

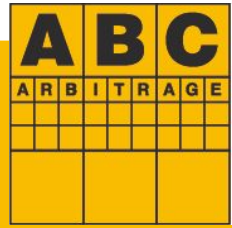
WEBINAR - June 2024

ABC arbitrage - Positive Finance!

Who we are

- ❑ **One Business: Quantitative Asset Management.**
- ❑ **One Trading Principle: Quantitative arbitrage on all kinds of assets.**
- ❑ **One Team: Enthusiastic technologists, building innovative trading strategies.**
- ❑ **One Conviction: Investing our own Equity in our strategies.**
- ❑ **One Proof: 29 consecutive years with average ROE > 15% & min ROE > 10%.**
- ❑ **One concrete result: a dividend payout with an annual yield of 6% to 8%.**

- 1. What we do**
- 2. How we do it**
- 3. 2023 Market Parameters**
- 4. ABCA - Financial Results**
- 5. ABC Shares & distributions**
- 6. Outlook for the 2024 markets**
- 7. Springboard 2025 plan - Decisions for 2024**



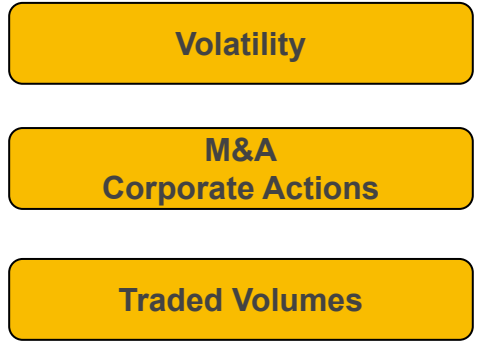
1. What we do

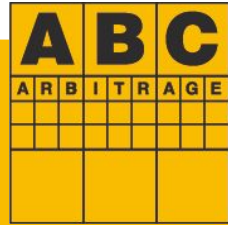


Arbitrage: Providing liquidity to the market with systematic mechanical or statistical hedging position

- ❑ 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	+





2. How we do it

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

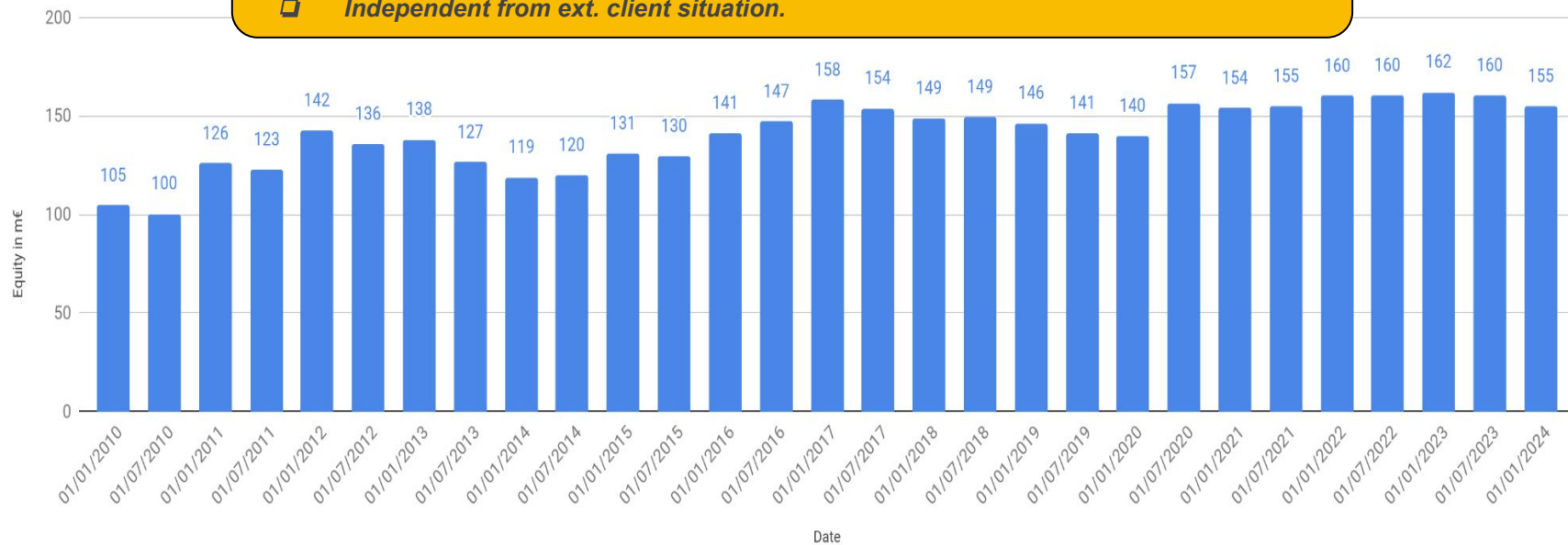
● **Singapore**

Owned 100% by ABC arbitrage

ABC Equity as a strong development tool

- ▣ (almost) **Exclusively through accumulation of ABC results (8K€ in 1995!)**
- ▣ **High reactivity for seed money decision.**
- ▣ **High reactivity for market allocation.**
- ▣ **Independent from ext. client situation.**

Equity in m€ vs Date



110+ 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

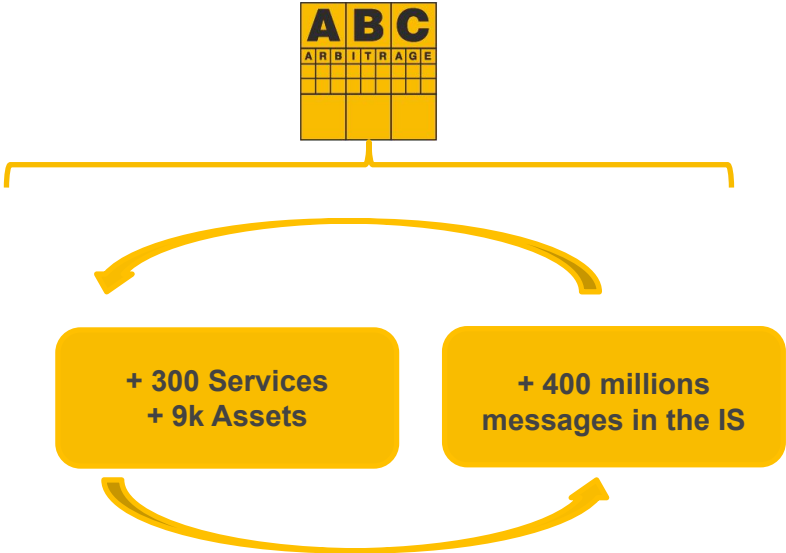
- ❑ Human Resources
- ❑ Finance
- ❑ Office Management
- ❑ Others (ABC arbitrage corporate, Com. etc...)



Tech company!

Robust internally-developed 24/7 trading systems*

- ❑ Hundred of 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

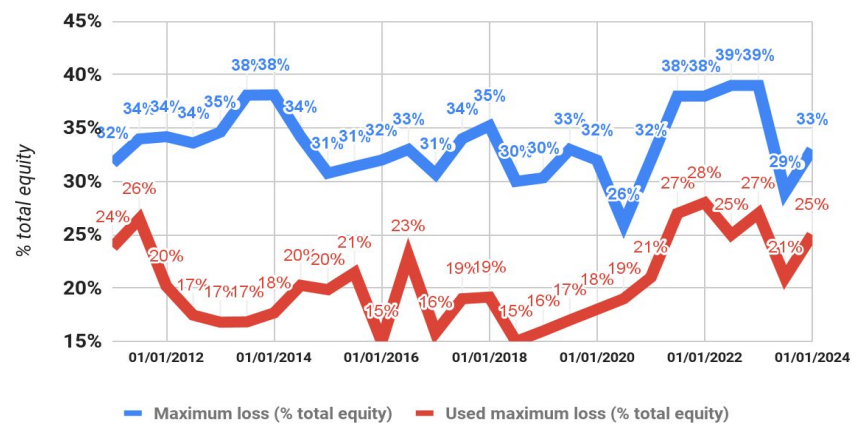
*Daily average figures
 ** All updates in the order books or trades for each share followed in ABCA's algos



Risk Mitigation Process

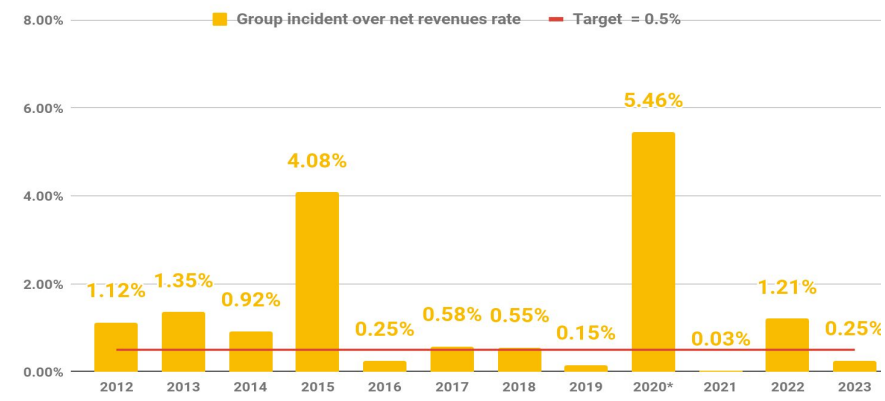
- ➔ An average of more than 80% winning days (Hit Ratio)!
- ➔ The 2023 risk budget was based on the PPMAX ratio with a limit of 40% of ABCA Equity
- ➔ The 2024 risk limit will evolve towards a new limit of 46% (+15%)

Maximum Risk Budget for ABC group since 2010



Strict Quality Control Industrial processes

Group incident over net revenues rate

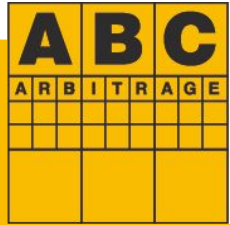


- ❑ Compound of “every” possible risk even “opposite” risks.
- ❑ No significant increase in the risk budget over time.
- ❑ Failover technology and counterparties in place for all trading and portfolio management requirements

- ❑ External incident* in Dec 2020 concerning 2016 to 2019.
- ❑ Excluding this incident*: 2020 ratio = 0.35%.

