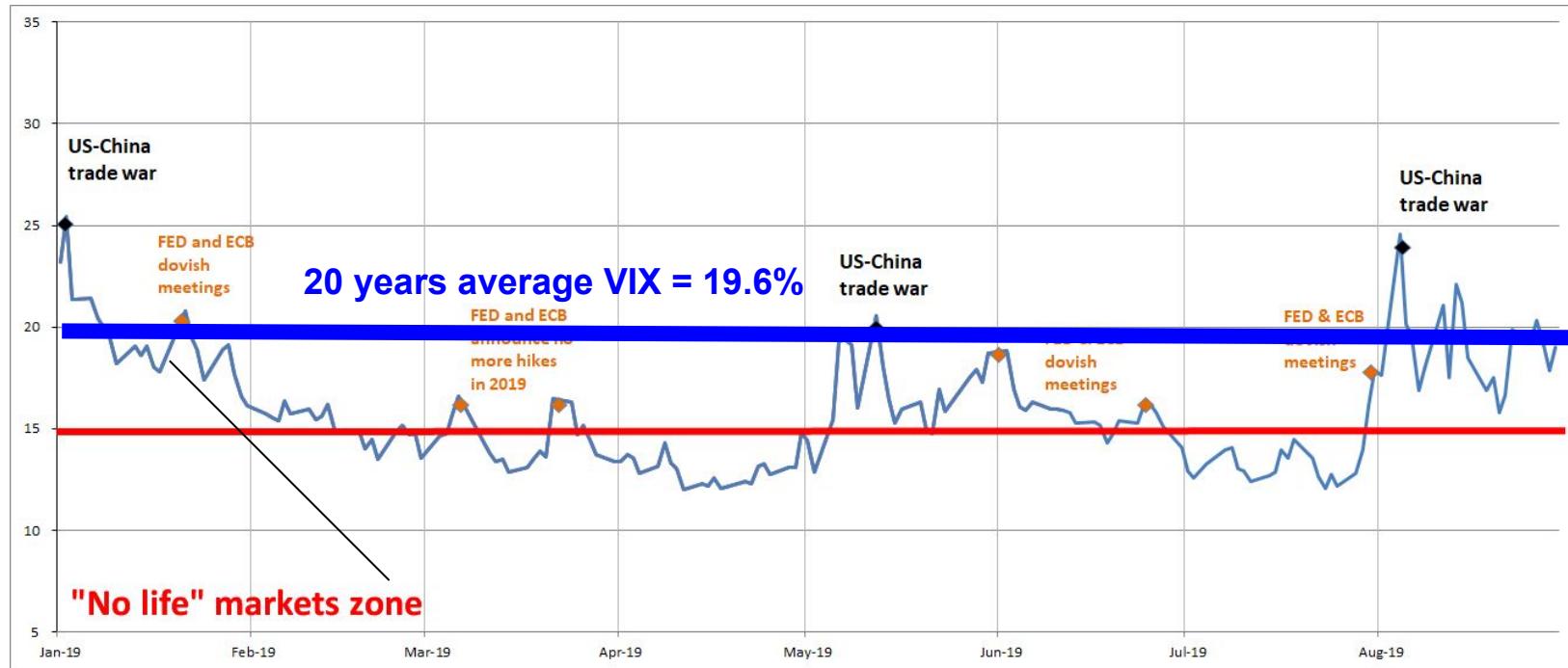
## Main Events

After the 2017 “dead zone”  
After an almost Bear Market Q4 2018



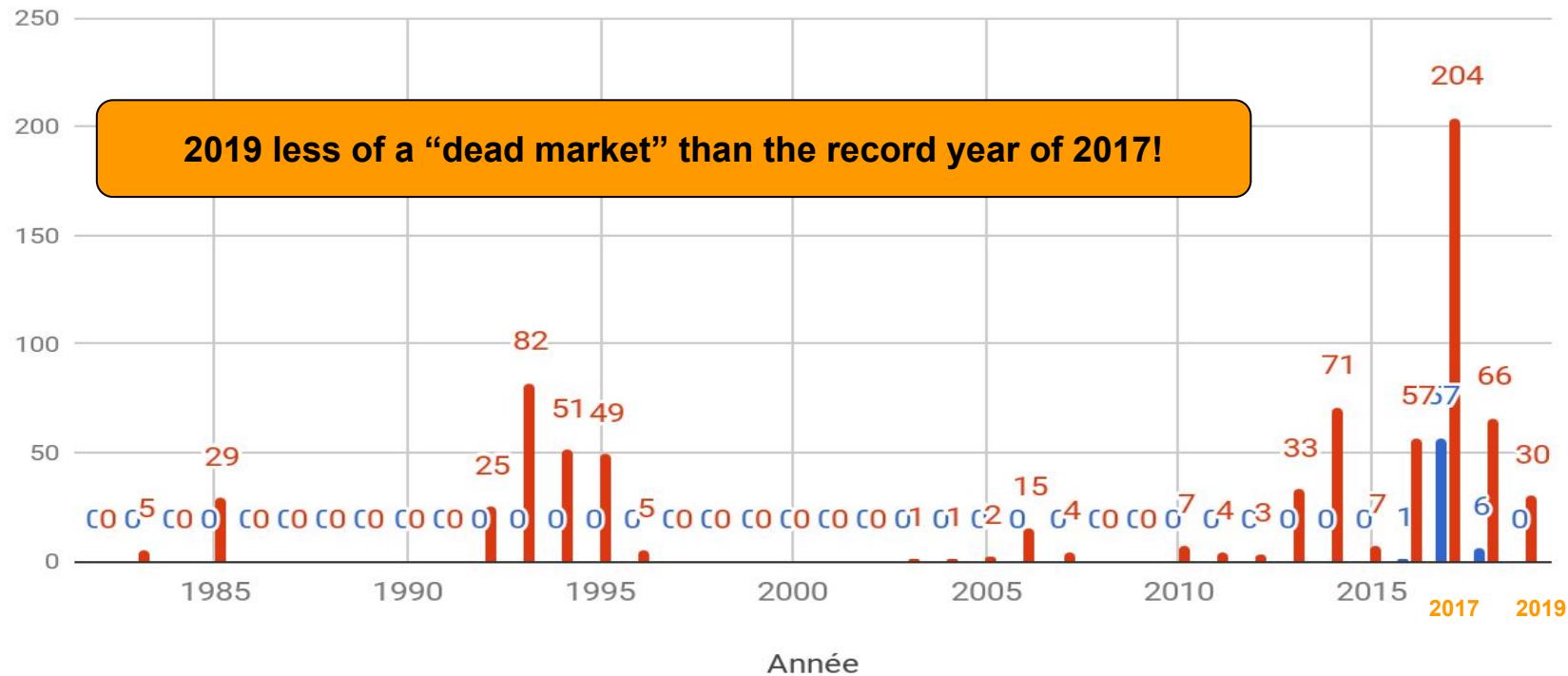
# Historical VIX since 01/2019

## Main Events



## Realized S&P 500 index volatility





# ABC arbitrage - Consolidated Net Profits

In EUR million	June. 30. 2019 IFRS 6 month	June. 30. 2018 IFRS 6 month	Change %
Investment Services Fees	6.6	7.0	-5.4%
Net gains at fair value through profit or loss	11.2	11.6	-3.7%
<b>Net revenues</b>	<b>17.8</b>	18.6	-4.4%
Payroll costs	-5.9	-6.1	-4.0%
Occupancy costs	-0.7	-0.9	-17.5%
Other expense	-2.8	-3.1	-11.3%
Other taxes	0.0	-0.1	-91.7%
<b>Total costs</b>	<b>-9.3</b>	-10.2	-8.2%
Income before tax	8.4	8.4	0.3%
<b>Net income attributable to equity holders</b>	<b>8.5</b>	8.5	-0.2%

**ROE (annualized)  
11.2%**

**Net income attributable to equity holders**

\*Taxes and costs are already in Net Revenues for subsidiaries which are accounted for using the "Net gains at fair value through profit or loss" method (IFRS 10).

