

# Investor Presentation - March 2022

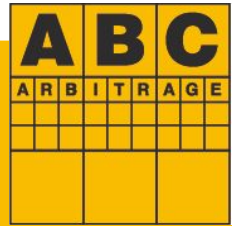
## Back to the USSR - Chronicle of a Volatility Foretold



- 1. What we do**
- 2. How we do it**
- 3. 2021 Market Parameters**
- 4. 2021 Financial Results**
- 5. 2022 Outlook**
- 6. ABC 2022 - Vision and Strategy**
- 7. ABC Shares & distributions**

## Who we are

- ❑ **One Business: Quantitative Asset Management.**
- ❑ **One Team: Enthusiastic technologists, building innovative trading systems and asset management strategies.**
- ❑ **One Trading Principle: Quantitative arbitrage on all kind of assets.**
- ❑ **One Conviction: Investing our own Equity in our strategies.**
- ❑ **One Proof: 27 consecutive profitable years with ROE > 10%.**
- ❑ **One Methodology: Risk mitigation & Risk Management.**



# 1. What we do

**Arbitrage: Providing liquidity to the market with systematic mechanical or statistical hedging position**

- ❑ Sophisticated trading techniques using scientific & data driven approach to generate alpha.
- ❑ **Statistical and Event Driven strategies** - focus on niche, mid-short term trading opportunities with capital protection.
- ❑ **40 main strategies**, multi-assets, multi markets on **almost 100 exchanges around the world**.
- ❑ ABC strategies are correlated to **Volatility, M&A activity, Corporate actions and traded markets volumes**.

Markets Parameters	Impact on ABC Activity
Volatility on assets	++
Equity Index Prices	=
Rates Level	=
Commodities Prices	=
Strong Markets volumes	++
Weak volumes	-
M&A Activity	++
Corporate Actions Activity	++
Bank credit issue	-
Market Regulation	+



**Volatility**

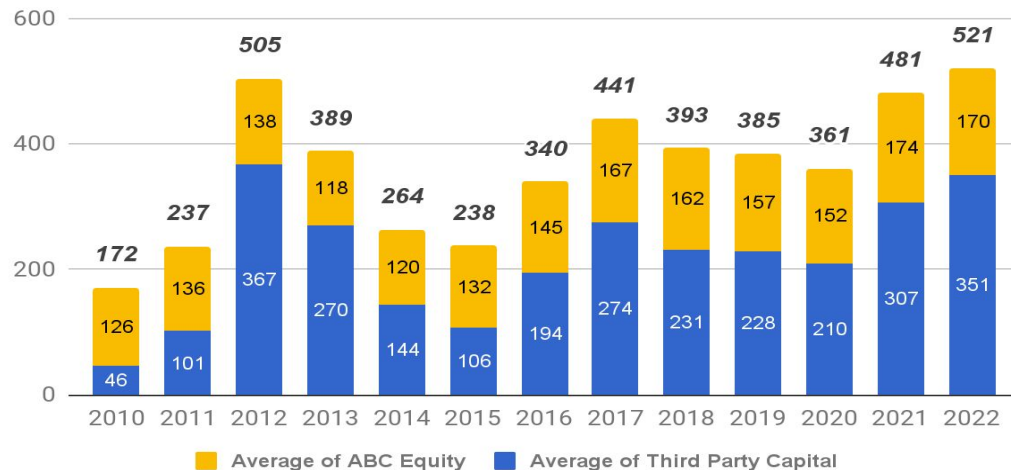
**M&A  
Corporate Actions**

**Traded Volumes**

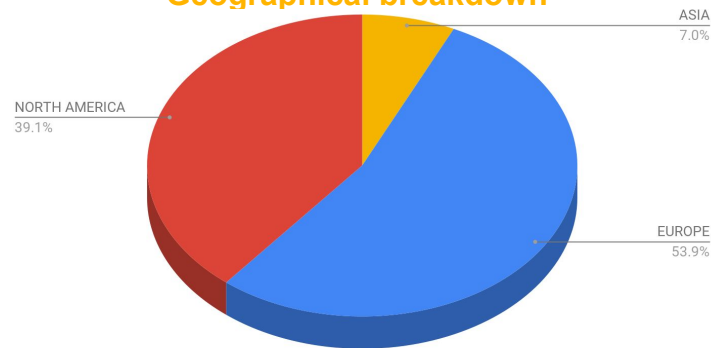
- ❑ Pre-2010: generated through trading of our own equity.
- ❑ Post-2010: opened to third party funds.
- ❑ Limited capacity strategies: via Managed Accounts.
- ❑ High Capacity strategies: via AIF (Alternative Investment Funds).

**AUM as of 31/12/2021 = 512M€**

Average Group Asset Under Management



**ABCA's AuM**  
**Geographical breakdown**



**Investors' breakdown**



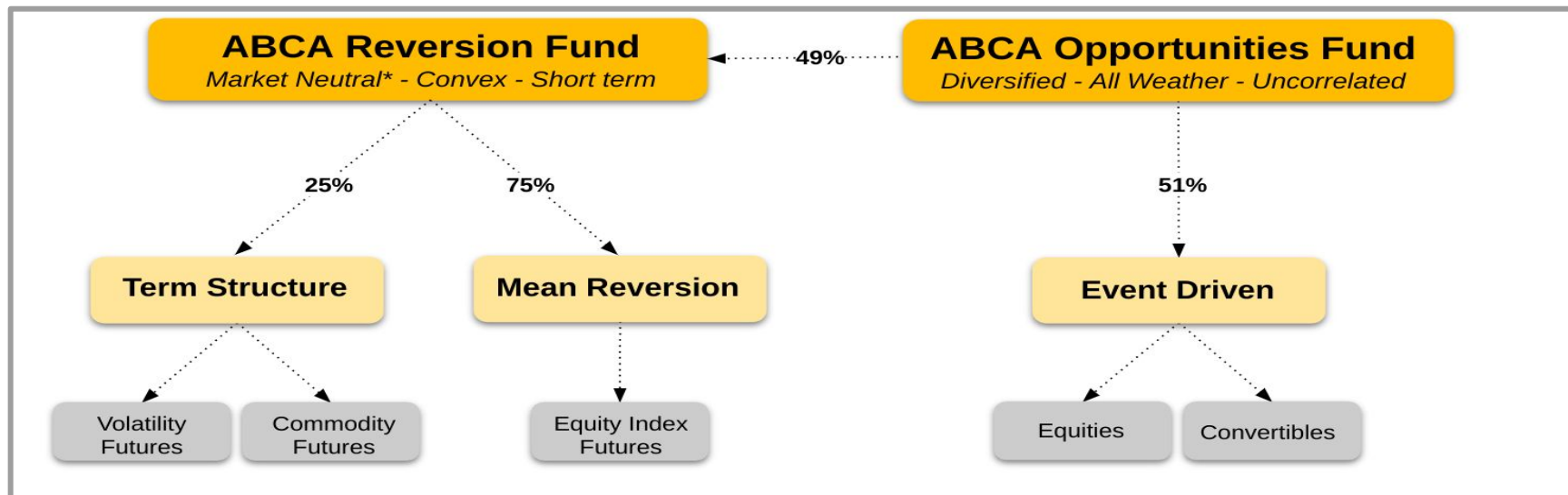
\*Funds of hedge funds

## ABCA Reversion\*

- Short term, Reversion Fund futures strategy, offering downside protection to equities
- Launched in May 2010

## ABCA Opportunities

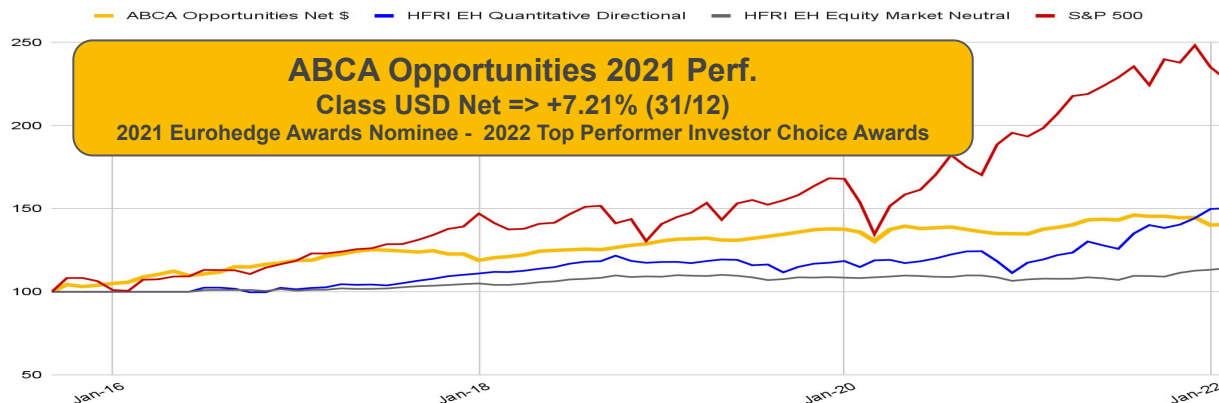
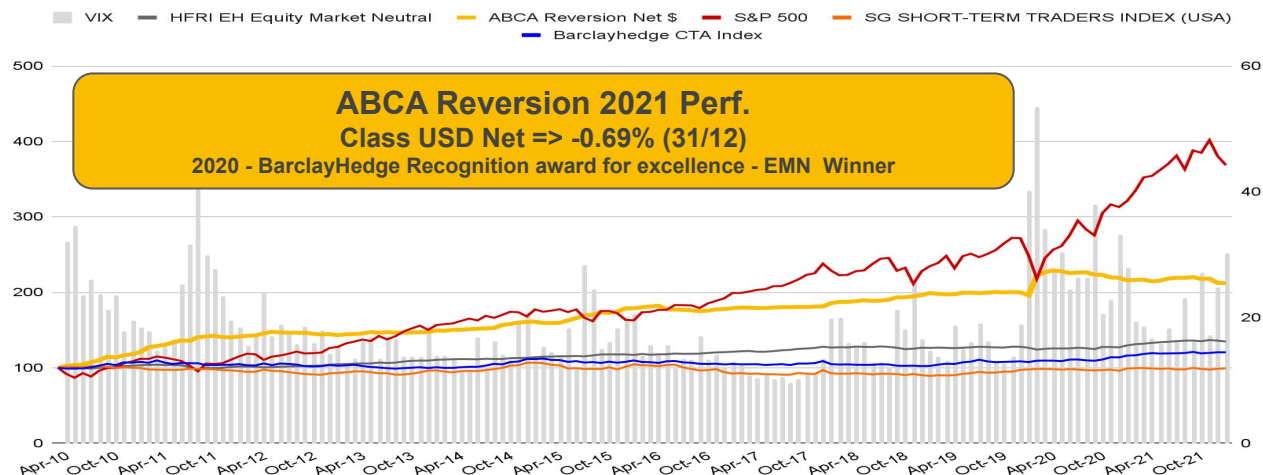
- Event-driven strategy using a systematic approach with a defensive overlay
- Launched in October 2015



## Managed Accounts

- Seed Money: testing new strategies (ABCA)
- Taylor made “Quant” products for third party