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

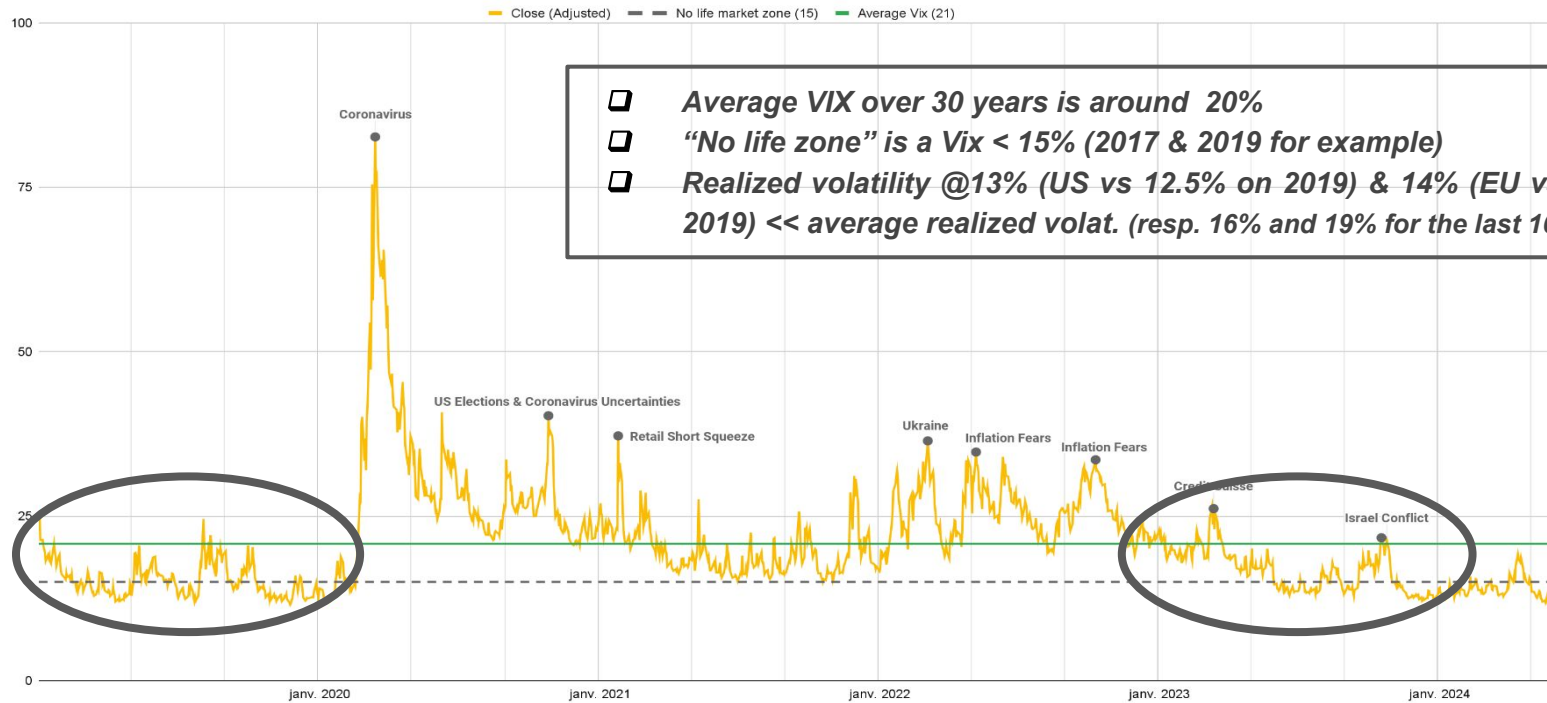




3. 2023 Market Parameters

2023 - Surprising drop in volatility despite refinancing risks and geopolitical situation

Historical VIX since Jan 2019

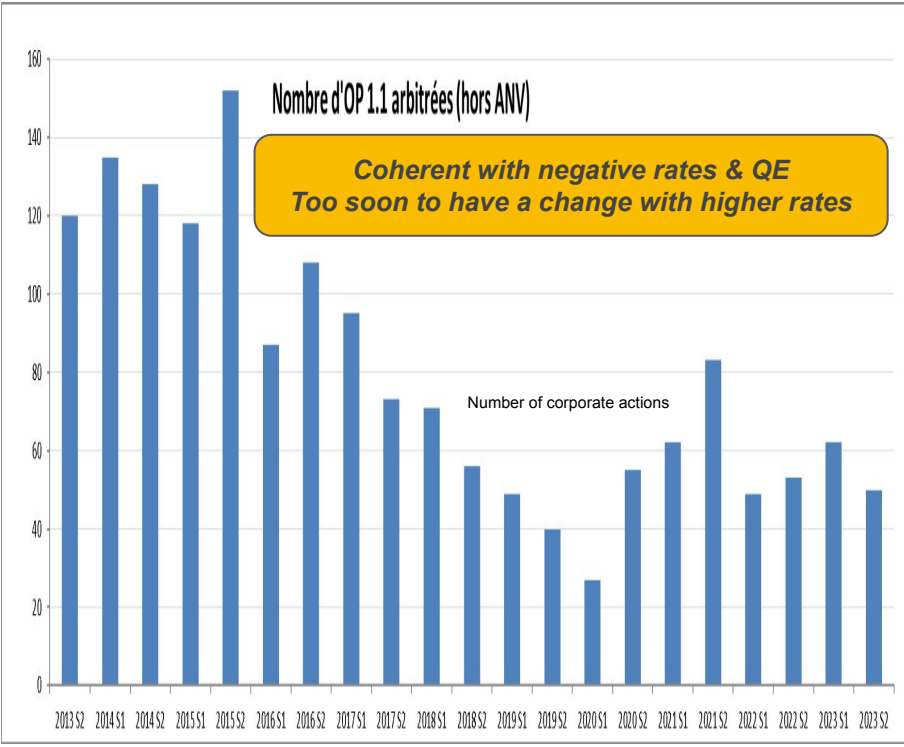
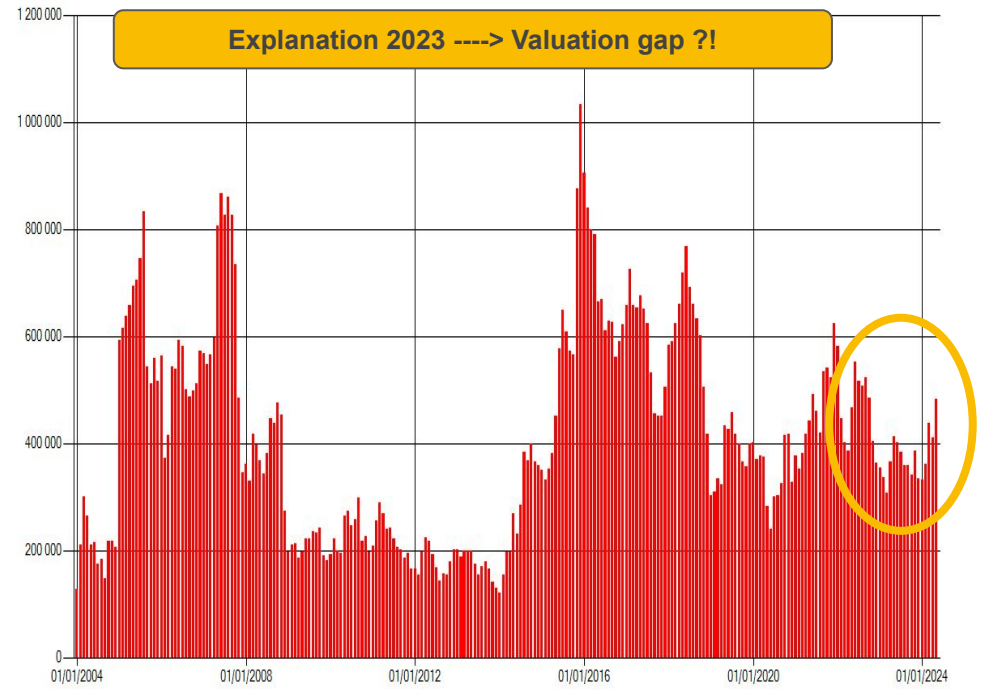


