



FCP under French law

ANNUAL REPORT

CANDRIAM RISK ARBITRAGE

As at 30 December 2022

Management company: CANDRIAM

Auditors: PRICEWATERHOUSECOOPERS AUDIT

CANDRIAM - 19-21 route d'Arlon - L-8009 Strassen - Grand Duchy of Luxembourg

Characteristics of the UCI

Legal form

Fonds Commun de Placement (FCP) under French law.

Description of the units

Description	ISIN code	Allocation of distributable income	Currency	Minimum initial subscription (*)	Minimum subsequent subscriptions	Original net asset value	Type of subscriber
C	FR0000438707	Capitalisation	EUR	None	None	EUR 15,244.90	All subscribers
N	FR0010988055	Capitalisation	EUR	None	None	1000.00 EUR	Distributors approved by Candriam
U	FR0013251766	Capitalisation	EUR	None	None	150.00 EUR	Life assurance products marketed in Italy
R	FR0013312345	Capitalisation	EUR	None	None	150.00 EUR	Financial intermediaries (including distributors and platforms) which: (i) Have different arrangements with their clients for the provision of investment services in connection with the fund, and (ii) As a result of their applicable laws and regulations, are not entitled to receive duties, fees and other monetary benefits from the Management Company in connection with the provision of the above-mentioned investment services.
R2	FR0013251782	Capitalisation	EUR	None	None	150.00 EUR	Management mandates between a client and Belfius Banque in which financial management is delegated to Candriam and for which Belfius Banque does not receive any form of remuneration from a Candriam Group entity
RS	FR0013480332	Capitalisation	EUR	EUR 50,000,000.00	None	1500.00 EUR	Distributors and intermediaries appointed by the Management Company who will not receive any compensation from the Management Company
Z	FR0013251790	Capitalisation	EUR	None	None	1500.00 EUR	UCIs approved by the Management Company and managed by a Candriam Group entity.
O	FR0013334554	Capitalisation	EUR	None	None	1500.00 EUR	Feeder funds managed by OFI Asset Management
I	FR0013353570	Capitalisation	EUR	EUR 250,000.00	None	1500.00 EUR	All subscribers
I2	FR0013353786	Capitalisation	EUR	EUR 250,000.00	None	1500.00 EUR	All subscribers
I in USD	FR0013446366	Capitalisation	USD	EUR 250,000.00 or equivalent in USD	None	1500.00 USD	All subscribers

(*)The minimum initial subscription amount will not apply to the Management Company, to Candriam Group entities or funds managed by Group entities.

Management objective

In connection with its totally discretionary management, the fund's objective is to seek to outperform the capitalised €STR index for units denominated in EUR and the capitalised Effective Federal Funds Rate for USD units over the minimum recommended investment period.

Benchmark index

The benchmark used does not explicitly take sustainability criteria into account.

The fund is actively managed and the investment approach implies a reference to an index.

Index name

Capitalised €STR

Capitalised Effective Federal Funds Rate – EFFR or Fed Fund

Index definition

€STR: represents the short term rate in euros that reflects unsecured overnight borrowing costs in euros for banks in the euro zone.

Effective Federal Funds Rate (Interest Rate) - EFFR: the interest rate at which depository institutions lend reserve balances (USD amounts held at Federal Reserve Banks) to each other overnight.

This is a short term rate in euros that reflects unsecured overnight borrowing costs in euros for banks in the euro zone:

Use of the index:

- To compare performance,
- To calculate the outperformance fee for some categories of units

Index provider

The €STR index is provided by European Money Markets Institute, which is an entity registered with ESMA in accordance with Article 34 of Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014. It is available from <https://www.emmi-benchmarks.eu>.

The EFR index is provided by the Federal Reserve Bank of New York (New York Fed). It is available from: <https://apps.newyorkfed.org/markets/autorates/fed%20funds>

The Management Company has adopted robust written plans to cover the cases where the publication of the benchmark index has been stopped or where major changes in that benchmark have occurred. The Management Company, based on these plans, may choose another benchmark, if appropriate. Any such change of benchmark will be reflected in an updated prospectus. Such plans are available free of charge, upon request, at the registered office of the Management Company.