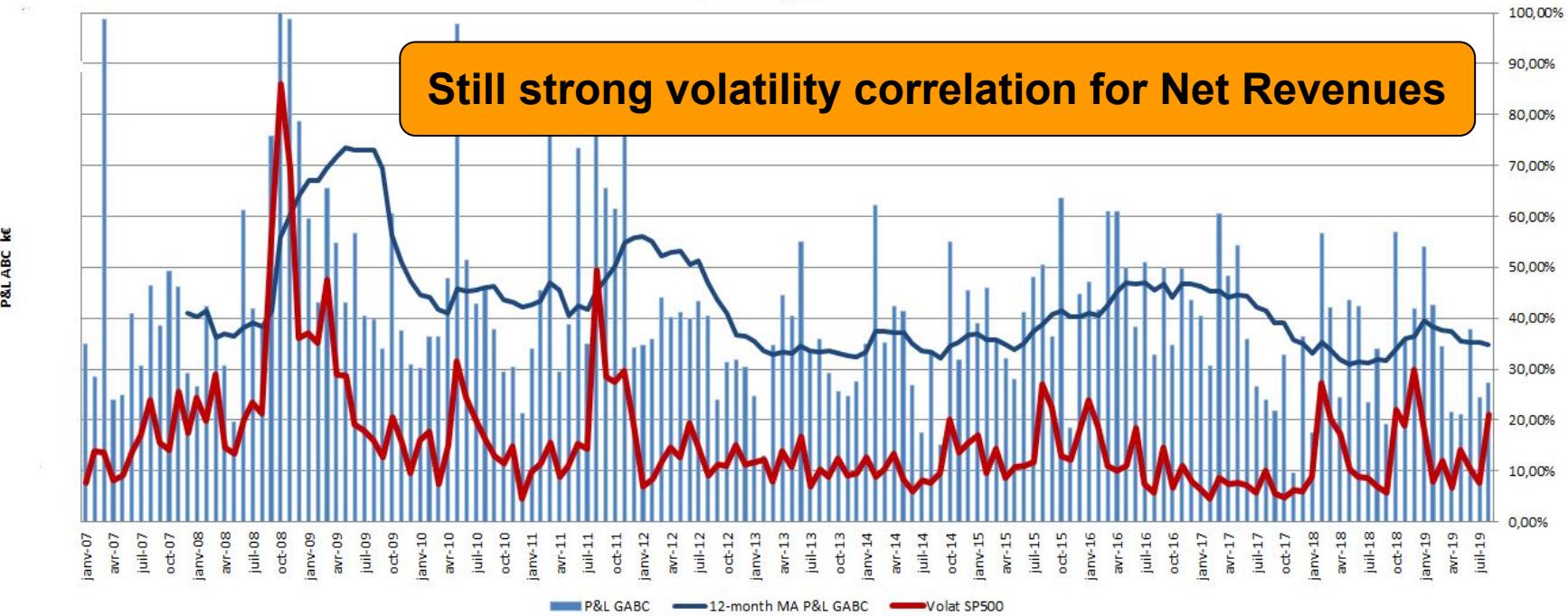


# SP500 20 days Volatility and ABC Business Level

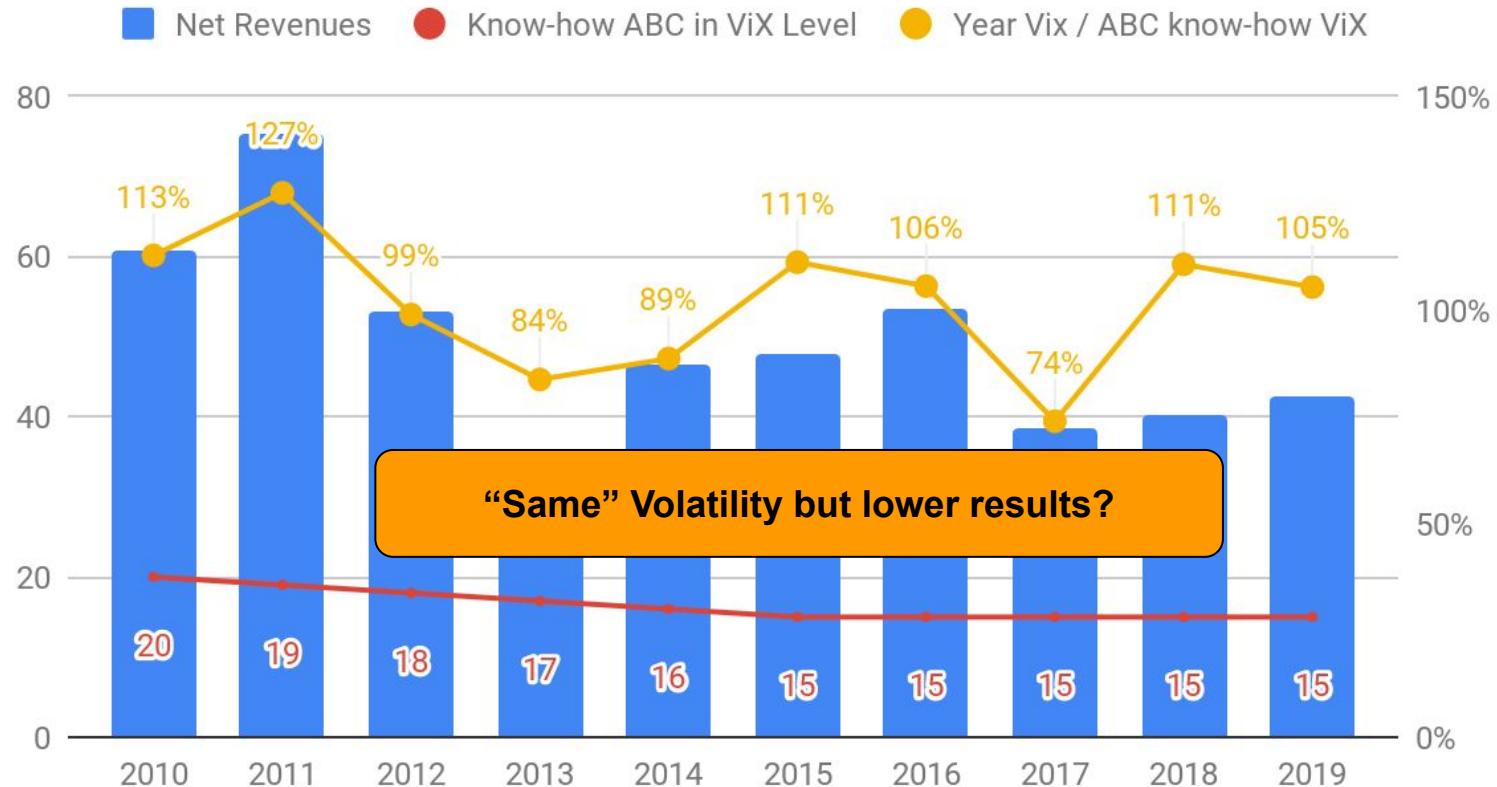
1

Volatility & P&L

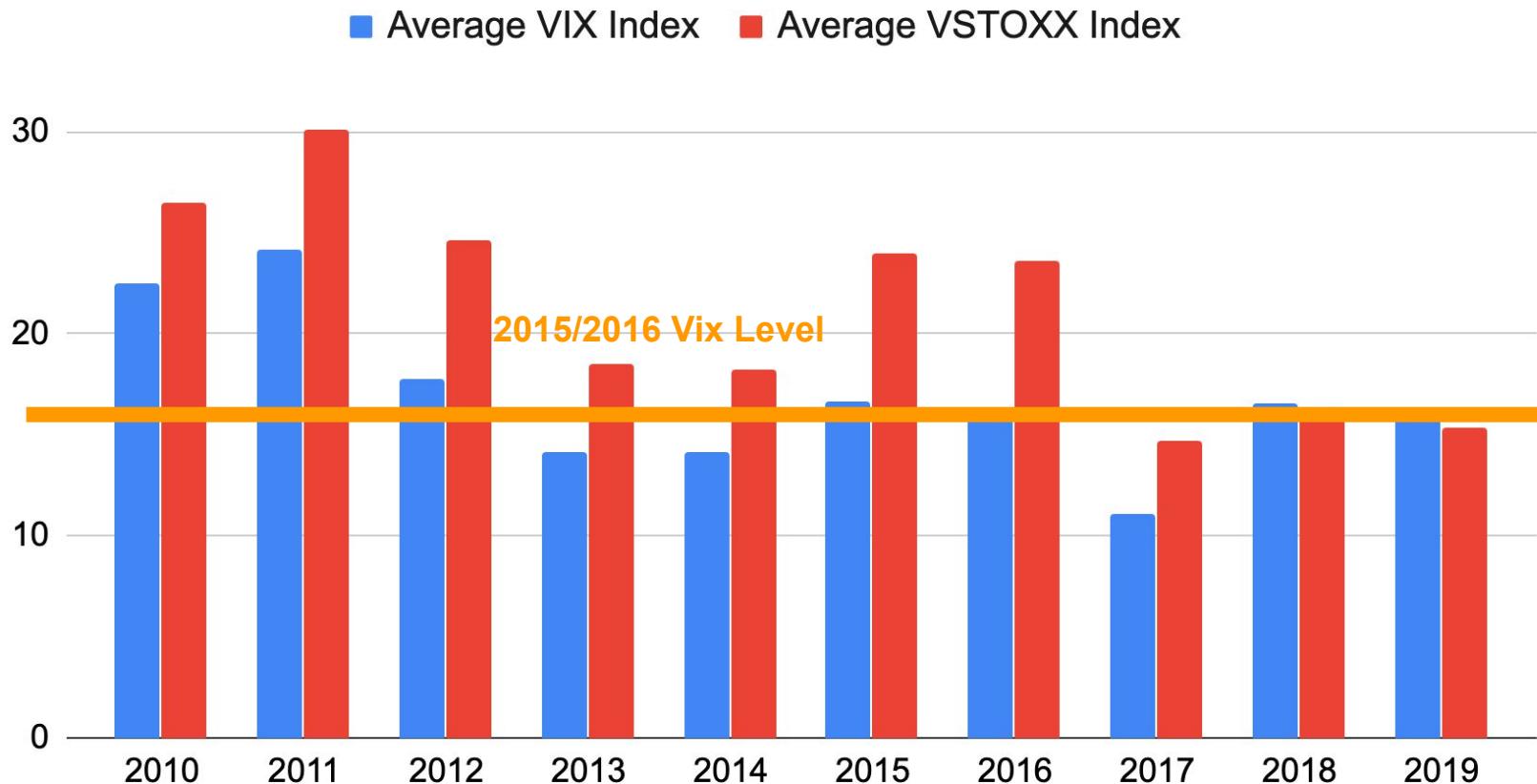
Still strong volatility correlation for Net Revenues



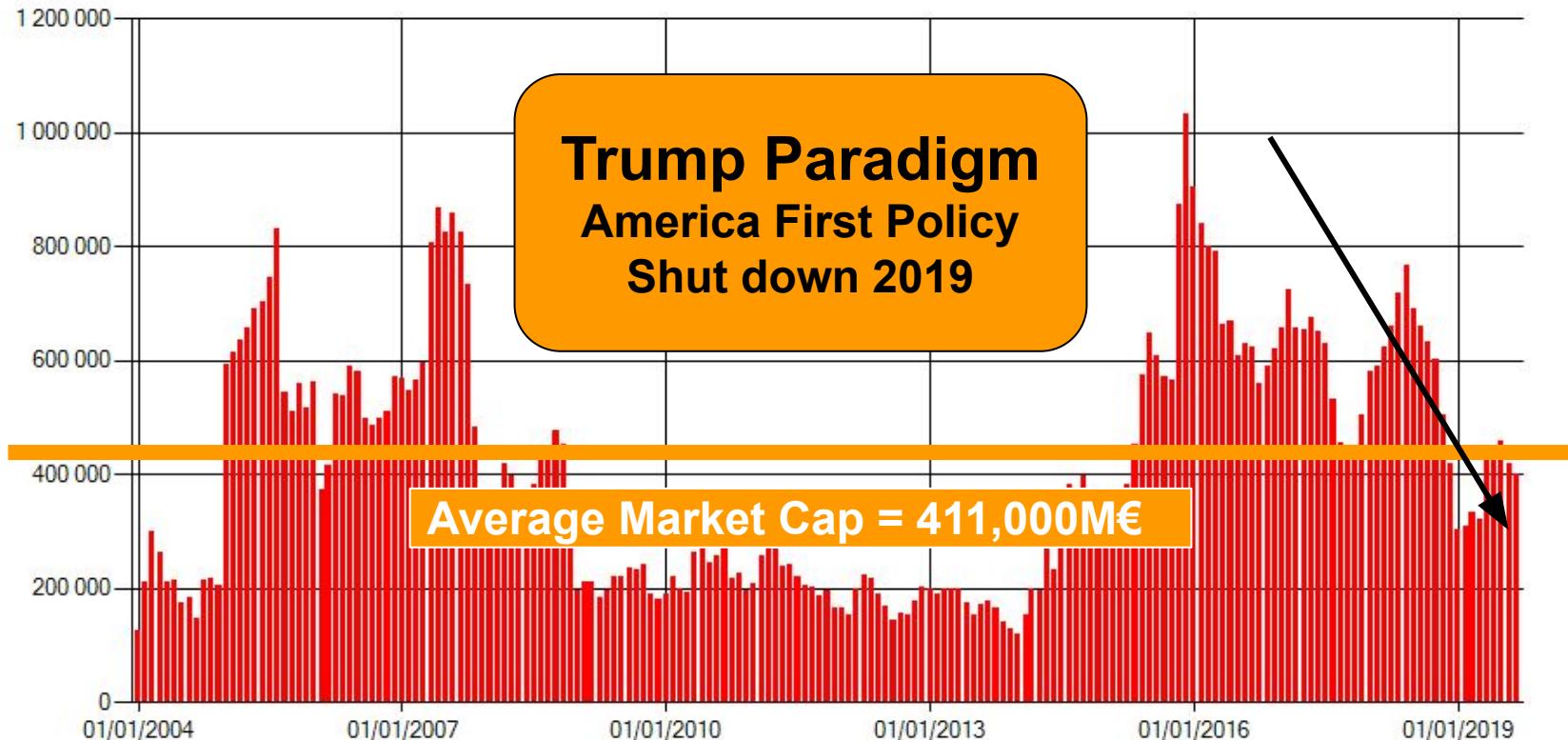
## Business Level & ViX



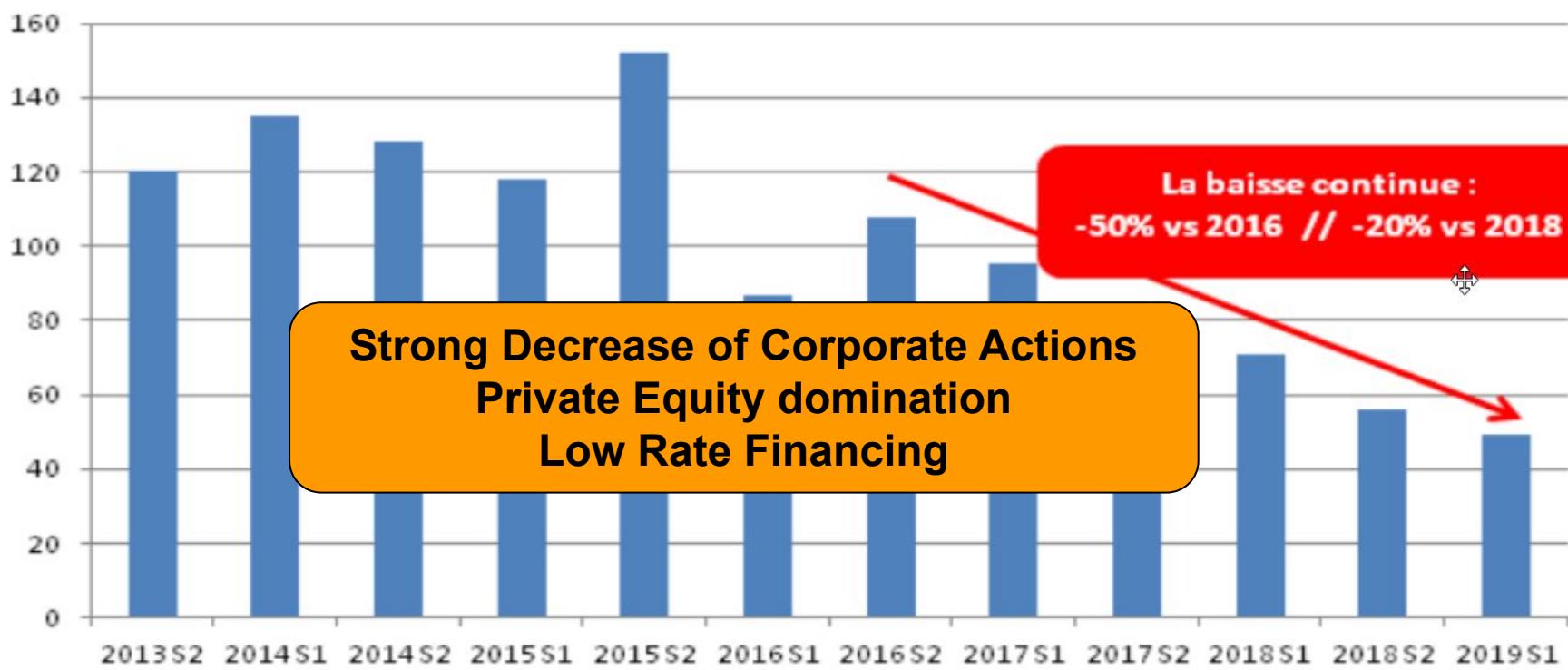
2019 figures are linear extrapolation of HY2019



# Existing Deals Market Cap.

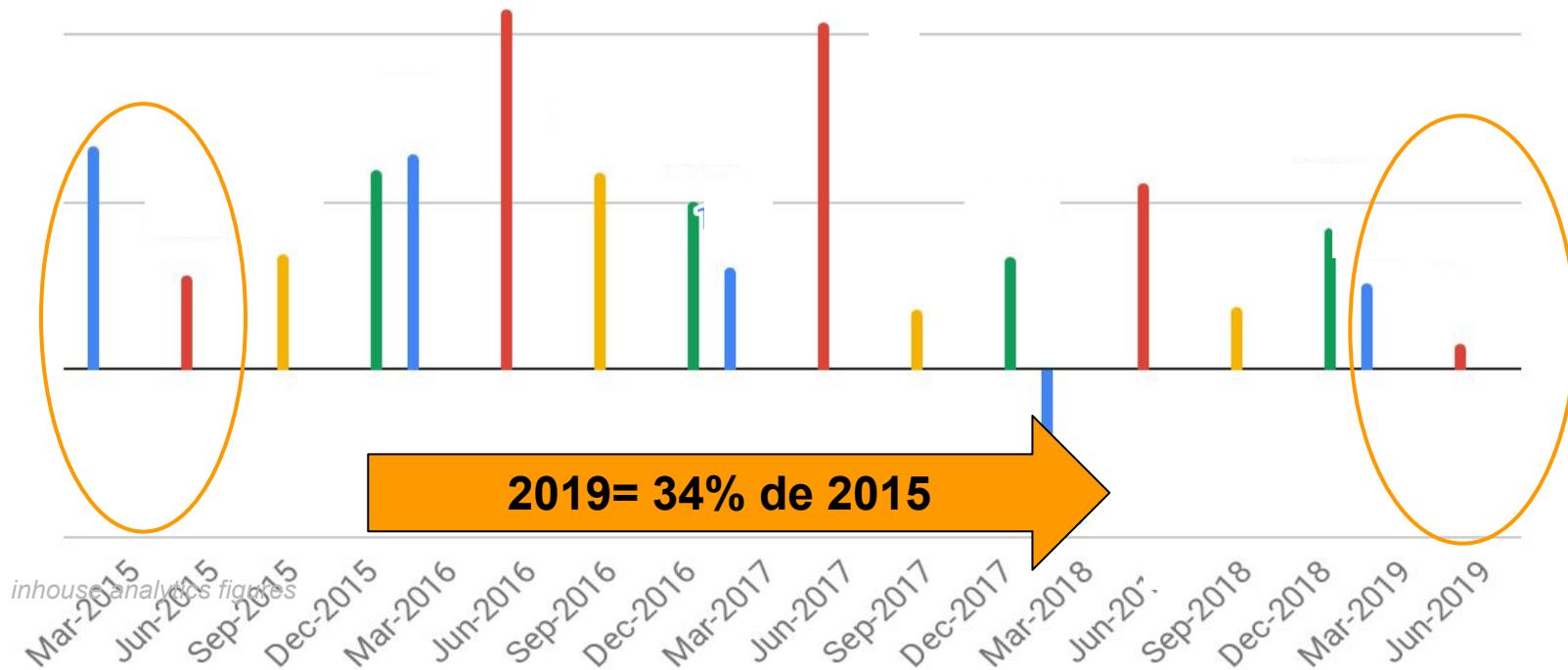


# Mechanical Corporate actions opportunities



- M&A & CA Gross result Q1
- M&A & CA Gross result Q2
- M&A & CA Gross result Q3
- M&A & CA Gross result Q4

**Low M&A and Corporate Action Revenue Drivers  
Trump Paradigm and Negative Rate Financement**



**2019= 34% de 2015**

# S&P 500 Volumes \$ & Number of Shares



# Stock markets are shrinking

Matt Turner

May. 28, 2019, 03:12 PM

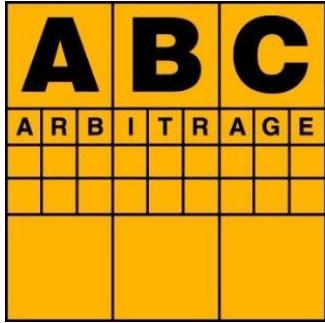


SHARE

## Market Insider Article

- The US stock market has de-equitized, a fancy term that basically means that companies are buying more shares than they are issuing, every year since 2011. It's shrunk 2.3% since 2018.
- This is natural, according to Citigroup strategists led by Robert Buckland. "This is a rational response to a radical shift in the cost of equity and debt financing," the team said in a note.
- Meanwhile, a second equity market, one for private equity, is growing just as the public market is shrinking.