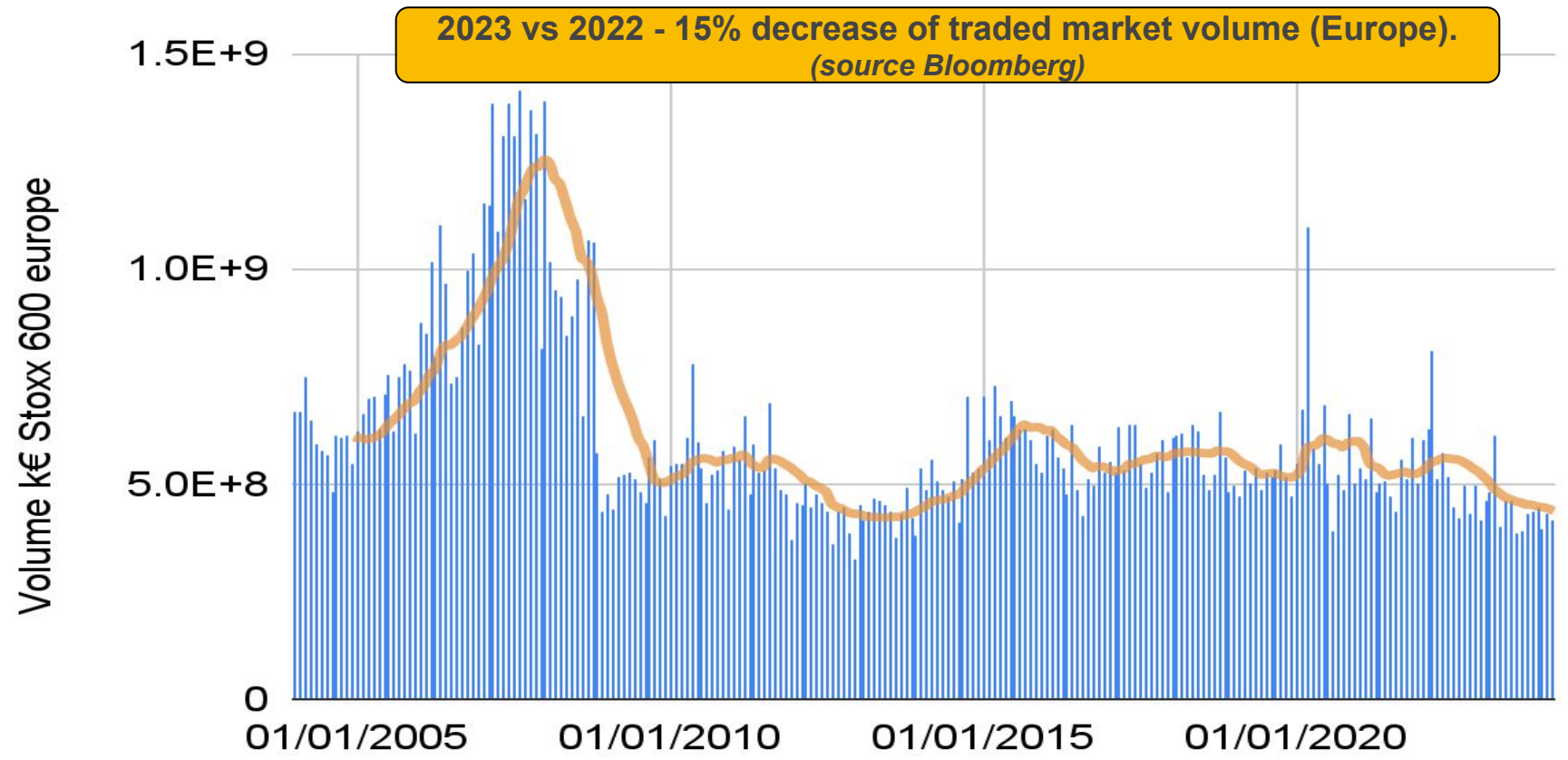
- ❑ *Average VIX over 30 years is around 20%*
- ❑ *“No life zone” is a Vix < 15% (2017 & 2019 for example)*
- ❑ *Realized volatility @13% (US vs 12.5% on 2019) & 14% (EU vs 15.1% on 2019) << average realized volat. (resp. 16% and 19% for the last 10 years)*

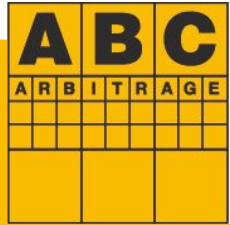
Monthly existing M&A announced offers(B€)
30% reduction vs. 2022 (listed target)

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

Capitalization of existing offers by month (M€)