\*market neutrality profile with respect to its return objective

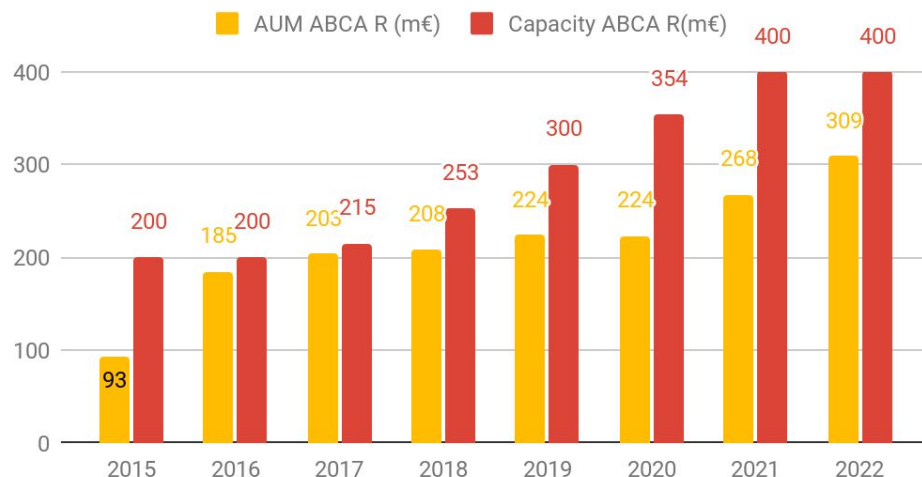


Since 2010-05	Annualized Performance	Volatility
Reversion Net \$	6.5%	5.4%
SG SHORT-TERM TRADERS INDEX (USA)	0.1%	5.2%
Barclayhedge CTA Index	1.7%	4.5%
HFRI EH Equity Market Neutral	2.6%	2.5%
S&P 500	12.0%	14.0%

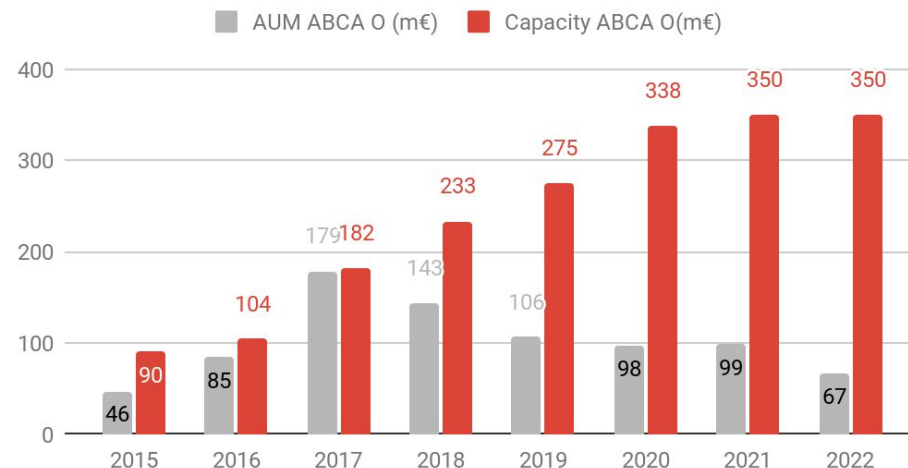
Since 2015-10	Annualized Performance	Volatility
ABCA Opportunities Net \$	5.4%	5.0%
HFRI EH Equity Market Neutral	2.3%	2.5%
HFRI EH Quantitative Directional	7.3%	7.7%
S&P 500	14.0%	14.8%



**2022 (eoy) Asset Under Management total capacity => 1,200M€**

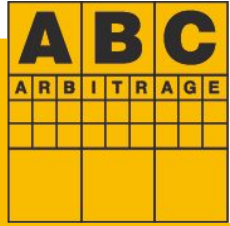


ABCA Reversion



ABCA Opportunities

**+ Capacity of 450M€ in managed accounts**

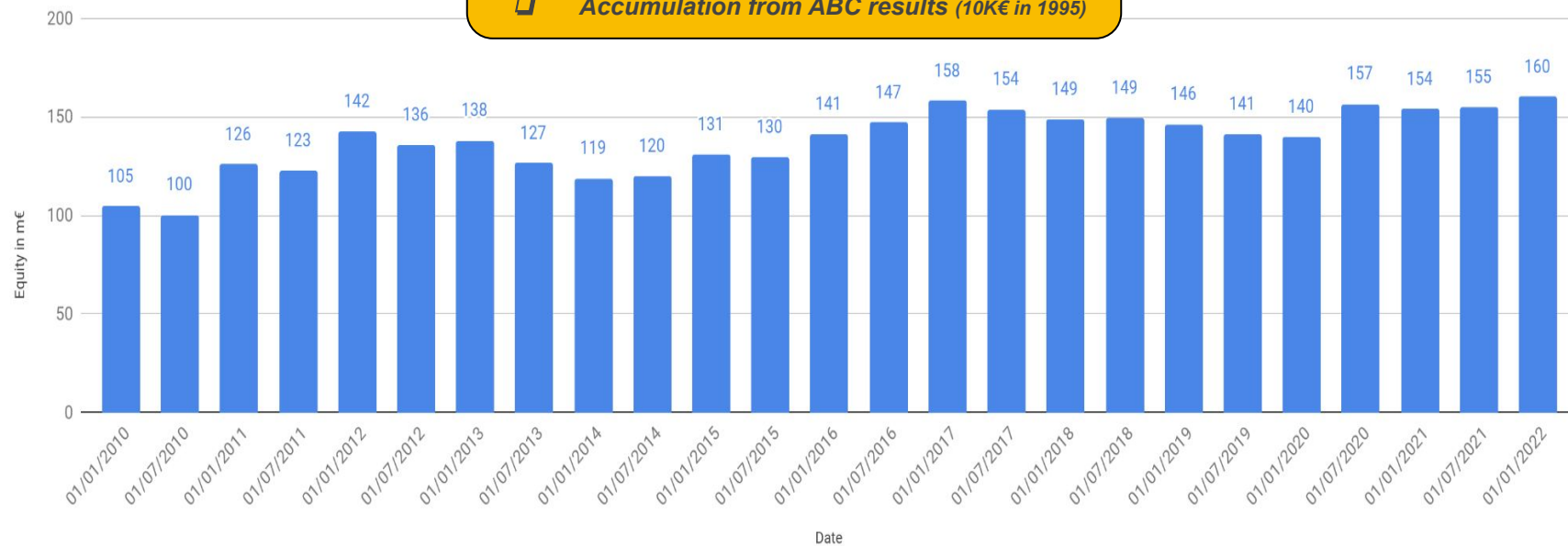


## 2. How we do it

## ABC Equity as a strong development tool

- ▣ *High reactivity for seed money decision.*
- ▣ *High reactivity for market allocation.*
- ▣ *Independent from ext. client situation*
- ▣ *Accumulation from ABC results (10K€ in 1995)*

Equity in m€ vs Date



**Almost 100 people dedicated to ABC arbitrage Business**

**~10% - Risk Management**

- ❑ Risk Control
- ❑ Process Control
- ❑ Risk Committee
- ❑ Compliance

**~70% - R&D + Front**

- ❑ Quant Traders & Research
- ❑ IT developers & IS
- ❑ Data analysis
- ❑ Operations
- ❑ Markets Lawyers

**~10% - Sales**

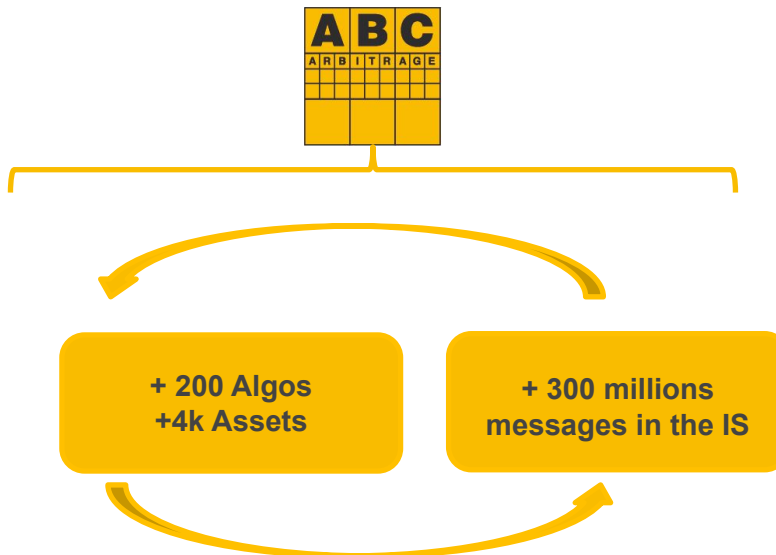
- ❑ Marketing
- ❑ Investor Relations
- ❑ Due Diligence Team
- ❑ Senior management

**~10% - Support**

- ❑ Human Resources
- ❑ Office Management
- ❑ Others (ABC arbitrage corporate, Com. etc...)

## Robust internally-developed 24/7 trading systems

- Billions of data elements processed each year
- Active in almost 100 markets across the world - 24/7
- Not a High Frequency Trading player but Top Tier 2

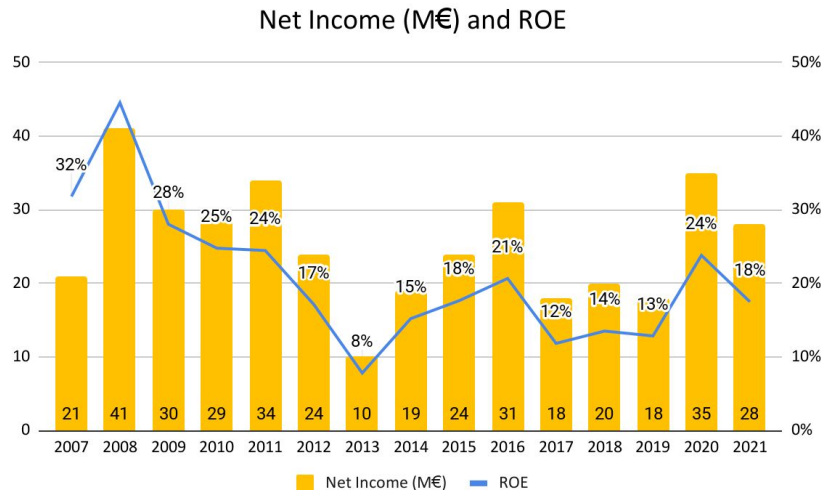


**x3 to x5 if high volatility**

Figures are daily average

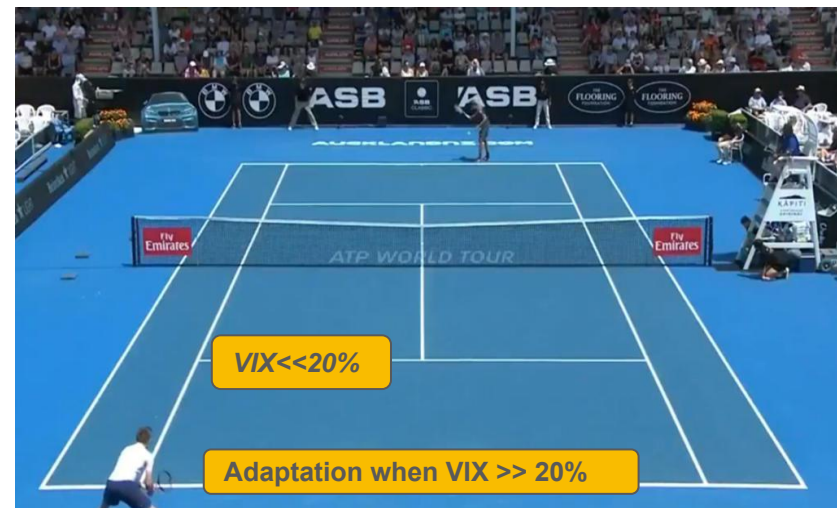
\*: all updates in the order books or trades for each share followed in ABCA's algos

