September 2017

MONTHLY REPORT

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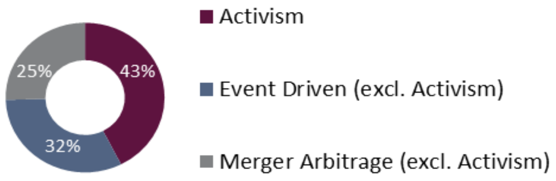
Monthly Performance +1.26%

Key Data

Number of positions	17
Number of winning positions	8
Number of losing positions	1
Number of neutral positions	8
Invested capital	82%
European positions	94%
North American positions	6%



The Fund

CIAM is an AIFM investment manager running a Luxembourg Event Driven fund around M&A and Corporate Events mainly in Europe. The objective is to have between 15 and 20 positions. The portfolio includes 2 categories : the "Merger Arbitrage" pocket composed of officially announced transactions (Classic, Stressed Deals and Bump/Counter-Offer), yielding between 10% and 20% annualized, and the "Event Driven" category which has a much wider scope around Corporate Events (special situations) and carrying a high potential return profile of between 2% and 5% per position (i.e. between 10% and 50% annualized). Activism can be pursued in all of these categories.

Fund Commentary

In September, European stock markets went up again despite the political unrest in Spain, and consequently realised volatilities crashed to their lowest.

The portfolio kept performing well despite the cost of carrying the put hedges, its largest loss on the period.

17 positions made-up the performance over the month. The number of announced M&A transactions was down again: only 10 globally, 3 in Europe and only one above $ 10 billion, the takeover of Rockwell Collins by United Technologies. The aerospace sector keeps consolidating…

Compagnie des Alpes resumed its gains after Fosun announced that its expansion plan wouldn’t be tamed by the decision by Chinese authorities to limit foreign acquisitions, and that their currently deals wouldn’t be shelved. Considering these statements and recent press articles on the subject, it seems more than likely that negotiations between Fosun and Compagnie des Alpes have been going on for some time. We remain convinced that the deal should be concluded by year-end.

We invested again in Cabela’s shares, still very volatile amidst Bass’ bid. The Fed should indeed authorize the sale of Cabela’s credit card business to Synovus Financial to make its own takeover by Bass possible. This authorization by the Fed was already expected back in July, and the delay caused a drop of the stock of over 15% in August, amidst fears that the final validation would only occur after the “walking date” of the 2nd of October. Thereafter, the 2 companies wouldn’t have been tied anymore and could have walked-away from the deal without incurring break-up fees. As Cabela’s reported disappointing figures lately, the market started considering that Bass was overpaying to take the company over and that the PE funds that were financing a part of the bid would walk-away, putting an end to the transaction. We seized the opportunity to buy Cabella’ shares in the dip and then waited for the Fed to authorize the sale of the credit card business and the transaction to be finalized.

Sky continued to drop as the Secretary of State Karen Bradley officially referred the deal to the CMA for an in-depth review on both grounds: broadcasting standards as well as media plurality. The Secretary of State extended the review despite Ofcom’s conclusions that the company would remain a fit and proper broadcast license holder if Fox takes full control. Therefore, the surprising decision to refer on broadcasting standards shows that Karen Bradley is being cautious facing criticism from the labor leaders. By asking CMA a thorough review on both grounds the SoS is taking a cautionary approach, to avoid criticism and the threat of a judicial review. This decision is therefore political, in a context where UK parliament tensions rise. The statutory deadline for the CMA review is planned for March 6th.

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M&A Environment

The value of mergers & acquisitions globally dropped in the third quarter by 5% year on year, according to Thomson Reuters. Big deals worth more than $10 billion were scarce given the uncertainty on the economic policy, especially in the US, but still leaving dealmakers with some numerous smaller transactions. A number of uncertainties weighted on chief executives' appetite to take risks, including US president Donald Trump's agenda on taxes, healthcare and infrastructure spending, Britain's Brexit talks and North Kora's nuclear ambitions.
However, private Equity firms accepted expensive valuations and took advantage of cheap debt financing terms to spend the mountains of cash they have raised from investors on new acquisitions. Global M&A activity backed by private equity has increased by 25% in the first 9 months of the year compared to last year, and reached the highest since 2007. Multiple dealmakers recently told the FT that they expect to see a private equity deal $10 billion or more, targeting a publicly traded company before the end of the year.
M&A in the energy and power sector hit a two-year high so far in 2017, up 7% over the same period from 2016. And M&A in the industrial sector totaled a record-breaking level, up 21% compared to this time last year.
In Europe, two major pan-European mergers were announced last month: the merger between Alstom and Siemens, to create the new "Airbus" of the rail industry and the get-together of STX and Fincantieri in the shipyard industry. These two pan-European transactions could initiate a new trend and open the way for the birth of strong European leaders in other sectors such as energy, banks or telecoms.

Performance CIMA Opportunities

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2013									0.46	0.24	0.97	0.02	1.71%
2014	-2.37	3.93	5.13	1.39	2.36	0.23	1.23	0.83	-0.20	-2.23	2.03	1.59	14.55%
2015	0.13	1.48	1.75	1.87	2.89	-0.43	0.25	0.05	-3.07	3.21	-0.65	2.11	9.84%
2016	-1.62	-0.77	3.38	0.26	-2.78	-1.62	-1.23	0.45	-1.55	-3.16	4.34	3.52	-1.12%
2017	1.86	10.01	1.04	0.38	2.88	2.38	-0.72	1.15	1.26				21.72%

Net of all fees and expenses

Cumulative return since September 2013 : 54.01%

Fund Caracteristics

Structure	SIF	Subscription	monthly (5-day notice)	Management Fee	2%
Domiciliation	Luxembourg	Redemption	monthly (5-day notice)	Performance Fee	20%
ISIN Code	LU0523270758			High watermark	yes
AMF Visa	GP09000013	Primebroker	Morgan Stanley	Launch of the first fund	Sept 2010
CSSF Visa	2010/65988-6689-0-PC	Administrator	Caceis Luxembourg		
Currency	€				