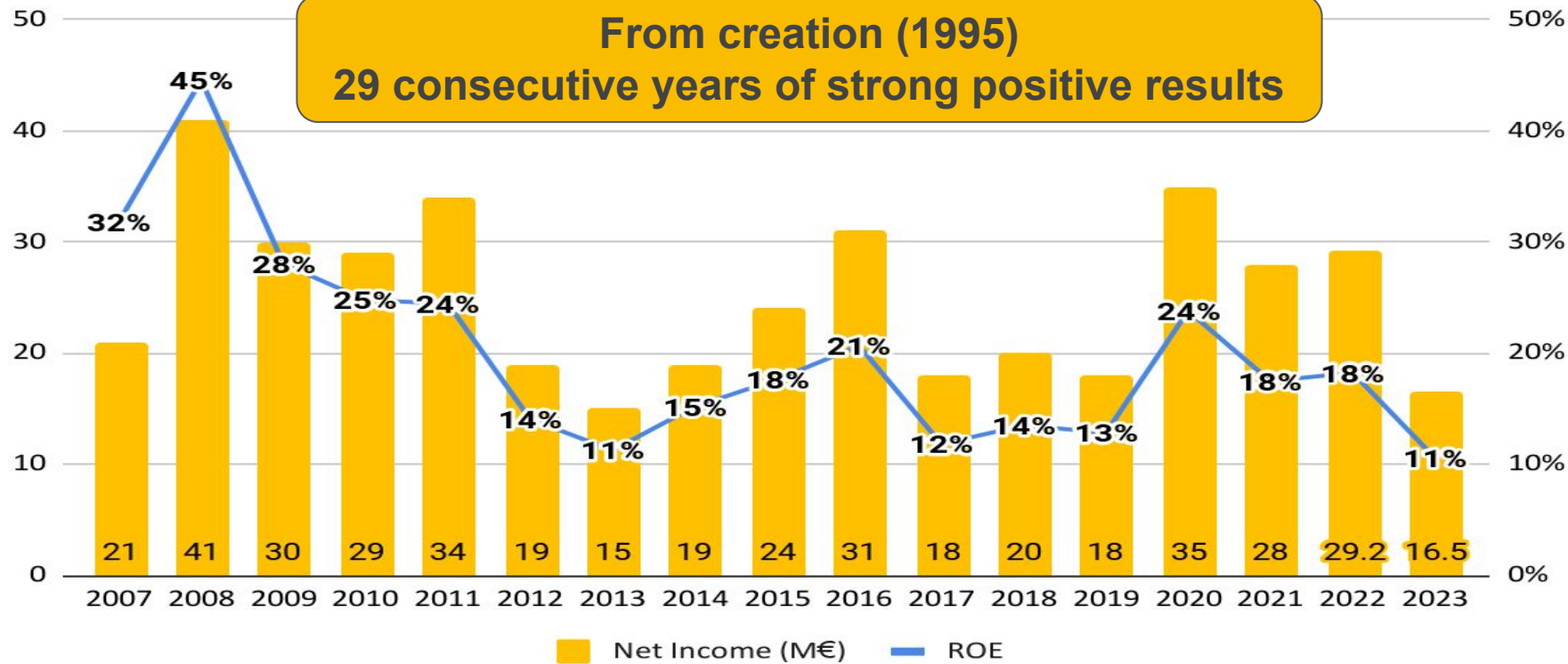




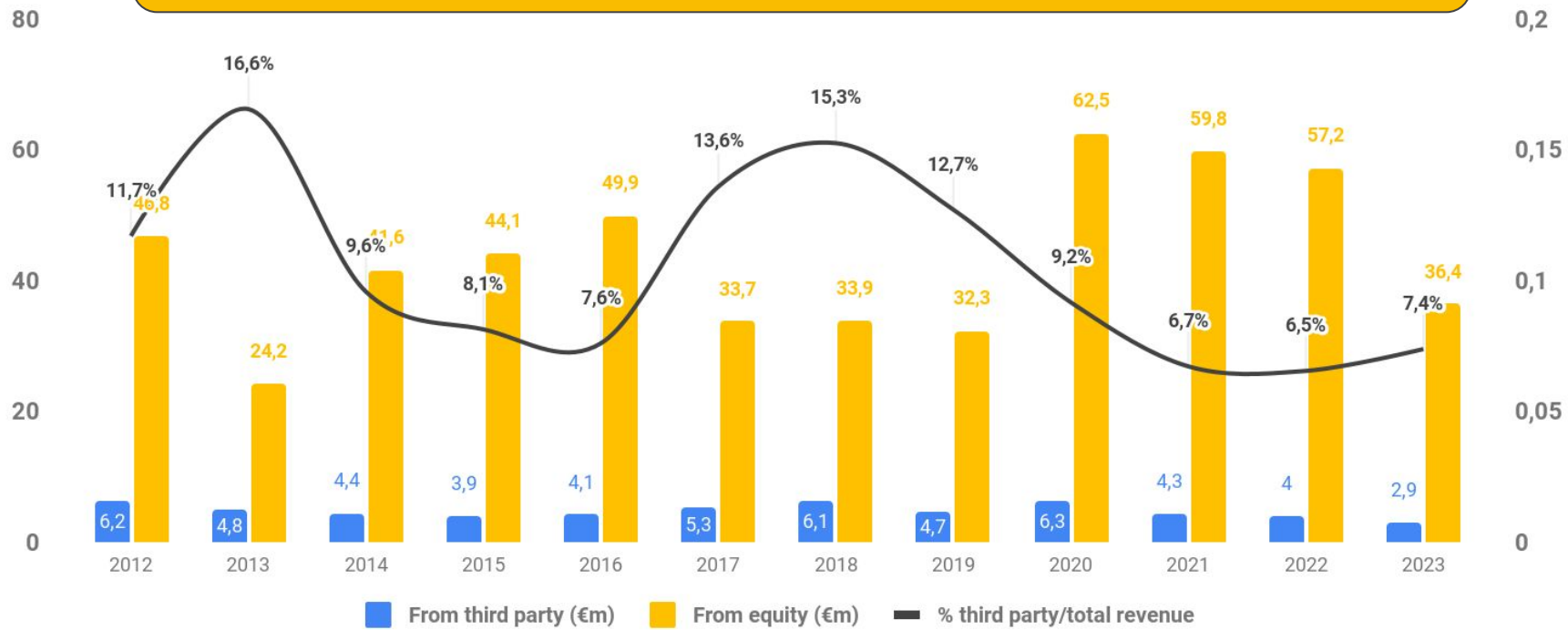
4. ABCA Financial Results

Net Income (M€) and ROE

**From creation (1995)
29 consecutive years of strong positive results**



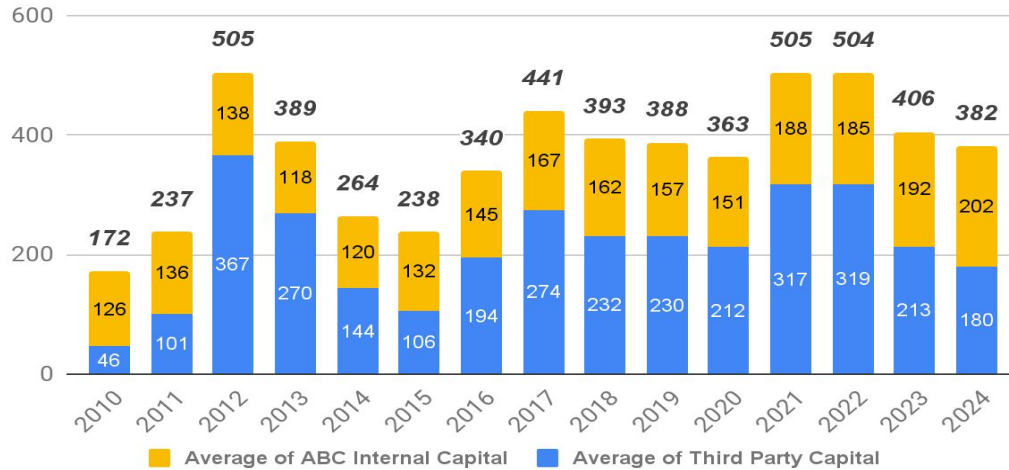
Revenues from external third party = 2.9M€ / 7.4% of Net Revenue.
 (Revenue from third party capital is historically in the 5%-20% range)



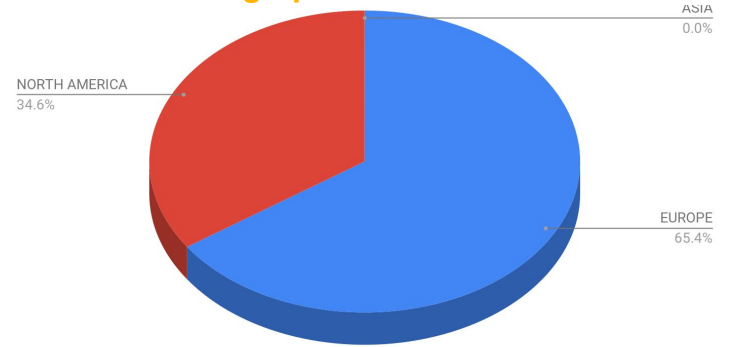
- ❑ Pre-2010: generated through trading of our own equity.
- ❑ Post-2010: opened to third party funds.
- ❑ Limited capacity strategies: via Managed Accounts.
- ❑ High Capacity strategies: via AIF (Alternative Investment Funds).

Estimated **AUM as of 31/05/2024 = 374M€** (-2%)**
AUM External Third Party (ETP) as of 31/05/2024 = 172M€
 => ~10% Decline in ETP AUM

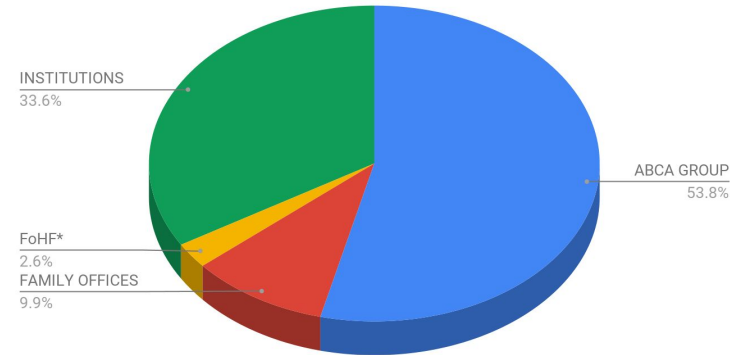
Average Group Asset Under Management



ABCA's AuM Geographical breakdown



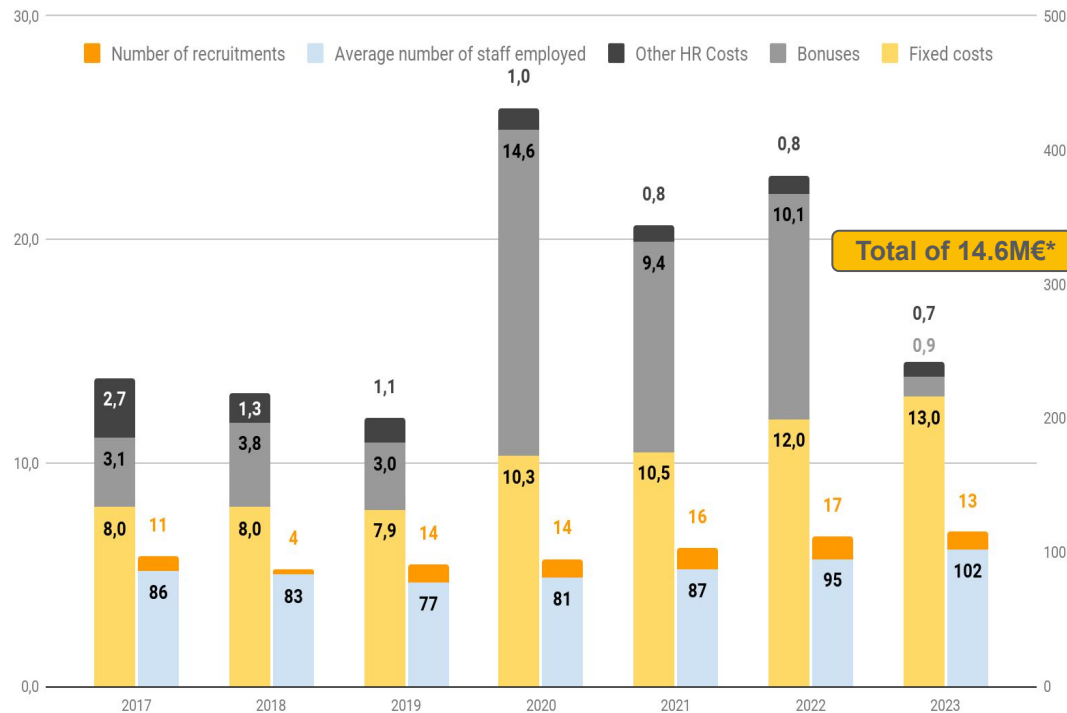
Investors' breakdown



*Funds of hedge funds
Breakdown of 1st March 2024

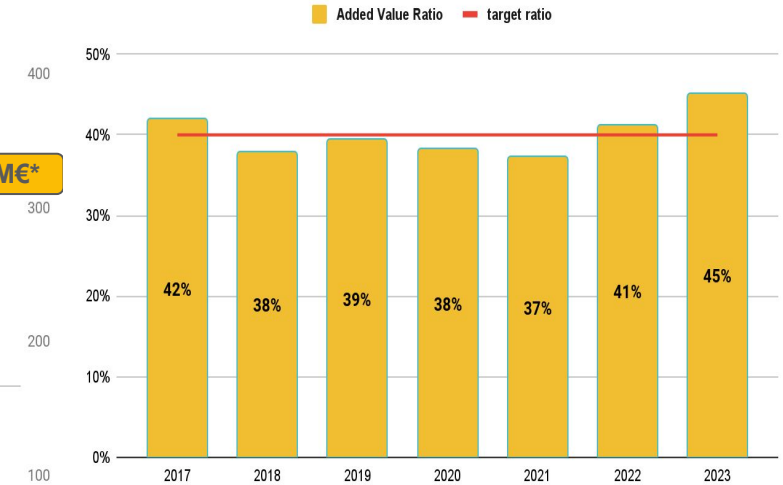
** This figure is a specific calculus to uniformize the AUM from a fee perspective. From a regulatory perspective, AUM are 333M€.

