Information Meeting - June 2021
ECB, COVAX & Sun, the next paradigm ?

Pour toute question :

https://app.sli.do/event/cdkyfgtx/live/questions

Join at

slido.com

#1389A36

En cas de problème : **actionnaires@abc-arbitrage.com**

Orateurs

Dominique CEOLIN	**Gaëtan FOURNIER**
Président	Secrétaire Général

Déroulement de cette présentation

1. Quelques rappels
2. Présentation de l'activité
3. Questions de fond
4. Présentation des résolutions
5. Questions de compréhension des résolutions

1. Quelques rappels

Quelques rappels

1. AG à huis clos le 11 juin 2021
2. Constitution du bureau
3. Documents consultables
4. Deadline vote
5. Modalités pratiques

2. Présentation de l'activité

DISCLAIMER

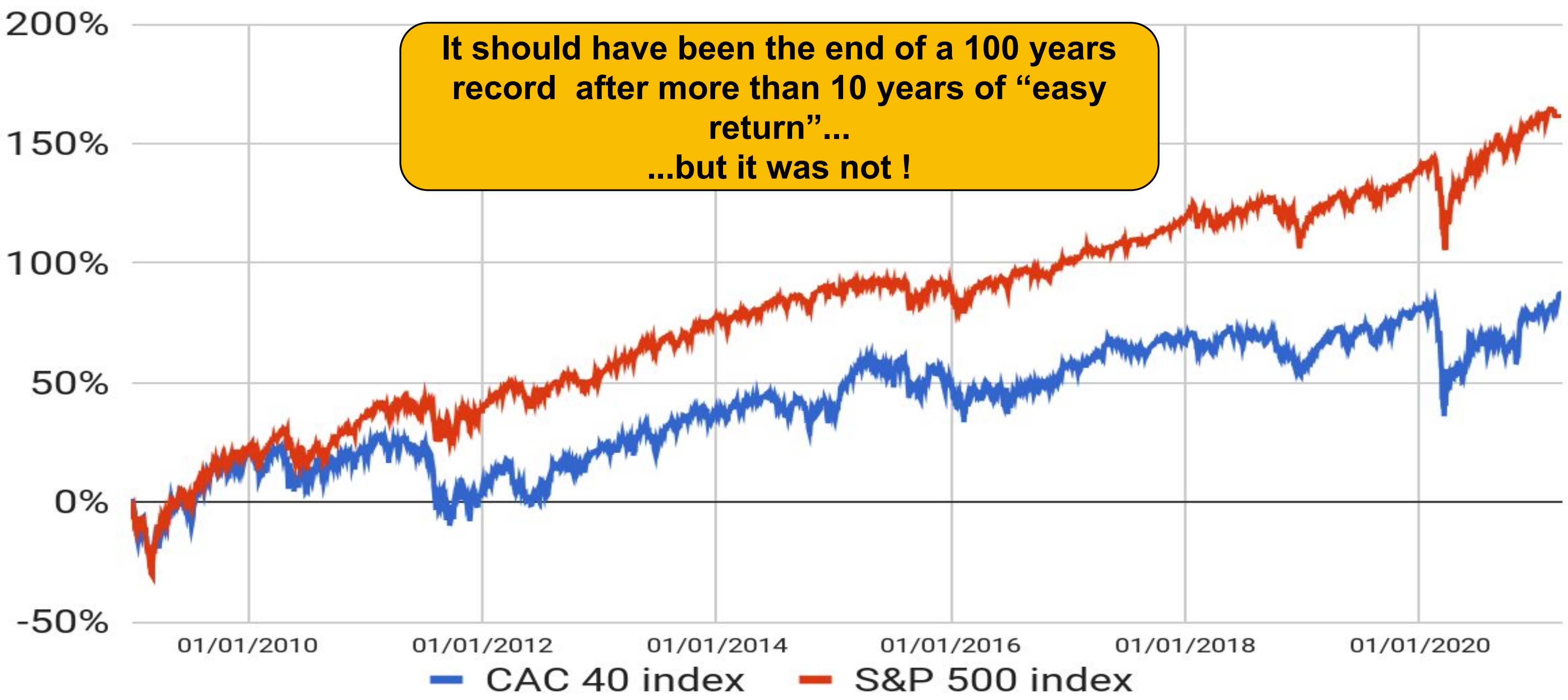
This slideshow is a communication support for the ABC arbitrage General Meeting. This document includes some forward-looking statements regarding ABC arbitrage business operations. Although ABC arbitrage believes its expectations are based on reasonable assumptions, these forward-looking statements are 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 2020 financial year or 2021 financial year.

Presentation Plan

2.1. 2020 Markets parameters
2.2. 2020 Group performances
2.3. 2020 risk parameters
2.4. 2021 - ABC 2022 - Year 2
2.5. 2021 - ECB, COVAX & Sun
2.6. ABC arbitrage - Shares & dividends

2.1. 2020 Market parameters



It should have been the end of a 100 years record after more than 10 years of "easy return"...
...but it was not !


S&P 500 Index
The fastest, deepest DD since 1929
The fastest recovery for 30 years
2020-2021 => New SP500 highest points
4500
4000
3500
3000
2500
2000
1500
1000
500
0
02/01/1987
02/01/1988
02/01/1989
02/01/1990
02/01/1991
02/01/1992
02/01/1993
02/01/1994
02/01/1995
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02/01/2015
02/01/2016
02/01/2017
02/01/2018
02/01/2019
02/01/2020
02/01/2021

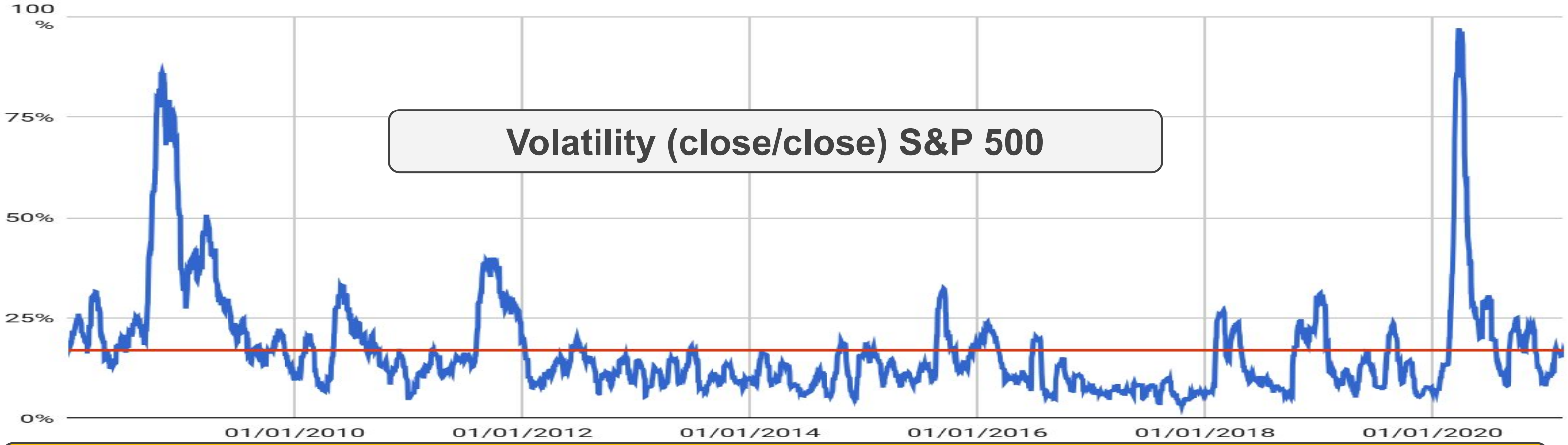
Top 3 Market Parameters on ABC activity

Volatility

Volumes traded on markets

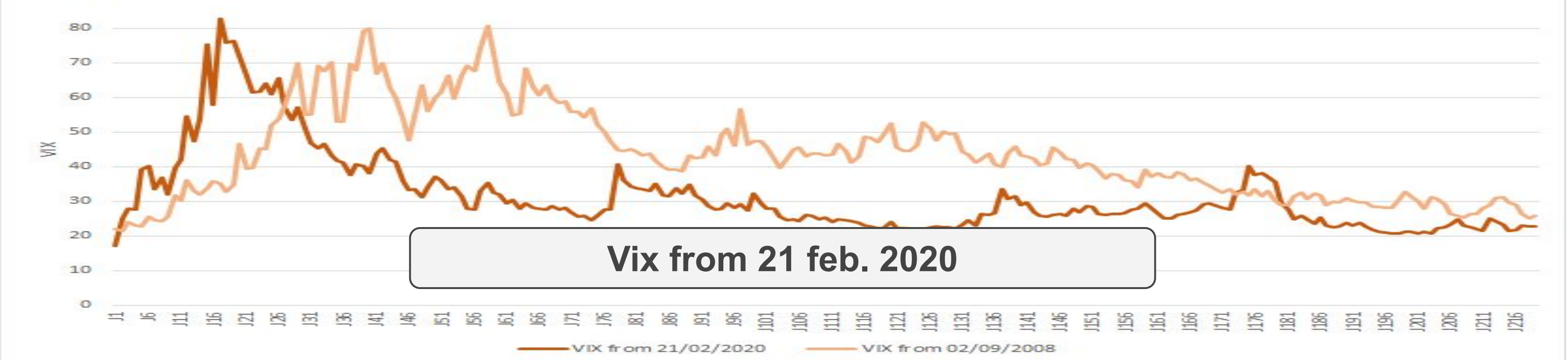
M&A and Corporate Actions

Volatility situation



Volatility (close/close) S&P 500

Feb-March 2020 = Highest and Shortest volatility peak !

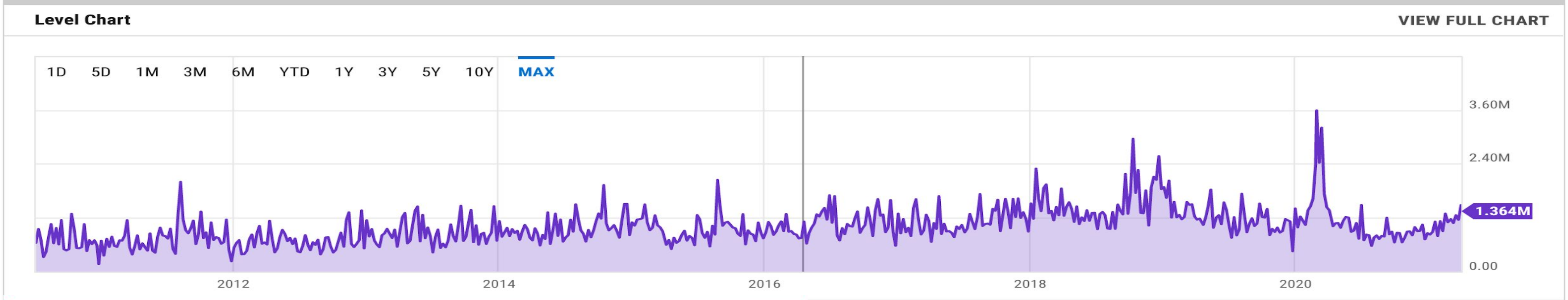


Vix from 21 feb. 2020

SPX Volume

1.364M for Apr 01 2021

Overview | Interactive Chart



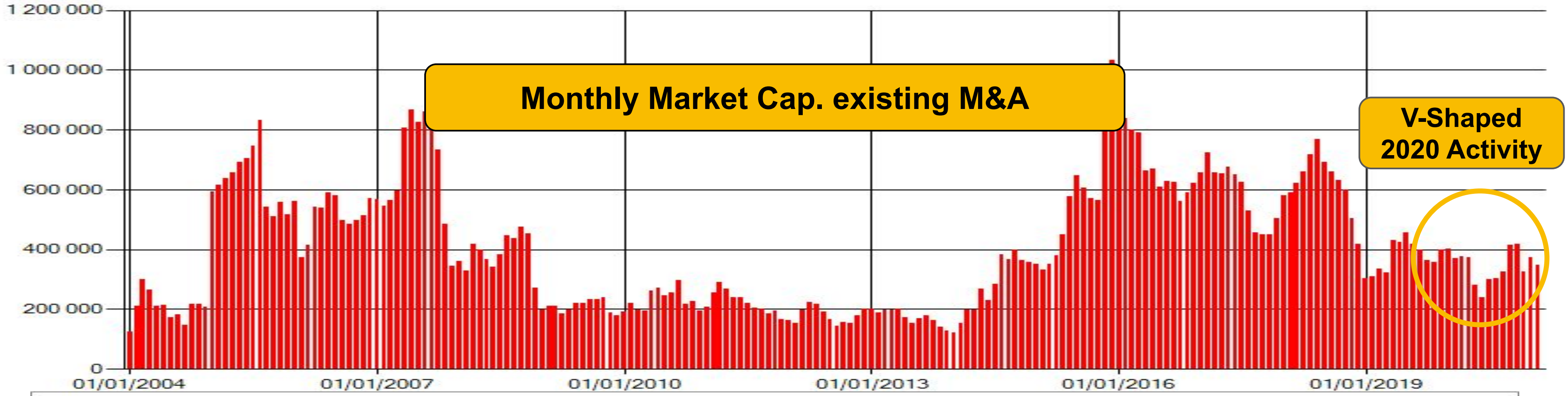
VOLUME JOURNALIER MOYEN ÉCHANGÉ (M€) SUR LES MARCHÉS

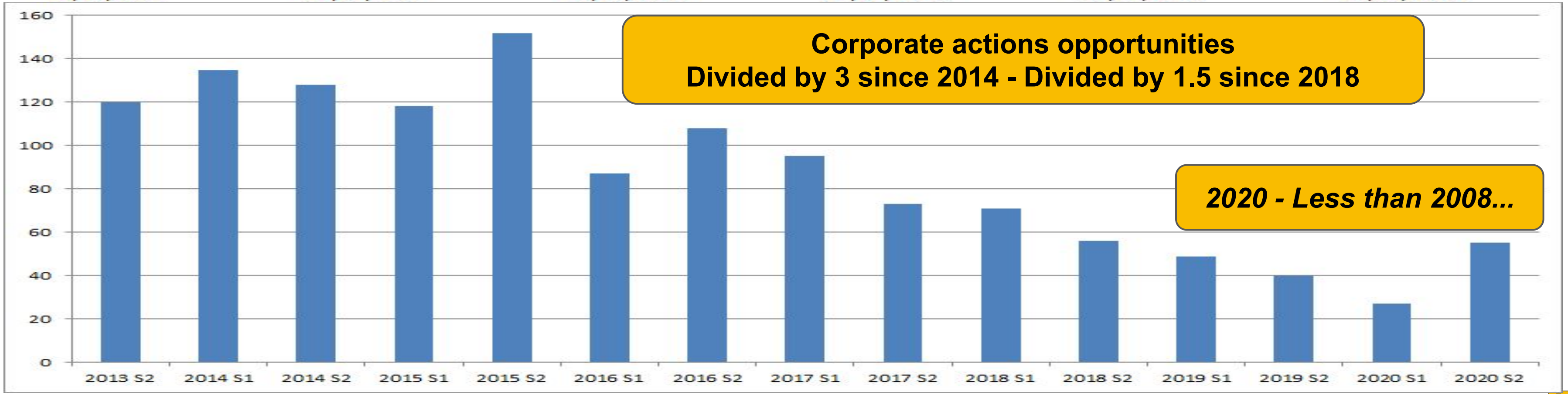
Period	Comp. A	Comp. B	Comp. C	Growth	Total
Dec-20	6 090	182	47	128	6 447
Dec-19	6				6 573
Nov-20	8			9	9 081
Nov-19	6			3	6 499
Q4 2020	6			6	7 234
Q4 2019	6 454	114	14	19	6 601
Q3 2020	5 868	112	27	48	6 054
Q3 2019	6 282	103	13	15	6 413
Q2 2020	7 536	151	35	75	7 796
Q2 2019	6 561	107	12	18	6 698
Q1 2020	9 716	190	27	47	9 980
Q1 2019	6 305	118	17	20	6 460

Euronext Volumes
Q1 2020 >> Q1 2019
Q3 2020 = Q3 2019

Higher Volumes…
...temporarily!