**Since creation, 27 consecutive years  
with ROE > 10%**



- 4 people dedicated to risk control + 3 people process control
- Top management involved in Risk Management
- No star trader

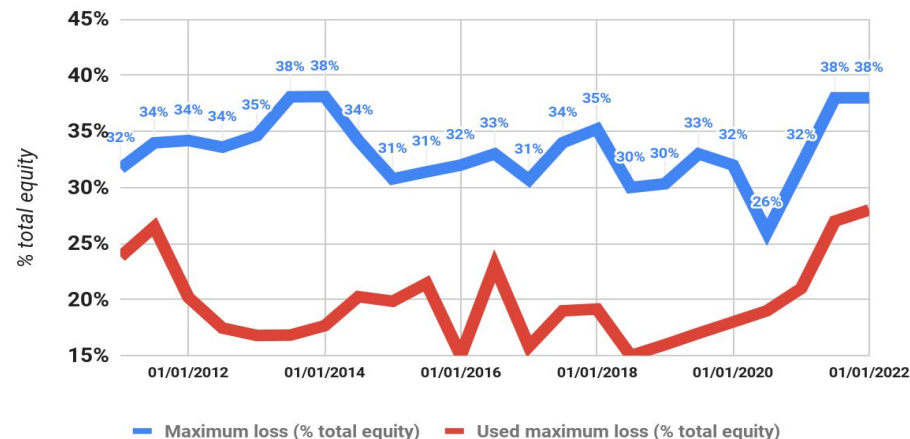
**More than 80% positive days**



- Real Time monitoring of markets parameters
- Real Time monitoring of risk parameters on ABC strategies
- Real Time monitoring of each ABC strategy PnL

## Risk Mitigation Process

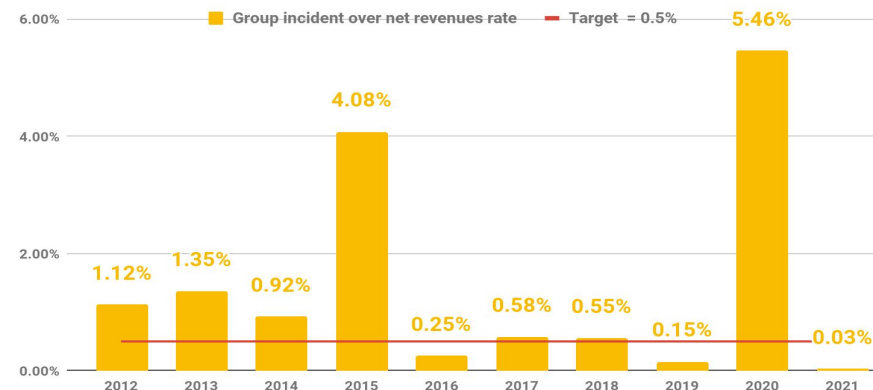
Maximum Risk Budget for ABC group since 2010



- Compound of “every” possible risk even “opposite” risks
- No significant increase in the risk budget over time

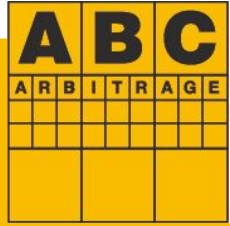
## Strict Quality Control

Group incident over net revenues rate



- External incident\* in Dec 2020 concerning 2016 to 2019.
- Excluding this incident\*: 2020 ratio = 0.35%
- Back to normal in 2021

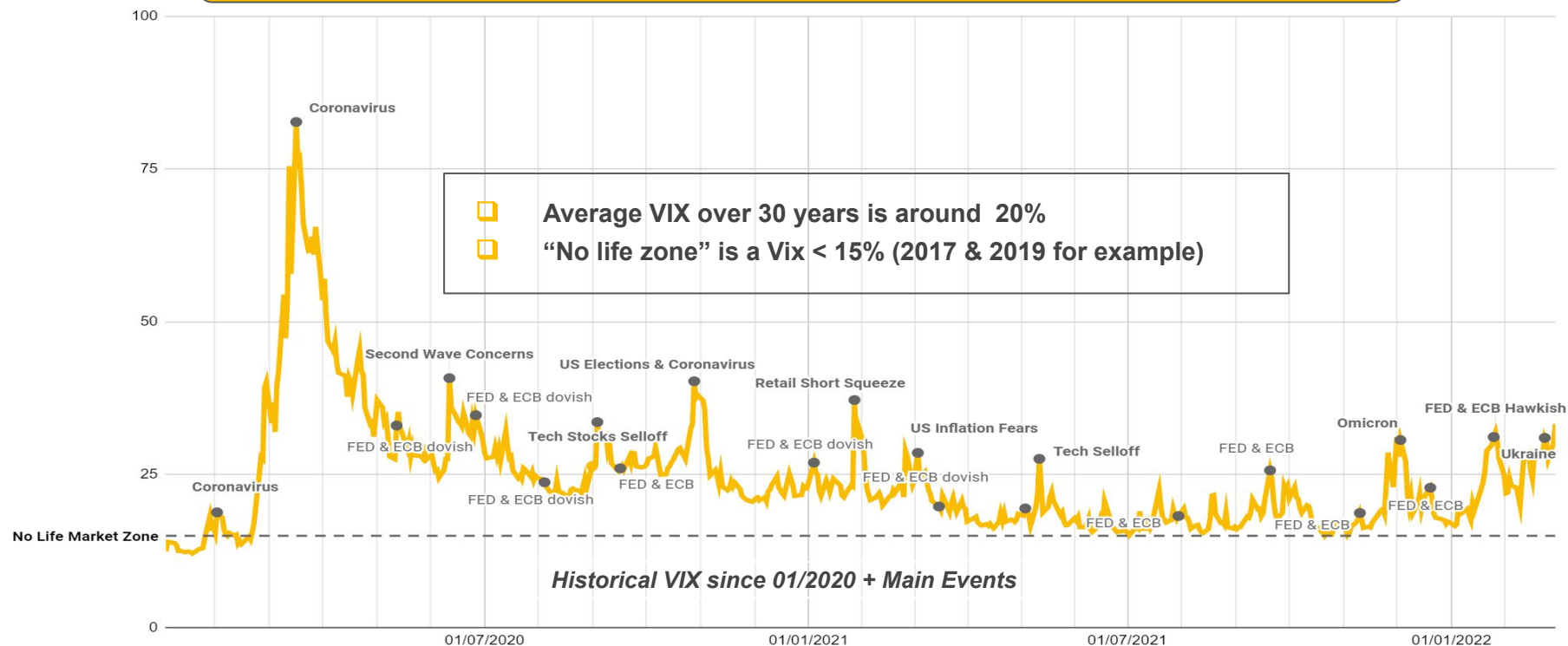
\*recognised in FY 2020 Result, [2020 Annual Financial Report](#) - Page 61



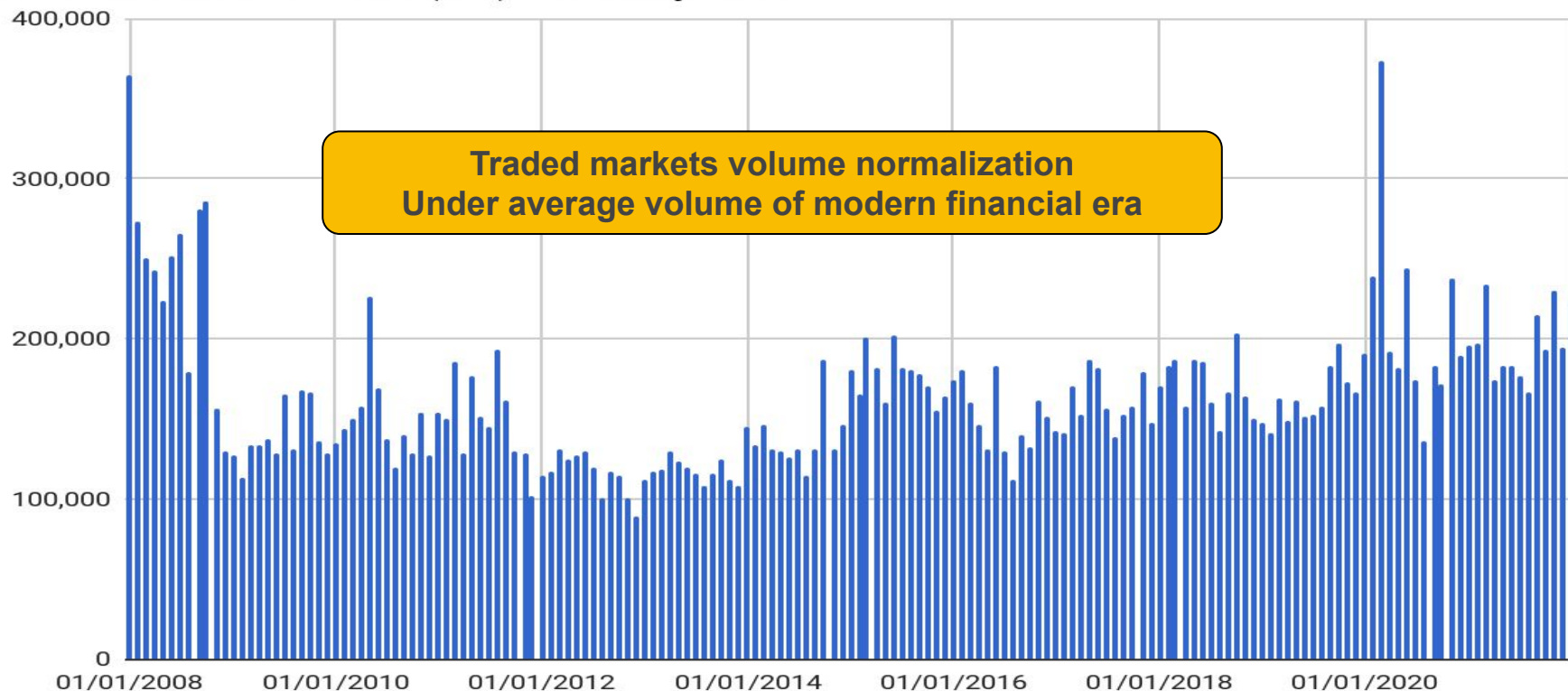
### 3. 2021 Market Parameters



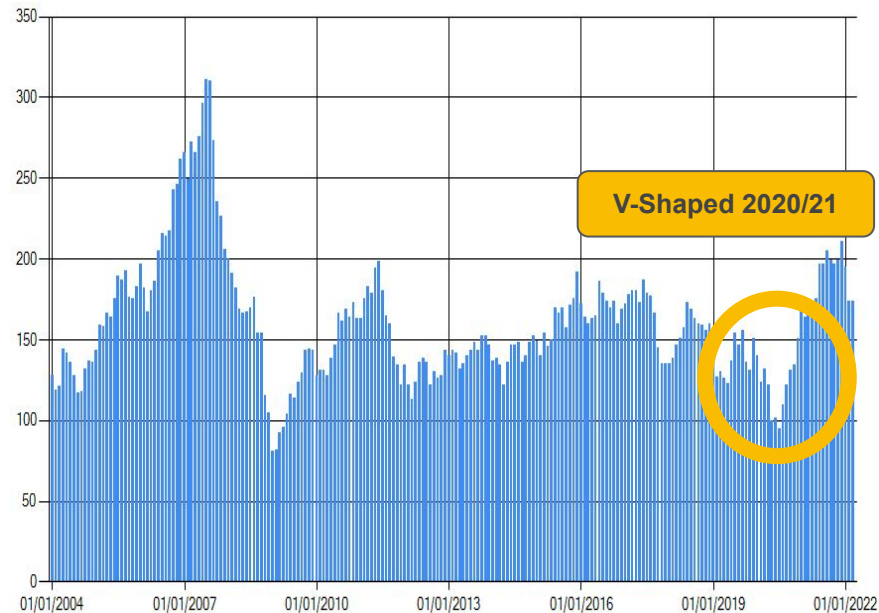
**2021- VIX strong decrease under Central Banks and governments program**