Know-how ABC

Markets Parameters

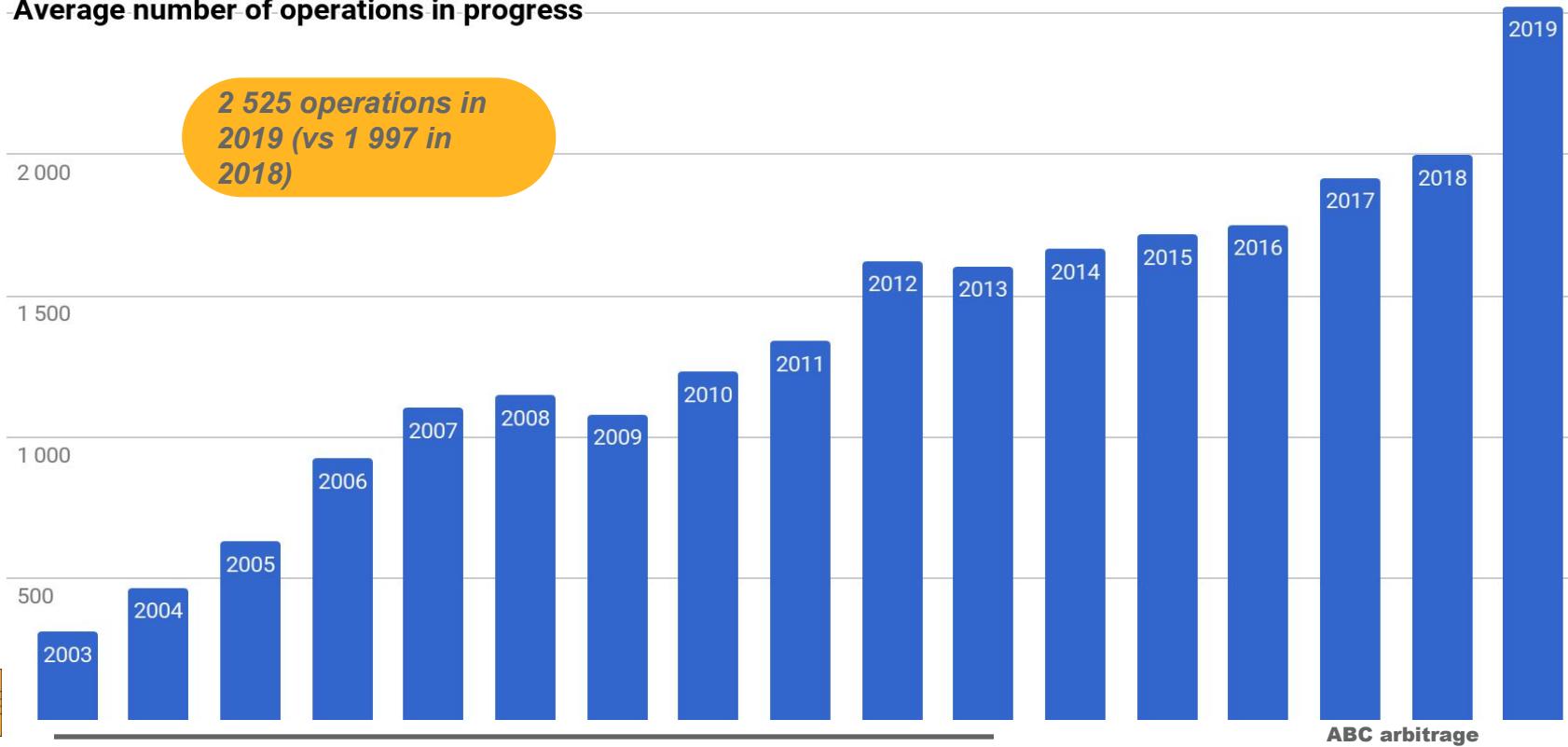
(+4.99)	189,413.27	(+12.20)	5,854.81
<b>48,829.82</b>	(+12.64)	185,475.60	(+1.70)
<b>(+29.34)</b>	52,394.62	(-2.08)	151,872.25
<b>777.65</b>	(+7.30)	58,042.14	(+10.78)
<b>(+26.38)</b>	1,002.66	65,706.22	(+12.37)
<b>15,127.81</b>	(+28.93)	1,385.27	(+38.16)
<b>(+16.63)</b>	16,696.99	1,782.33	(+29.30)
<b>9,240.74</b>	(+10.37)	16,381.51	(+22.22)
<b>(+20.63)</b>	(-1.89)	16,017.81	(+10.81)
		9,700.89	(+10.78)
		11,714.54	(+26.77)
		(-17.19)	(+2.78)

**HY2019 & Y2018  
Consistent Financial Results**



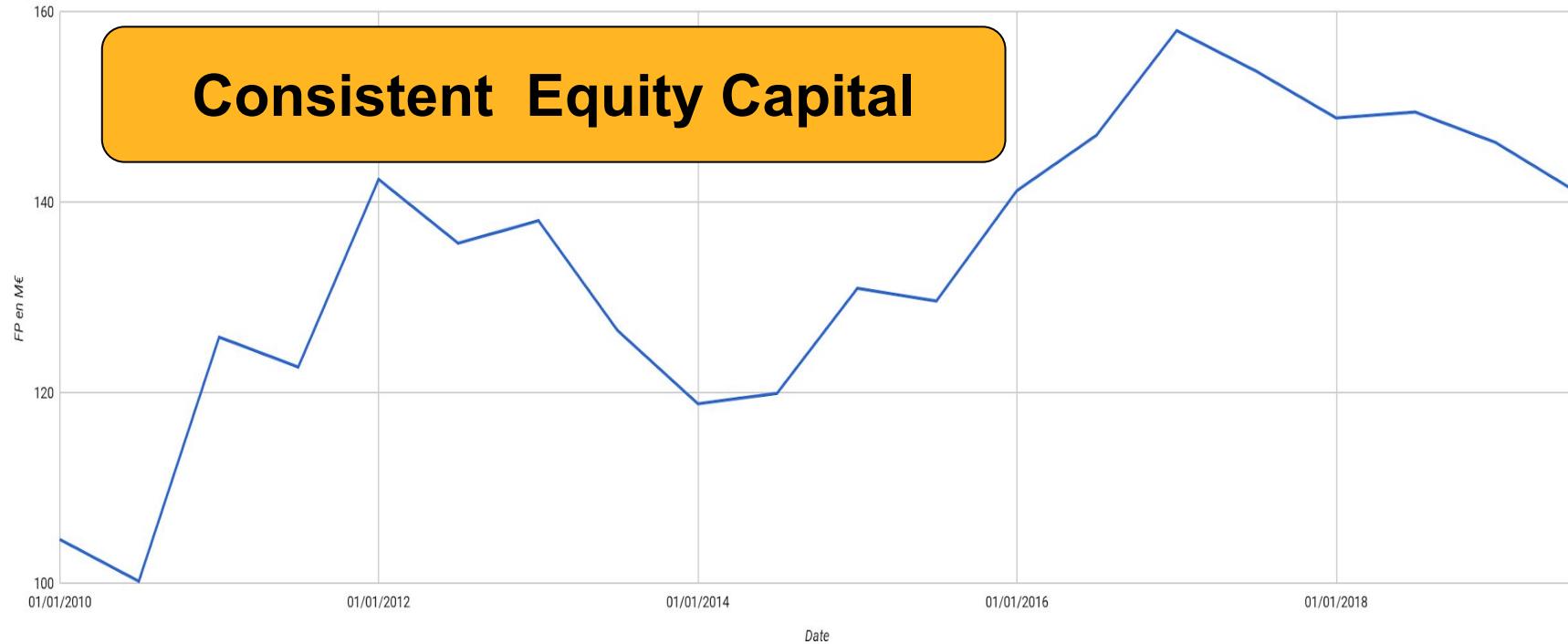
# Average number of “traded” operations “end of day”

Average number of operations in progress



# Consolidated Equity Capital - Since 01/01/2010

Equity in m€ vs Date

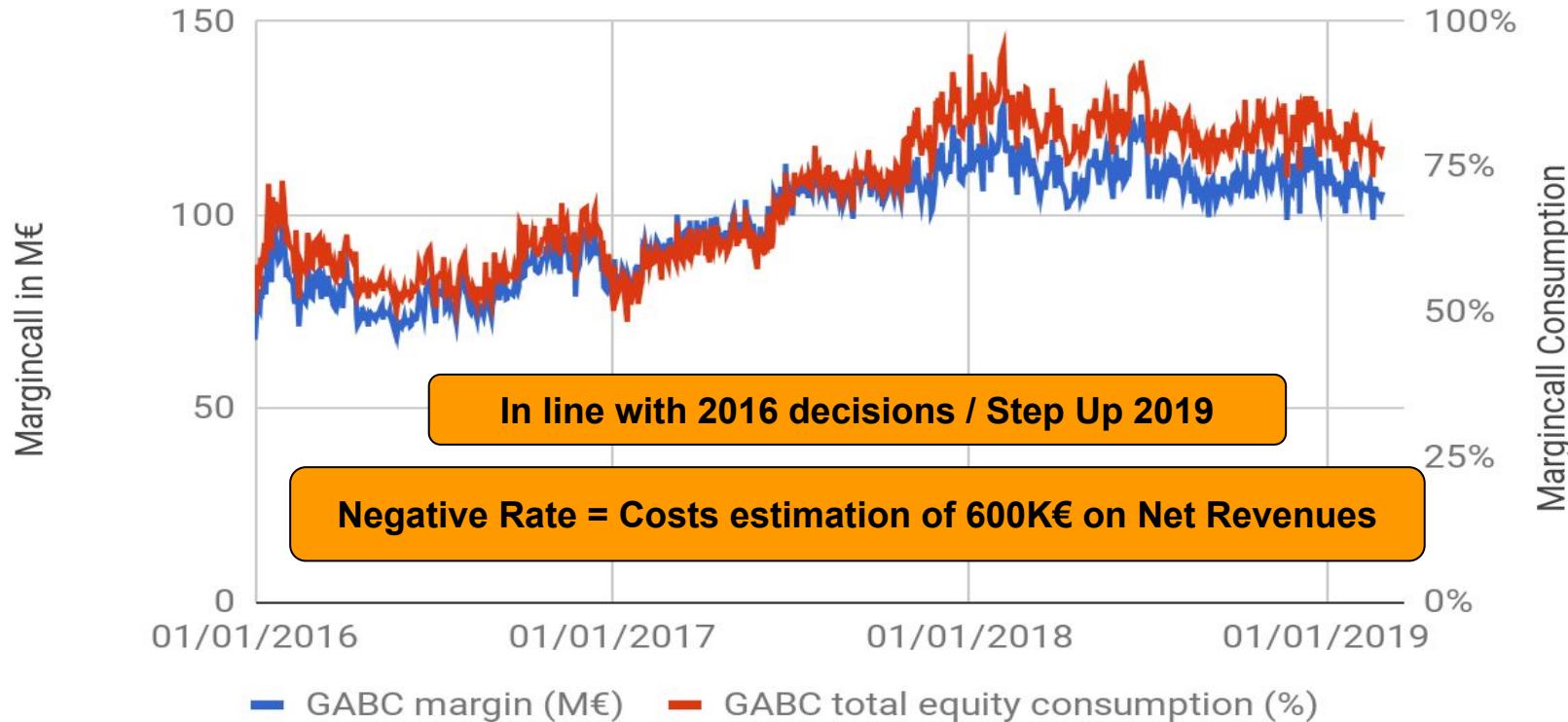


Consistent Equity Capital



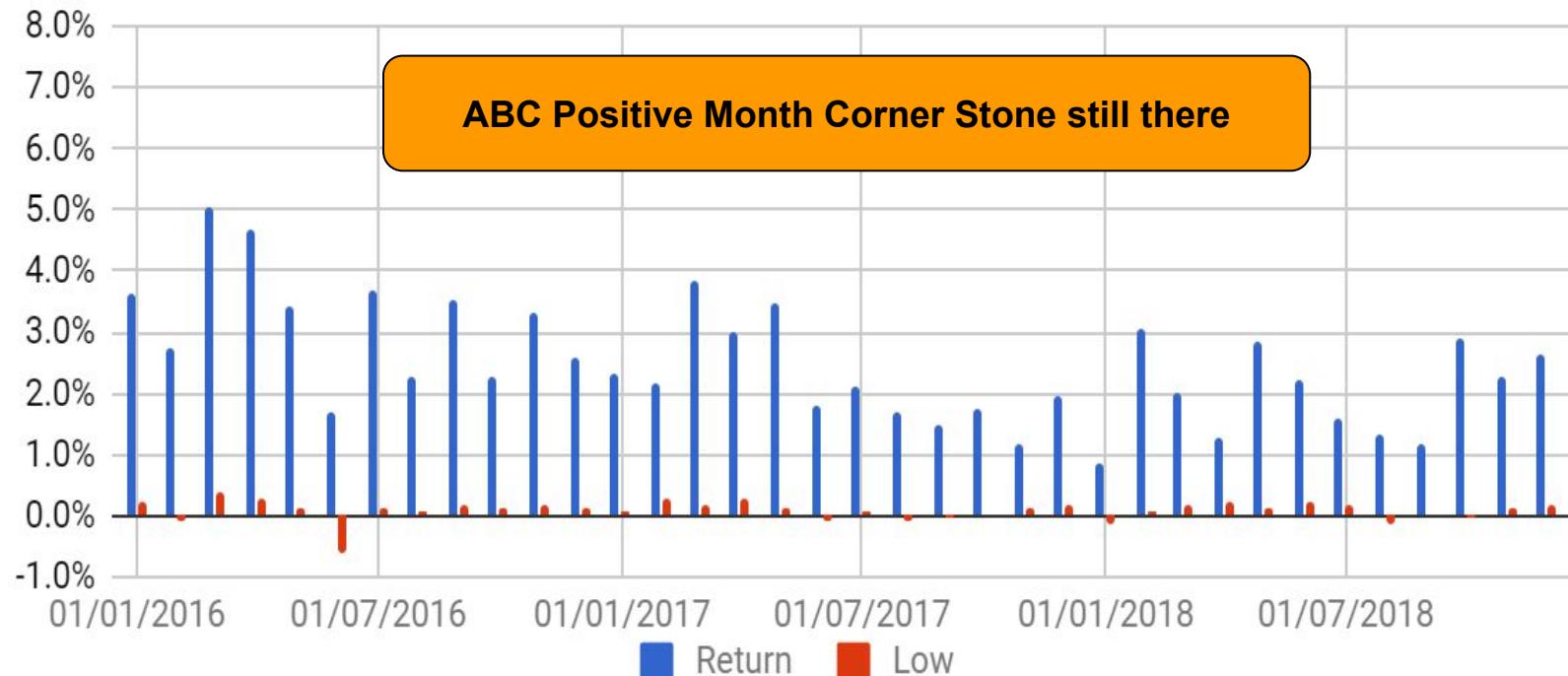
# Indicator of the Employment of Capital