Corporate Action activity





2.2. 2020 Group performances

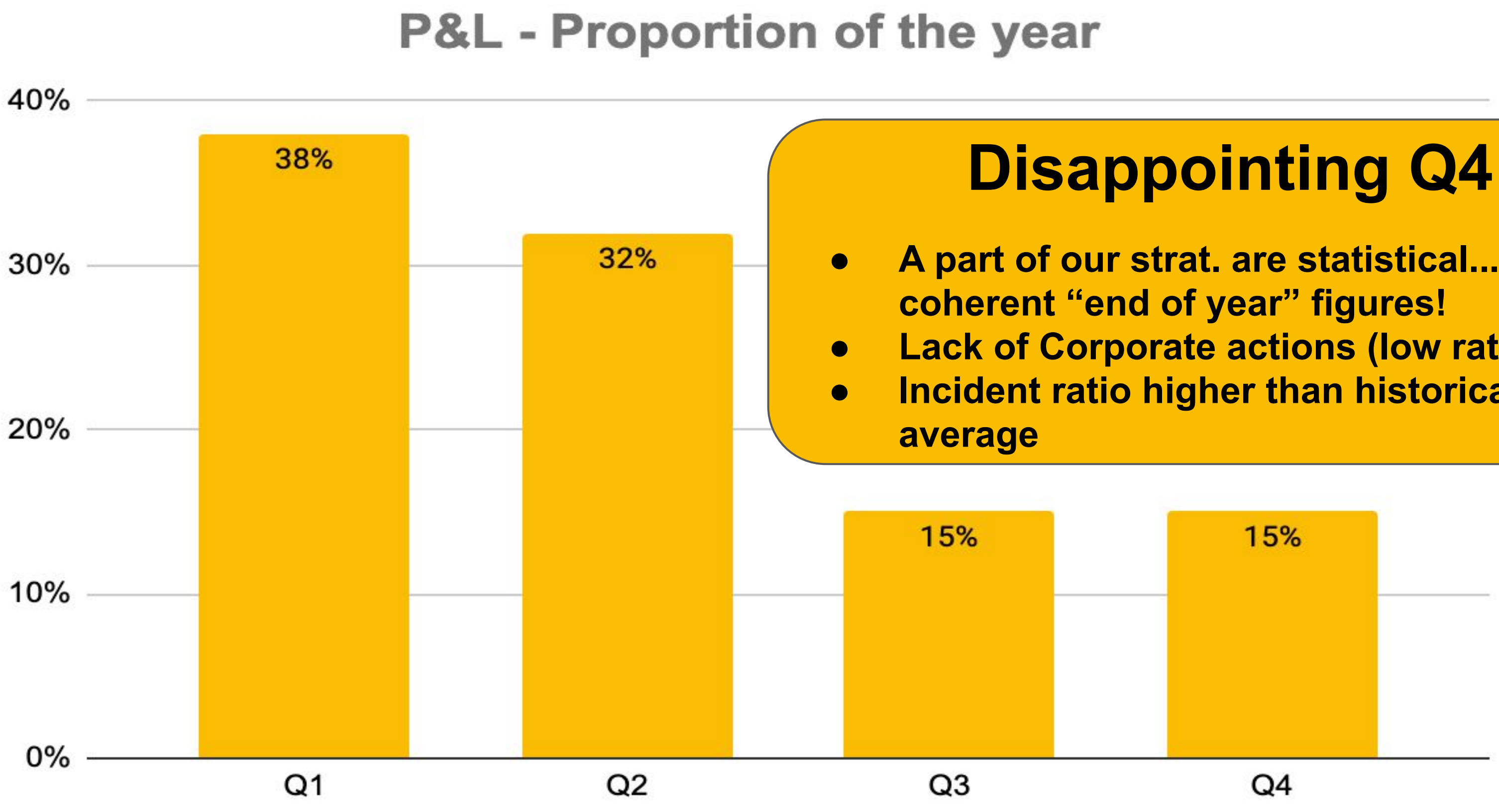
In EUR million	31/12/2020 IFRS	31/12/2019 IFRS	Evolution	31/12/2018 IFRS
Advisory revenues	-	-	*na*	-
Investment Services Fees*	22.5	14.4	*56%*	16.8
Net gains at fair value through profit or loss	46.3	22.6	*104.9%*	23.3
Net revenues	**68.8**	**37**	***85.9%***	***40.1***
Payroll costs			*116.1%*	(13.1)
Occupancy costs			*7.8%*	(1.6)
Other expense			*6.4%*	(5.8)
Other taxes	(0.1)	(0.1)	*42.6%*	(0.2)
Total costs	***(33.4)***	**(18.9)**	***76.1%***	***(20.8)***
Income before tax	**35.4**	**18.1**	***96.1%***	**19.3**
Net income attributable to equity holders	**35.1**	**18.3**	***91.4%***	**19.7**

ROE - almost 24%
2nd best result !

Strong returns
Capital Protection
Volatility Correlation

	2020	2019
VIX average / high	**29 / 83**	**15 / 26**
GABC Traded volume B€	697 (+ 42%)	491
Performance GABC / S&P 500	**51% / 16%**	**23% / 29%**
Drawdown GABC / S&P 500	-3% / -34%	-0.5% / -7%

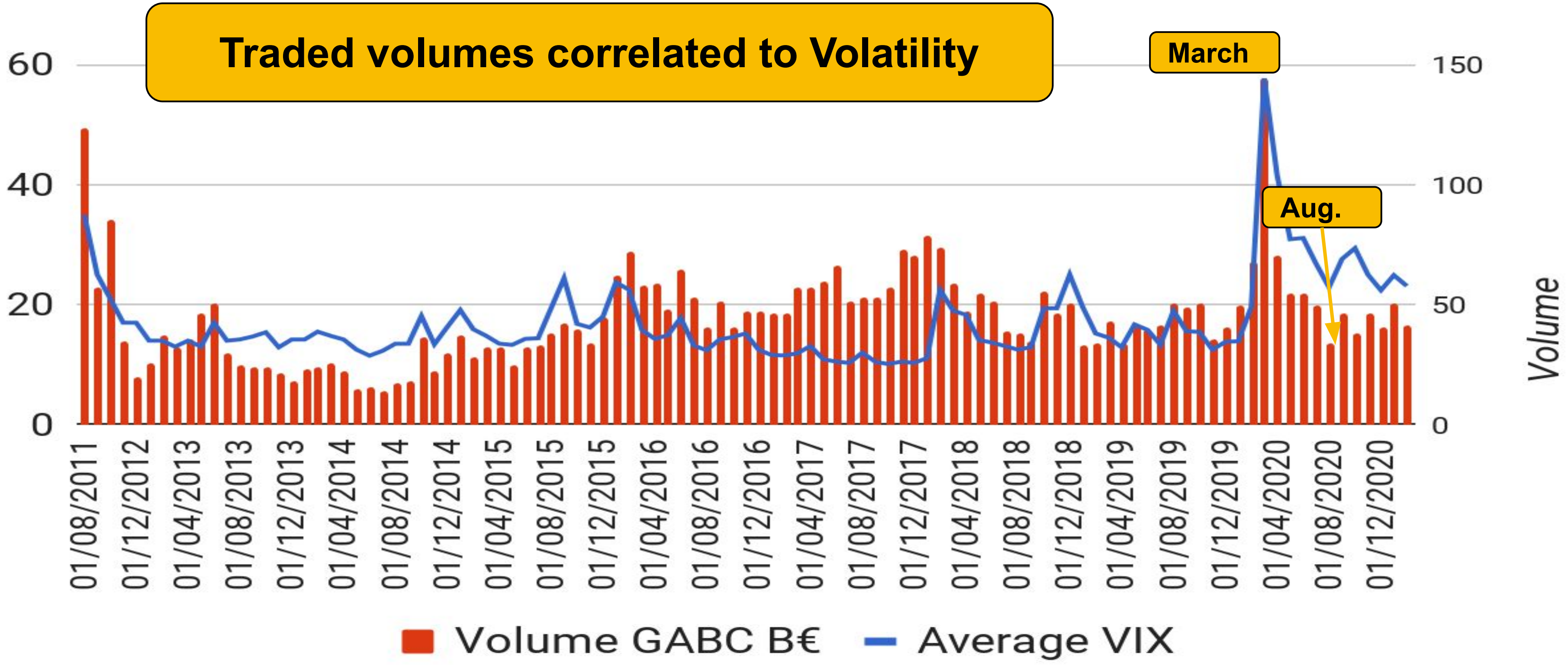
Performances | Quarterly breakdowns



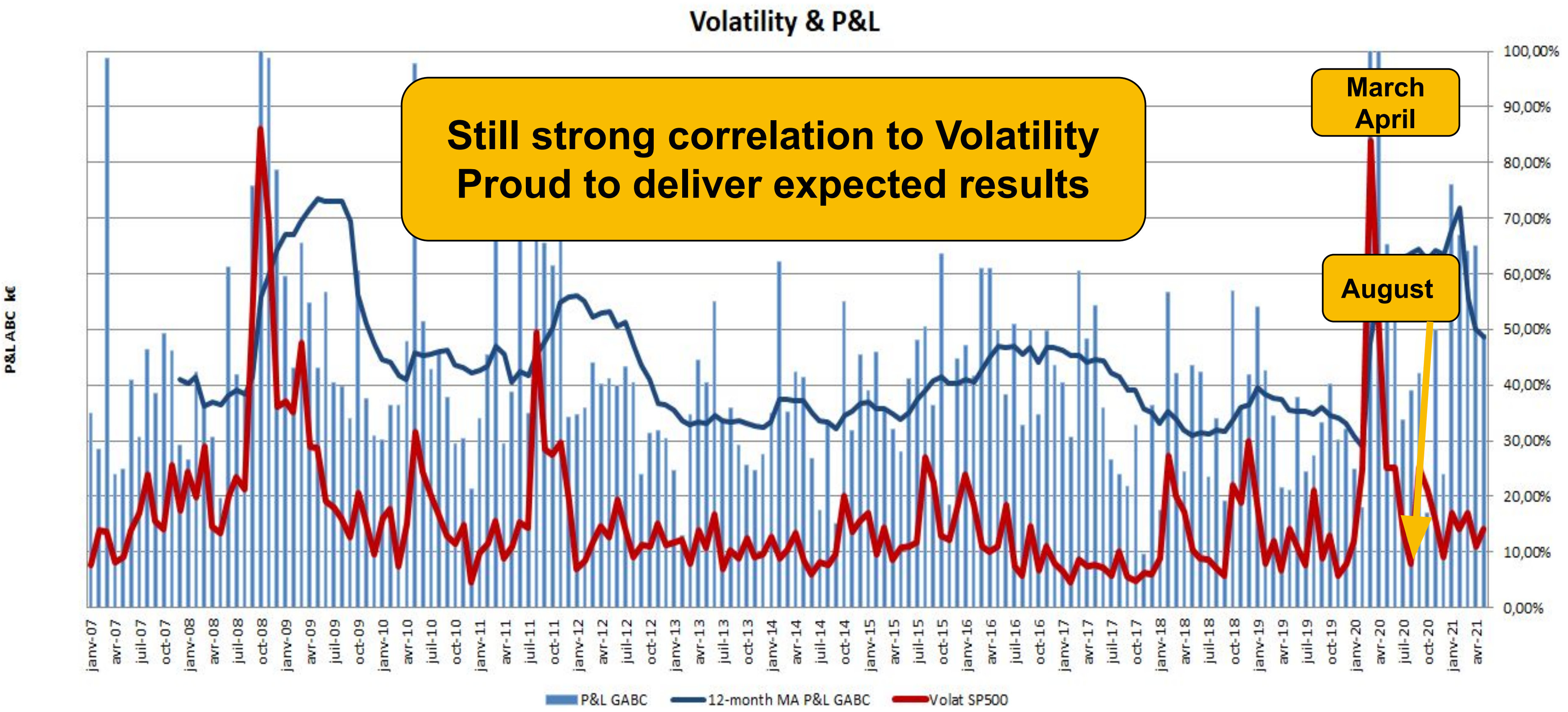
Disappointing Q4

- A part of our strat. are statistical...so a coherent “end of year” figures!
- Lack of Corporate actions (low rates)
- Incident ratio higher than historical average

