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## U ACCESS (IRL) CHEYNE ARBITRAGE UCITS

An arbitrage strategy combining a core yield allocation to merger arbitrage with an opportunistic allocation to mixed arbitrage, which is uncorrelated

### Key points

- *Equity arbitrage strategy with a yield component extracted from both merger arbitrage and mixed arbitrage opportunities*
- *Fixed-income return profile with limited correlation to traditional asset classes*
- *Diversification power regardless of market conditions*
- *Portfolio manager with 18 years' experience in managing this strategy*
- *UCITS with daily liquidity*

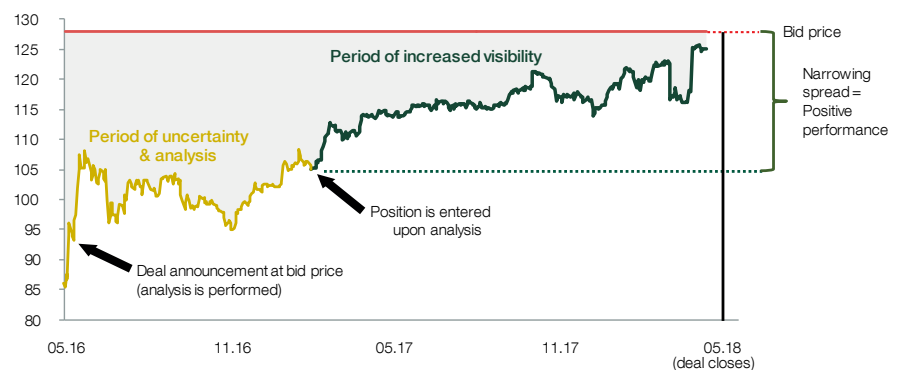
### Investment case: providing alternative sources of yield for traditional bonds

- With current yields at historical lows, investors find it challenging to extract a satisfying level of steady income from traditional fixed-income instruments.
- This market regime is expected to last, with investors facing increased interest-rate volatility due to a new rising rate cycle in the US and quantitative easing ending in other regions, such as Europe.
- In this context, an increasing number of bond investors are looking for additional sources of yield to complement their fixed-income portfolios.
- U Access (IRL) Cheyne Arbitrage UCITS provides an alternative yield play with limited duration, seizing investment opportunities from spreads created by company events (merger arbitrage) and specific company inefficiencies (mixed arbitrage).
- A volatile market environment should provide attractive trading conditions for this strategy.

### Fund concept: gaining extra yield from M&A spreads and other dislocations

- Diversified portfolio of 35 to 45 highly liquid stocks, with a bias towards Europe
- Combination of:
  - Merger arbitrage: core yield strategy exploiting M&A spreads on announced deals
  - Mixed arbitrage: satellite yield strategy exploiting specific inefficiencies on a given company (e.g. holding companies, share classes, dual listings and rights issues)
- Managed as a pure, market-neutral strategy with low market beta and limited duration
- Acts as a complement to a traditional fixed-income portfolio, targeting a 5–7% net return in EUR with a 4–5% volatility budget. Managed according to an ESG restricted list

### Example of merger arbitrage



Source: UBP  
Past performance is not indicative of future results

## Investment process

- Originating trades through proprietary research and external network: specialisation by industry and geography; identification of catalysts.
- Investigating and researching situations: contrarian approach; extensive downside analysis; review of “soft issues”; key risk, valuation and scenario analysis; investment selection based on risk–reward.
- Selecting best risk–reward profiles across capital structure: appropriate sizing; liquidity; hedge and exit levels; impact of trade on overall portfolio.
- Monitoring trade development relative to thesis and assumptions: price action; liquidity; trade development; weekly review of each position’s investment thesis.

## SRRI



The SRRI (Synthetic Risk and Reward Indicator) relates to the B EUR share class IE00BDT6DH77 as of 31.01.2020 and may differ for other share classes of the same fund.