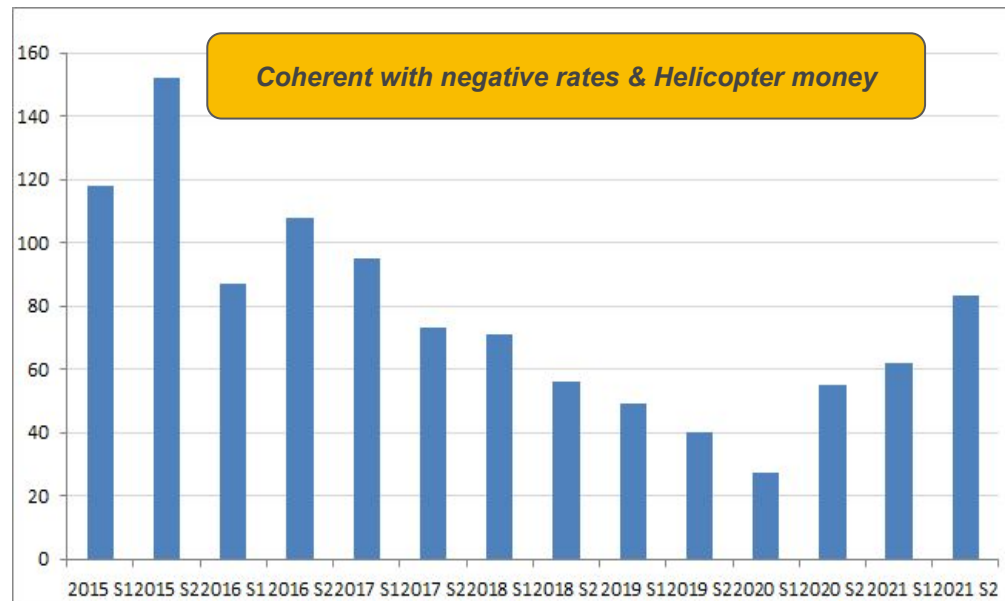
# Euronext Traded Volume (M€) - Monthly datas

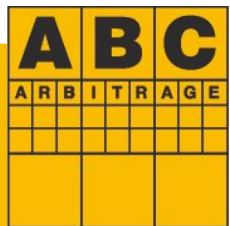


**Monthly existing M&A announced offers**  
Higher level than in 2016



**Corporate actions opportunities**  
Divided by 3 since 2014 - Divided by 1.5 since 2018





## 4. 2021 Financial Results

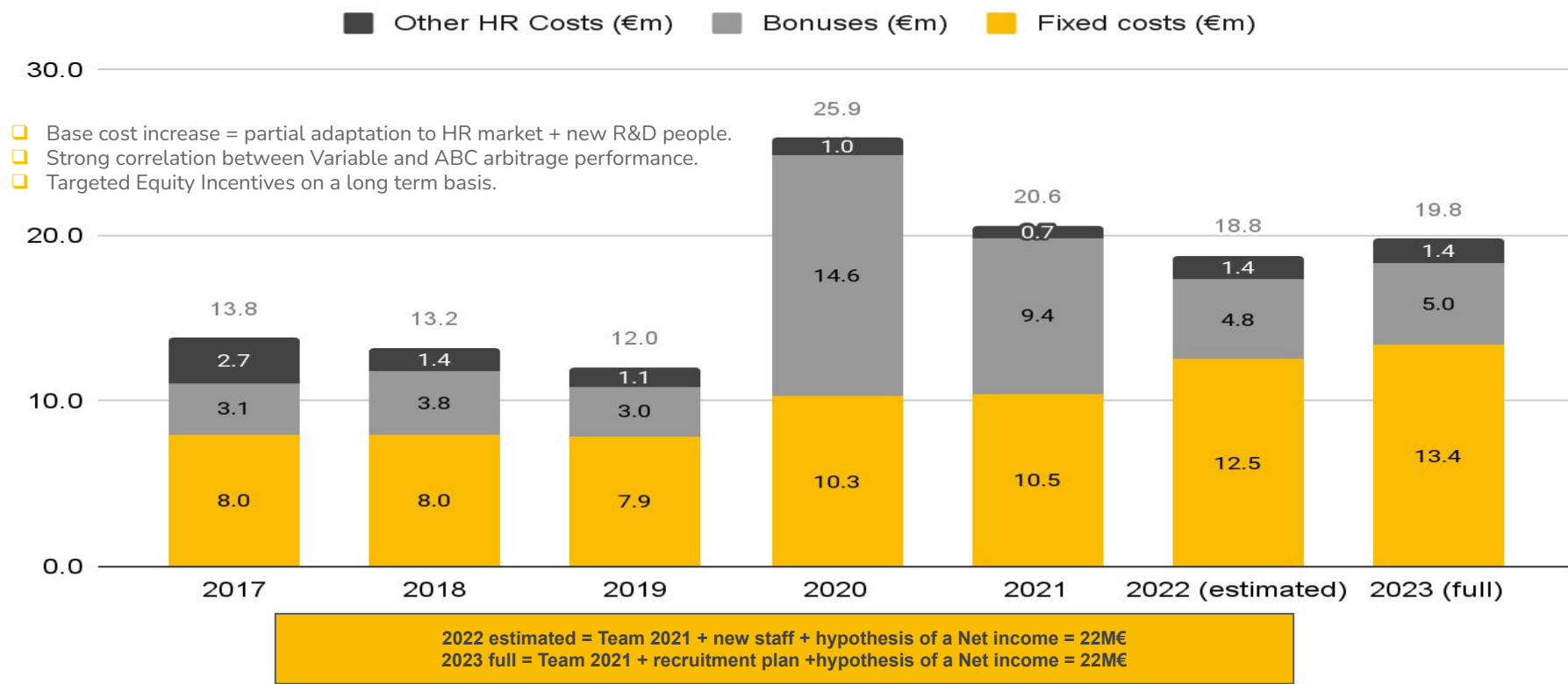
In Euro millions - IFRS	2019	2020	2021	2021 Pro forma	Change 2021/2020	Change 2021/2021 Pro forma	Useful comment
Investment Services Fees*	14.4	22.5	59.9	25.3	166.3%	12.4%	Impact of the change in the transfer pricing policy (TPP)
Net gains at fair value through profit or loss**	22.6	46.3	4.3	34.5	-90.7%	-25.4%	
<b>Net revenues</b>	<b>37.0</b>	<b>68.8</b>	<b>64.1</b>	<b>59.8</b>	<b>-6.8%</b>	<b>-13.1%</b>	
Payroll costs	-12.0	-25.9	-20.7	-21.2	-20.3%	-18.3%	Cf. Slide 23
Occupancy costs	-1.3	-1.4	-1.4	-1.4	0.0%	0.0%	
Other expense	-5.5	-5.9	-6.4	-6.4	8.8%	8.8%	Cf. Slide 24
Other taxes	-0.1	-0.1	-0.3	-0.3	114.8%	114.8%	
<b>Total costs</b>	<b>-18.9</b>	<b>-33.4</b>	<b>-28.7</b>	<b>-29.3</b>	<b>-13.7%</b>	<b>-12.2%</b>	
<b>Income before tax</b>	<b>18.1</b>	<b>35.4</b>	<b>35.4</b>	<b>30.5</b>	<b>-0.2%</b>	<b>-13.9%</b>	
<b>Income tax</b>	<b>0.2</b>	<b>-0.3</b>	<b>-7.3</b>	<b>0.2</b>	<b>n.m.</b>	<b>-170.8%</b>	
<b>Net income attributable to equity holders</b>	<b>18.3</b>	<b>35.1</b>	<b>28.0</b>	<b>30.8</b>	<b>-20.1%</b>	<b>-12.4%</b>	€3m fiscal net impact of the TPP change***

\*: Management fees on all AuM (included ABCA's own equity)

\*\*: Quartys' (group investment company) financial result (after costs and taxes)

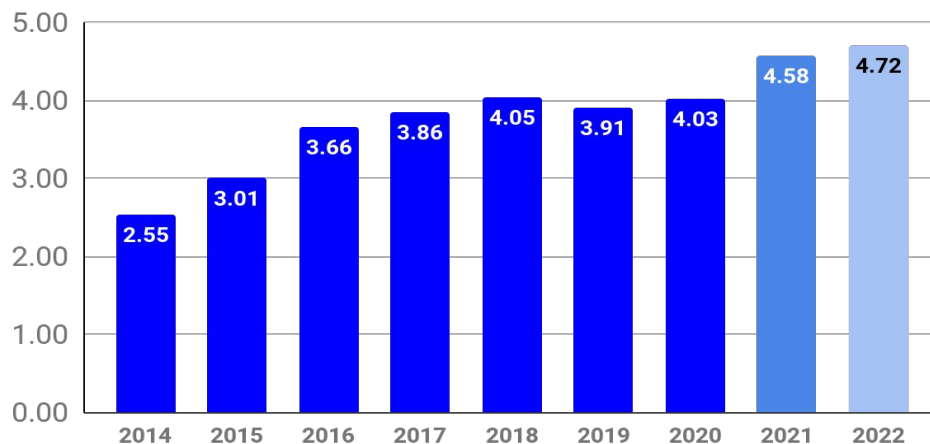
\*\*\*: Link to the press release [Activity pace and specific event 2021](#)