Traded volumes & VIX Correlation

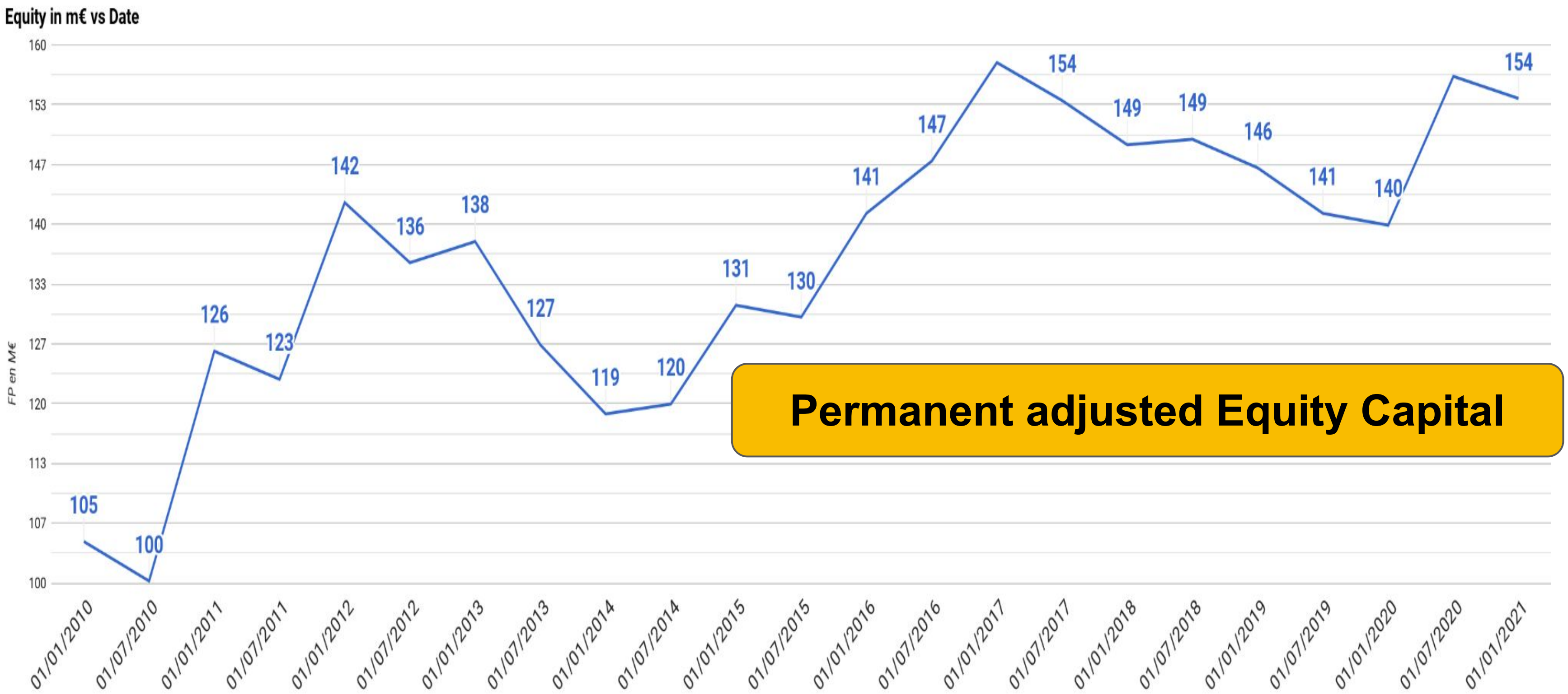


Volatility and PnL correlation

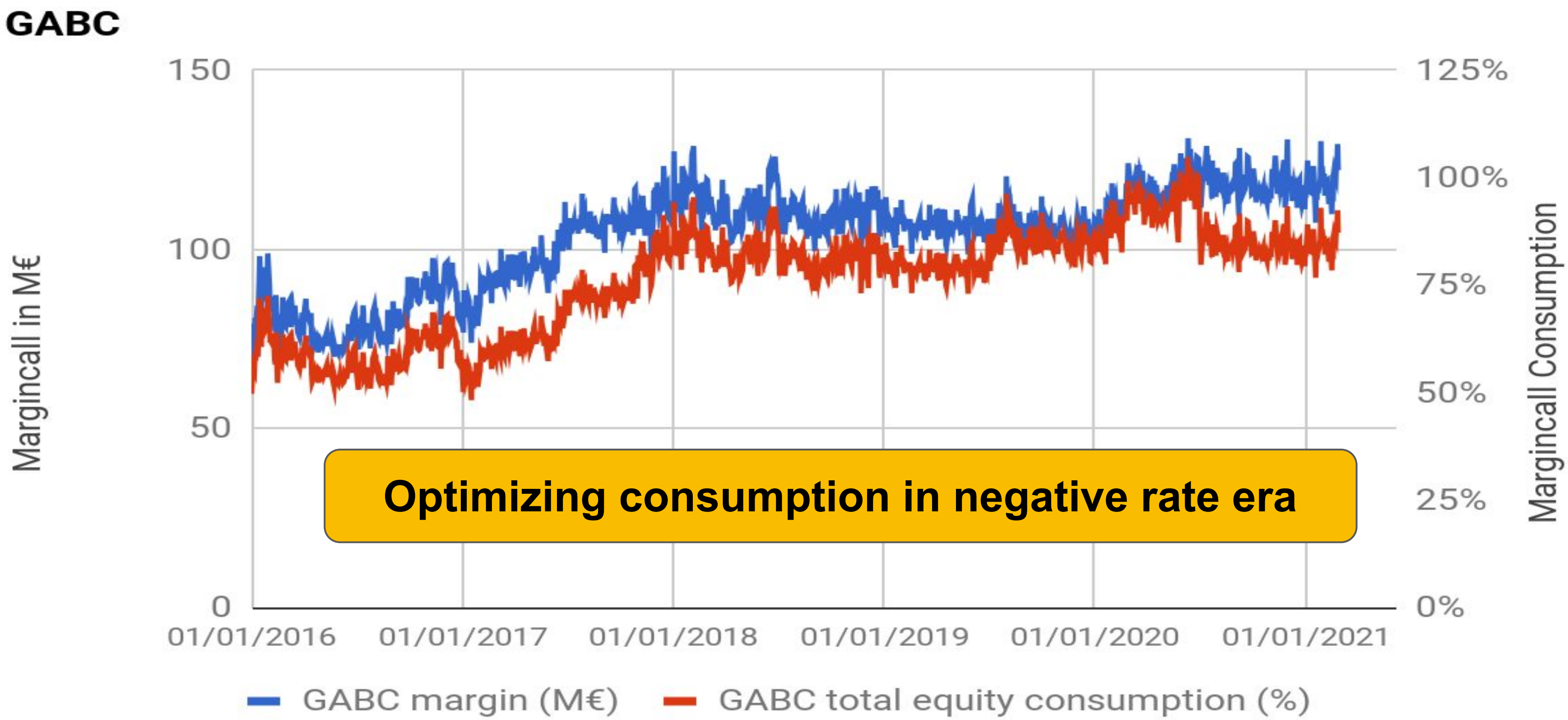


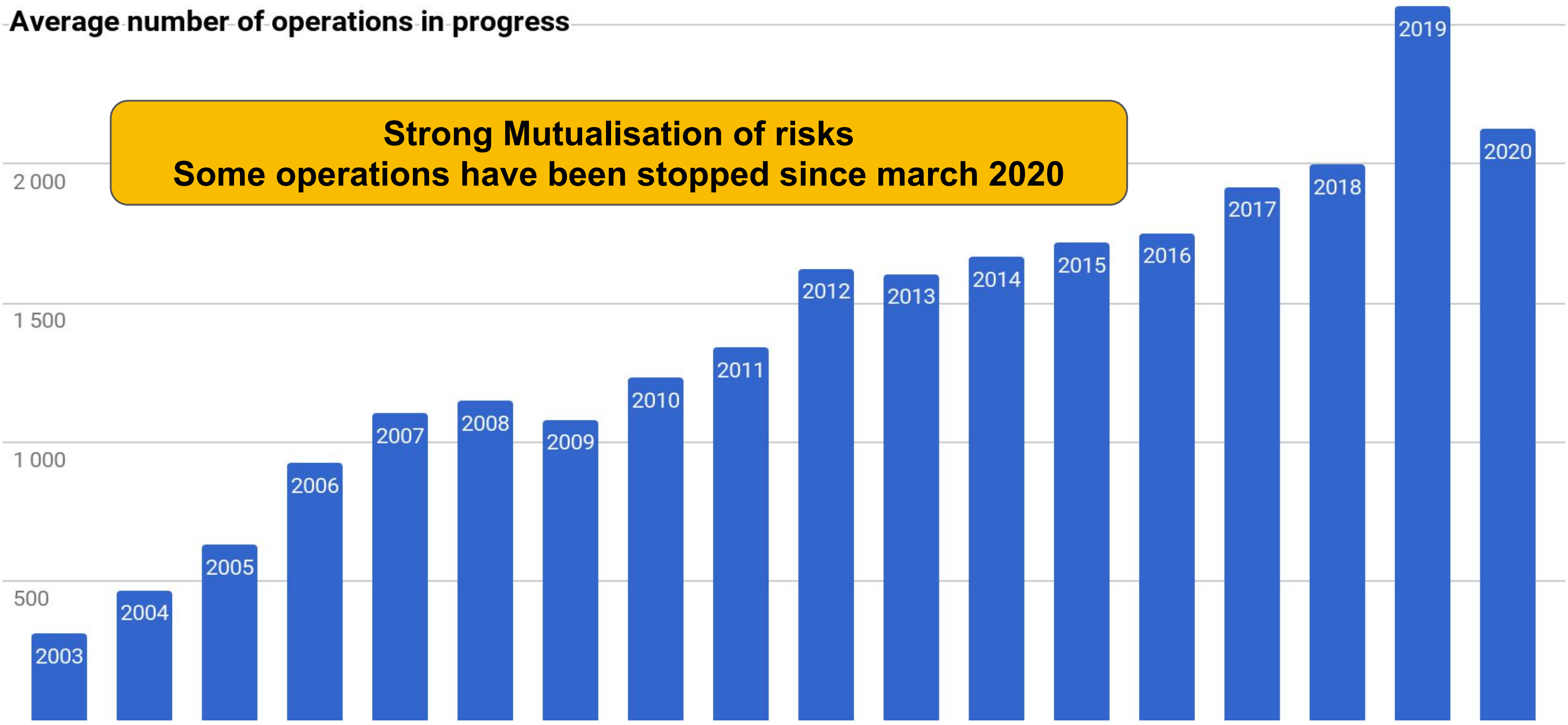
2.3. 2020 Risk parameters

Equity Capital



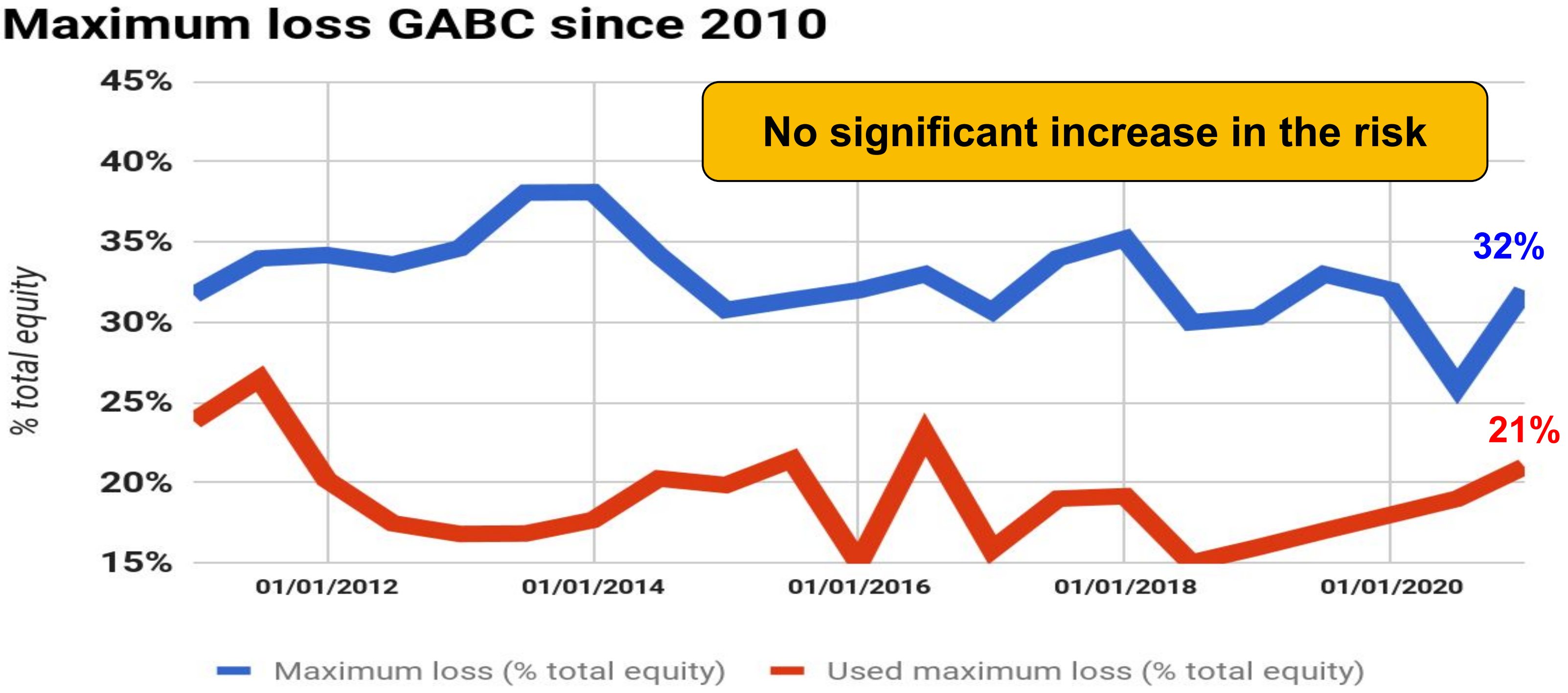
Permanent adjusted Equity Capital


GABC
150
100
50
0
125%
100%
75%
50%
25%
0%
Margincall in M€
Margincall Consumption
01/01/2016
01/01/2017
01/01/2018
01/01/2019
01/01/2020
01/01/2021
Optimizing consumption in negative rate era
GABC margin (M€)
GABC total equity consumption (%)


Average number of operations in progress
Strong Mutualisation of risks
Some operations have been stopped since march 2020
2 000
1 500
1 000
500
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020

Gross Maximum Loss ABC arbitrage Group

Warning - Gross sum calculation on "every" possible risk even "opposite" risks.