ABC Team = ABC first priority = ABC first expense



*: Average number of staff employed = 102 + 4 service providers equivalent to FTE = total equivalent FTE = 106

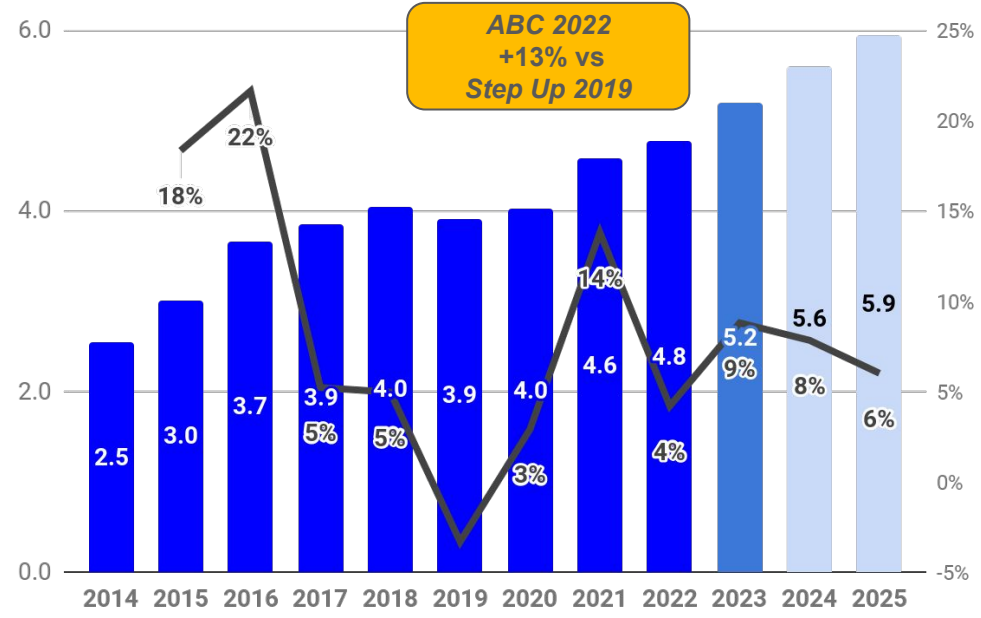
Added Value Ratio (vs 40% target)



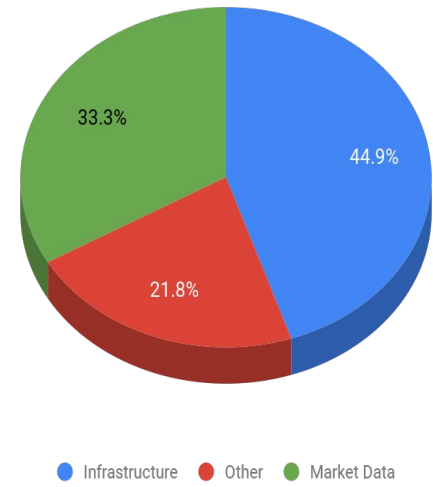
- ▣ Base cost increase = partial adaptation to HR market + new R&D people.
- ▣ Strong correlation between Bonuses and ABC arbitrage performance.
- ▣ Targeted Equity Incentives on a long term basis.

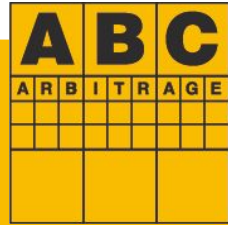
ABC arbitrage is a “French Tech” Company !
IT Costs ~ 70% of the “other costs”.

Budget Data annual history (M€)



Budget Data - allocation 2023

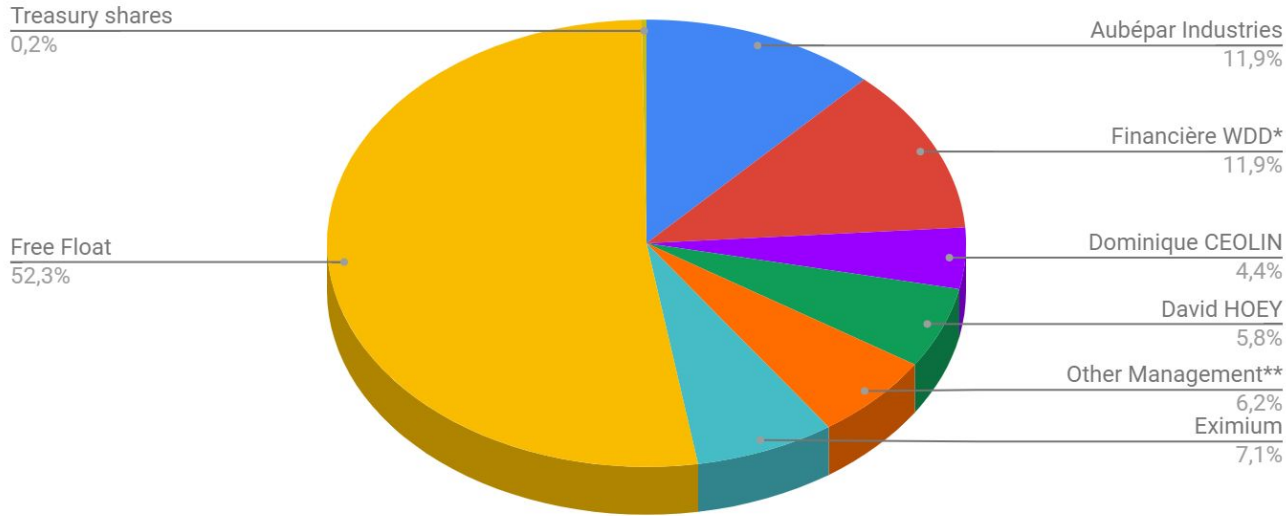




5. Shares & Distributions

20% owned by Executive Top management => Alignment of interests between Shareholders and Management Team

Share ownership as of 31/12/2023

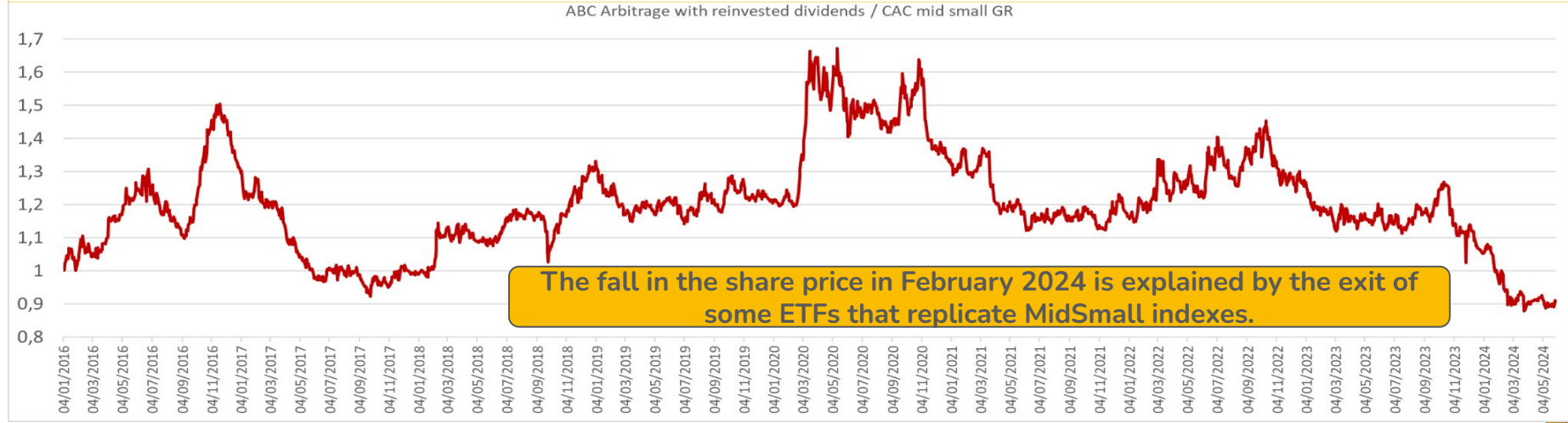
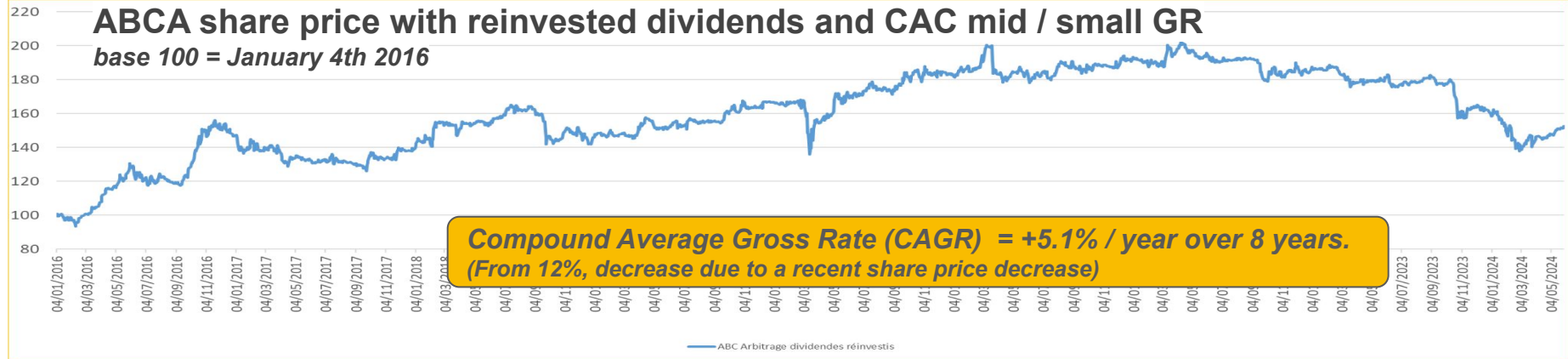