**ABC Team = ABC first priority = ABC first expense**

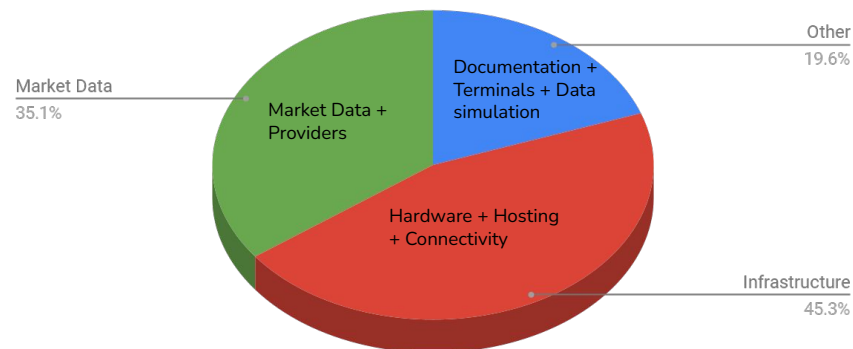


## ABC arbitrage is a “French Tech” Company !

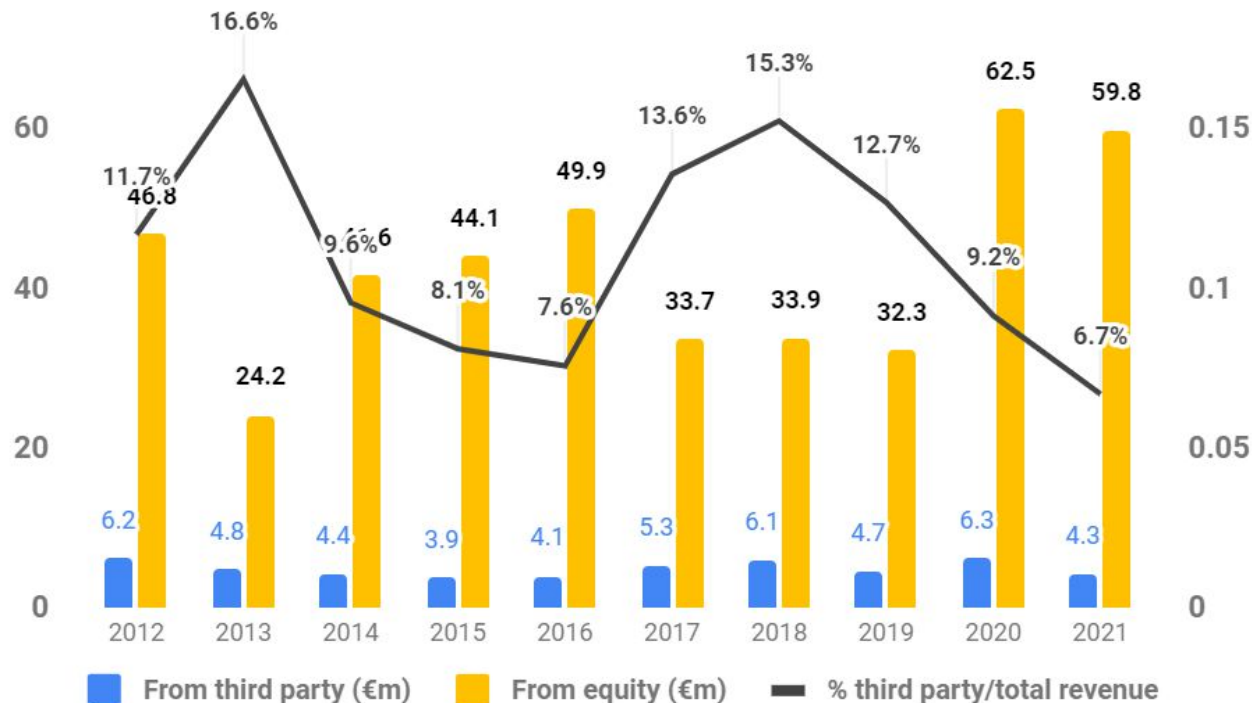
Budget Data annual history (M€)



Budget Repartition 2022

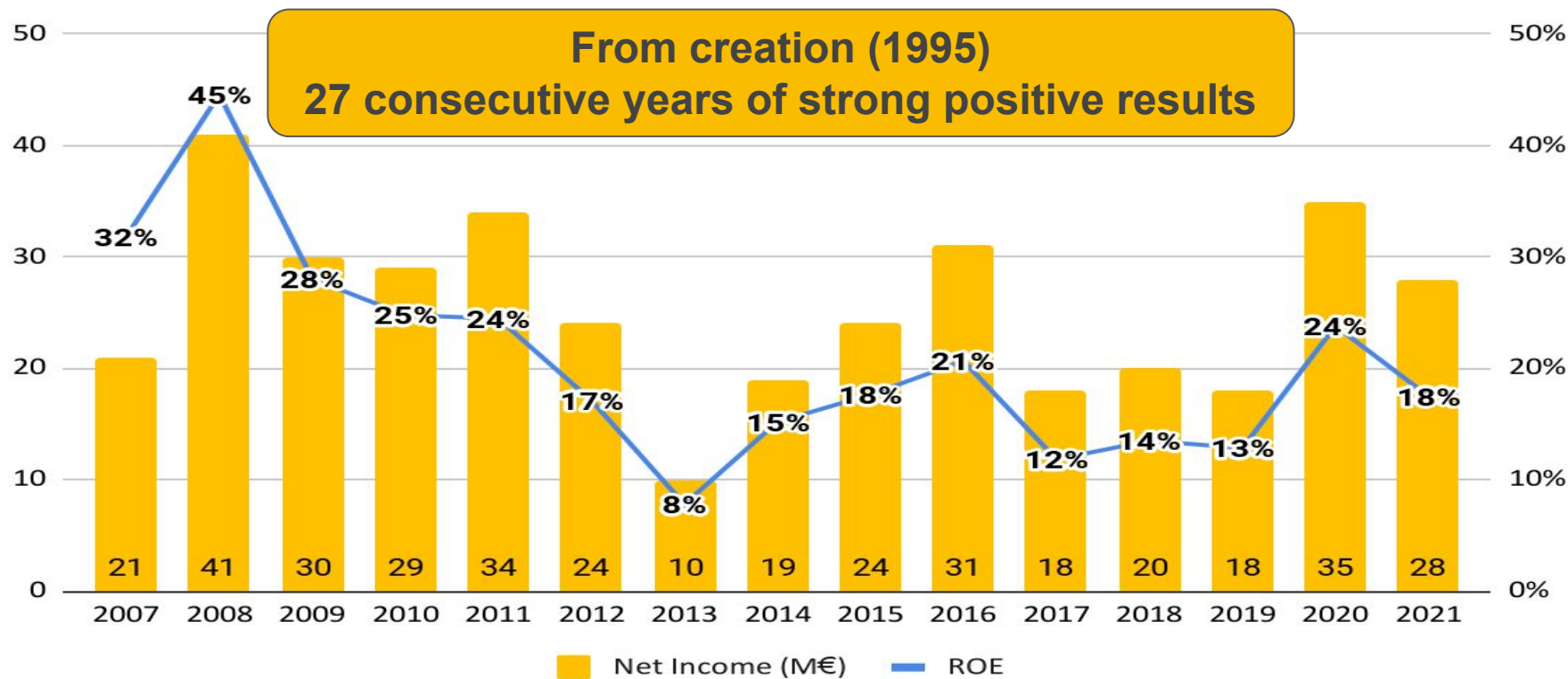


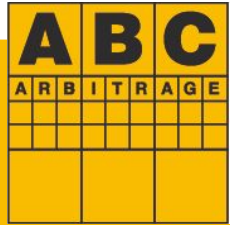
Revenue from third party capital is in a 10% - 20% range  
ABC 2022 ambitions → substantially increase third party revenue