2.4. 2021 - ABC 2022 - Year 2

ABC 2022 - Corner Stones

Governance

Core Business

Asset Management Strategy

Human Capital

Group Structure

Brand Strategy

ABC 2022 - Corner Stones

- Governance
- Core Business
- Asset Management Strategy
- **Human Capital**
- Group Structure
- Brand Strategy

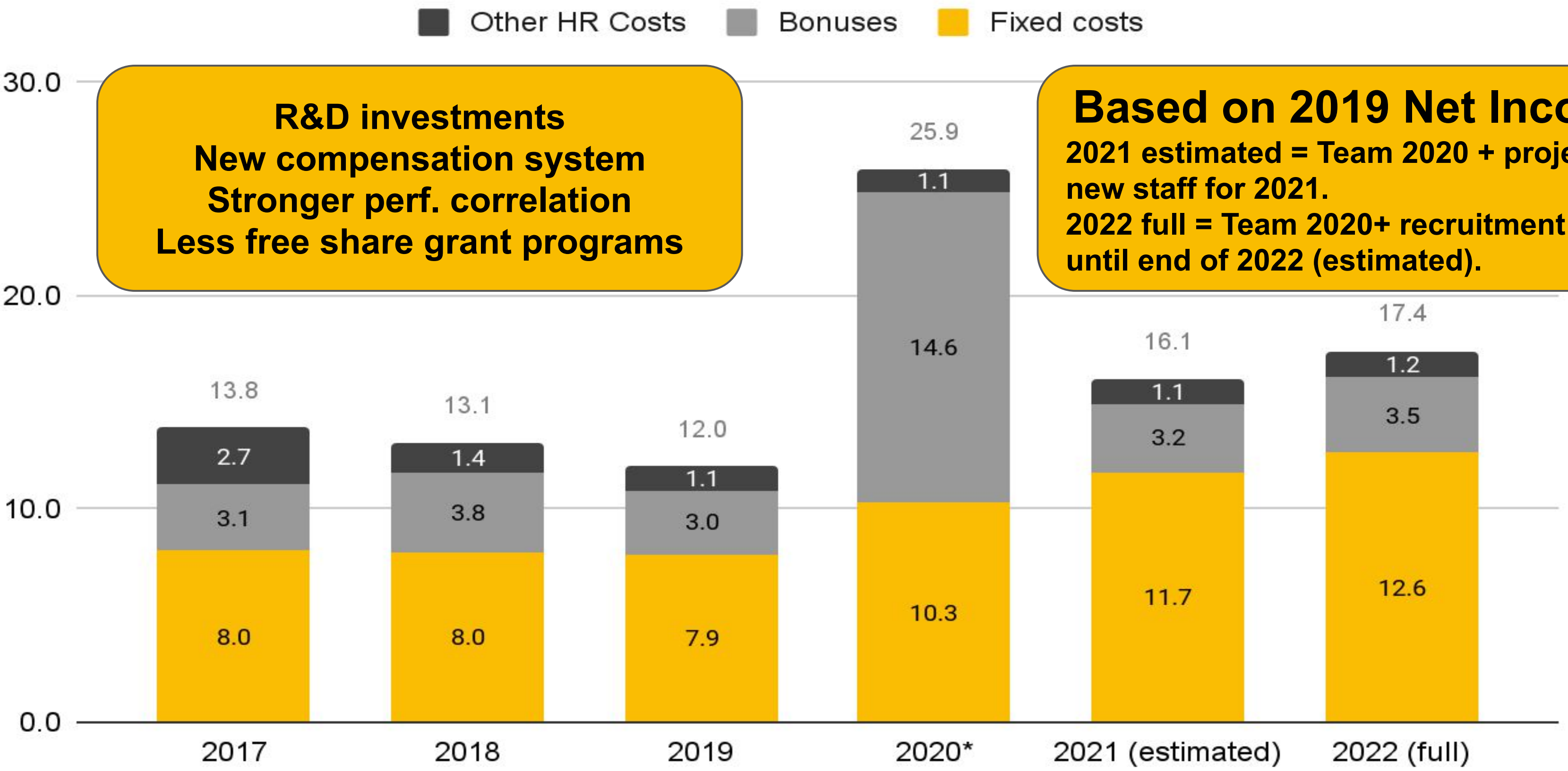

Our people are our first “Added Value” !
People
Collective Perf
Top Behaviour
Pleasure
Covid Year
Profits
Y€$!!

Recruitment market under pressure

ABC under pressure…but ABC is building "the place to be" !

18 new people in 2020 and 2021 (so far) !

HR Costs Breakdown coherent with Added Value Program



R&D investments
New compensation system
Stronger perf. correlation
Less free share grant programs

Based on 2019 Net Income

2021 estimated = Team 2020 + projected new staff for 2021.
2022 full = Team 2020+ recruitment plan until end of 2022 (estimated).

Governance

Core Business

Asset Management Strategy

Human Capital

Group Structure

Brand Strategy

Objectives

Facing
Very low vol. paradigm

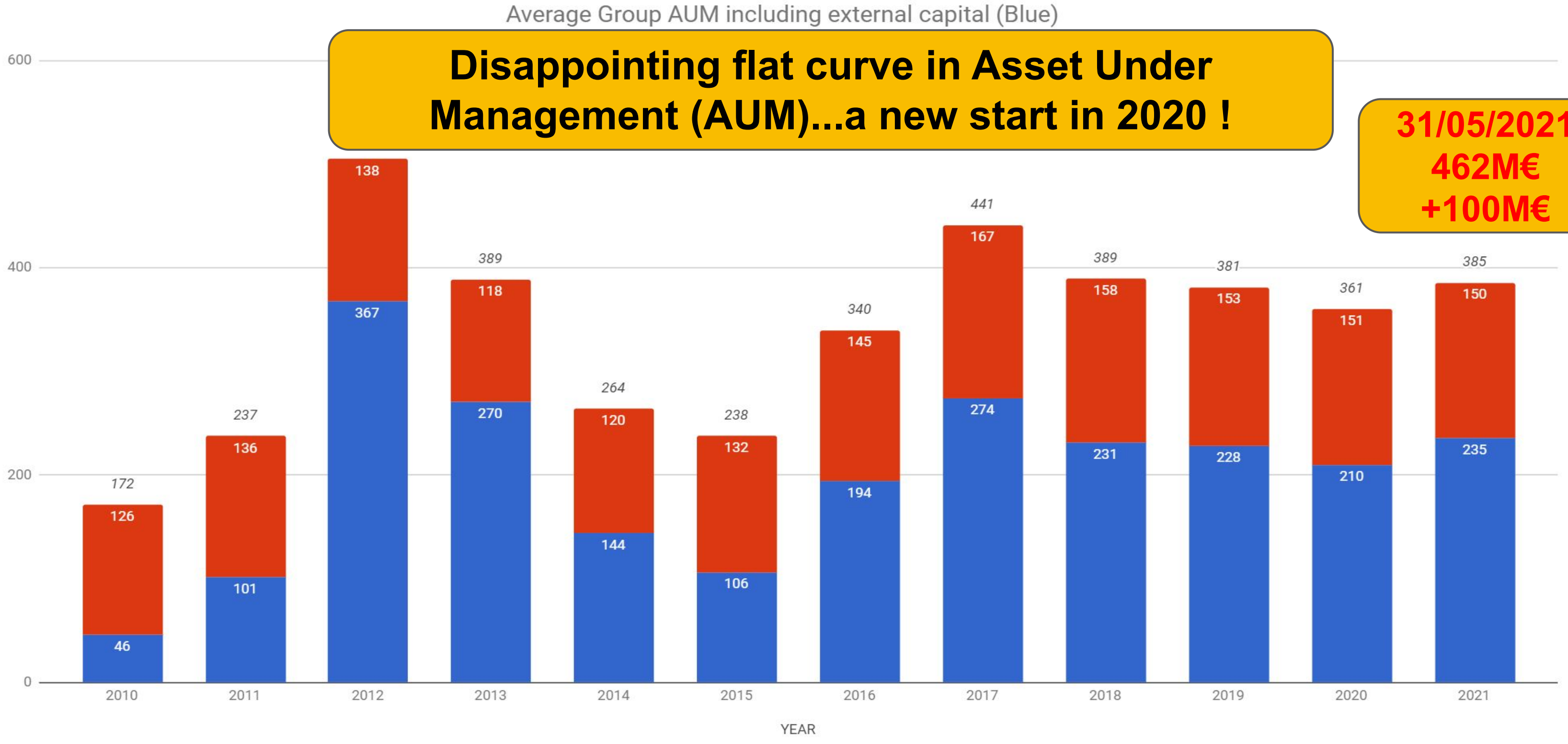
Developing
Client Turnover

Increasing company valorisation

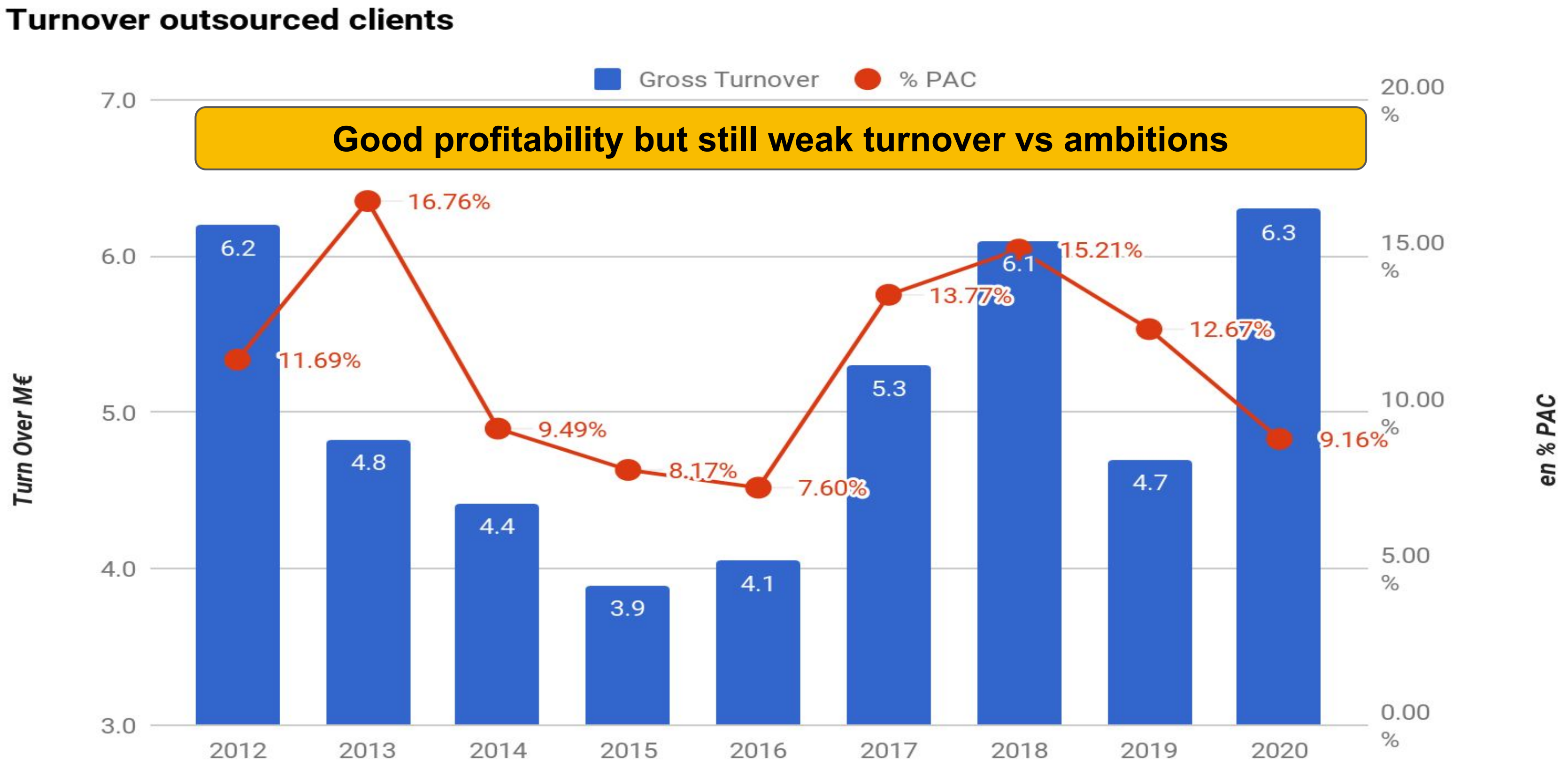
Average Asset Under Management (on year by year basis)

Disappointing flat curve in Asset Under Management (AUM)...a new start in 2020 !

31/05/2021
462M€
+100M€

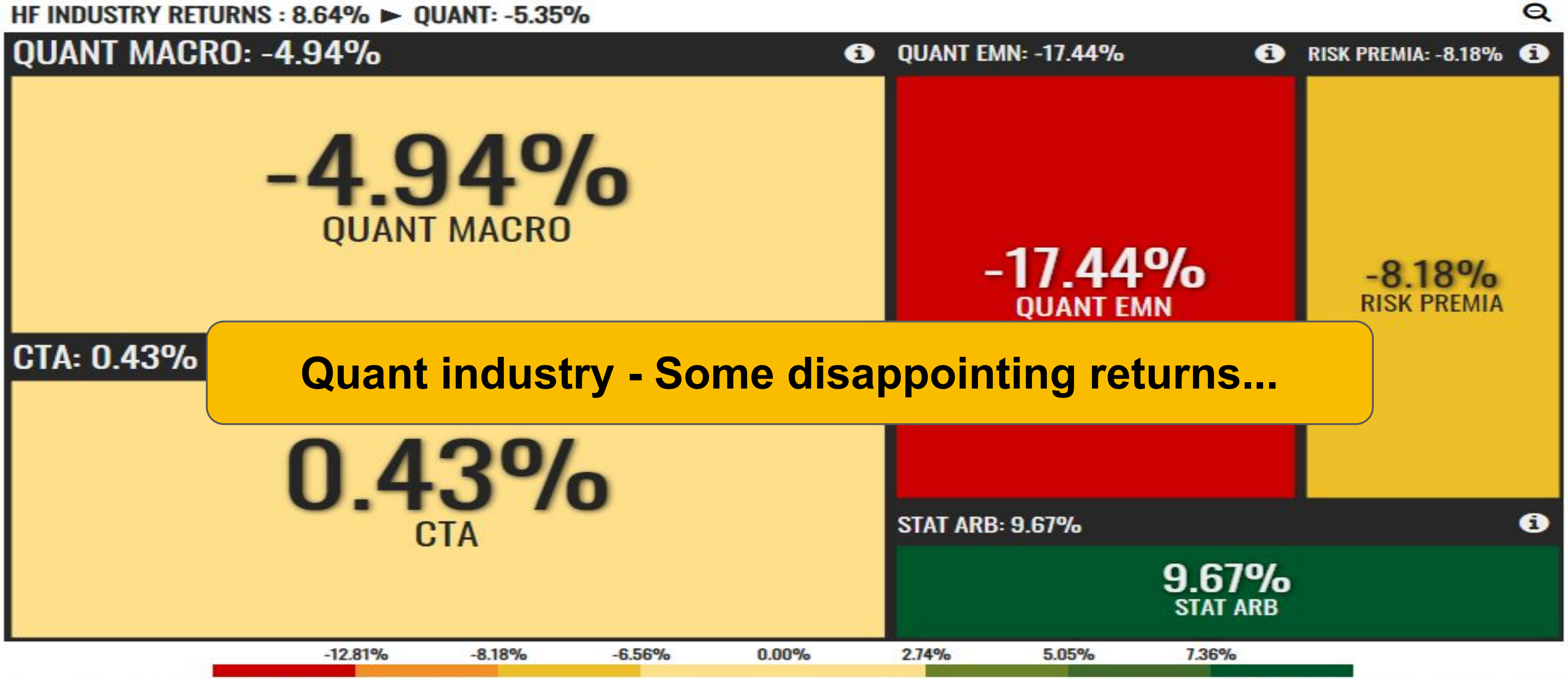


External Management & Performance Fees



Situation - Quant Hedge Fund performance by strategy – 2020 (asset weighted)

Reporting indicator of eligible funds having reported (as at 27-Jan-2021). By fund assets (Dec): 86%. By no. of funds (Dec): 73%.