Number of listed shares
59,467,338

* Holding company 50,01% held by Dominique Ceolin

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





FY2023 distribution = €0.30

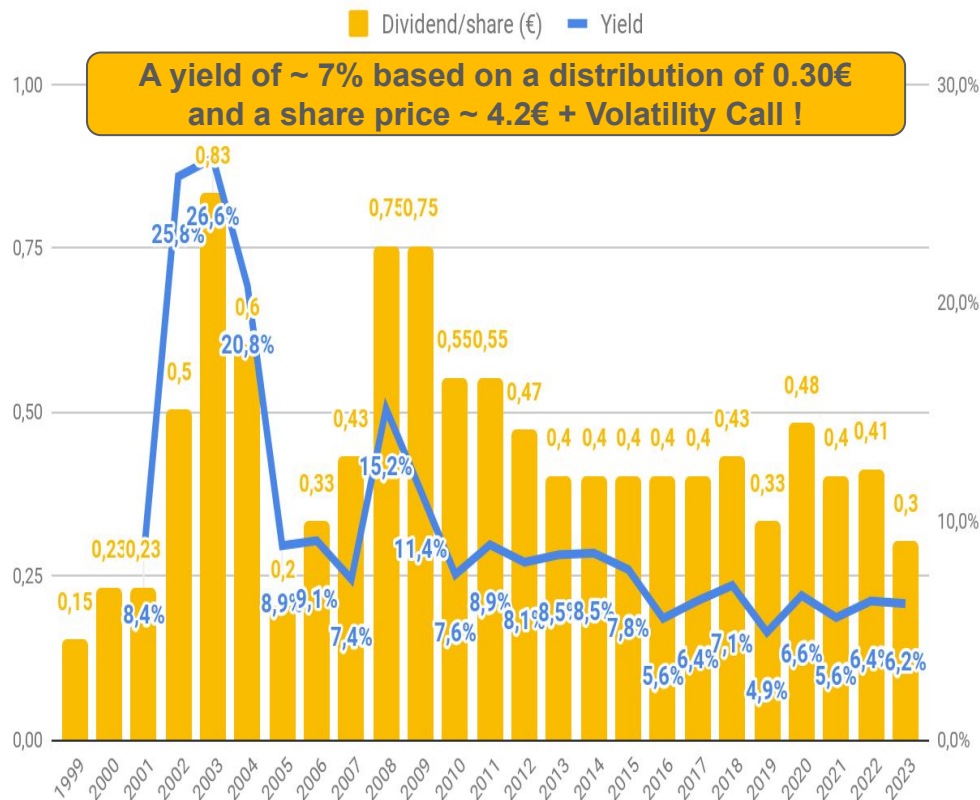
- ❑ €0.10 – Ex date 10 October 2023.
- ❑ €0.10 – Ex date 5 December 2023.
- ❑ €0.10 – Ex date 23 April 2024.
- ❑ No 2023 final dividend (TBC AGM).
- ❑ Distributions planned in Oct. 2024 (€0.10) & Dec.2024 (€0.10). (TBC - board decision - September 2024)

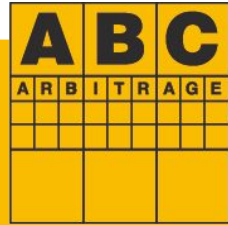
Buyback program

- ❑ €4m authorization by the Board in line with AGM resolution of 9th June 2023
- ❑ ~1% of share capital

Payout Ratio (POR) Policy

- ❑ Since 1999, average POR = 98%
- ❑ 2020 & 2021 & 2022 ~ 80%
- ❑ Springboard 2025 commitment (Max(€0.30, POR of 80%)) => POR 2023~108%