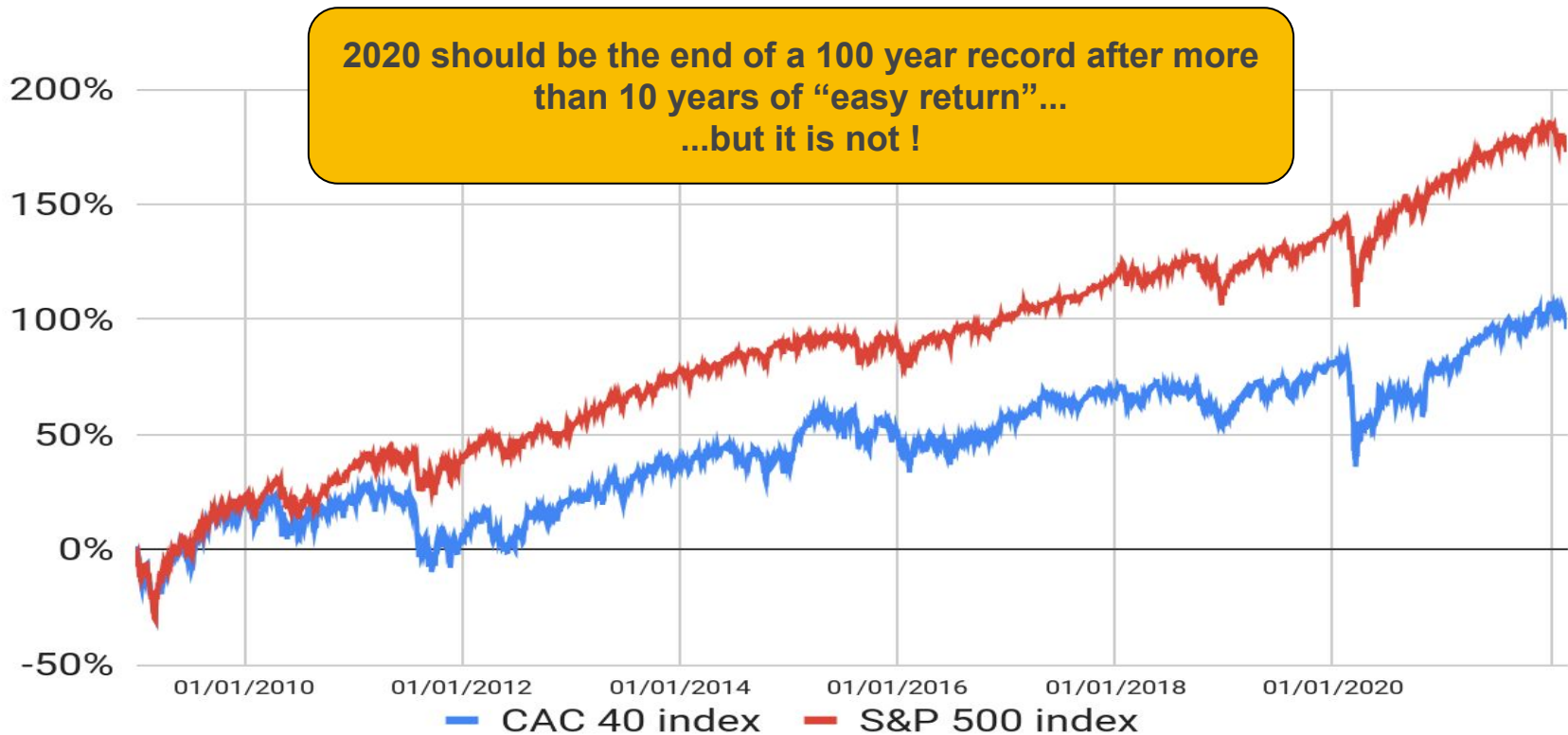


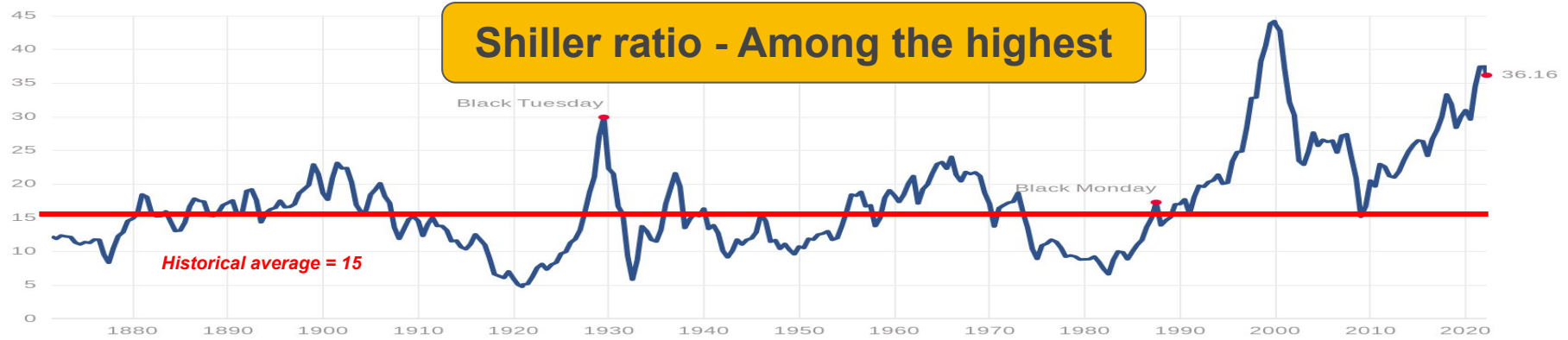
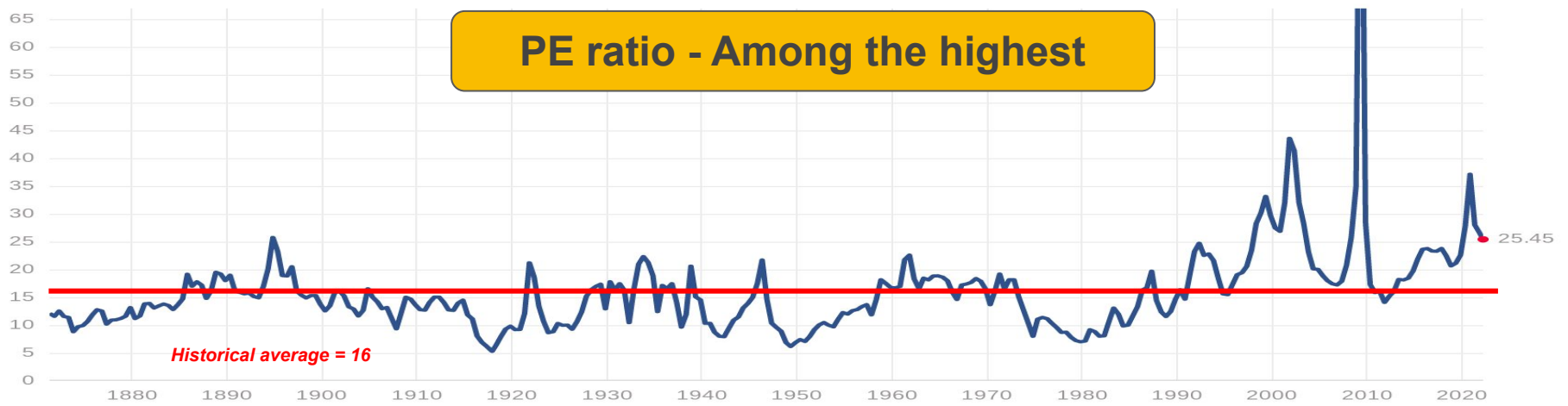
# Net Income (M€) and ROE

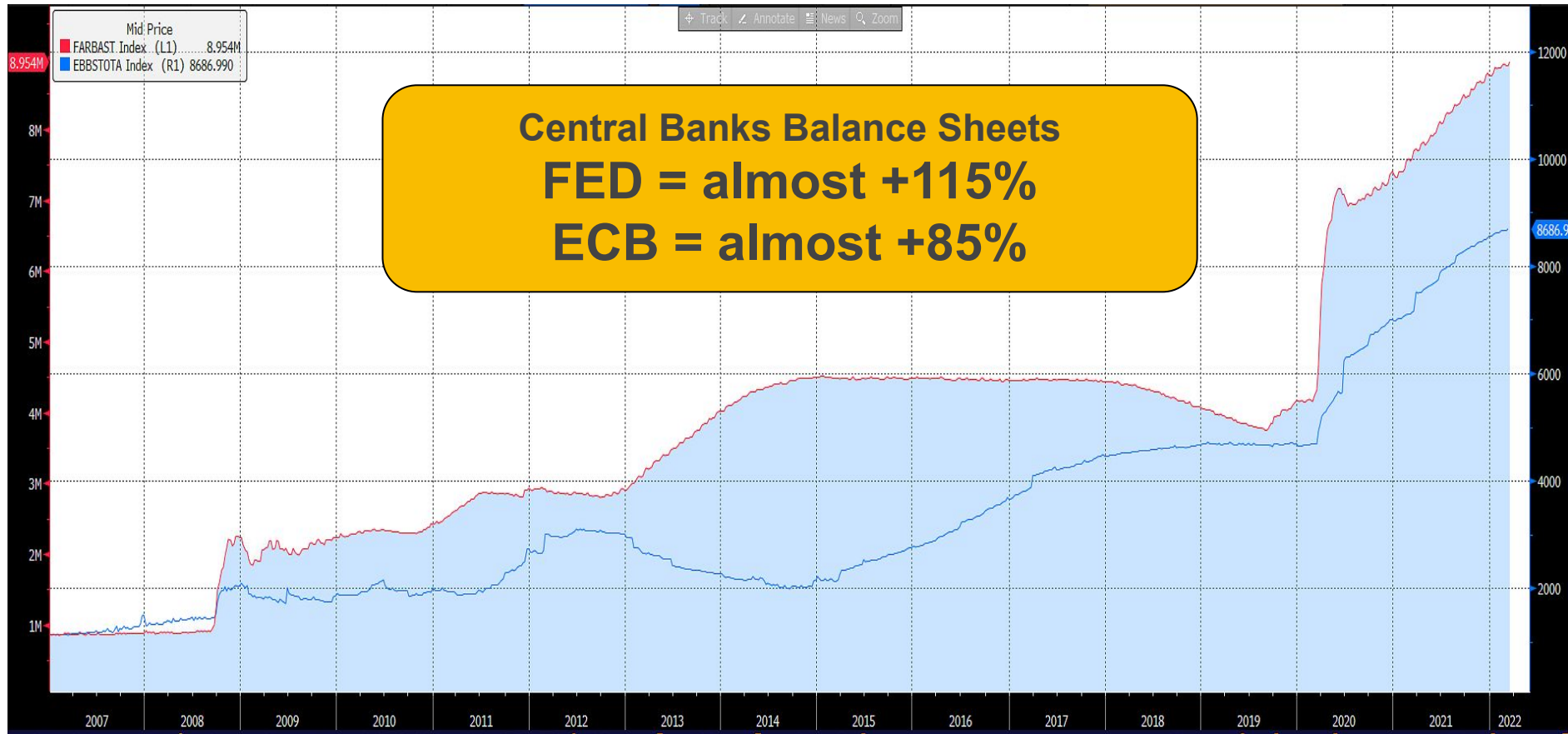




## 5. 2022 Outlook







Eurozone inflation: ending the year on a record high

Harmonised index of consumer prices (annual % change)



© FT

US inflation at a 40-year high

Annual % change in US CPI



Source: Refinitiv

© FT



## War-wary

**Brent crude oil price, \$ per barrel**



Source: Refinitiv Datastream

**Natural gas\*, € per megawatt hour**

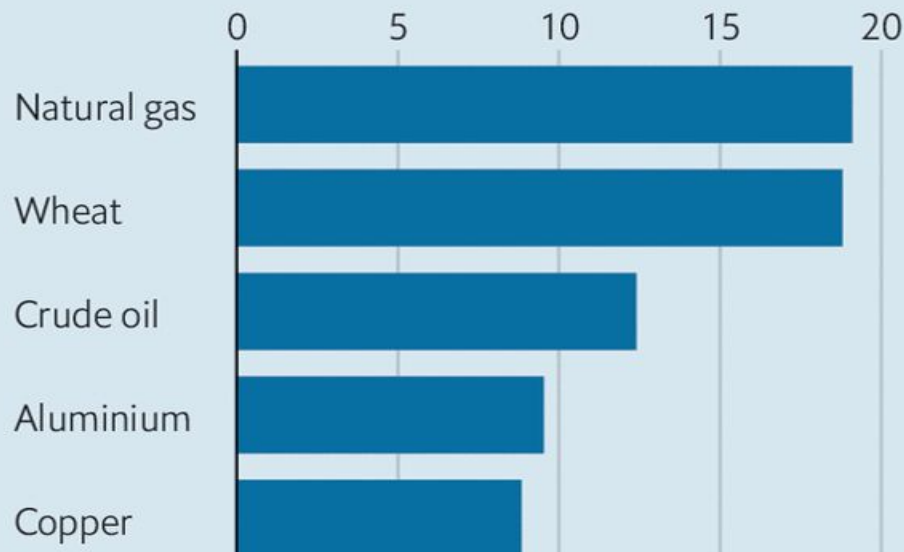


\*Dutch TTF spot price

2

## Market muscle

Russia's exports, share of world total, % 2020



Sources: BP Statistical Review; FAO; World Bureau of Metal Statistics

1

Ukraine crisis : Close in % of S&P 500 and SX5E

SX5E Close in %   Perf S&P 500





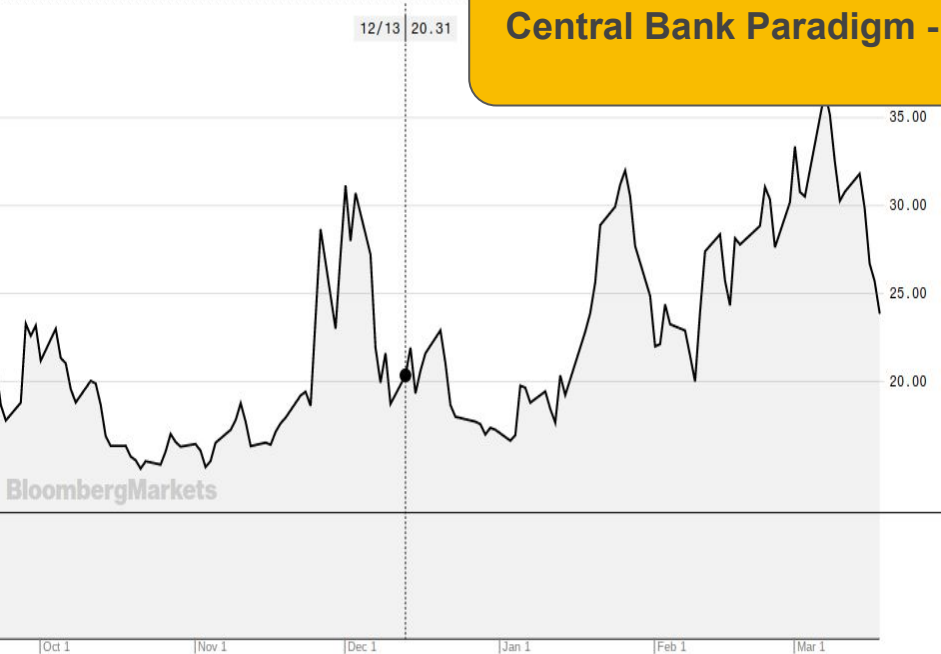
VIX:IND  
Chicago Board Options Exchange Volatility Index