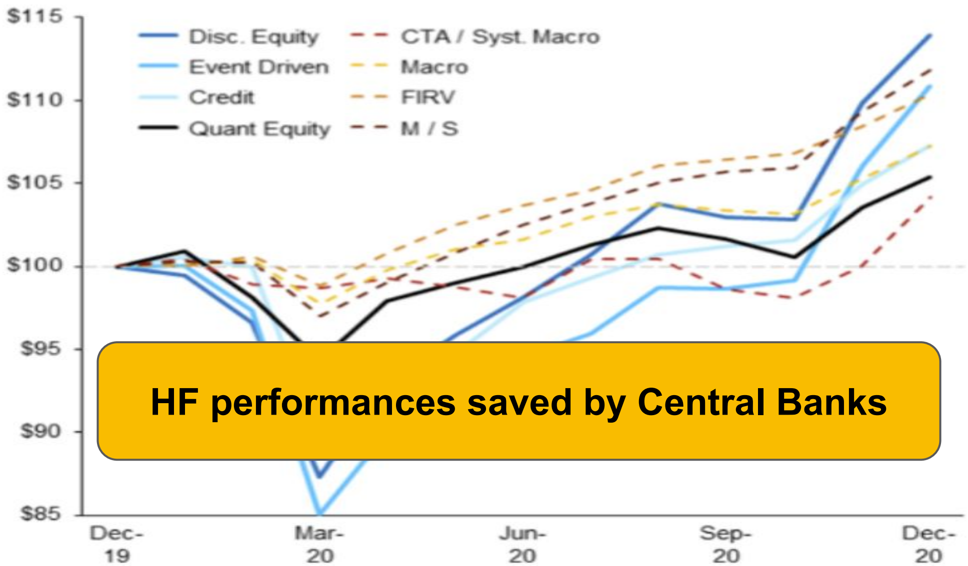
Quant industry - Some disappointing returns...

Source: Aurum's proprietary Hedge Fund Data Engine database containing data on over 4,000 hedge funds representing in excess of $2.9 trillion of assets as at June 2020. Information in the database is derived from multiple sources including Aurum's own research, regulatory filings, public registers and other database providers. Performance in the above chart is asset weighted. Box size reflects the AUM of the hedge fund industry, as tracked by Aurum. See the disclaimer and strategy definition for further details.

Hedge Fund Performance by Strategy

The 1Q20 drawdown affected each HF strategy differently, though all strategies were able to bounce back and generate positive returns in 2020

2020 Returns (indexed to $100)



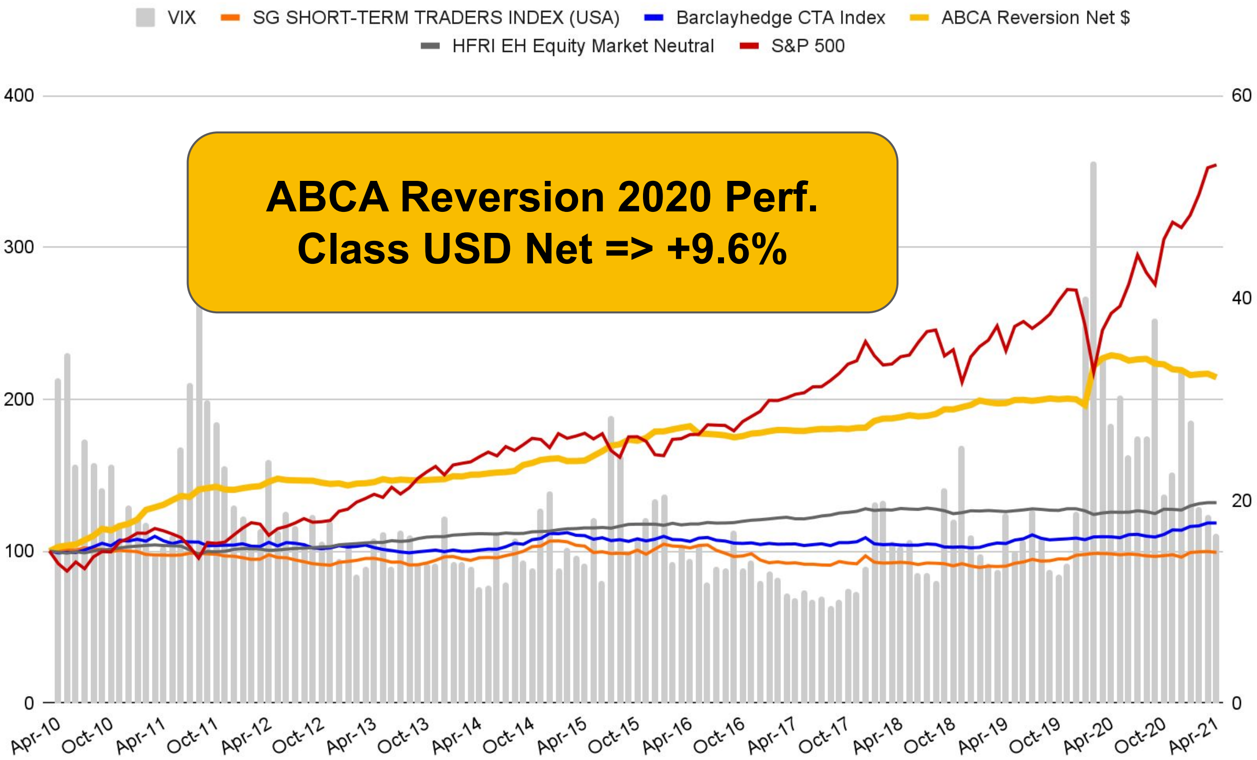
HF performances saved by Central Banks

Annualized Returns			
Strategy	**5-yr**	**3-yr**	**2020**
Disc. Equity	8%	7%	14%
Quant Equity	3%	1%	5%
Event Driven	8%	6%	11%
Credit	6%	5%	7%
Disc. Macro	4%	4%	7%
FIRV	5%	6%	10%
Syst. Macro	4%	3%	4%
Multi-Strategy	6%	6%	12%
Overall	7%	6%	12%
MSCI World	12%	11%	16%

- Event Driven, Disc. Equity, and Credit were the hardest hit strategies in 1Q20 (ranging from -10% to -15%), while FIRV, Macro, Syst. Macro, and M/S had only slightly negative performance in 1Q20 (ranging from -1% to -3%)
- Quant Equity was in the middle from a performance standpoint in 1Q20 (-6%), due to its mix of Risk Premia and Stat Arb funds
- Over the balance of 2020, each strategy overcame its drawdown and finished the year with positive returns, the 9th year since 2010 that has occurred

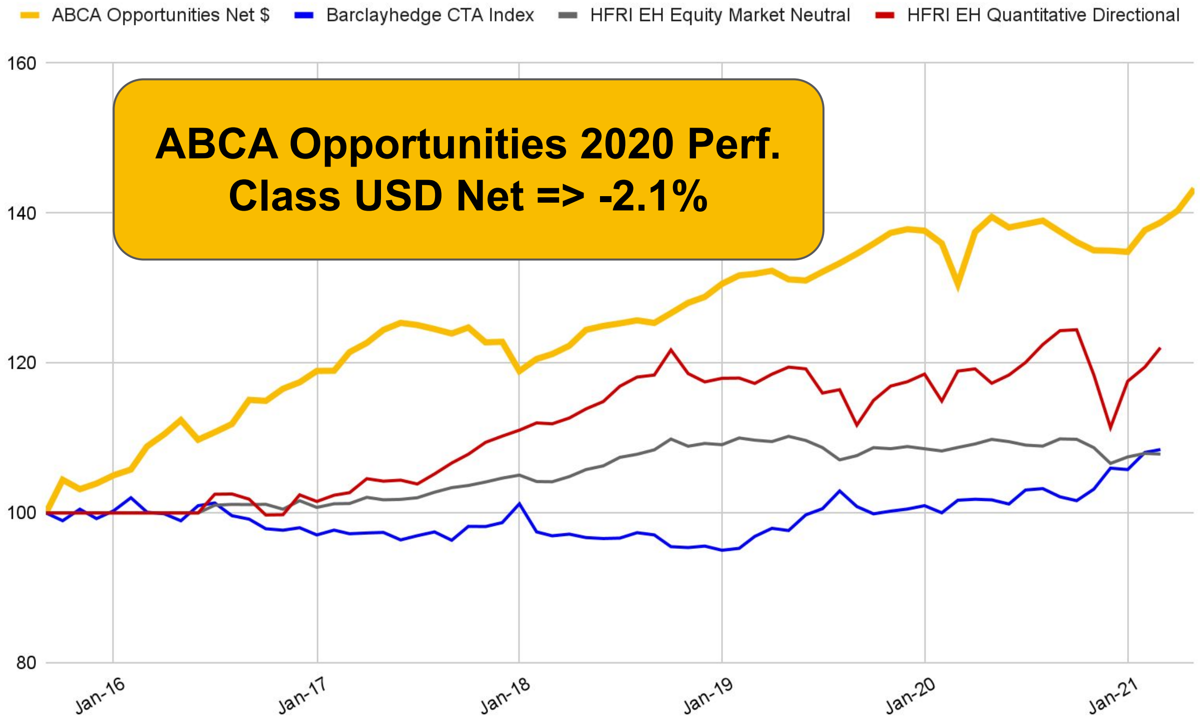
Source: HFR, HFM, Capital Solutions

ABCA Reversion performances



	Annualized Performance	Volatility
ABCA Reversion Net $	**7.04%**	**5.50%**
SG Short-Term Traders Index	0.07%	5.33%
Barclayhedge CTA Index	1.64%	4.62%
HFRI Equity Market Neutral	2.53%	2.55%
S&P 500	12.44%	13.96%

ABCA Opportunities performances

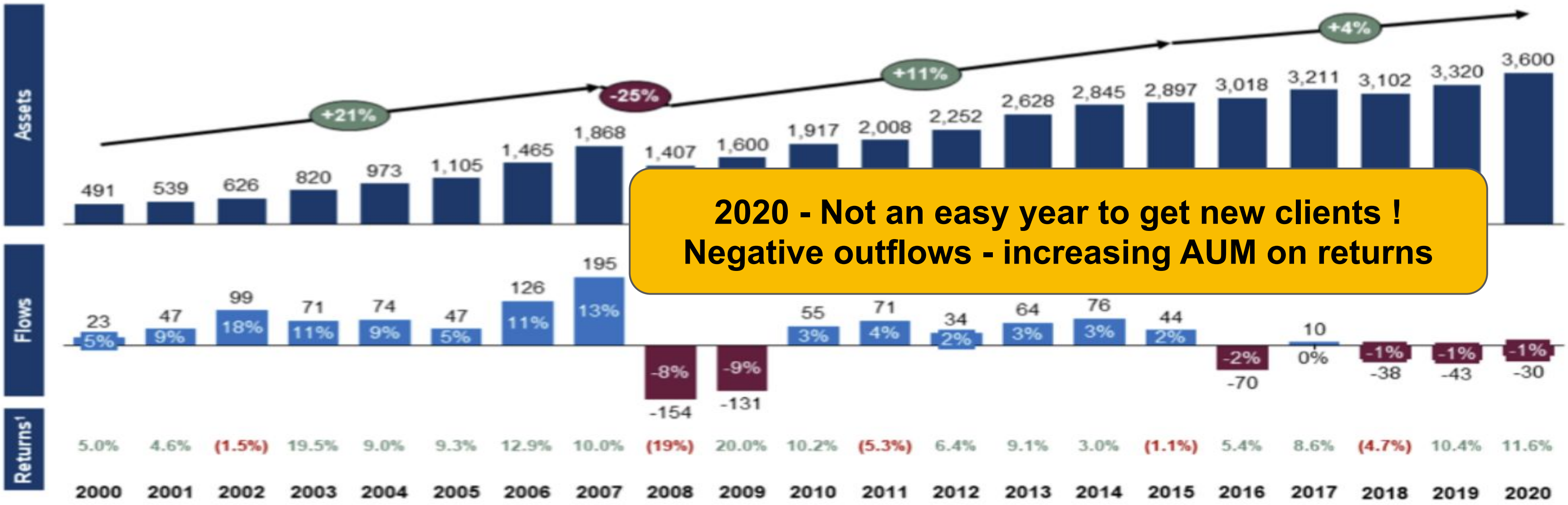


	Annualized Performance	Volatility
ABCA Opportunities Net $	**6.48%**	**4.97%**
Barclayhedge CTA Index	0.52%	4.03%
HFRI Equity Market Neutral	2.24%	2.56%
HFRI EH Quantitative Directional	7.44%	7.64%

HF Industry Status

For the HF industry, 2020 turned out to be a relatively strong year, led by reduced outflows compared to the past two years and the best performance in over a decade

Total Industry Assets, Flows, and Returns



- HF AUM reached an all time high of $3.6tn in 4Q20, ~8% growth y-o-y – the last time the industry grew this much was from 2013 to 2014
- Unlike 2013 to 2014, however, the growth in 2020 was driven solely by strong performance
- Flows were marginally negative for the third consecutive year, as investors pulled ~$30bn from HFs, though the last two quarters in 2020 both had inflows – there haven't been any quarters with inflows since 1Q18

Source: HFR, Barclays Strategic Consulting Analysis; 1) HFRI Fund Weighted Index

Building a sales team

- 3 full time people
- + CODIR Support

Developing new products and over 1Bn capacity

Developing ABC AM brand

Asset Under Management - ABC 2022 ambitions

AUM (Asset Under Management) du groupe

Total AUM (en m€)	Fin 2019	=>	Fin 2020	=>	Fin 2021	=>	Fin 2022
	310		350		670		1000

2020 Eoy @350M€ vs 470M€ targeted

Targeting a net return of 2%

Gross PnL Clients Externes du groupe

Revenu MF/PF (en m€)	2019	=>	2020	=>	2021	=>	2022
	4.7		6.3		8 - 12		12 - 18

Hors Client Quartys

Governance

Core Business

Asset Management Strategy

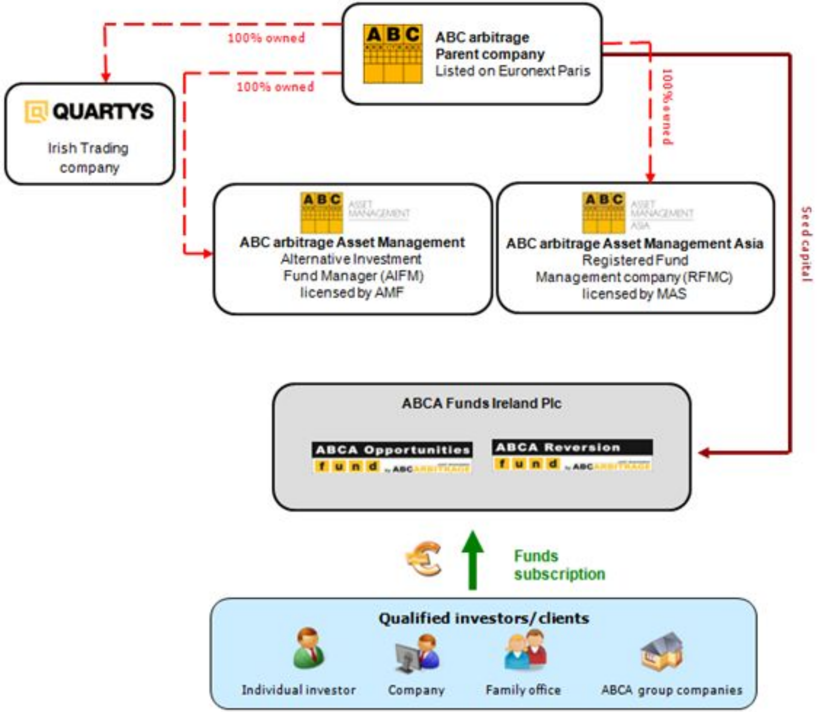
Human Capital

Group Structure

Brand Strategy

Facing Competition under french regulations & 24/24 working capacity

- ➢ 2012 - Financial industry jeopardized in France.
- ➢ 2014 - Bale III requirements not catered for by french insolvency laws challenge an essential part of the ABC business.
- ➢ Working in the same environment as our competitors.
- ➢ New group structure built with lawyers & specialized firms.
- ➢ Under verification process every 2 years.