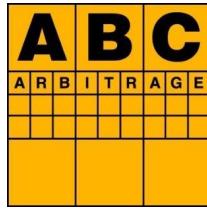
GABC



# ABCG monthly returns

## Monthly return





# Asset Management Business

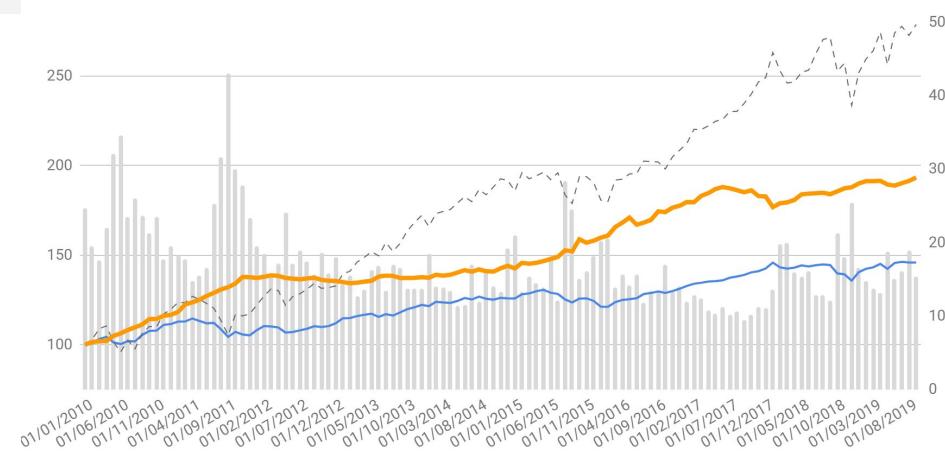


# ABCA Opportunities Fund

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Since 2010
<b>Net Performance / Annualized (\$)</b>	<b>16.6%</b>	<b>17.5%</b>	<b>-1.5%</b>	<b>1.7%</b>	<b>4.6%</b>	<b>9.7%</b>	<b>13.0%</b>	<b>4.6%</b>	<b>4.9%</b>	<b>4.7%</b>	<b>7.7%</b>
<b>Net Performance / Annualized (€)</b>	<b>16.6%</b>	<b>17.5%</b>	<b>-1.6%</b>	<b>1.6%</b>	<b>4.6%</b>	<b>9.2%</b>	<b>12.3%</b>	<b>2.9%</b>	<b>2.8%</b>	<b>2.9%</b>	<b>7.0%</b>
<b>Positive Months</b>	100%	92%	33%	58%	58%	67%	83%	50%	83%	78%	69%
<b>Average Negative Mth</b>	NA	-0.1%	-0.4%	-0.4%	-0.4%	-0.7%	-1.3%	-0.6%	-1.8%	-0.5%	-0.6%
<b>Average Positive Mth</b>	1.3%	1.5%	0.4%	0.5%	0.9%	1.5%	1.4%	1.1%	0.7%	0.7%	1.1%
<b>Volatility</b>	2.9%	2.9%	1.6%	2.1%	2.5%	4.8%	4.5%	3.3%	4.1%	2.1%	3.8%
<b>Sharpe</b>	<b>5.0</b>	<b>5.1</b>	<b>-1.2</b>	<b>0.7</b>	<b>1.8</b>	<b>1.9</b>	<b>2.5</b>	<b>0.8</b>	<b>0.7</b>	<b>2.2</b>	<b>1.8</b>
<b>Leverage (xNAV) Average</b>	Simulated and extrapolated data until Sept 2015										2.5
<b>Net Exposure (%NAV) Average</b>	2019 until	18/09/2019									107%

## Performance Chart

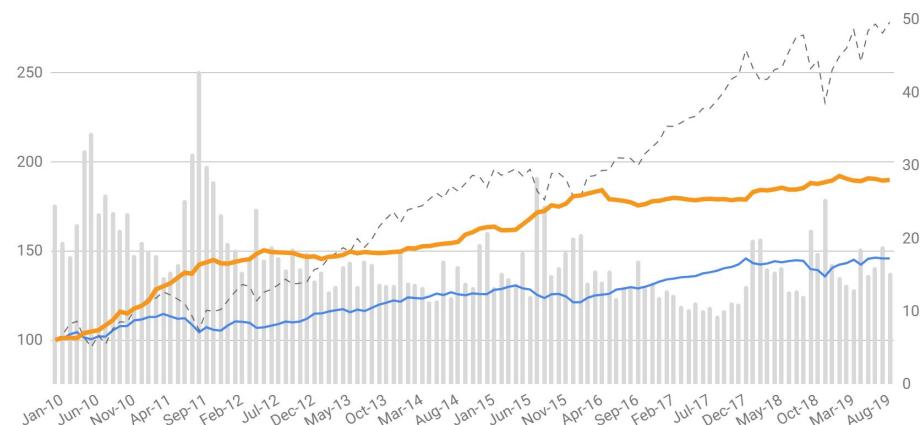
Simulated Data until september 2011. Extrapolated Data from Oct 2011 to Sept 2015 (ie ABCA Multi real performance since its launch enhanced with the effect of the dynamic and optimized allocation of capital and the new fee structure).



# ABC A Reversion Fund

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Since Launch
<b>Net Performance / Annualized (\$)</b>	<b>18.2%</b>	<b>21.6%</b>	<b>2.6%</b>	<b>2.0%</b>	<b>8.8%</b>	<b>9.1%</b>	<b>1.6%</b>	<b>2.1%</b>	<b>7.5%</b>	<b>2.5%</b>	<b>7.7%</b>
<b>Net Performance / Annualized (€)</b>	<b>18.2%</b>	<b>21.6%</b>	<b>2.5%</b>	<b>1.9%</b>	<b>8.8%</b>	<b>8.6%</b>	<b>0.8%</b>	<b>0.6%</b>	<b>5.3%</b>	<b>0.7%</b>	<b>6.9%</b>
<b>Positive Months</b>	83%	83%	42%	67%	92%	75%	58%	58%	67%	67%	67%
<b>Average Negative Mth</b>	-0.5%	-0.9%	-0.4%	-0.5%	-0.7%	-0.6%	-0.9%	-0.3%	-0.3%	-0.4%	-0.5%
<b>Average Positive Mth</b>	1.8%	2.2%	1.0%	0.5%	0.8%	1.1%	0.8%	0.3%	0.8%	0.7%	1.1%
<b>Volatility</b>	5.3%	6.0%	3.1%	2.2%	2.6%	3.6%	4.0%	1.0%	2.7%	2.5%	4.0%
<b>Sharpe</b>	<b>3.3</b>	<b>3.2</b>	<b>0.8</b>	<b>0.8</b>	<b>3.4</b>	<b>2.4</b>	<b>0.2</b>	<b>0.6</b>	<b>1.9</b>	<b>1.0</b>	<b>1.7</b>
<b>Leverage (xNAV) Average</b>	2010 comprises both extrapolated and real performance										1.0
<b>Net Exposure (%NAV) Average</b>	2019 until	18/09/2019									12%

VIX HFRI Fund Weighted S&P 500 ABCA Reversion Net €



EuroHedge Awards 2018

Winner

EQUITY MARKET NEUTRAL & QUANTITATIVE STRATEGIES

ABC  
ARBITRAGE  
ASSET MANAGEMENT

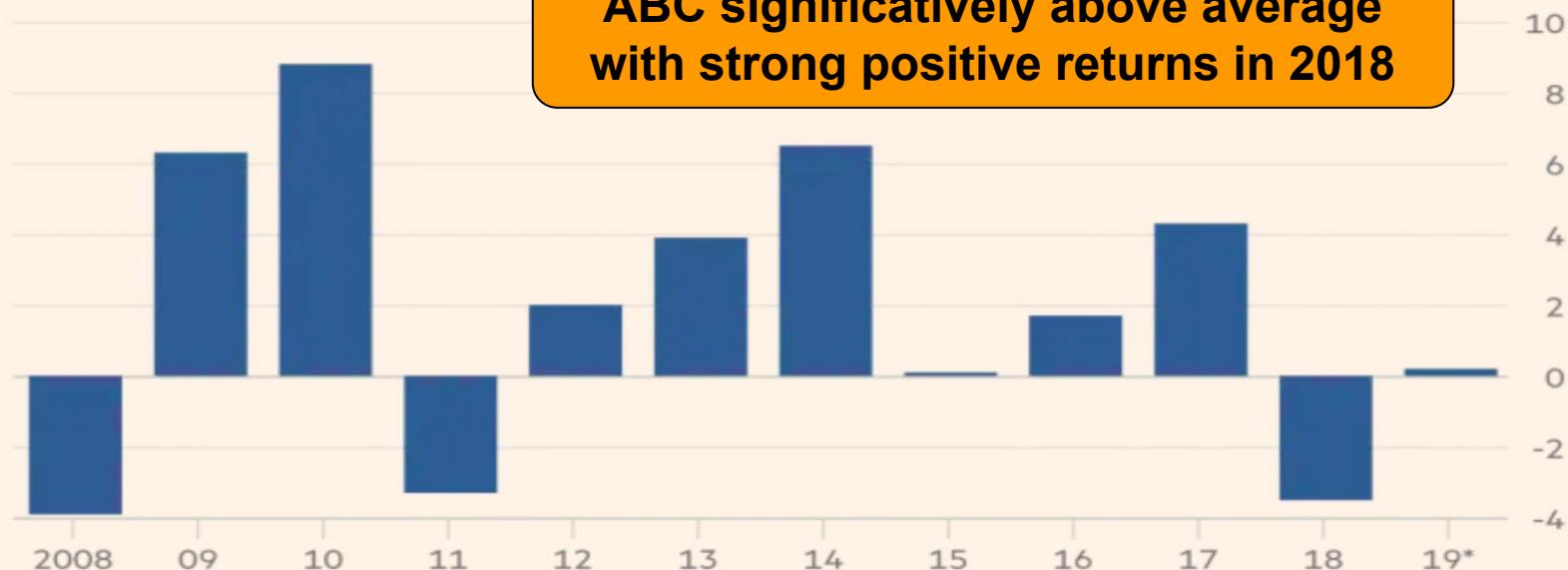


ASSET  
MANAGEMENT

## Quants suffer worst year in a decade

Annual performance (%)

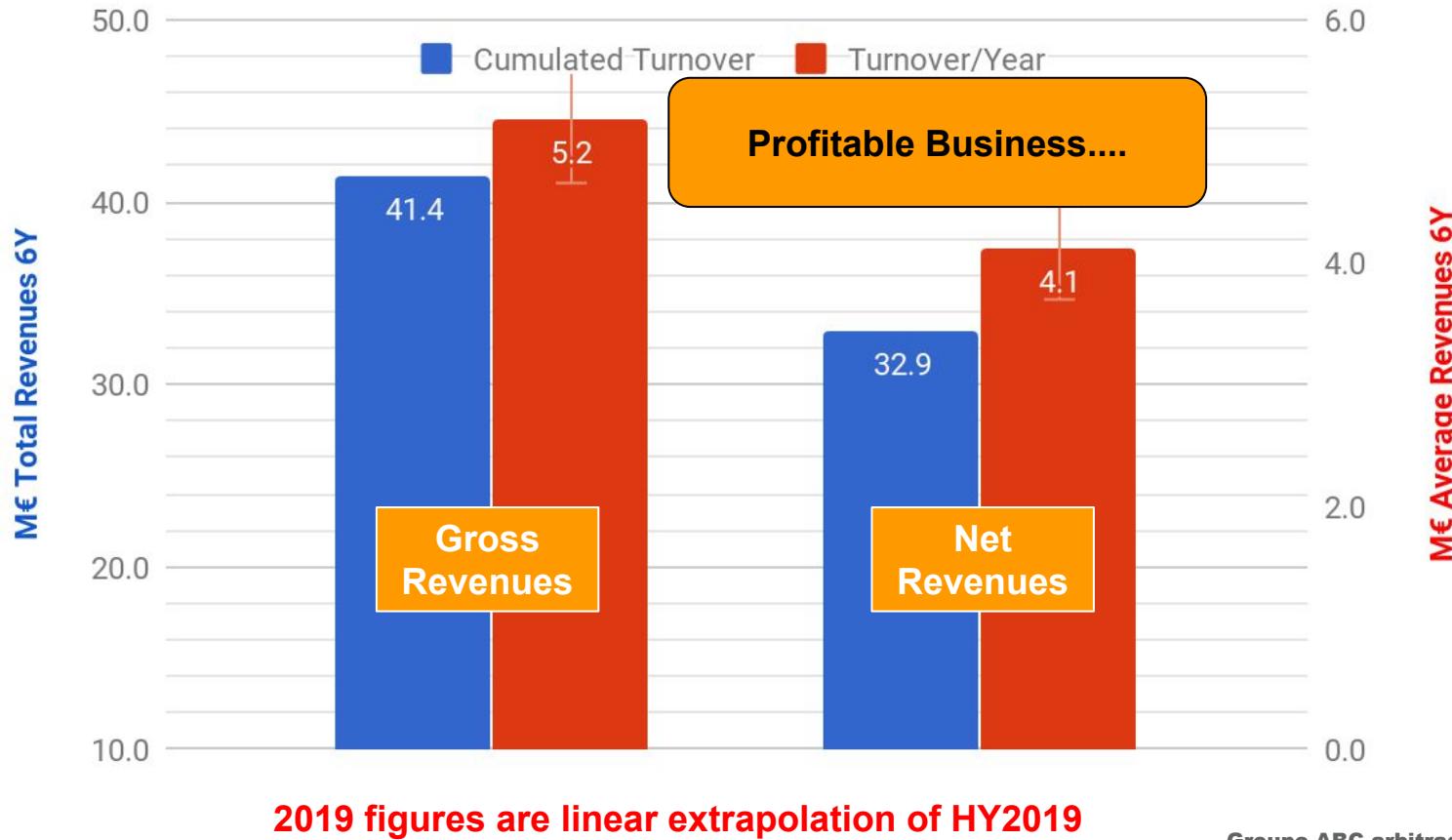
ABC significantly above average  
with strong positive returns in 2018