Investment strategy

• Strategies used

The fund's management strategy aims to outperform the EONIA for units denominated in EUR and the FED FUND for USD units over the recommended investment period, mainly through the use of arbitrage strategies in so-called "special situations", mostly involving European and North American equities. The fund's risk management approach aims to limit volatility (to less than 5%).

The portfolio is managed based on two focal points:

- Dynamic strategy,
- Portfolio fund management strategy.

This fund does not particularly take into account an analysis of ESG aspects, and more precisely it does not have sustainable investment as its objective and does not specifically promote environmental and/or social characteristics, as described in the SFDR Regulation.

The fund does not systematically take into account the principal adverse impacts on sustainability for one or more of the following reasons:

- All or some of the issuing companies do not provide sufficient PAI data,
- The PAI element is not considered to be a predominant element in the fund's investment process,
- The fund uses derivative products for which the processing of PAI elements has not yet been defined and standardised".
- The underlying funds might not take account of the principal adverse impacts on sustainability factors as defined by the Management Company.

The investment strategy excludes companies that are significantly exposed to controversial activities (notably tobacco, thermal coal and weapons, etc.). The strategy does not invest in companies that produce, use or hold anti-personnel landmines, cluster bombs, depleted uranium, chemical, biological or white phosphorus weapons.

These exclusions are applicable to direct line investments of which Candriam is the Management Company.

Under certain conditions, the analysis and selection process may also be accompanied by a dialogue with the companies. Details of Candriam's exclusions policy and company engagement policy are available on the Management Company's website at:

https://www.candriam.com/4b0e56/siteassets/medias/publications/brochure/corporate-brochures-and-reports/engagement-policy/candriam_engagement_policy.pdf

<https://www.candriam.com/siteassets/medias/publications/sri-publications---candriam-policies/exclusion-policy.pdf>

Alignment with the Taxonomy

For the funds which do not have sustainable investment as their objective and which do not specifically promote environmental and/or social characteristics, the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

For more details please see the transparency code on the Management Company's website:

<https://www.candriam.com/en/private/market-insights/sri-publications/#transparency>

1. Dynamic strategy

The investment strategy is an alternative management strategy referred to as "special situations". According to this methodology, the main investment parameter is whether or not any event occurs that is likely to create a discontinuity in the price of a given asset.

The fund invests in all geographical areas, focusing on Europe and North America.

The assets considered are mainly equities, convertible bonds and/or derivatives.

Each special situation is analysed so as to identify the investment opportunity offering the optimum risk/return ratio in relation to that special situation in the portfolio, irrespective of the sector.

These special situations consist of any type of event that may create discontinuity in the price of an asset.

The fund is invested mainly in the declared cash or share tender offers segment: the strategy for this segment consists in buying or selling the selected assets of companies involved in a cash or share tender offer transaction in order to benefit from the transaction. The main risk here is whether or not the transaction will be completed. This strategy may be implemented, for example, by buying or selling shares in the companies involved in a merger or acquisition. Mergers and acquisitions impact on all asset classes, making it possible for the management team to benefit from the transaction via products other than equities.

To a lesser extent, other special situations may be included such as demergers, changes in share ownership, changes in capital structure, management and strategy changes etc. Regulatory events are also considered, as are any developments within a sector which would result in a new strategic positioning of the players in that sector.

There is no exhaustive list of special situations: any type of event that may create a discontinuity in the price of an asset is a special situation. Management objective

This strategy consists in buying or selling a security in order to benefit from an event, while hedging systemic market risk in the most appropriate way (for example, if the situation from which the management team wishes to benefit consists

in buying a security, the market risk could be hedged by selling another equity in the same sector, or by using derivatives). Exposure to any given event may be achieved by means of either securities or forward financial instruments. Investment opportunities may be identified at two levels:

- (i) By monitoring all equity financing operations announced or under consideration,
- (ii) By monitoring sectors and companies using a theme-based approach (regulatory changes, changes in share ownership, balance sheet restructuring, etc.) in order to identify opportunities ahead of announcements.