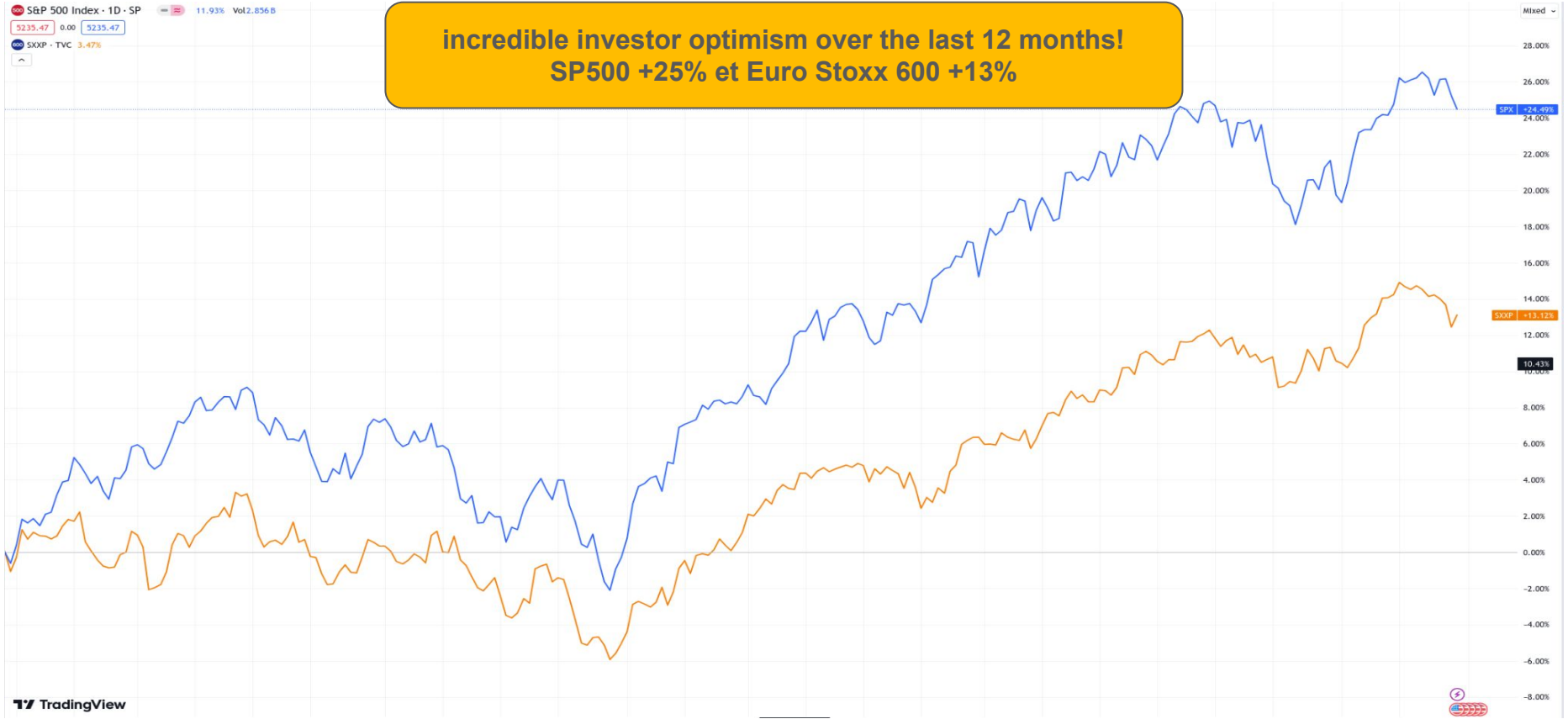


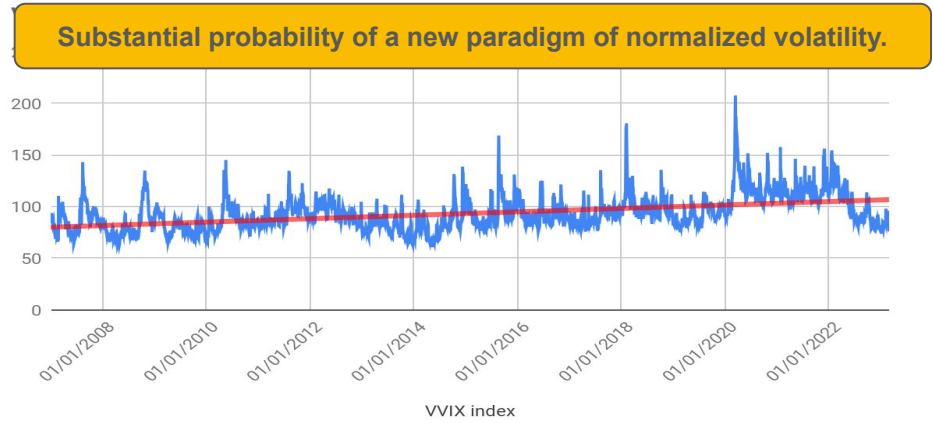
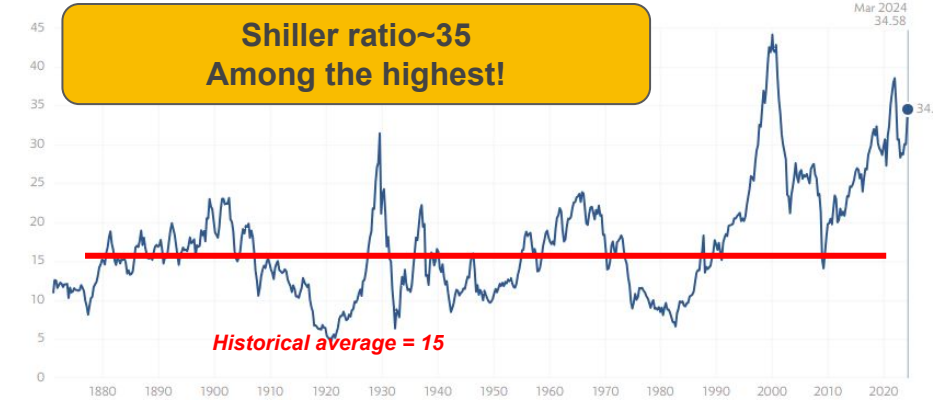
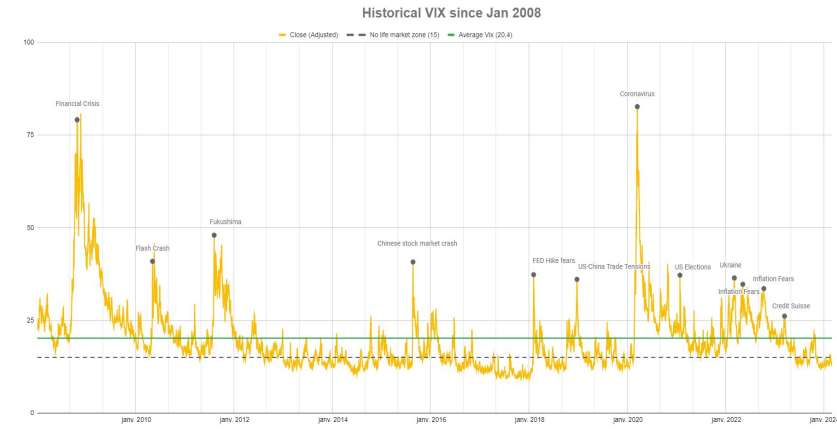
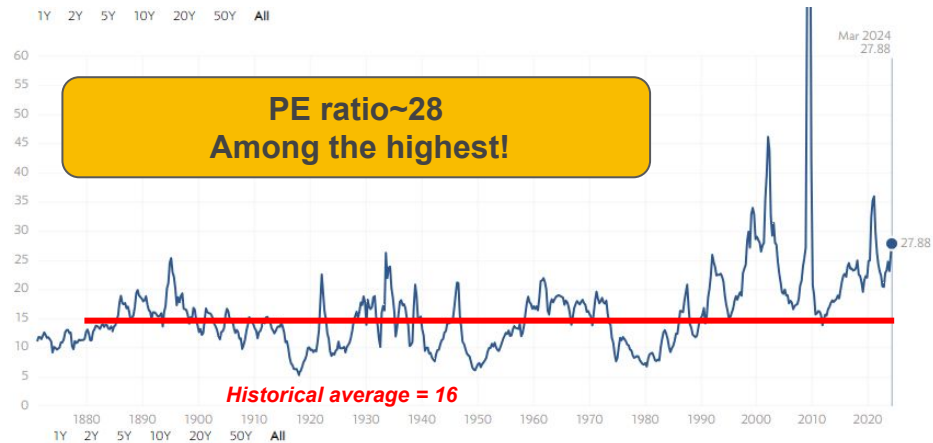


6. Outlook for the 2024 markets

Anatomy of a fall ?

**incredible investor optimism over the last 12 months!
SP500 +25% et Euro Stoxx 600 +13%**

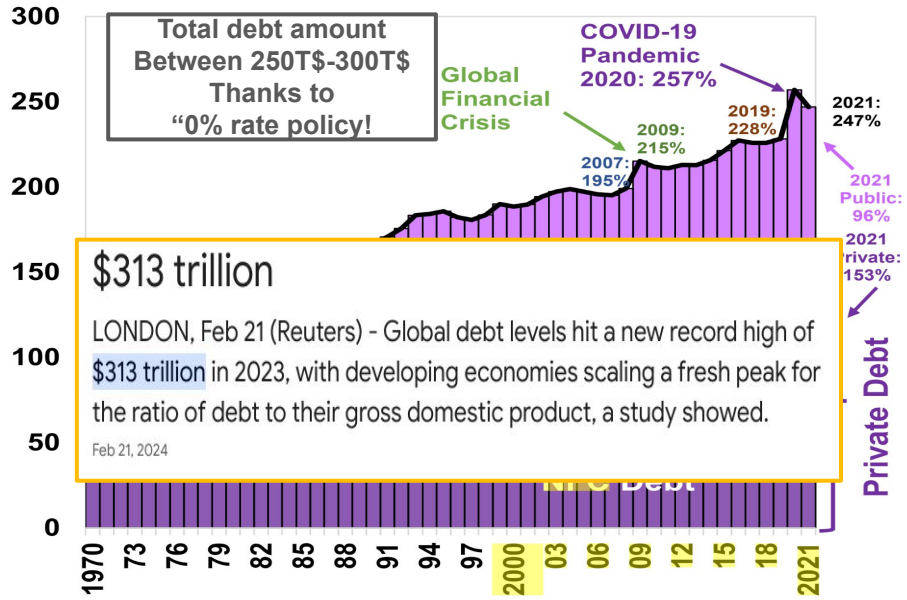




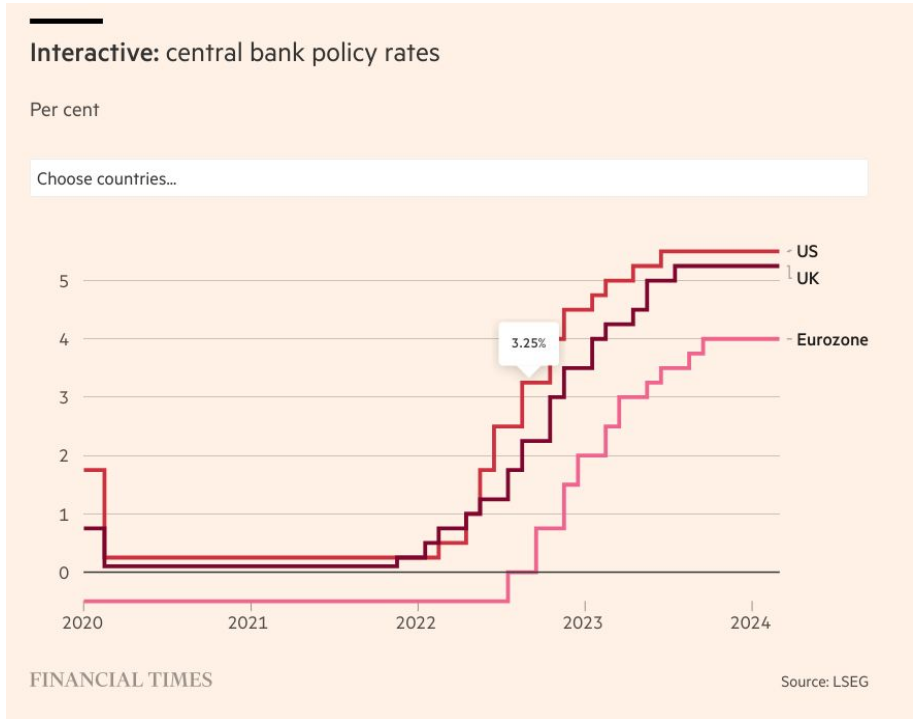
An economic world with contradictory pressures!

2022 Global Debt Monitor

Figure 1. Global Public and Private Debt, 1970–2021 (Percent of GDP, weighted averages)



Source: IMF Global Debt Database, 2022



the wall of debt in the face of current inflation incompatible with a return to negative interest rates!