23.87 USD -1.80 -7.01% ▼

1D 1M 6M YTD 1Y 5Y

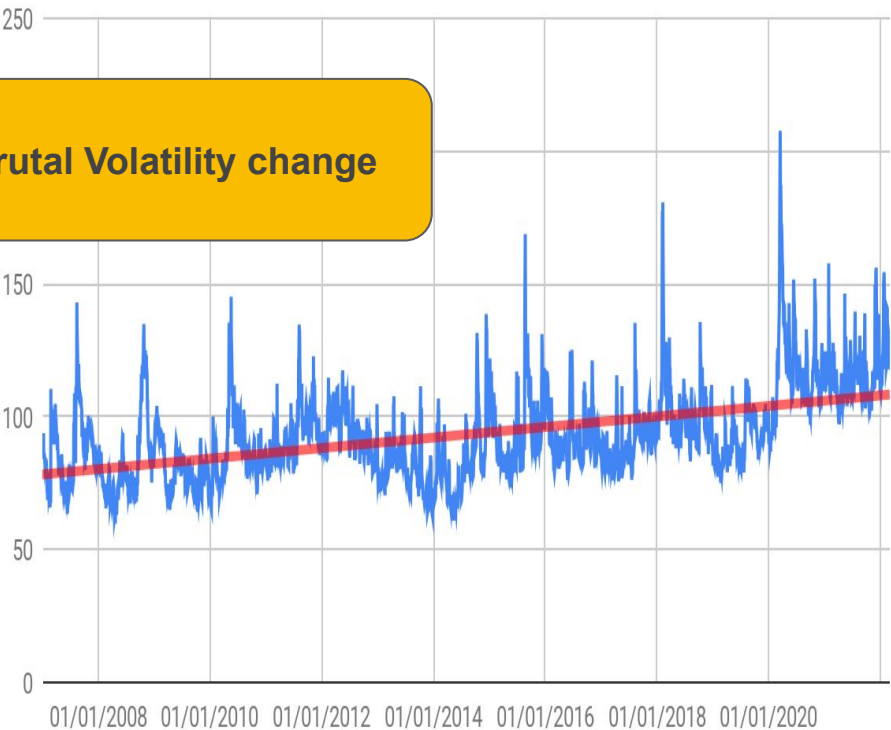
Q Add a comparison

+ ADD TO WATCH  
● MARKET  
AS OF 03/18/2

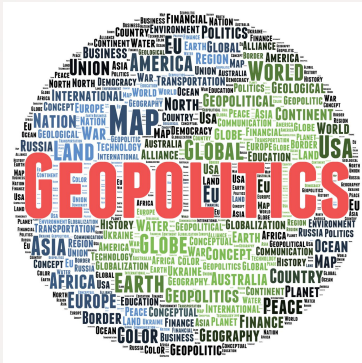
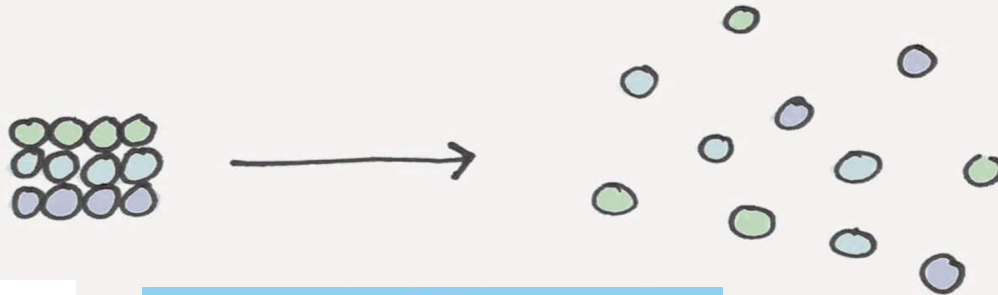


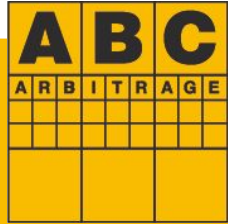
Central Bank Paradigm - Brutal Volatility change

VVIX index



**ABC arbitrage has the necessary resources to perform in these environments !**





## 6. ABC 2022 - Vision and Strategy

**Group Structure - Governance**

**Core Business**

**Asset Management Strategy**

**Human Capital**

**Brand Strategy**

# The Group

3 locations around the world



**ABC arbitrage**

Parent Company

Listed on Euronext Paris

● **Paris, France**



**QUARTYS**

Irish Trading Company

● **Dublin, Ireland**

Owned 100% by ABC arbitrage



ASSET  
MANAGEMENT

Alternative Investment  
Fund Manager (AIFM)

Licensed by AMF

● **Paris, France**

Owned 100% by ABC arbitrage



ASSET  
MANAGEMENT  
ASIA

Registered Fund  
Management Company  
(RFMC)