\* To Jan 31  
Source: HFR  
© FT

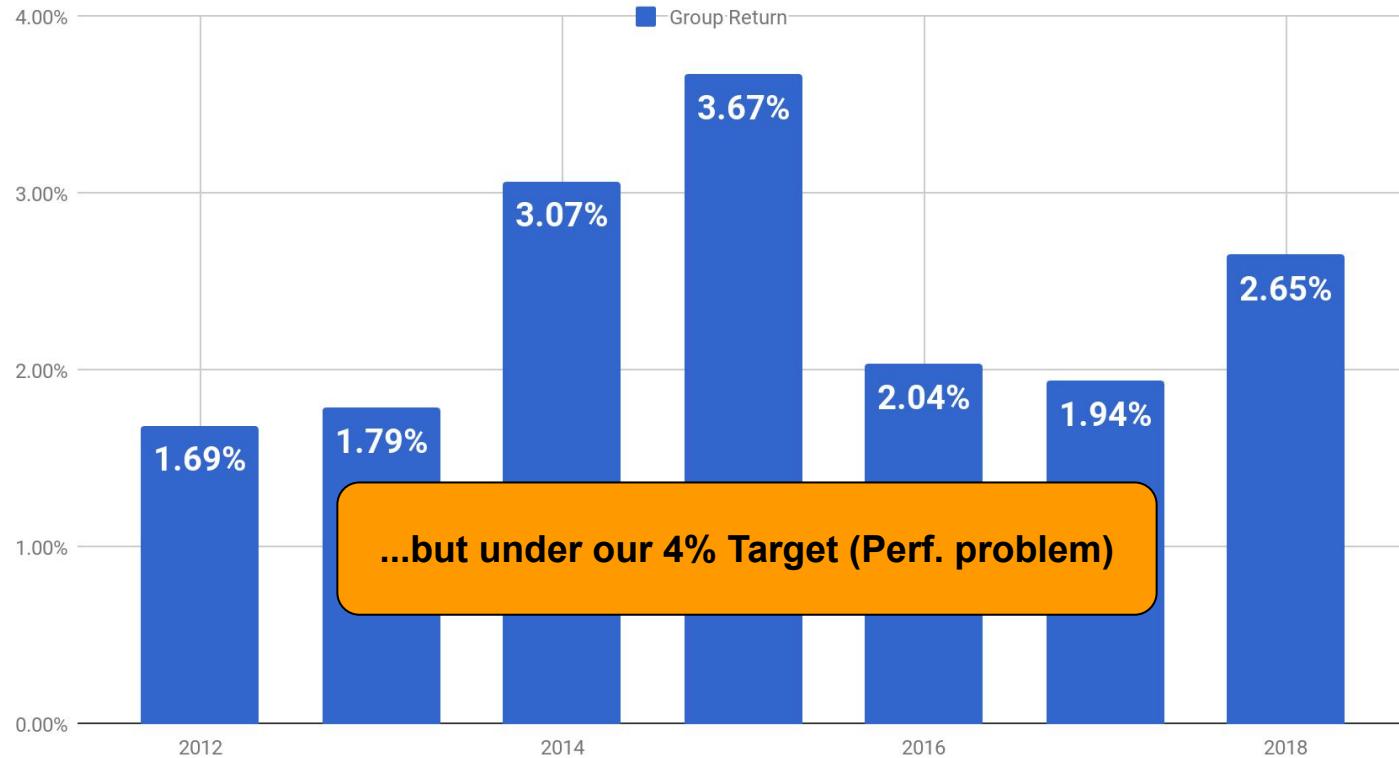


## Revenues from External AUM since 2012

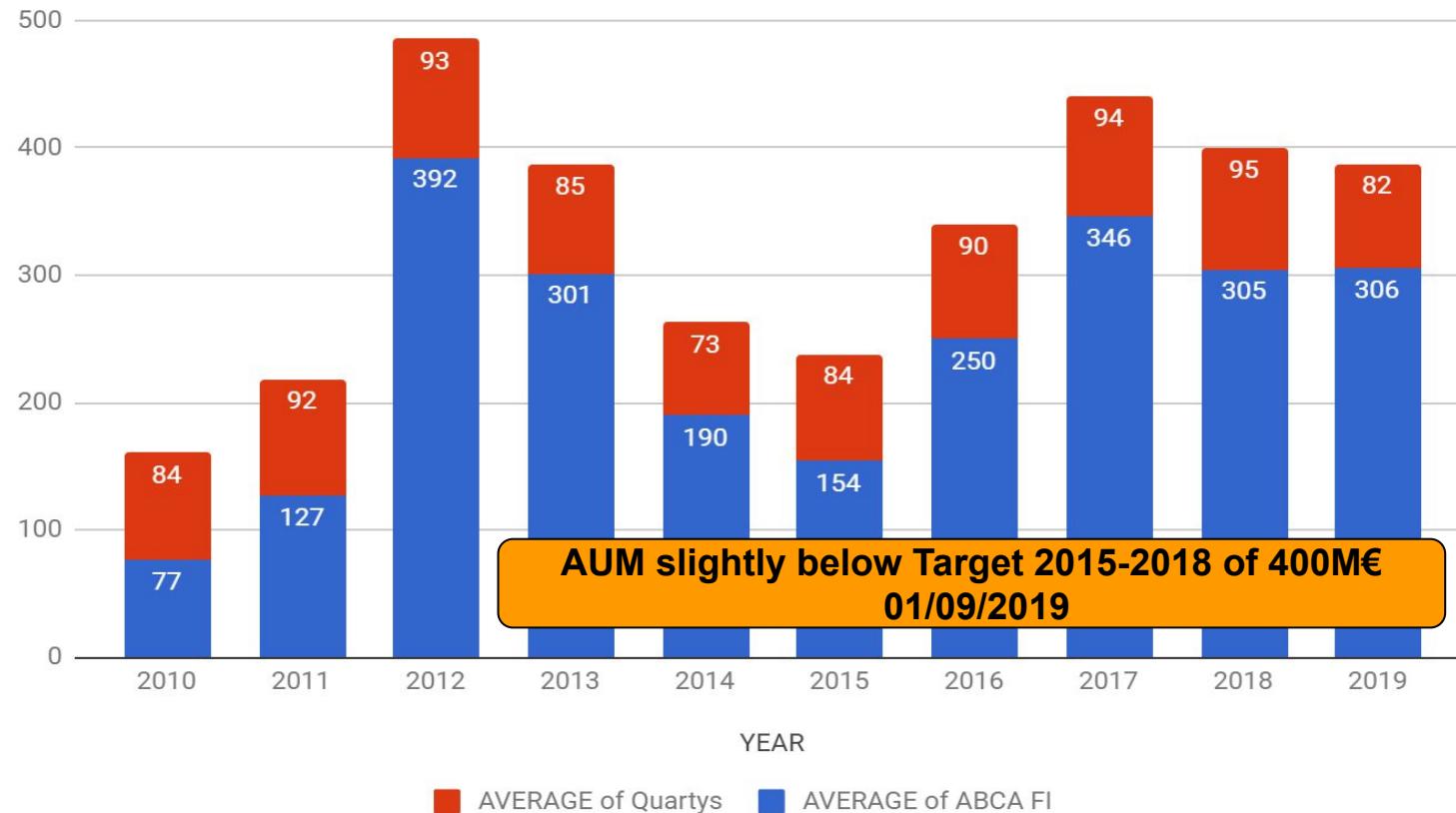


# Return on AUM

ABCG Return on External AUM

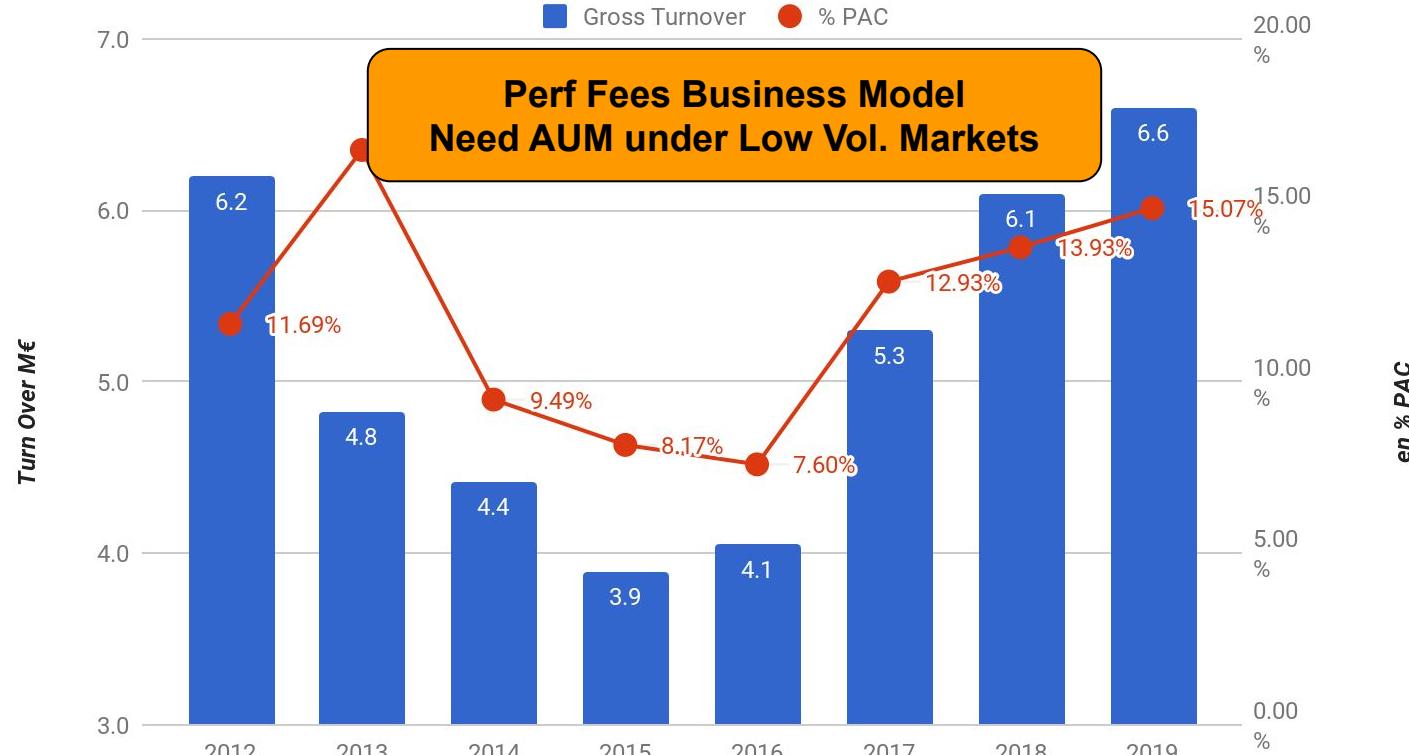


## Average of Total AUM ABCA Funds Ireland Plc + "Seed Capital" (mEUR)



# Clients Revenue

Turnover outsourced clients



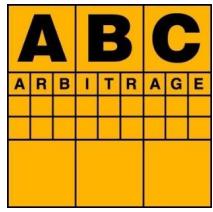
2019 figures are linear extrapolation of HY2019

X



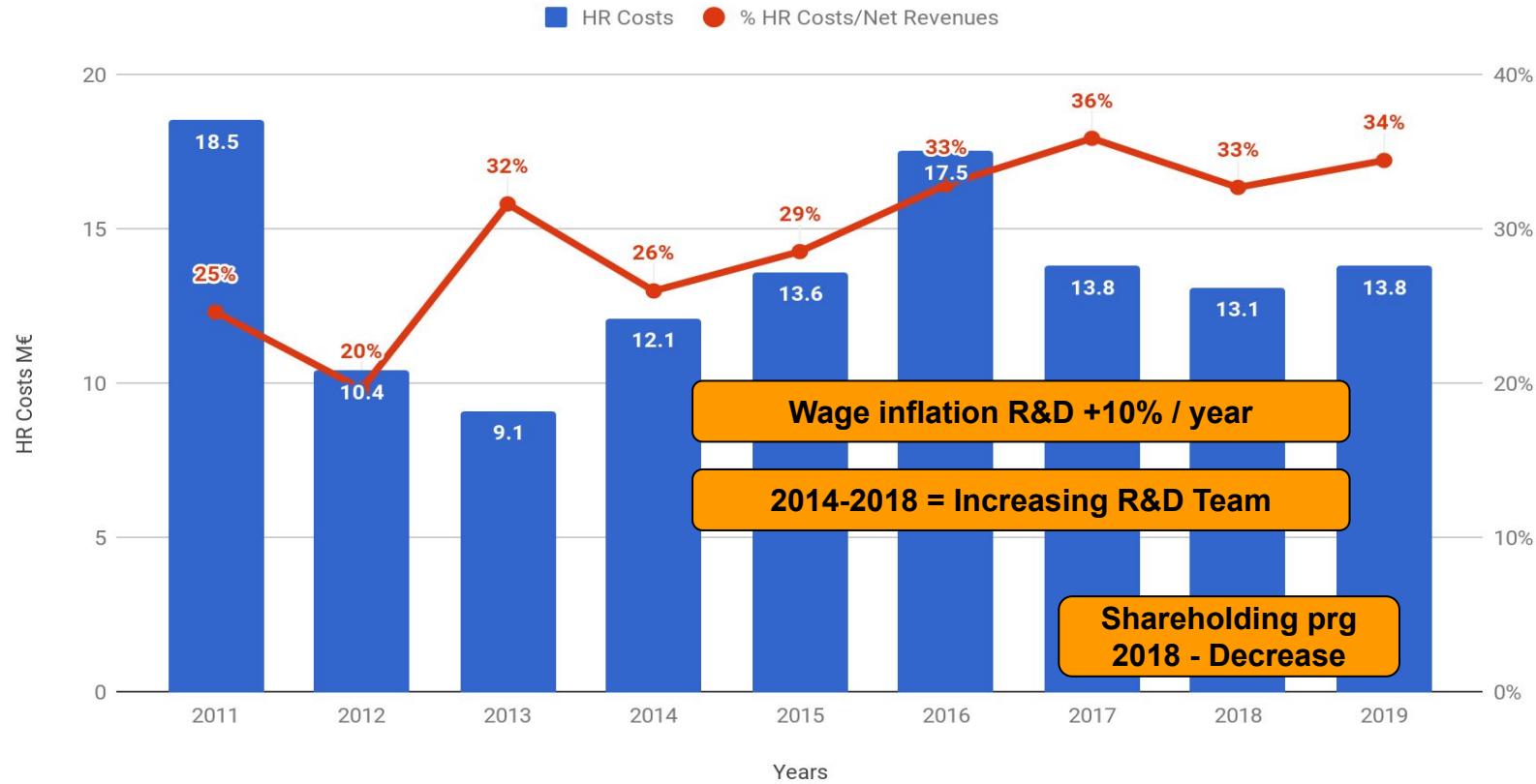
A 250/300M€ increase of our AUM capacity from Q4 2018  
Target = +200M€ capacity for Q1 2020