Core goods inflation rose later in the eurozone and has dropped everywhere, while **services** inflation remains high

Inflation rate (%)

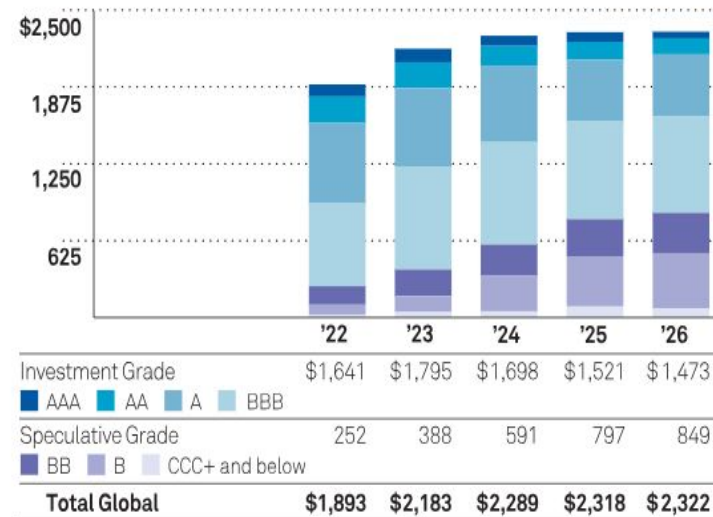


FINANCIAL TIMES

Sources: Factset, St Louis Fed, ONS • Services inflation excludes energy servi

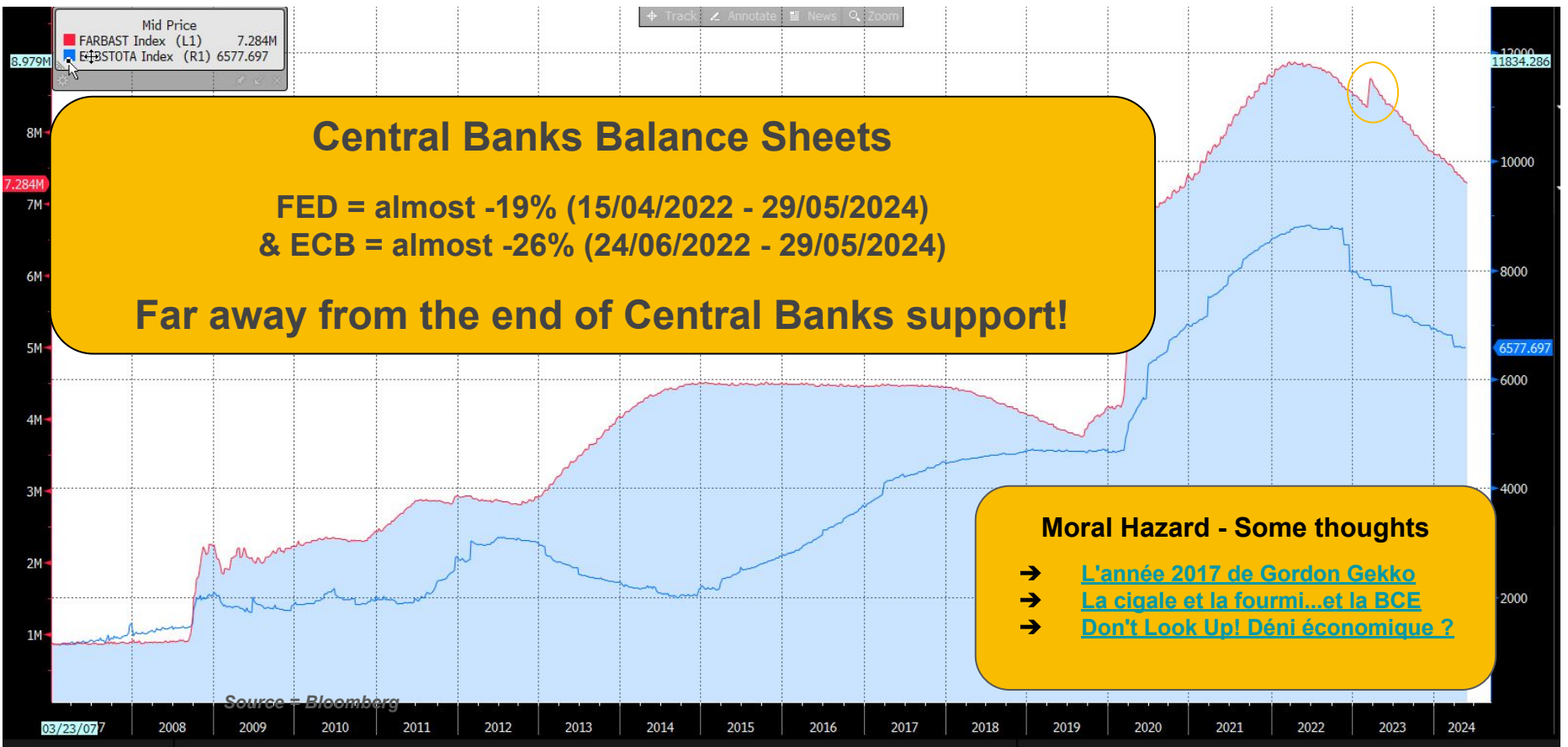
Global Corporate Debt Maturities by Rating Category (2022–2026)

(dollars in billions)



Source = S&P Global - [Research and Insights](#)





Central Banks Balance Sheets

FED = almost -19% (15/04/2022 - 29/05/2024)
 & ECB = almost -26% (24/06/2022 - 29/05/2024)

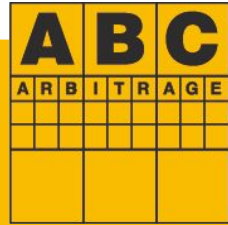
Far away from the end of Central Banks support!

Moral Hazard - Some thoughts

- [L'année 2017 de Gordon Gekko](#)
- [La cigale et la fourmi...et la BCE](#)
- [Don't Look Up. Déni économique ?](#)

Source = Bloomberg





7. Springboard 2025 plan.

Decisions for 2024

Springboard 2025 income targets.

- ROE Min > 10% => annual CNI of 15M€ based on ABC Equity as of 31/12/2023.
- ROE Target >= 15% => annual CNI of 24M€ based on ABC Equity as of 31/12/22.
- Keeping predictive CNI correlated to ABC's Historical 3 Market Parameters (3MP).

An ambition of Cumulative Net Income of 100M€ over 3y.

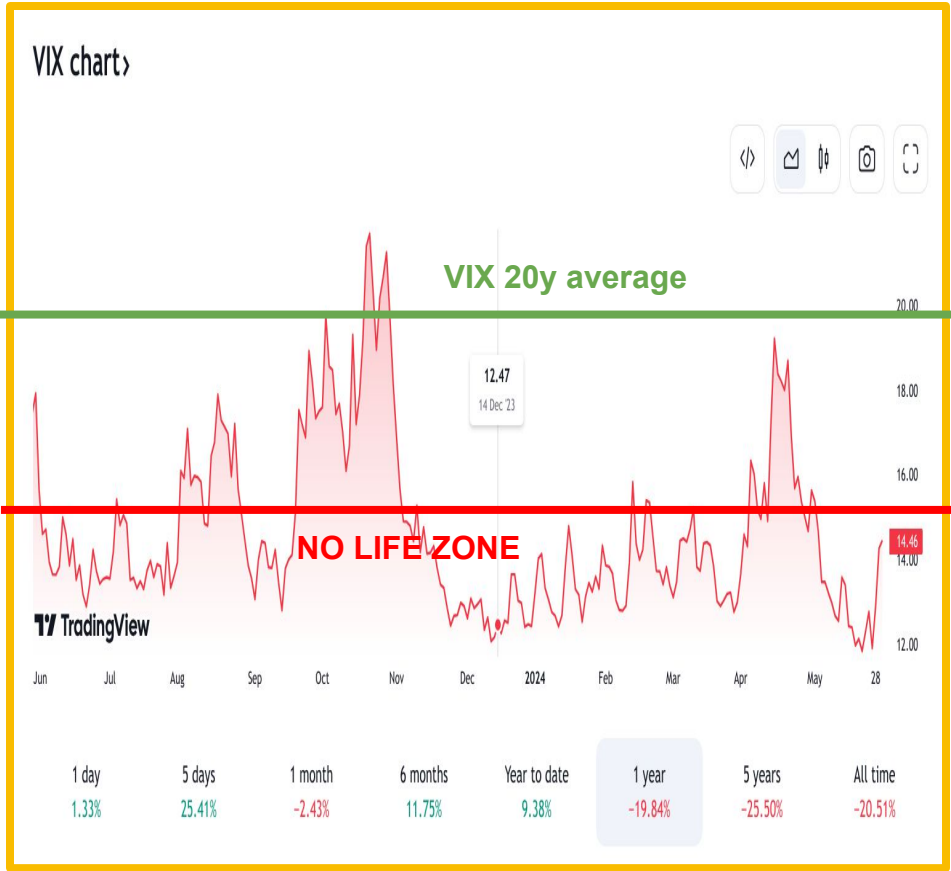
*Under the assumption that the 3 Market Parameters (Volatility, Corporate Actions and M&A, Traded volumes) = Average last 10 years**

- implies a cumulative distribution of 1.30€ over 3 years with a POR of 80%.
- implies an average ROE >> 15%.

Springboard 2025 distributions figures.

- Min Distribution of 0.30€ (ie Consolidated Net Income (CNI) ~ 18M€).
- Payout Ratio (POR) ~ 80%.
- A principle of "no Scrip Dividend".

*Market Parameters - Average 10 years - Volatility VIX = 18%. Average realized volatility = 18%



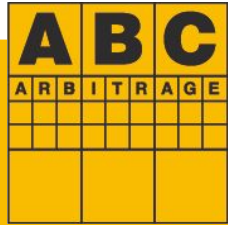
Average gross PNL HY2024
~
Average gross PNL FY 2023

ABC is still a paid insurance
against future volatility!



This slideshow is a communication support for the Webinaire on 3 June 2024. 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 2023 or 2024 financial year.



Q&A