



For Qualified Investors in Switzerland, or Professional Investors or Eligible Counterparties as defined by the relevant laws

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*

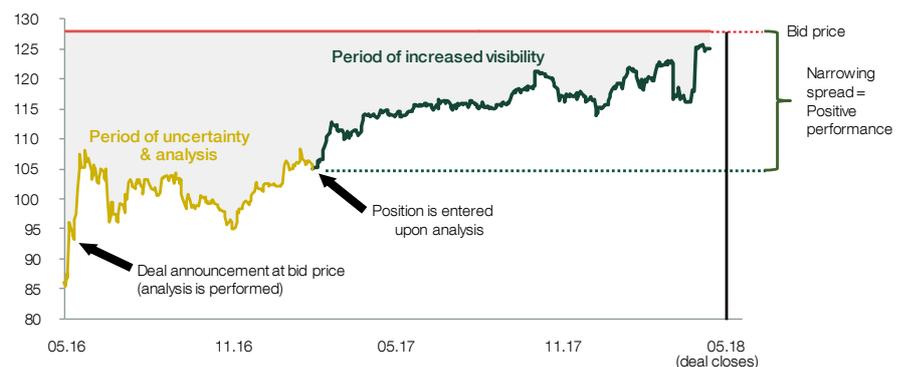
Investment case: providing alternative sources of yield for traditional bonds

- ◆ 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



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.

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.

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

General information (Clean share class B)

Fund name	U Access (IRL) Cheyne Arbitrage UCITS
Legal structure	Irish UCITS
Launch date	April 2018
Valuation day	Daily (D)
Subscription terms	Cut-off: D - 2BD; Settlement: D + 2BD
Redemption terms	Cut-off: D - 2BD; Settlement: D + 2BD
Fee structure	1.00% management fee and 10% performance fee
Minimum subscriptions	None
Currency	EUR (base currency), USD, CHF, GBP, SEK

Portfolio construction

Merger arbitrage characteristics

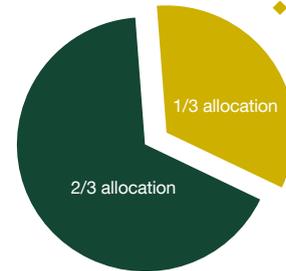
Yield strategy (5–12%)

- ◆ 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



Main risks

With lower risk,							With higher risk,	
potentially lower rewards							potentially higher rewards	
1	2	3	4	5	6	7		

SRRRI relates to the B EUR share class IE00BDT6DH77 as of 31.01.2019. This indicator represents the annual historical volatility of the fund.
 Risk category reflects level of risk and return profile: 1 lowest; 2 low; 3 limited; 4 average/moderate; 5 high; 6 very high; 7 highest risk.
 Historical data such as that used to calculate the synthetic indicator cannot be considered as 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.

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