This indicator represents the fund’s annual historical volatility. The level assigned reflects the risk/return profile: 1: lowest; 2: low; 3: limited; 4: average/moderate; 5: high; 6: very high; 7: highest.

Historical data such as that used to calculate the SRRI cannot be considered a reliable indication of the fund’s future risk profile. The risk category associated with the fund is not guaranteed and may change over time.

## General information (Clean share class B)

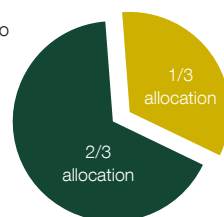
Name	U Access (IRL) Cheyne Arbitrage UCITS
Legal form	Sub-fund of U Access (Ireland) UCITS plc, an Irish open-ended UCITS-compliant umbrella investment company with variable capital and segregated liability between sub-funds
Base currency	EUR
Hedged share classes	USD, CHF, GBP, SEK
NAV frequency	Daily
Inception date	30.04.2018
Subscription/Redemption	Daily, with 2 business days’ notice
Fee structure (main share classes)	1.00% management fee <sup>1</sup> ; 10% performance fee with HWM <sup>2</sup> , no hurdle
Registered countries <sup>3</sup>	BE, CH, DE, ES, FI, FR, IE, IT, LU, NL, SE, SG, UK
ISIN <sup>4</sup>	C EUR: IE00BDT6DM21 C USD: IE00BDT6DL14 C CHF: IE00BDT6DN38 C GBP: IE00BDT6DQ68 C SEK: IE00BDT6DP51

## Portfolio construction

**Merger arbitrage** characteristics

**Yield strategy (5–12%)**

- Universe: announced deals
- Limited duration
- Some sensitivity to market sentiment



**Mixed arbitrage** characteristics

**Opportunistic strategy**

- Universe: non-M&A related, arbitrage inefficiencies
- Limited duration
- No correlation to merger arbitrage

## Investment team – Cheyne Capital

- Solid and experienced firm in credit and event strategies
- Investment team led by Pierre di Maria, Head of Event-Driven Strategies; long experience in managing similar strategies
- 2 additional investment professionals
- Team is backed by the large resources available on the Cheyne platform
- Proven track record of limiting deal breaks

## Investment guidelines

- Each transaction should offer an attractive annualised return of at least 6% in order to be considered.
- The positions are sized to limit the impact of a deal break on the fund’s overall performance.
- Entry/exit levels are set with a proprietary tool.
- Structure-appropriate hedges or long and short legs to isolate the arbitrage spread.
- Ability to liquidate positions and/or reduce exposure is key.
- The portfolio is structured to allow for full disclosure of exposures.

Bloomberg ticker	C EUR: UAICACE ID C USD: UAICACU ID C CHF: UAICACC ID C GBP: UAICACG ID C SEK: UAICACS ID
Portfolio manager	Cheyne Capital Management (UK) LLP
Principal investment manager	Union Bancaire Privée, UBP SA
Manager	Carne Global Fund Managers (Ireland) Limited
Depository	BNY Mellon Trust Company (Ireland) Limited
Administrator	BNY Mellon Fund Services (Ireland) Limited
Auditor	KPMG

<sup>1</sup>Includes the portfolio manager’s and the investment manager’s fees.

<sup>2</sup>High-water mark: the highest peak in value that the Fund has reached.

<sup>3</sup>Please check availability before subscribing as not all share classes are registered in all jurisdictions. Subscriptions can only be made on the basis of the Fund’s current Key Investor Information Document (KIID), full prospectus, and latest available audited annual report – as well as the latest semi-annual report, if published subsequently. These documents can be obtained free of charge from the Fund’s headquarters, general distributor (Union Bancaire Privée, UBP SA, Geneva), or local representative for the country concerned.

<sup>4</sup>Only the main share classes are mentioned. Other share classes are available.

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