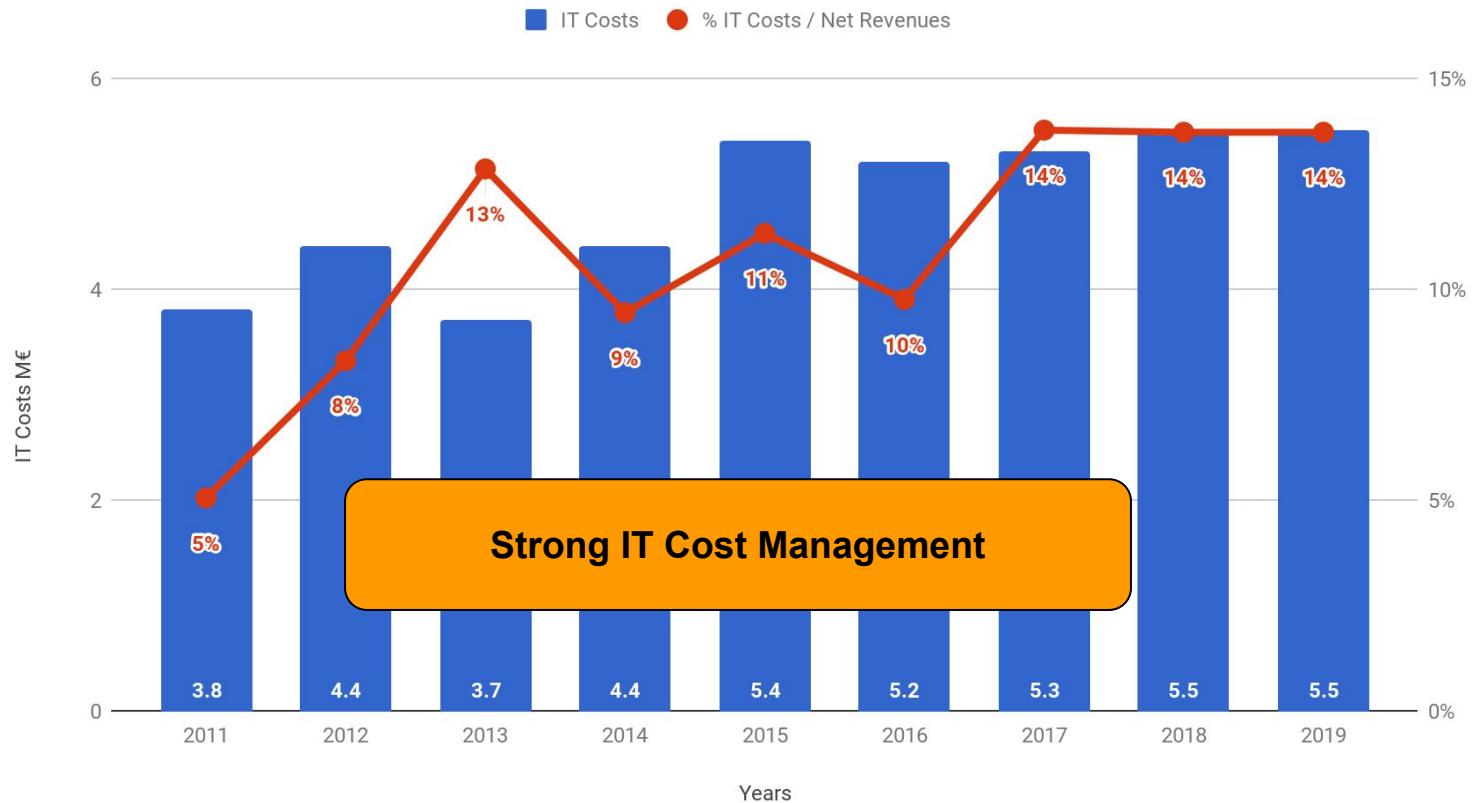
# Costs

## HR Costs € and % of Activity Level

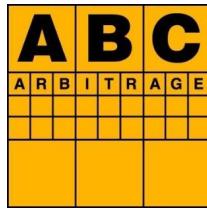


2019 figures are linear extrapolation of HY2019

## IT Costs € - % of Net Revenues

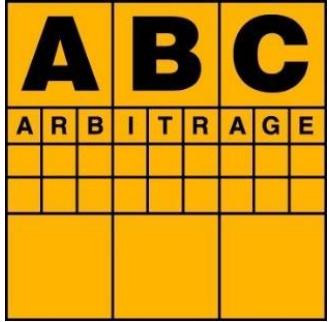


2019 figures are linear extrapolation of HY2019



## 2019 Situation





# Know-how ABC

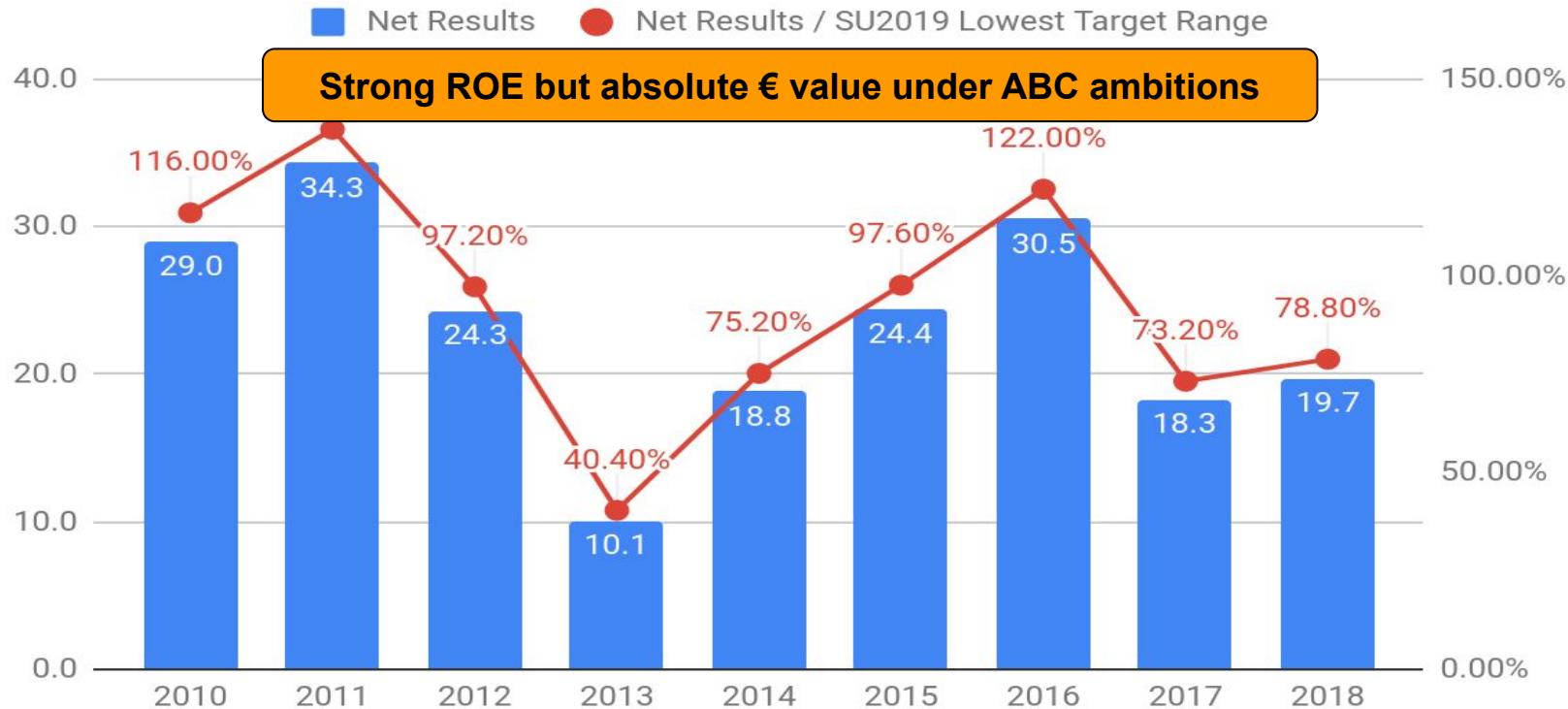
Markets Parameters

(+4.99)	189,413.27	(+12.20)	5,864.91
48,829.82	(+12.64)	185,475.60	(-1.71)
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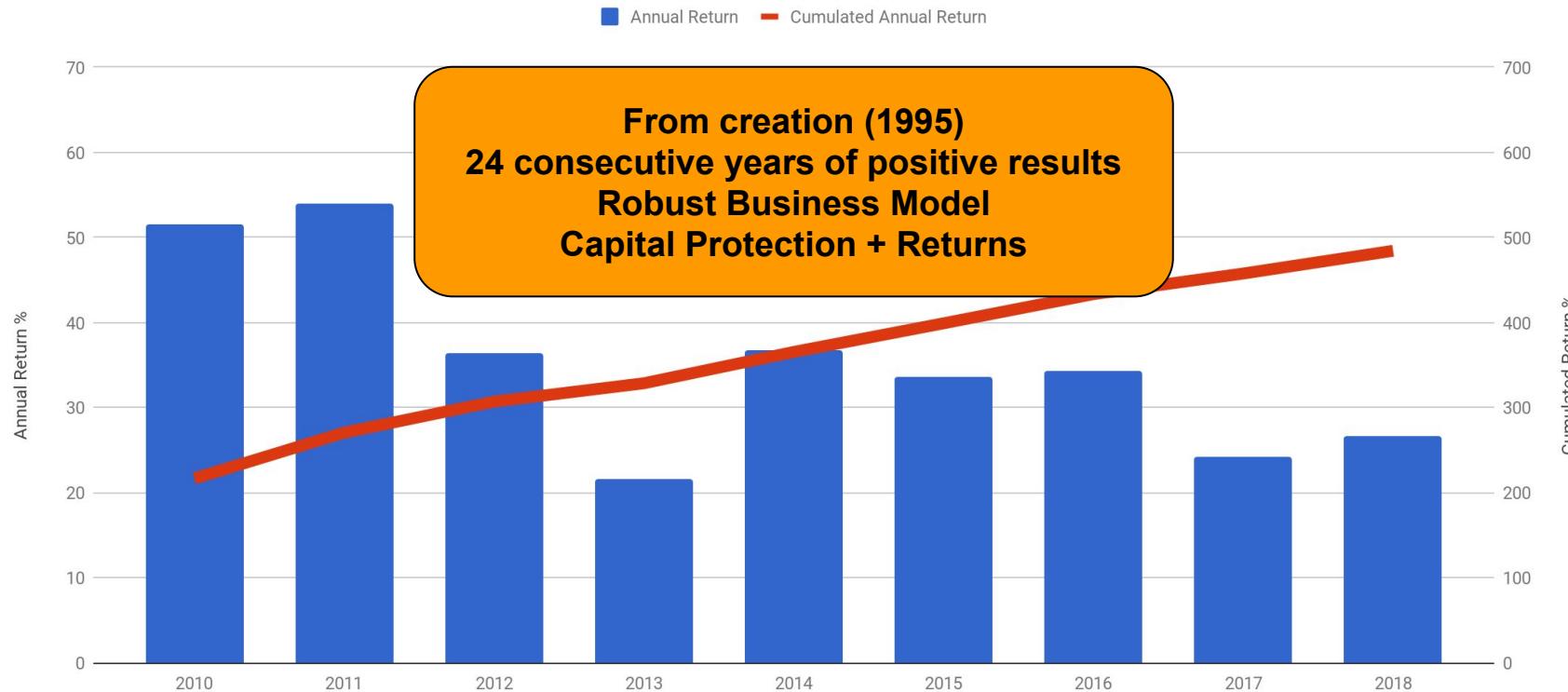
# **2018 = Consistent Financial Results**

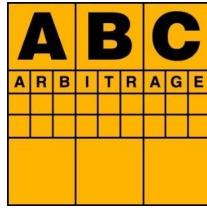


## Net Results vs Ambitions



# Gross Performances ABC arbitrage Group - From 2010 to 2018





2019  
“ça s'en va...ou  
ça revient ??\*



\* from a french song of Claude François “ça s'en va et ça revient” (it does go away and comes back) - <https://youtu.be/nBSY4mNznzk>