Registered by MAS

● **Singapore**

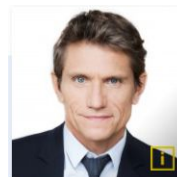
Owned 100% by ABC arbitrage

## ABC arbitrage Asset Management - New executive team

Developing  
more projects simultaneously

Developing  
a necessary range of skills

Installing  
succession plan



**Dominique Ceolin**

ABC arbitrage SA: CEO



**David Hoey**

ABC arbitrage SA: Deputy  
CEO

**Dominique Ceolin : Chairman of ABAM's Board**  
**David Hoey :ABAM's Board member**

**New Executive Team**  
**More than 60 accumulated years of ABC experience**



**Alexandre Ospital**

ABC arbitrage AM: CEO



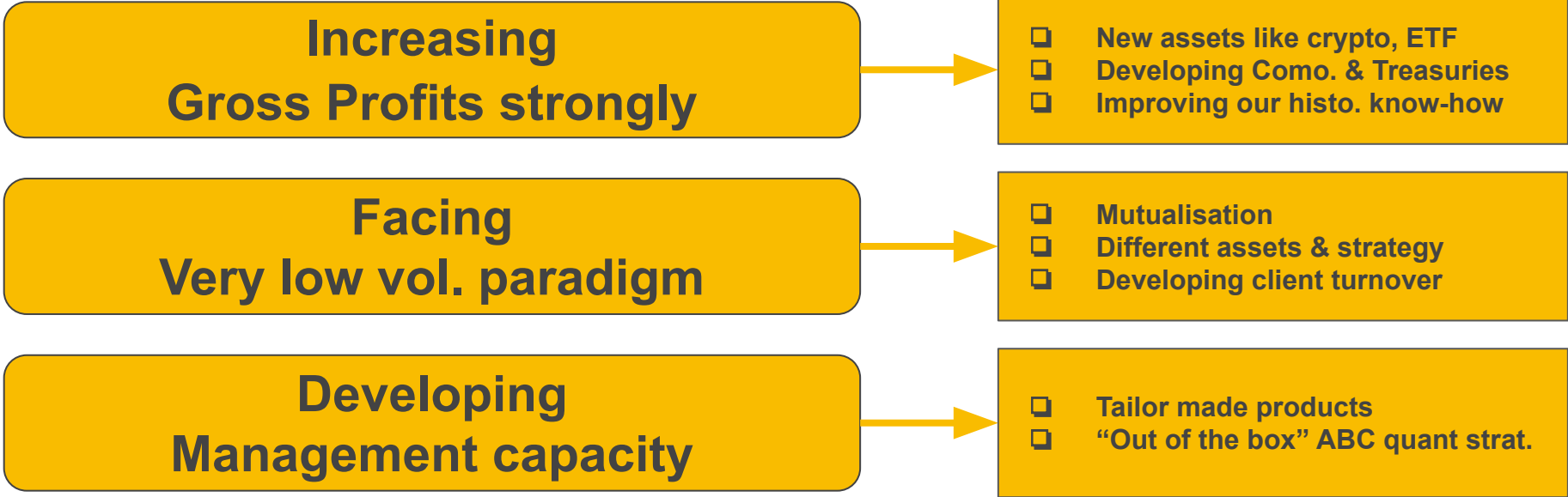
**Franck Bonneau**

ABC arbitrage AM: Deputy  
CEO & CTO



**Yves-Oleg  
Zajtelbach**

ABC arbitrage AM: Deputy  
CEO & CIO

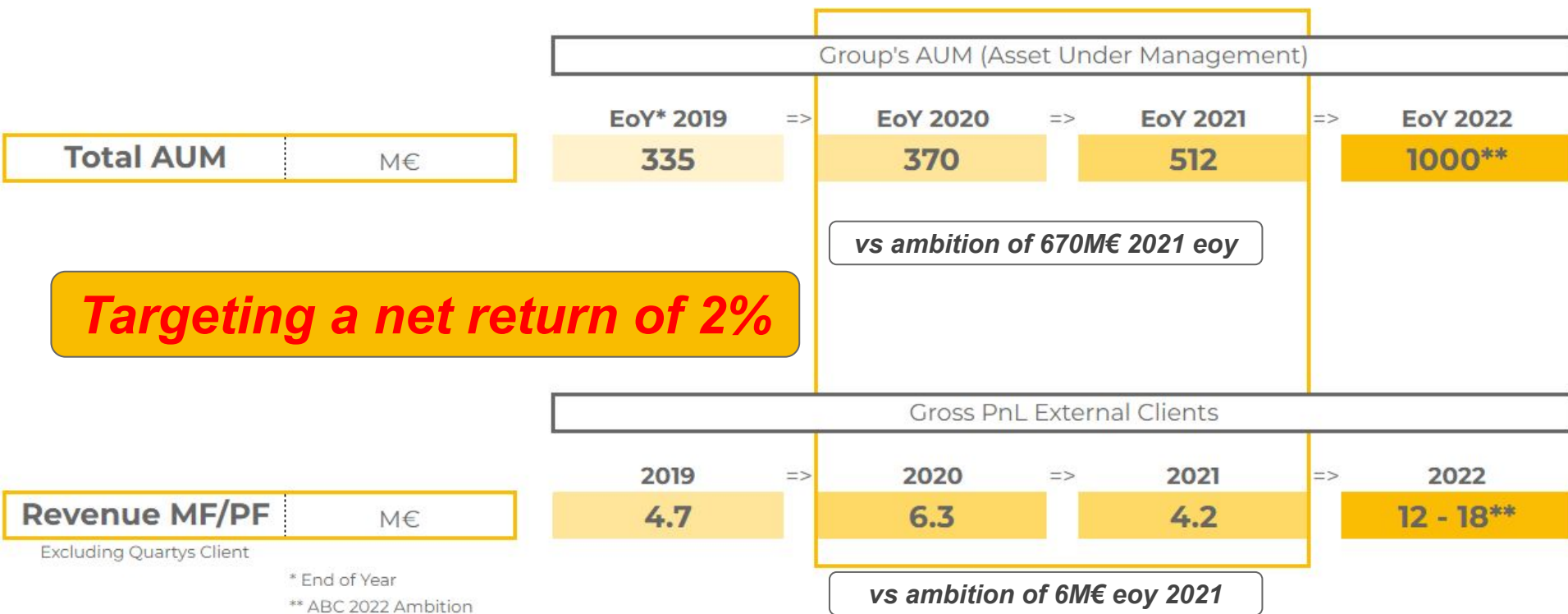


## New Assets - New Strategies - New products for clients



**Crypto Business - Next ABCA fund**





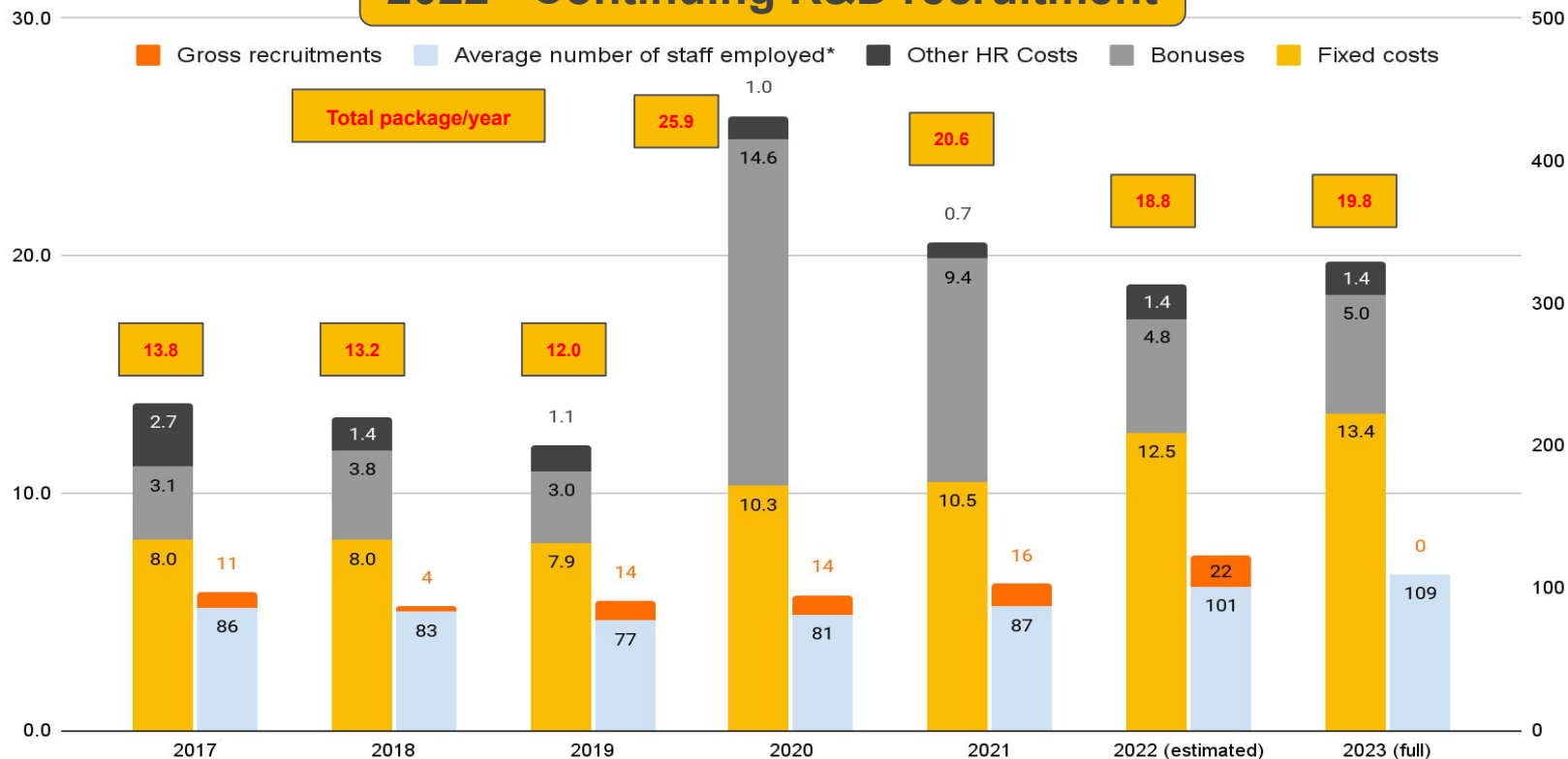
**Under pressure finding people**  
**→ 75% of our needs in 2021 fulfilled**



**Remuneration under pressure**  
**As of 2020-Progressive cost increase above a result of 22M**  
**€**



# 2022 - Continuing R&D recruitment



Estimated with a 22M€ result

\*included exit + gross recruitments

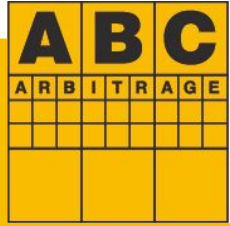
**Average ROE > 15%**

**PER > 15**

**Dividend yield > 6%**

**Cumulative 3 year P&L ~ €90m**

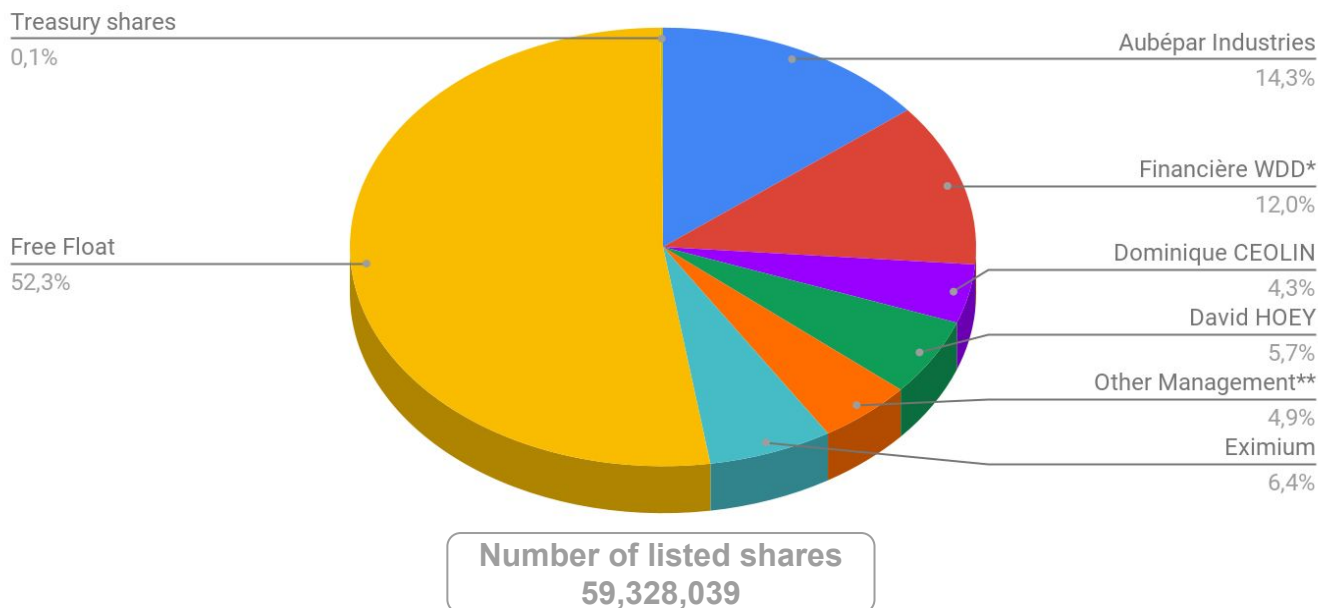
**Over €1bn under management**



## 7. Shares & Distributions

21% owned by Executive Top management => Alignment of interests between Shareholders and Management Team

### Share ownership as of 31/12/2021



\* Holding company 50,01% held by Dominique Ceolin

\*\* Management and independent non-executive directors excluding Dominique Ceolin and David Hoey

# ABCA share price with reinvested dividends and CAC mid / small GR

base 100 = January 4th 2016

Compound Average Gross Rate (CAGR) = +12.2% / year over 6 years

Invested value x2 over 6 years



## ABC Arbitrage with reinvested dividends / CAC mid small GR



## FY2021 distribution = €0.40

- ❑ €0.10 – Ex date 12 October 2021.
- ❑ €0.10 – Ex date 7 December 2021.
- ❑ €0.10 – Ex date 20 April 2022.
- ❑ €0.10 - Ex date July 2022 - 2021 final dividend\*

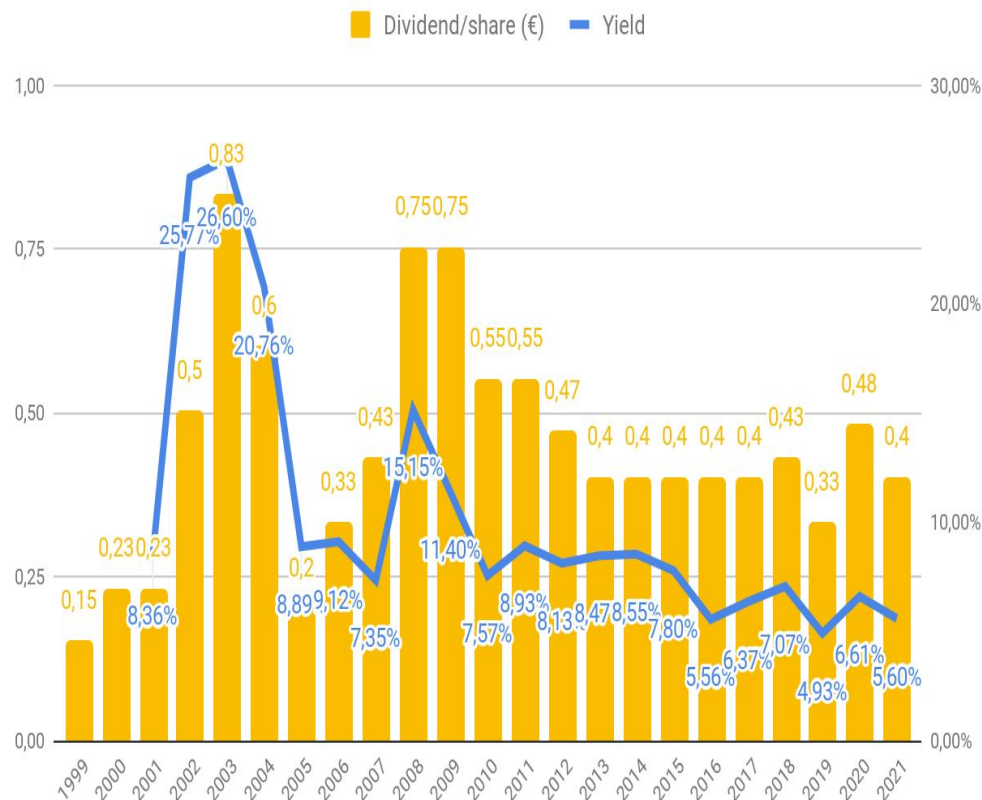
\*: if approved by the AGM

## Buyback program

- ❑ €4m authorization by the Board following AGM's decision on 11 June 2021
- ❑ ~1% of share capital

## Pay Out Ratio (POR) Policy

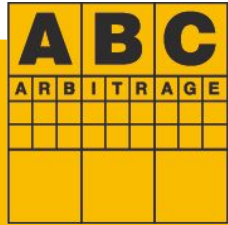
- ❑ Since 1999, average POR = 96%
- ❑ 2020 & 2021 ~ 80%





*This slideshow is a communication support for the investor presentation on FY 2021. This document includes some forward-looking statements as statements regarding ABC arbitrage business operations. Although ABC arbitrage believes its expectations are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those anticipated in these forward-looking statements.*

*These documents and information are given for illustrative purposes and do not substitute for official documents relating to the 2021 financial year.*



# Q&A