Modification of our Transfer Pricing Policy (TPP)

- ➢ End of the tax risk (set out in our 2019 and 2020 consolidated financial statements - paragraph 3.7 provision for risks and liabilities)
- ➢ TPP modification for 2015 to 2020 years & for future years
- ➢ 2% negative impact for the 2015 to 2020 results
- ➢ Total impact on FY 2021 for 3M€ (estimated +/- 200K€)
- ➢ External Assets under management are not concerned
- ➢ **Confirmation of Group structure => Excellent news !**

ABC 2022 - Corner Stones

Governance

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Brand Strategy

Core business objectives

Increasing Gross Profits strongly
→
New assets like crypto, ETF
Developing Commo.
Improving our histo. know-how

Facing Very low vol. paradigm
→
Mutualisation
Different assets & strategy
Developing Turnover

Developing Management capacity (GCT)
→
Tailor made products
Out of the box ABC quant strat.

140
120
100
80
60
40
20
0
07/06/2016
07/08/2016
07/10/2016
07/12/2016
07/02/2017
07/04/2017
07/06/2017
07/08/2017
07/10/2017
07/12/2017
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07/08/2019
07/10/2019
07/12/2019
07/02/2020
07/04/2020
07/06/2020
07/08/2020
07/10/2020
07/12/2020
07/02/2021
07/04/2021
WTI Volatility
BTCUSD Volatility
S&P 500 Volaility
Looking for volatility…
… go north !!

Cryptomonnaies. Au Salvador, le bitcoin pourrait devenir une monnaie officielle

AMÉRIQUES 〉 ÉCONOMIE 〉 SALVADOR 〉 **LA PRENSA GRÁFICA - SAN SALVADOR**

Publié le 07/06/2021 - 12:28

Opinion **Cryptocurrencies**

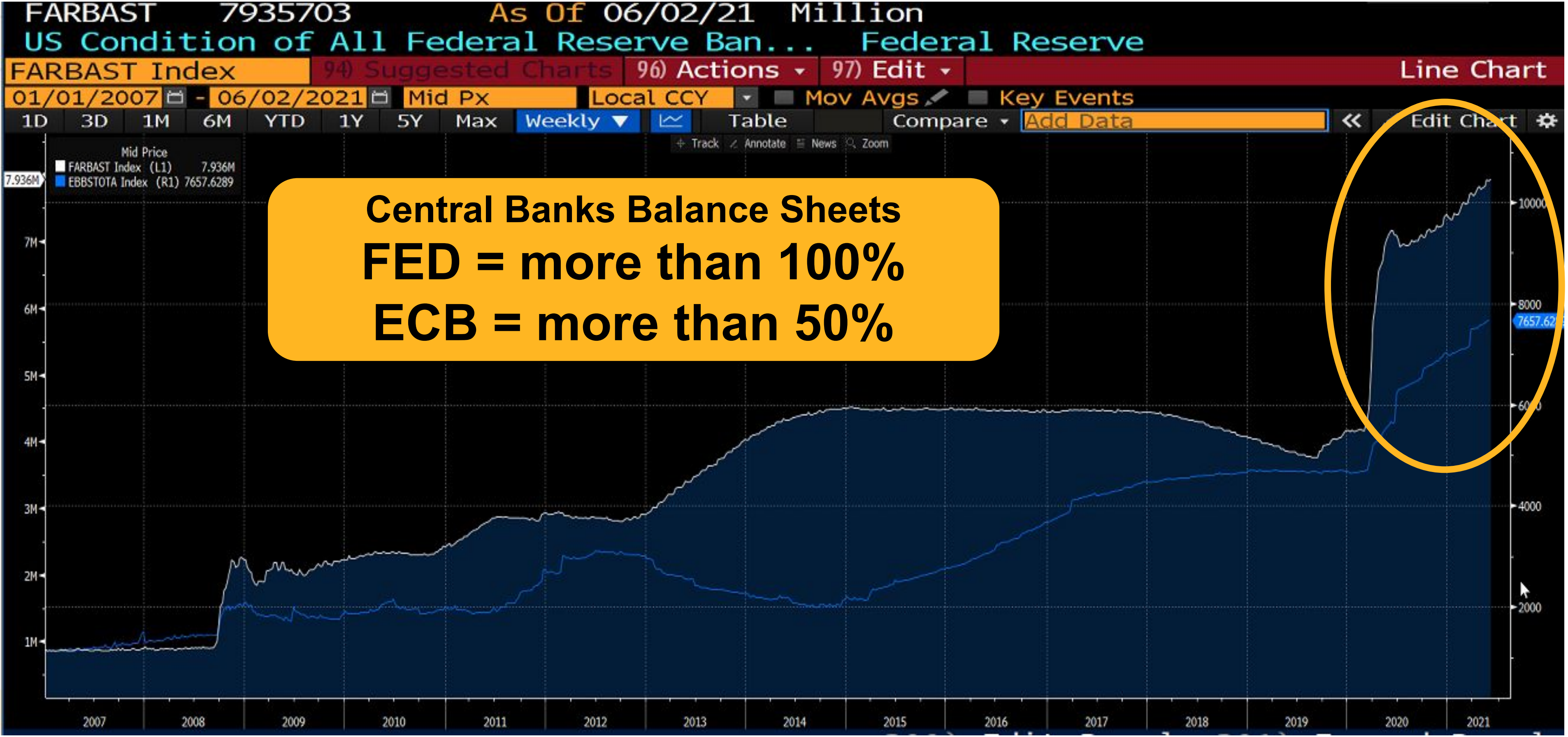
Bitcoin lacks a solid foundation as an international currency

For millennia, money has acted as a store of value as well as reducing transaction costs — crypto does neither

technologic asset, not a mature market, strong development in progress…to be continued !

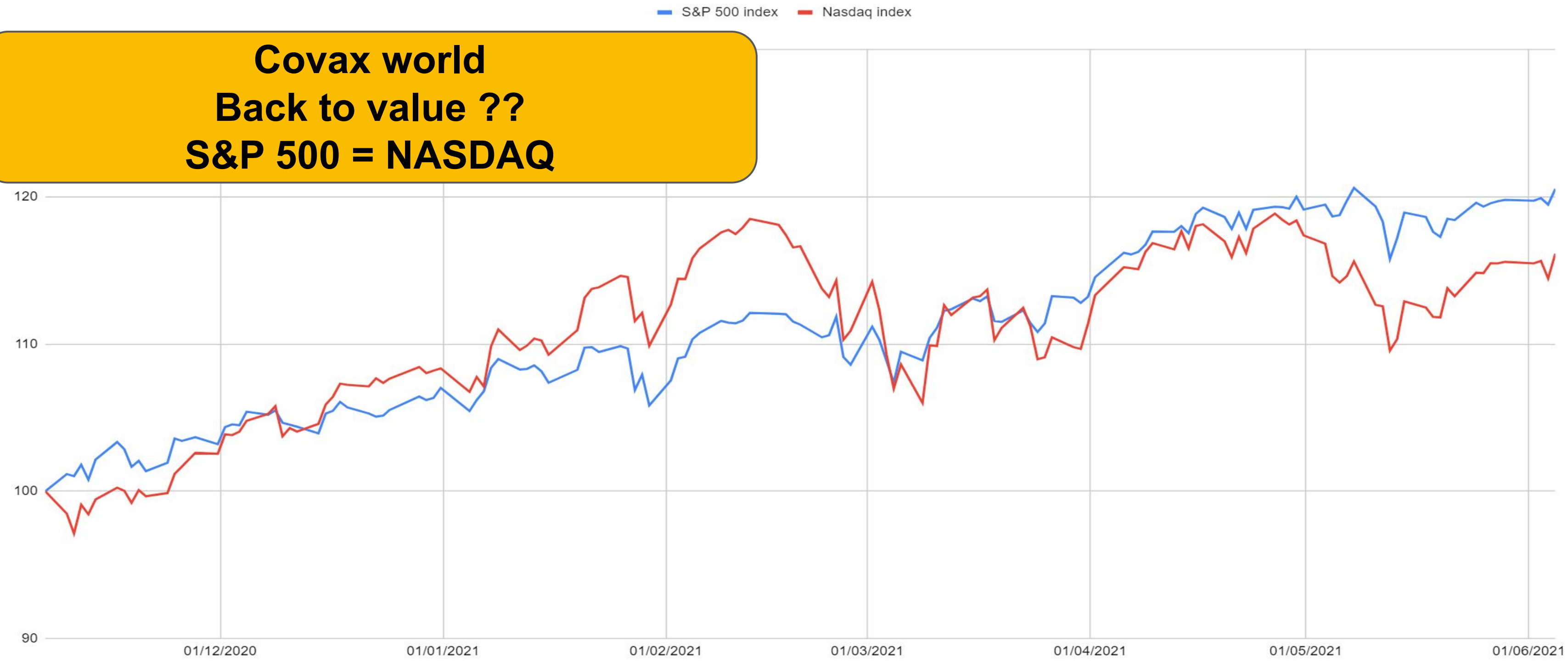
2.5. 2021 - ECB, COVAX & Sun

Still in a central banks paradigm



Performance since 9 nov. 2020 : on Nov. 9, Pfizer Inc. and BioNTech SE announced that the vaccine they are developing has prevented more than 90% of COVID infections in their trial

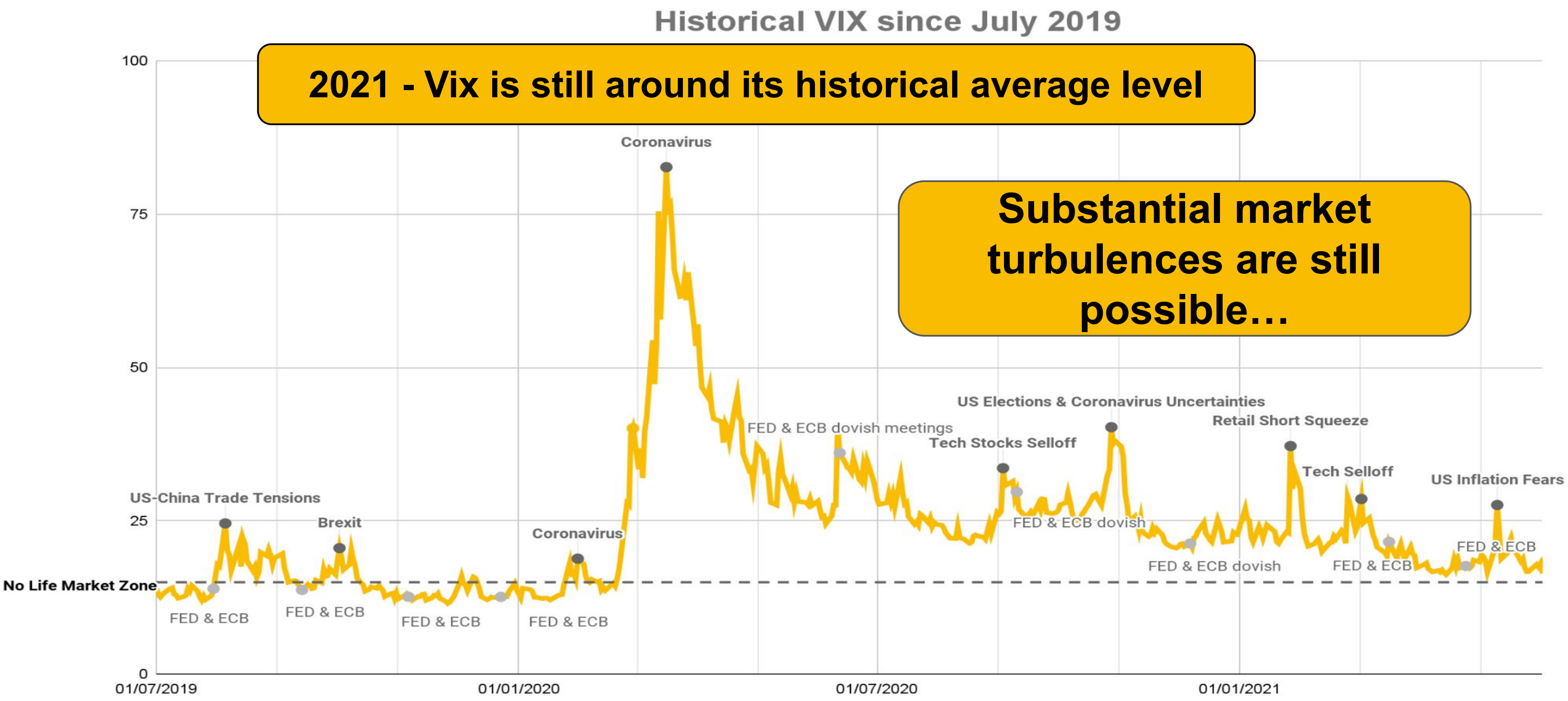
Covax world
Back to value ??
S&P 500 = NASDAQ