# 2012-2019 - New Volatility Era !

**Before Central Banks**

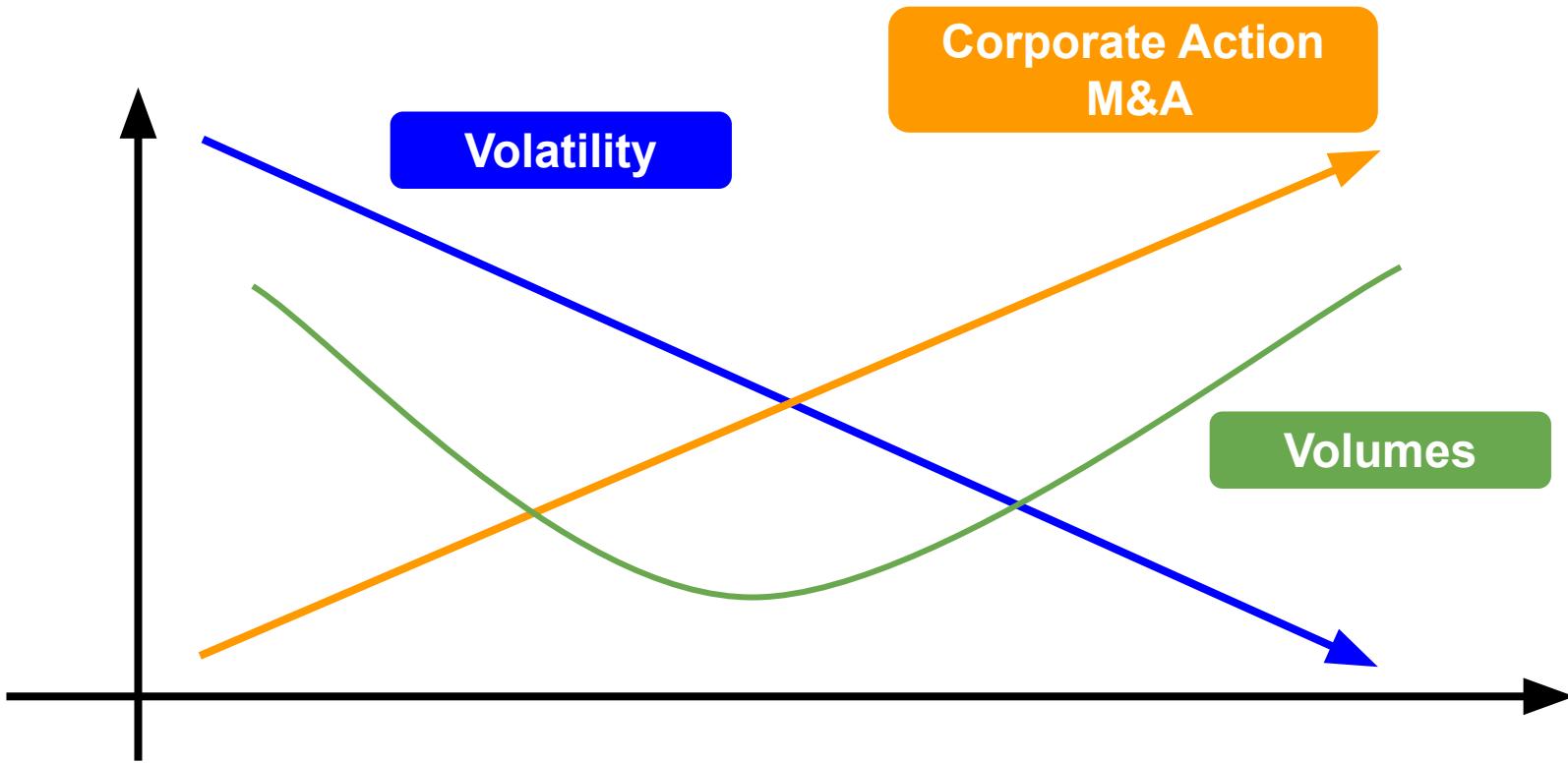


**Central Banks Era**

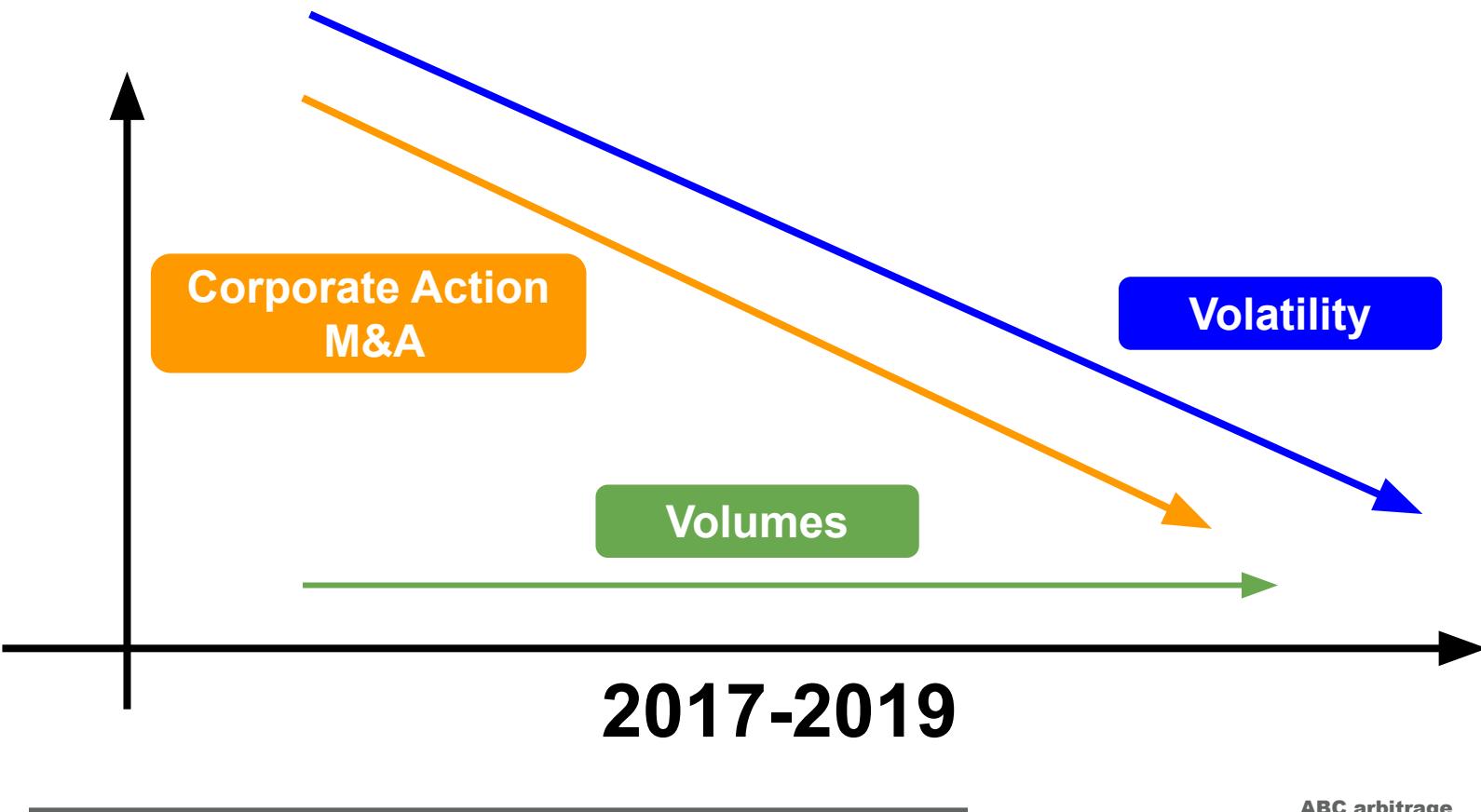


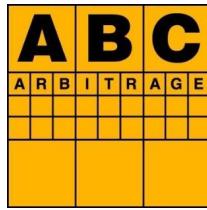
Source Bloomberg

# Expected Situation...



# 2017-2019 Situation



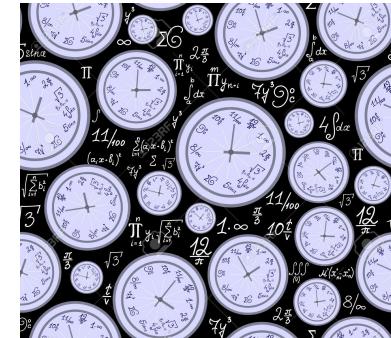


# ABC arbitrage 2019



# Strong Personnel Convictions

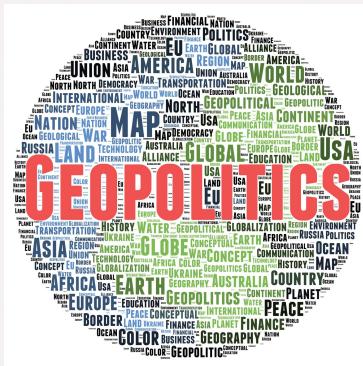
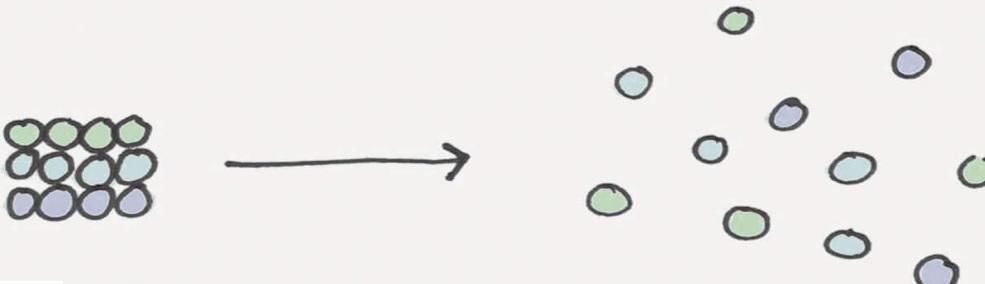
Le jour sans fin des  
banquiers centraux



La cigale et la fourmi ...  
et la BCE



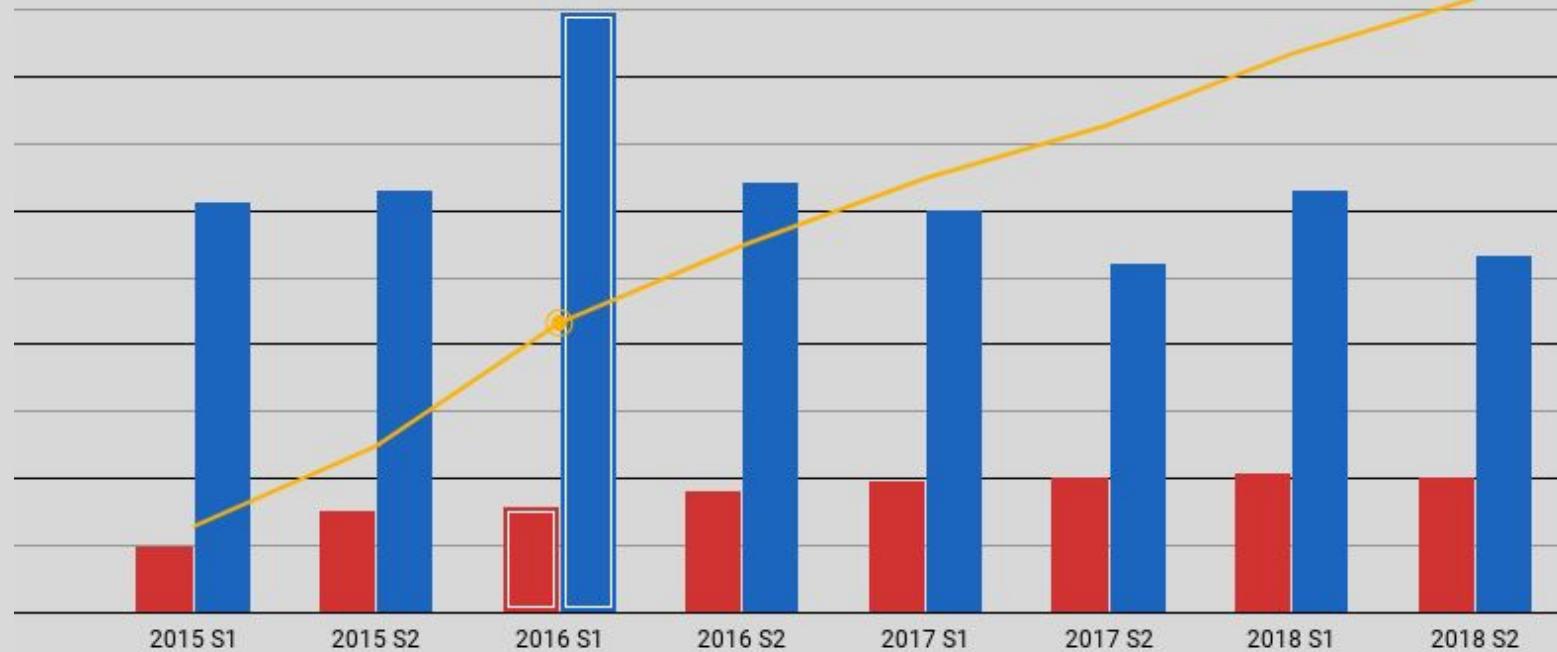
## New Paradigm = a world of entropy ??





Coûts      Gains bruts      Gains Nets

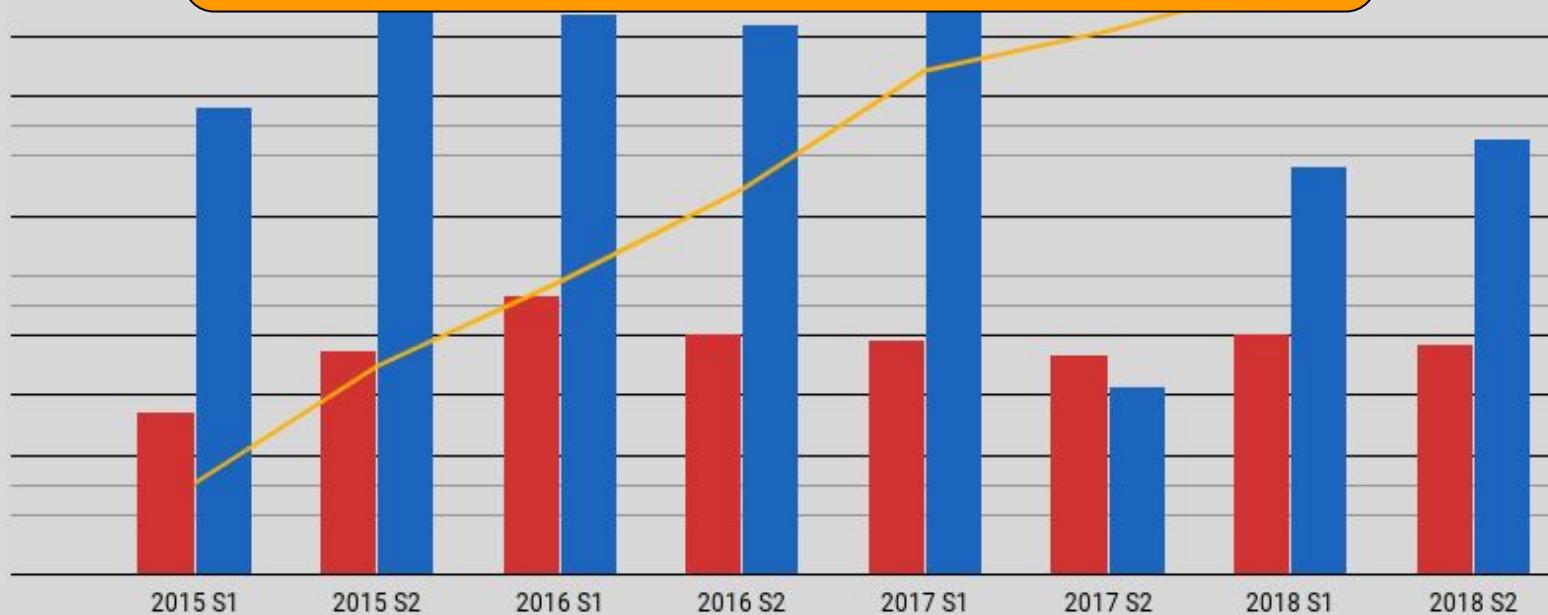
## Objective 1 Investing in our historical strategies