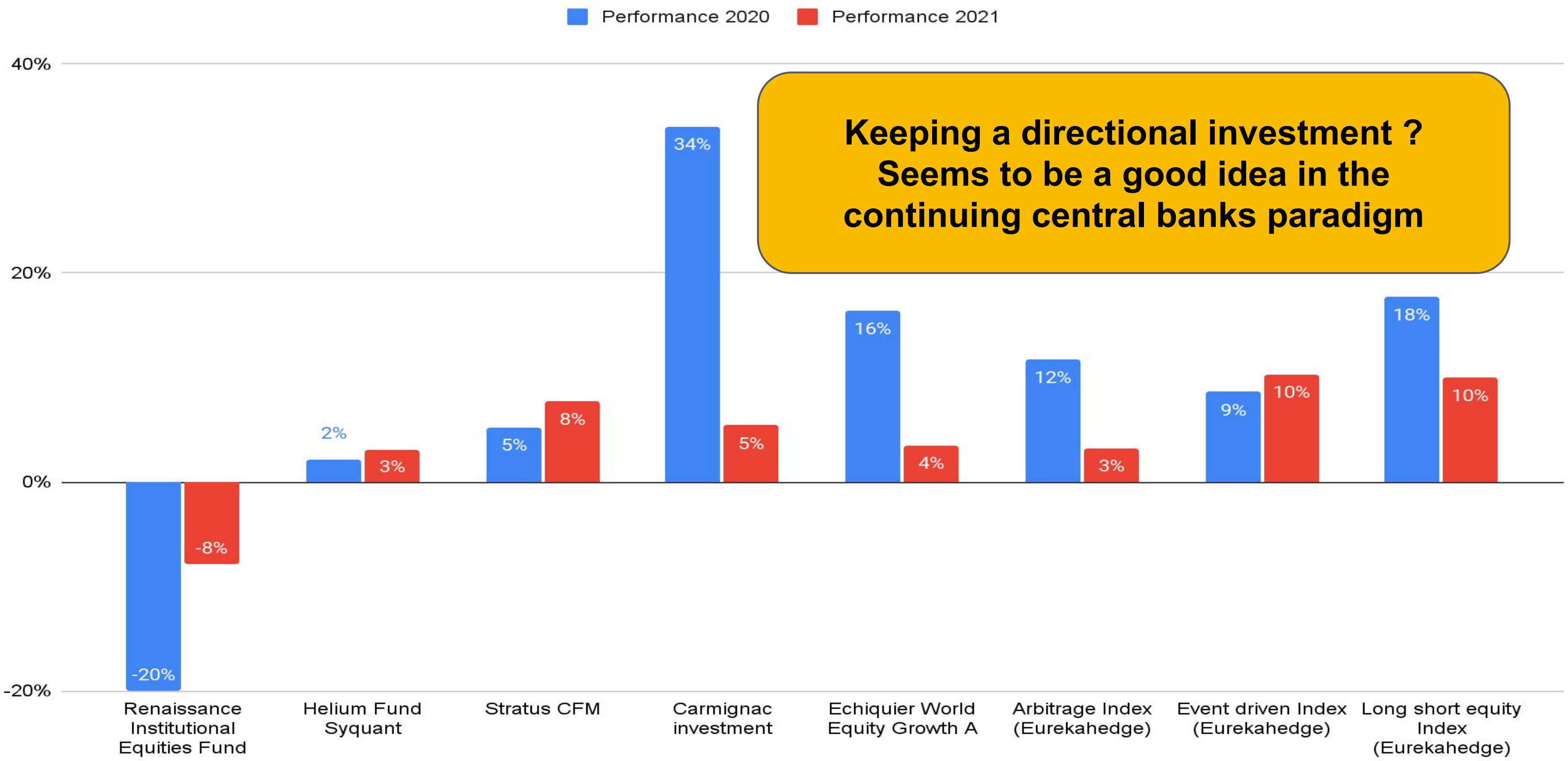
New kind of investors = New kind of volatility !

Open	258.00	Mkt cap	19.82B	Prev close	248.36
High	282.00	P/E ratio	-	52-wk high	483.00
Low	255.20	Div yield	-	52-wk low	3.77

Volatility - 2020 & 2021



Asset management performances

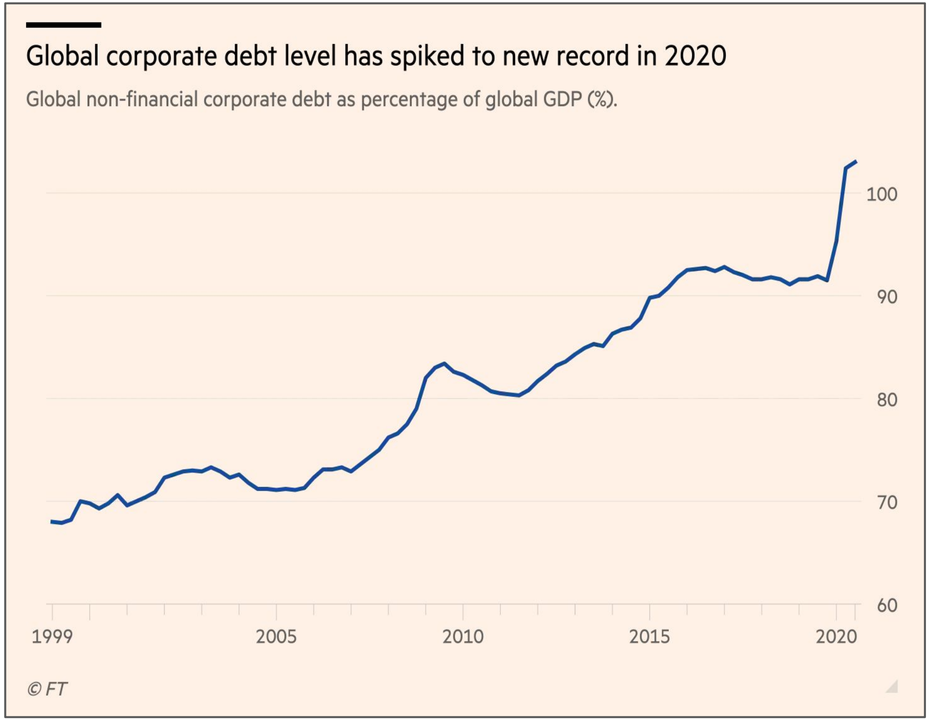


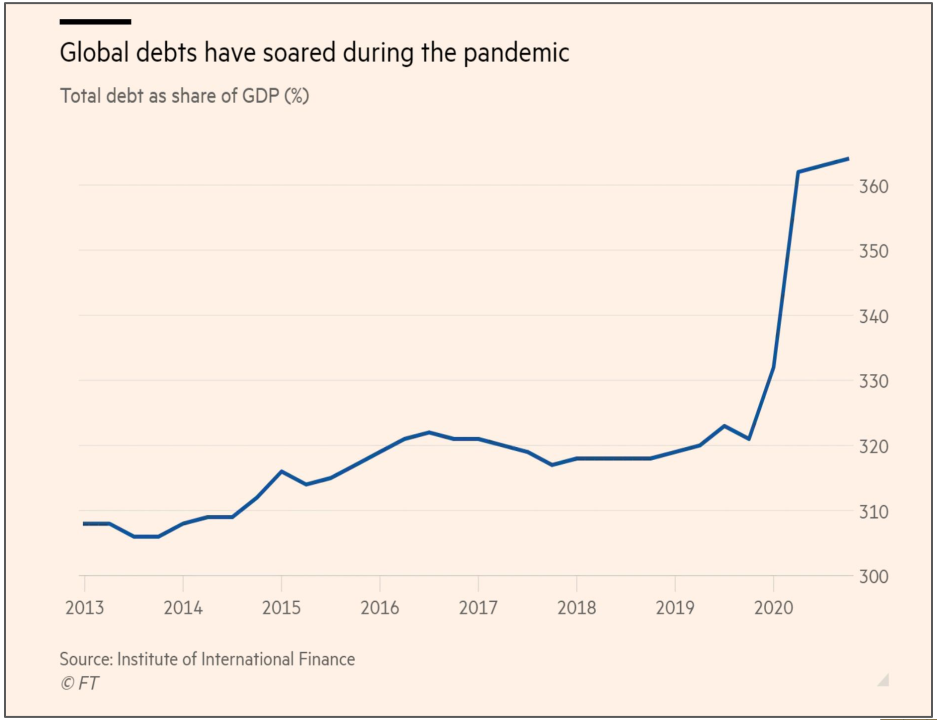
Keeping a directional investment ?
Seems to be a good idea in the continuing central banks paradigm

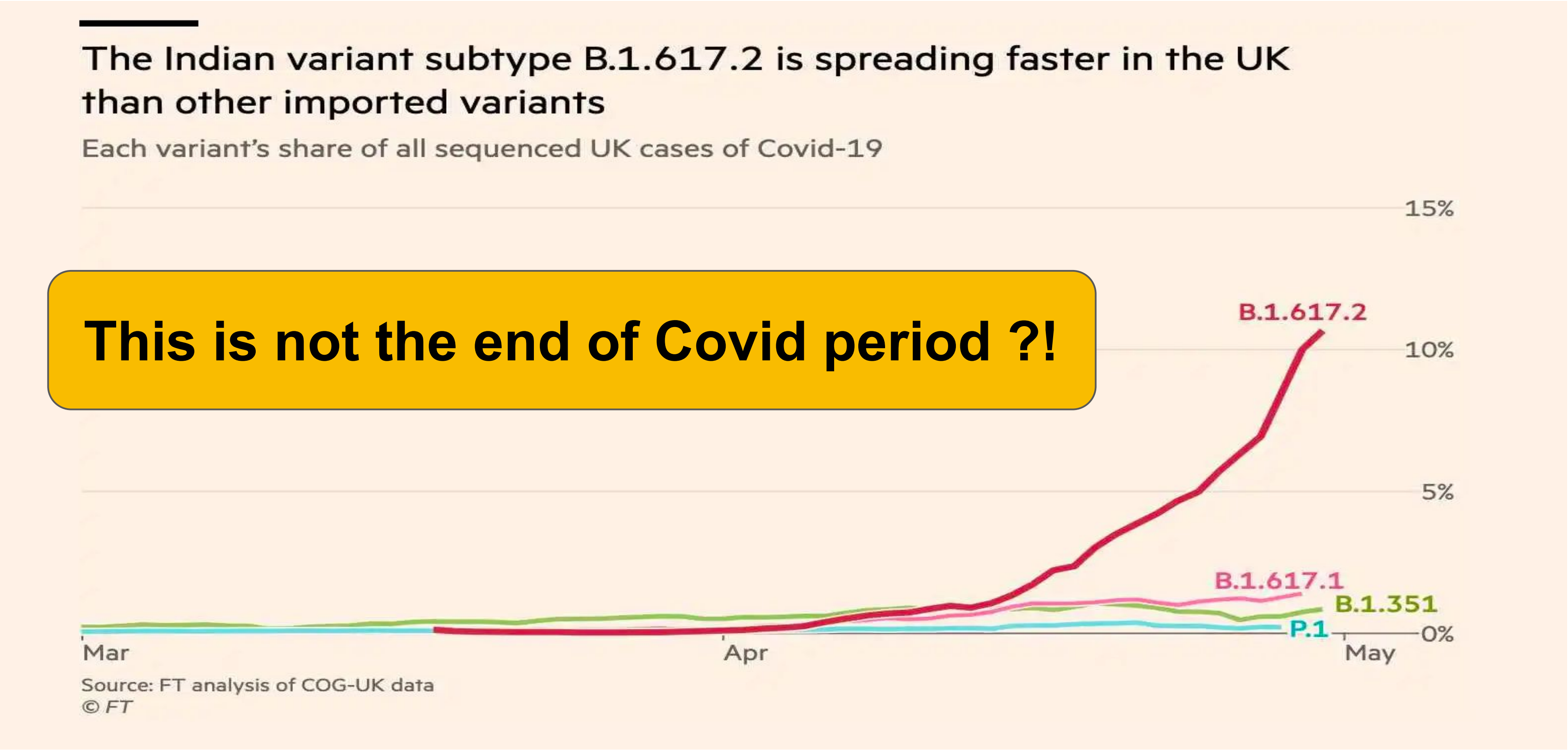
Inflationary shock ?

Some strong changes but FED is still here...and all the big central banks too !

And if rates go up ??

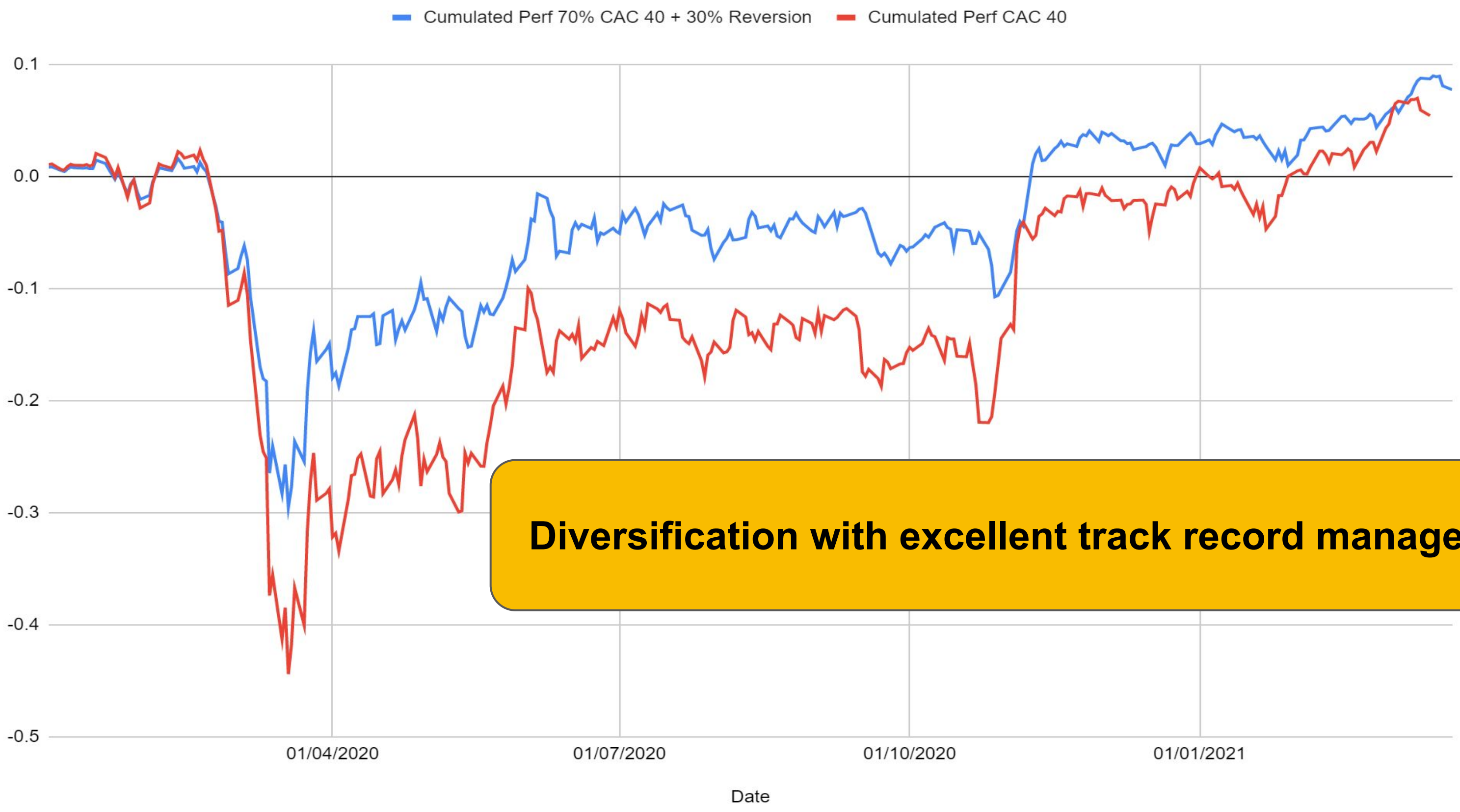






This is not the end of Covid period ?!

Hedge your portfolio !!



Diversification with excellent track record managers !

2021 - A very good start on ABC group activity !

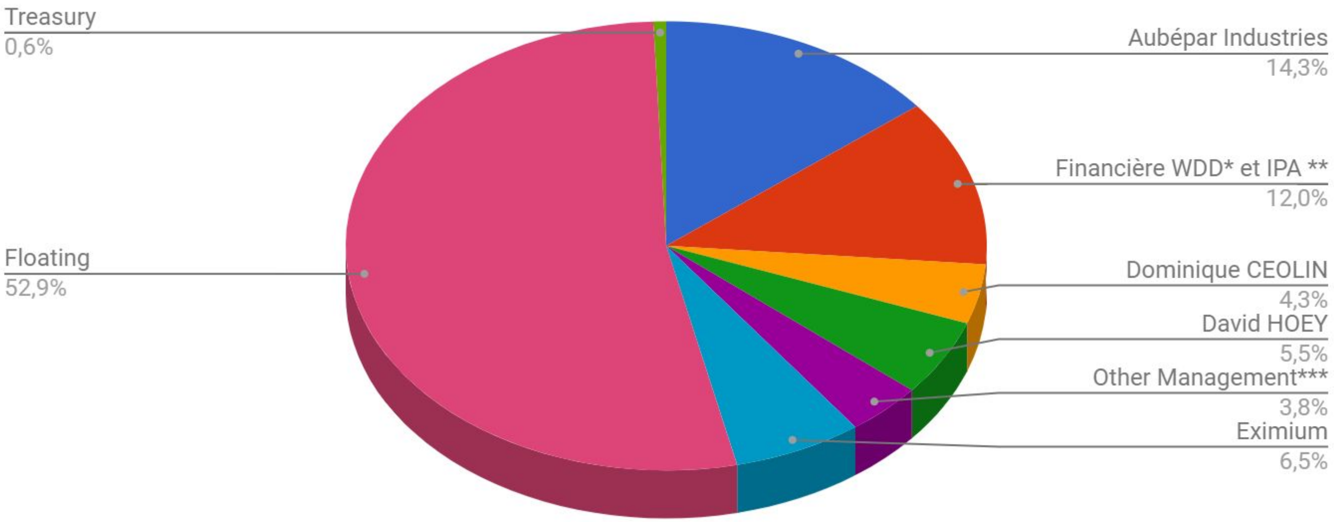
2021 first 5 months average*
=
2020 average month

*** Without the specific 3M€ impact from 2015 to 2020 years**

2.6. ABCA Shares & dividends

Shareholders breakdown

Share ownership as of 31/12/2020

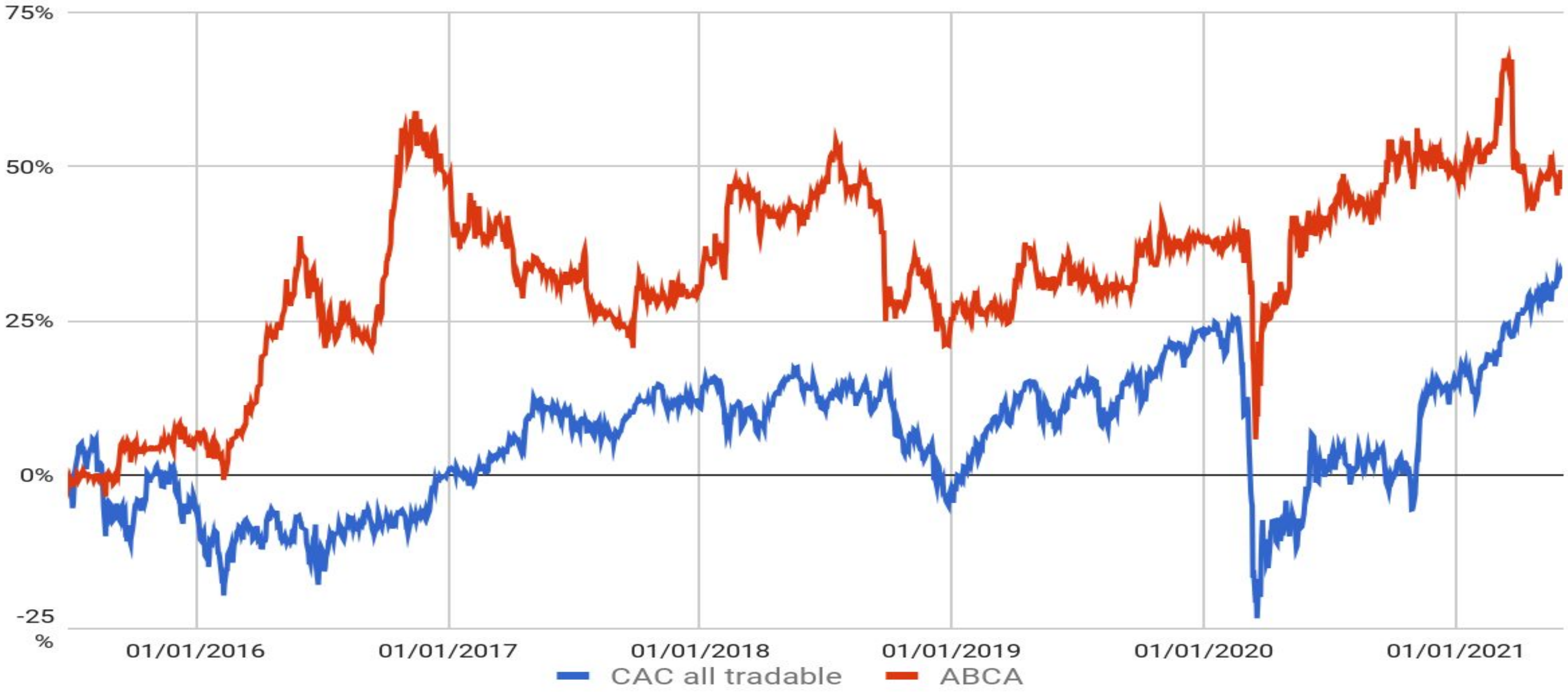


** Holding company 50.01% held by Dominique Ceolin*

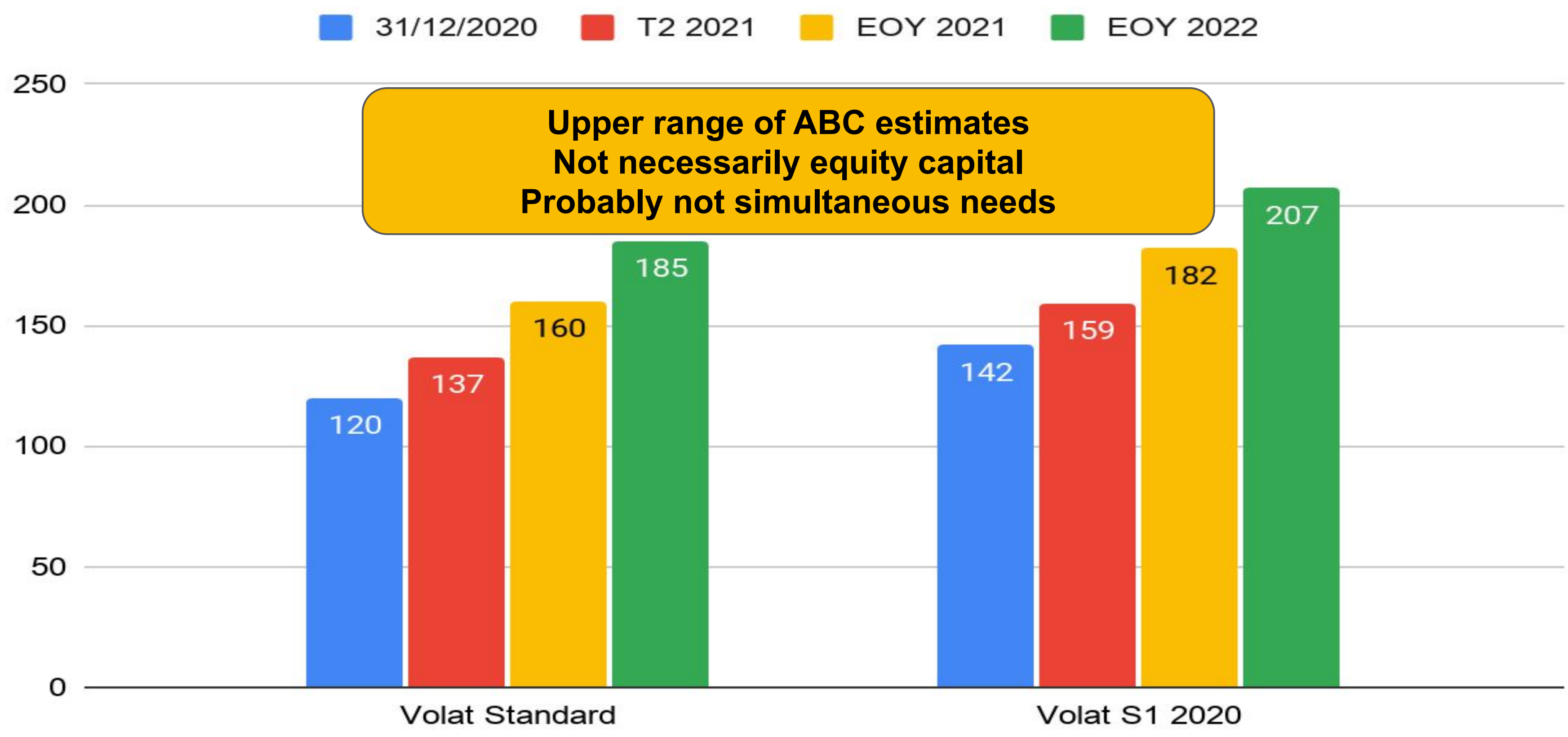
*** IPA (Investissements et Prestations Administratives) is a company acting in concert with Financière WDD, owning 0.6% of the capital*

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

Historical share prices



Estimated upper range of needs in equity capital



Quarter Distribution Program

0.48*€ FY2020

0.10€ - Ex-date 6 Oct. 2020
0.10€ - Ex-date 8 Dec. 2020
0.10€ - interim dividend - ex-date 13/04/2021
0.18€ - 2020 final dividend*** - FY2020 distribution 0.48€**
0.10€ - Ex-date Oct. 2021
0.10€ - Ex-date Dec. 2021

Distribution from 2000 = 9.86€

** Consolidated payout ratio = 80 %*
*** To be voted in Annual General Meeting - 11 June 2021*
**** Modalities and timing of this dividend will be disclosed after AGM's approbation and Board meeting - 11 June 2021*

3. Questions des actionnaires sur la présentation de l'activité

4. Présentation des résolutions

AGO 2021 – 1ère résolution

L’assemblée :

- Prend acte des différents rapports du conseil d’administration et des commissaires aux comptes
- Approuve les comptes sociaux 2020 *(bénéfice net de 11 682 317 €)*

AGO 2021 – 2ème résolution

- ❑ Approbation des comptes consolidés de l'exercice 2020 *(bénéfice net de 35 093 498 €)*

AGO 2021 – 3ème résolution

- ❑ Affectation du résultat de l'exercice 2020
- ❑ Distributions 2020 : 0,48 € par action
  - *Acompte de 0,10 € (Octobre 2020)*
  - *Acompte de 0,10 € (Décembre 2020)*
  - *Acompte de 0,10 € (Avril 2021)*
  - *Solde de 0,18 € (Juillet 2021)*

AGO 2021 – 4ème résolution

- Option pour les actionnaires, en cas de distribution de dividende afférent à l'exercice 2020 et d'acomptes à valoir sur le dividende 2021, de les percevoir en actions

AGO 2021 – 5ème et 6ème résolution

- Distributions 2021 : 0,20 € par action

Versement 0,10 € (Octobre 2021)
Versement 0,10 € (Décembre 2021)

AGO 2021 – 7ème résolution

- ❑ Non renouvellement du mandat de Madame Marie-Ange VERDICKT en qualité d’administrateur

AGO 2021 – 8ème résolution

- Proposition de nomination de Madame Sophie GUIEYSSE en qualité d'administrateur indépendant

AGO 2021 – 9ème résolution

- ❑ Renouvellement d'un commissaire aux comptes titulaire

AGO 2021 – 10ème résolution

- ❑ Non renouvellement d'un commissaire aux comptes suppléant

AGO 2021 – 11ème résolution

- ❑ Constat de l'absence de conventions et engagements réglementés

AGO 2021 – 12ème résolution

- Approbation des informations mentionnées au I de l'article L.22-10-9 du Code de commerce et relatives aux rémunérations versées au cours ou attribuées au titre de l'exercice clos le 31 décembre 2020 aux mandataires sociaux

AGO 2021 – 13ème résolution

- Approbation des éléments fixes, variables et exceptionnels composant la rémunération totale et les avantages de toute nature versés au cours ou attribués au titre de l'exercice clos le 31 décembre 2020 à Monsieur Dominique CEOLIN, à raison de son mandat de président-directeur général — *vote ex-post*

AGO 2021 – 14ème résolution

- Approbation des éléments fixes, variables et exceptionnels composant la rémunération totale et les avantages de toute nature versés au cours ou attribués au titre de l'exercice clos le 31 décembre 2020 à Monsieur David HOEY, à raison de son mandat de directeur général délégué — *vote ex-post*

AGO 2021 – 15ème résolution

- Approbation de la politique de rémunération de Monsieur Dominique CEOLIN président directeur général — *vote ex-ante*

AGO 2021 – 16ème résolution

- Approbation de la politique de rémunération de Monsieur David HOEY directeur général délégué — *vote ex-ante*

AGO 2021 – 17ème résolution

- Approbation de la politique de rémunération des administrateurs et censeur - *Vote ex-ante*

AGO 2021 – 18ème résolution

- Autorisation donnée au conseil d'administration à l'effet d'opérer sur les actions de la société dans le cadre du dispositif de l'article L22-10-62 du Code de commerce

- Durée de l'autorisation : 18 mois

AGE 2021 – 19ème résolution

- Modification de l'article 11 des statuts – Conseil d'administration à l'effet de modifier la durée du mandat des administrateurs

- Mandat d'une durée fixe de 4 ans à un mandat d'une durée **modulable** jusqu'à 4 ans maximum

AGE 2021 – 20ème résolution

- Pouvoirs

5. Questions de compréhension relatives aux résolutions

6. Annexes

Liste des documents à disposition - AGM 2021

- ❑ Rapport Financier Annuel 2020
- ❑ Avis de convocation / avis de réunion
- ❑ Rapport du conseil sur les résolutions
- ❑ Rapport des CAC sur les conventions réglementées
- ❑ Rapport spécial du CA sur les APE
- ❑ Rapport spécial du CA sur les SO
- ❑ Rapport bilan participation
- ❑ Liste des mandats
- ❑ Exposé sommaire de la société
- ❑ Descriptif programme rachat
- ❑ Rapport sur la politique de rémunération