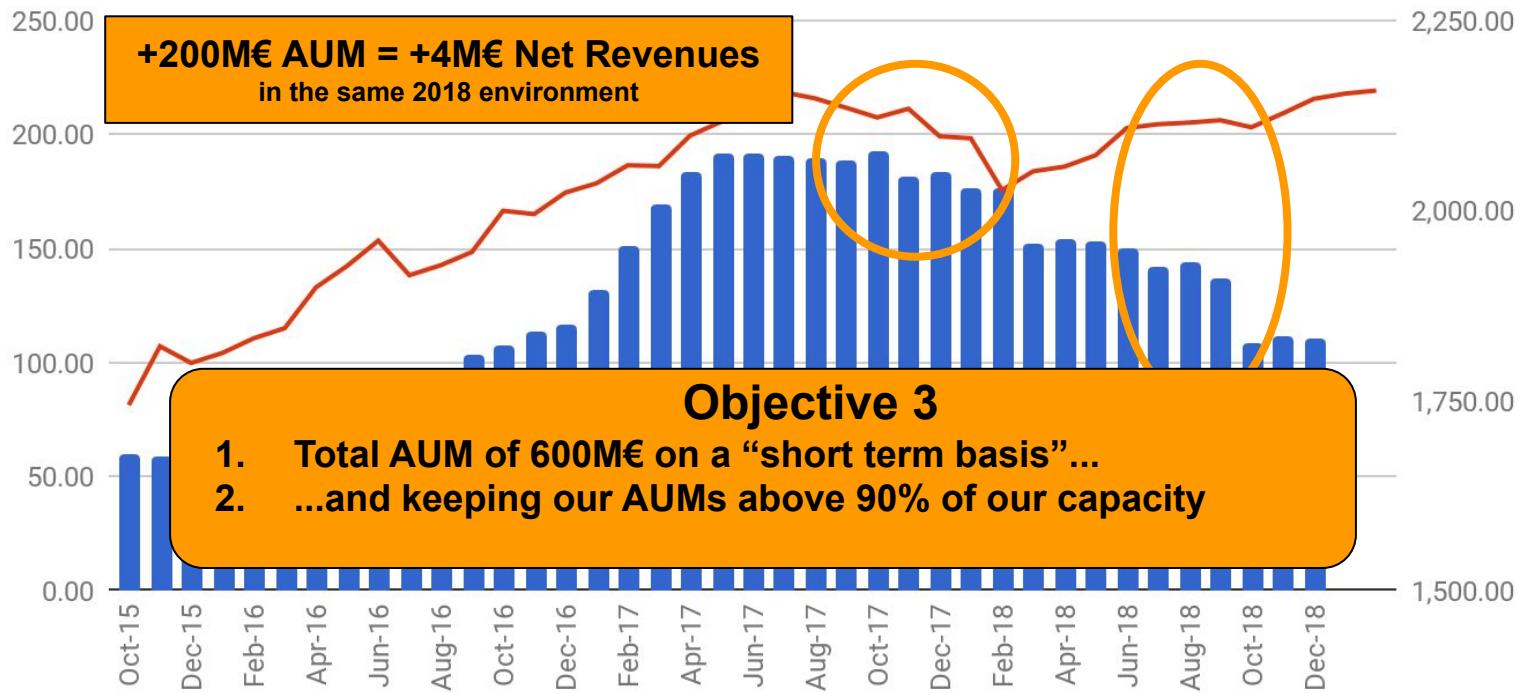
Coûts      Gains bruts      Gains Nets

## Objective 2

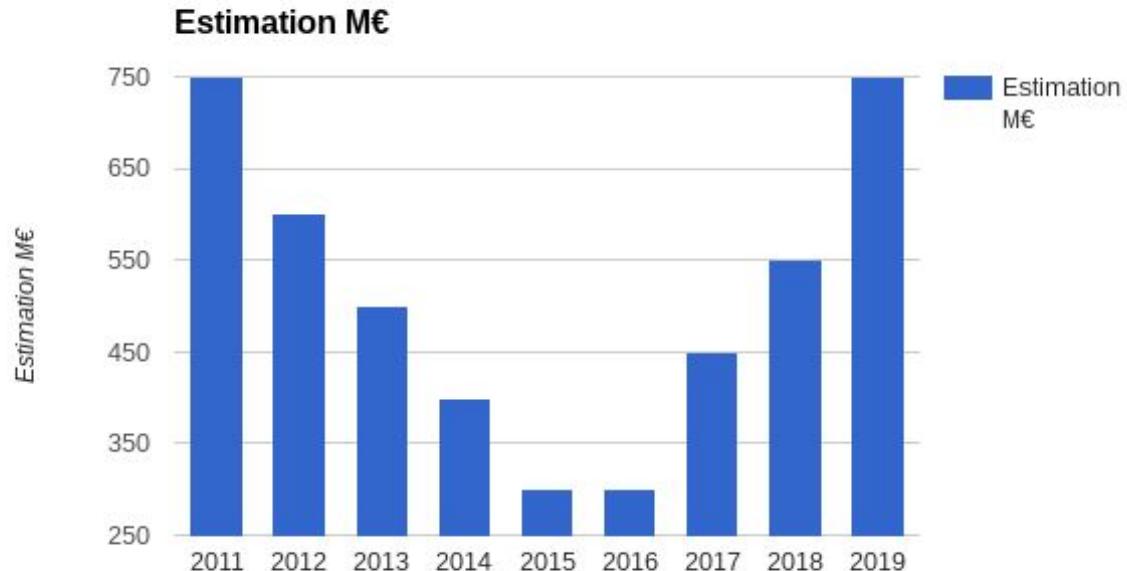
Promoting development of mutualizing strategies  
Commodities / Rates / ETF (less than 5% of our PAC so far)



## ABCA Opportunities AUM (Blue) vs Performance NAV (Red- Right axis)



**Still building a “winter is here” business model...**

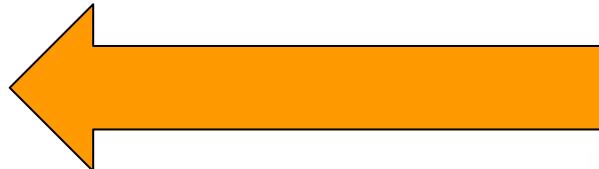
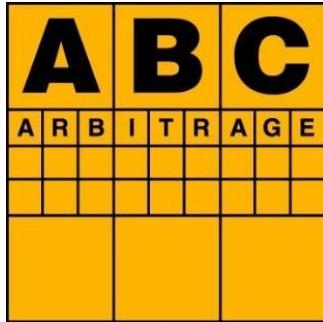


**Objective 4**  
Mid/Long term development of high capacity funds (> Billion €)



## Objective 5

External Expertise Integration - Speed up our evolution

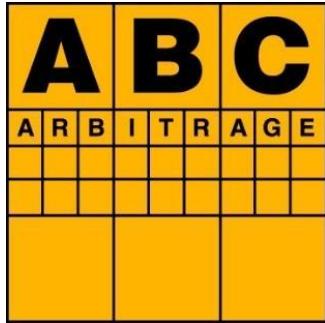


September 2019 = FOREX strategies  
October 2019 = Event driven strategies



## Objective 5 bis

Hiring “Added Value” People



New compensation system to face our IT needs



# Both !!

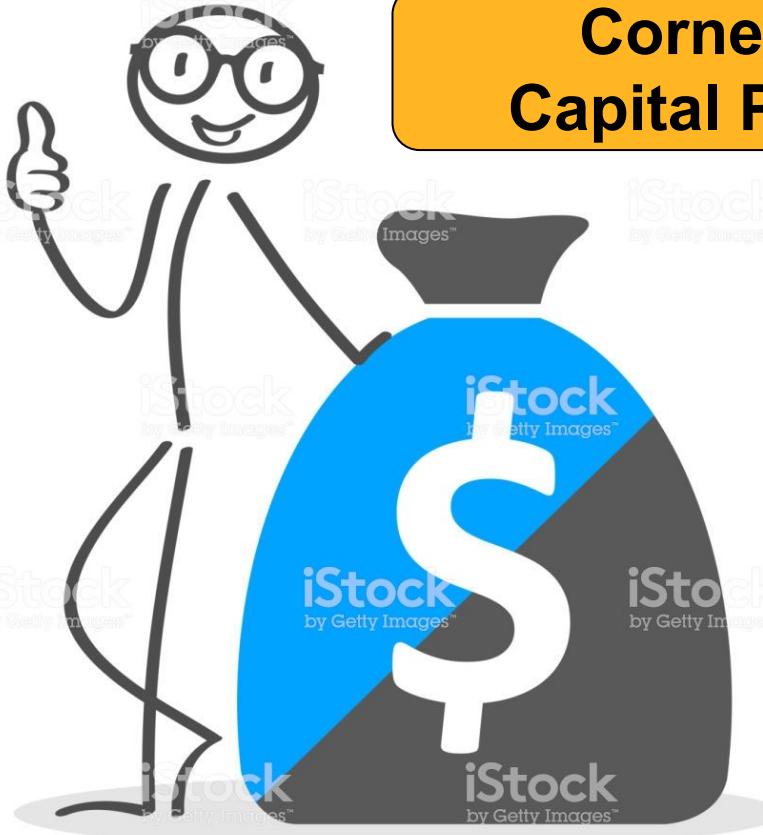


 alamy stock photo

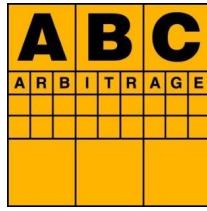
KHDH3F  
[www.alamy.com](http://www.alamy.com)

ABC arbitrage

## Corner Stone Capital Protection



ABC arbitrage

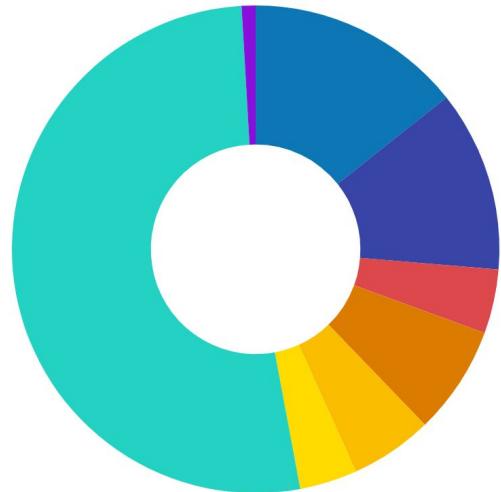


# Les actions ABC arbitrage

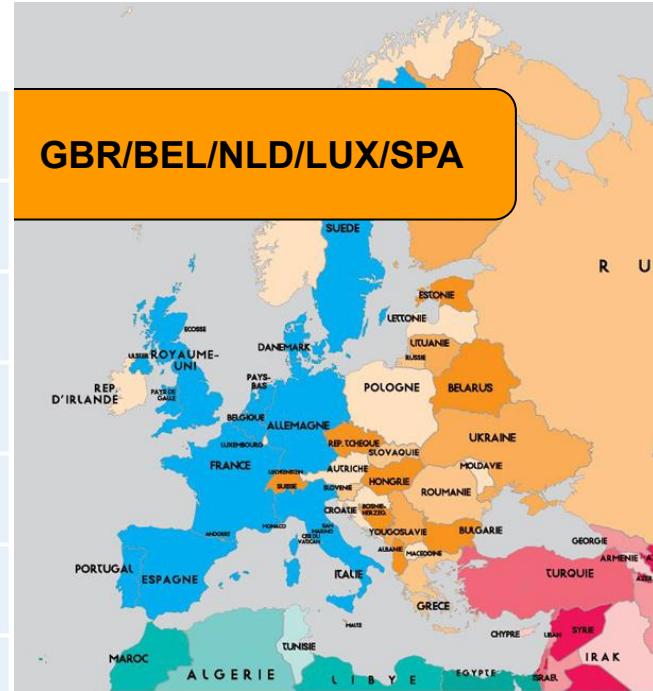


# Répartition du capital

Mis à jour annuellement, dernière mise à jour : 23 mars 2019



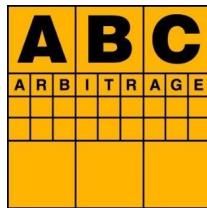
■ 14.3%	Aubépar Industries
■ 12.02%	Financière WDD* et IPA **
■ 4.26%	Dominique Ceolin
■ 7.2%	Eximum
■ 5.47%	David Hoey
■ 3.81%	Autre Management***
■ 52.01%	Flottant
■ 0.92%	Autodétenion



# Distributions and Share Buyback Program

## New Quarter Distribution Program

Distributions

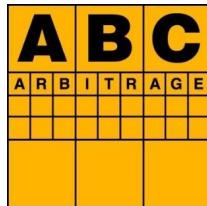


0,53€



0.23€ - Ex-date 9 Jul. 2019\*  
0.10€ - Ex-date 8 Oct. 2019\*  
0.10€ - Ex-date 10 Dec. 2019\*  
0.10€ - 1st week April 2020\*\*

Buyback 2019



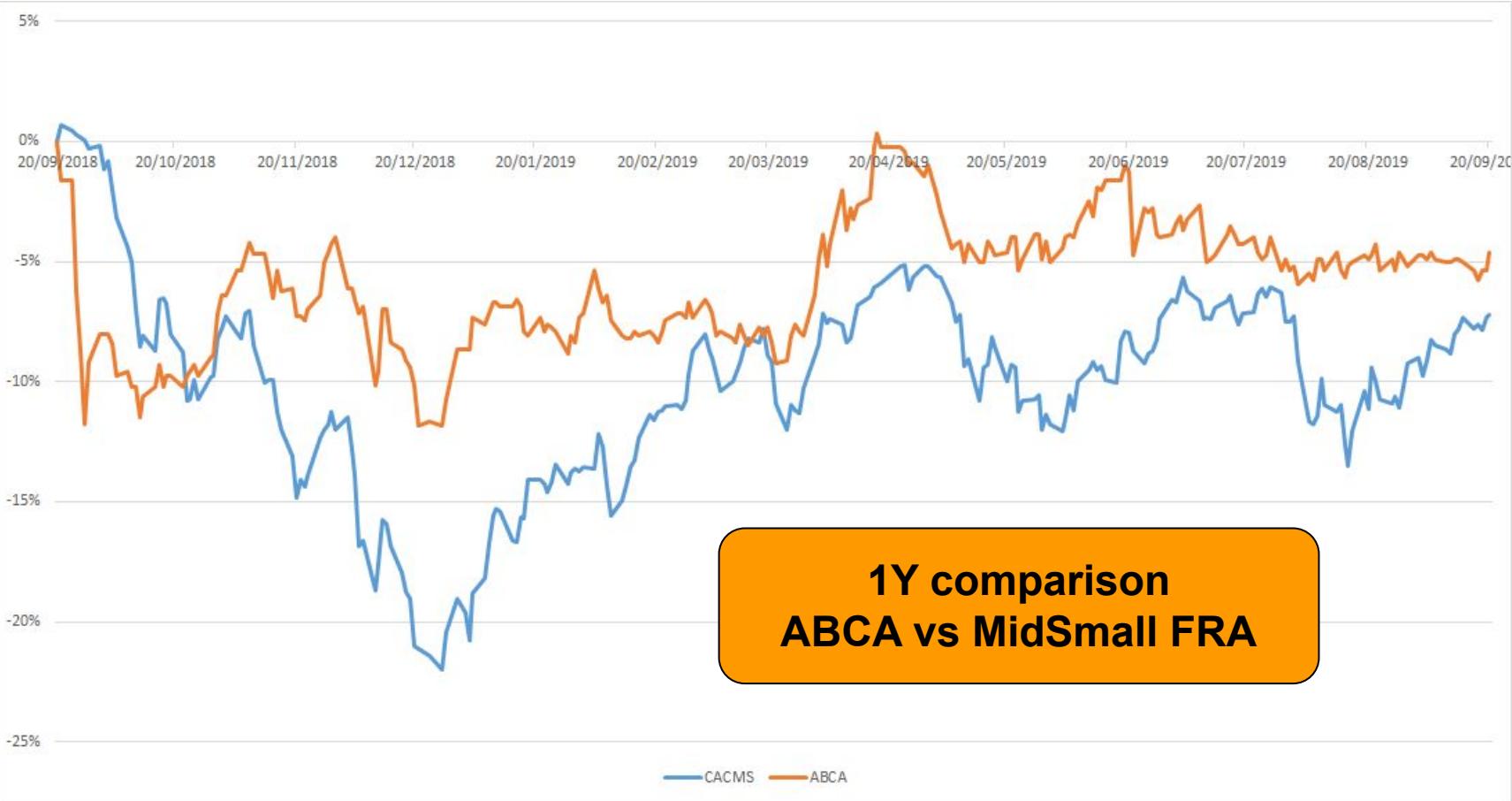
€€€ for 3M€ - adaptative  
ABC Shares (around 500K if Average Price 6.1€)



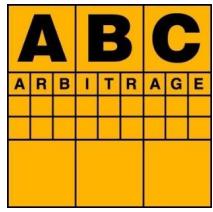
\* voted in Annual General Meeting - 14 June 2019

\*\*confirmation expected by the board of ABC arbitrage in march 2020





ABC arbitrage



## Q&A