The selection of positions is discretionary. It is based on an analysis in order to determine the yield/risk pairing for each situation. The positions offering the best yield/risk pairing in line with the fund's objective and which meet the total risk criteria of the portfolio are then added to the portfolio. The quantification of the risk/return ratio requires a detailed examination of the probability of success of the special situation under consideration.

Lastly, before adding a position to the portfolio, the management team endeavours to identify all the risks associated with that position, the extent to which these risks are compatible with the portfolio and the risks to be hedged where necessary.

2. Portfolio fund strategy

The strategy consists of constructing a diversified portfolio invested in securities issued by private issuers (corporate debt and securities issued by financial institutions), government bonds and other French and foreign money market instruments with a short-term rating of at least A-2, when acquired, (or equivalent) from at least one recognised ratings agency or considered to be of equivalent quality by the Management Company (in particular if there is no rating).

The fund may also make use of efficient portfolio management techniques as described below.
This part of the portfolio represents between 0 and 100% of the fund's net assets.

- **Instruments used:**

- 1. Equities**

These are mainly equities traded on a regulated market in all geographical areas, focusing on European and/or North American regulated markets. Investments will essentially be in large and mid-cap securities. Nevertheless, the asset manager reserves the right to invest up to 30% in companies with a market capitalisation of EUR 250 million or lower.

This part of the portfolio represents between 0 and 100% of the fund's net assets.

- 2. Debt securities and money market instruments**

These are mainly bonds and negotiable debt securities, including commercial paper, of all types of issuers with a short-term rating of at least A-2, when acquired, (or equivalent) from at least one recognised ratings agency or considered to be of equivalent quality by the Management Company.

Debt instruments are selected on the basis of an internal analysis of the credit risk. The sale or purchase of a line is therefore not solely based on the rating by the ratings agencies, but under the best conditions compatible with the interests of the unitholders.

This part of the portfolio represents between 0 and 100% of the fund's net assets.

- 3. Shares or units in UCITS**

In accordance with the applicable laws, the fund may invest up to 10% of its assets in:

- Units or shares in European UCITS which do not hold more than 10% of UCI units,
- Units or shares of European AIF or foreign investment funds which do not hold more than 10% of UCI units or of foreign investment funds and which meet the 3 other criteria of the Code Monétaire et Financier.

Within this limit, the fund may invest in ETFs (Exchange Traded Funds) traded on regulated markets.

The UCIs will be managed by Candriam or by an external Management Company.

Investment is for the purpose of diversifying the portfolio and optimising performance.

- 4. Other assets**

The fund may invest up to 10% of its assets in eligible financial securities or money market instruments not traded on a regulated market - that is, subscription warrants and contingent value right (CVR) certificates.

5. Derivative financial instruments: limited by the VaR of the fund

Type of derivative instruments

For the purpose of efficiently managing the portfolio, the fund may make use of derivative products such as swaps, futures, options and CDS, warrants etc. arising notably from equity, interest rate and foreign exchange risk.

The fund may also make use of total return swaps or other derivative financial instruments which have the same characteristics, for example contracts for difference, for the purpose of (long or short) exposure, hedging or arbitrage.

The underlying instruments to these operations may be either individual securities, financial indices (equities, indices, volatility etc.) in which the fund may invest in accordance with its investment objectives. Such transactions may relate to a maximum of 200% of the net assets.

These derivatives may be traded on regulated or over-the-counter markets.

Authorised counterparties.

In over-the-counter operations, counterparties to these transactions are approved by the Management Company's risk management department and, when the transactions are initiated, have a minimum rating of BBB-/Baa3 from at least one recognised ratings agency or considered to be of equivalent quality by the Management Company (in particular if there is no rating). The counterparties are located in an OECD member country.

Additional information on the one or more counterparties to the transactions is contained in the fund's annual report.

Financial collateral:

Cf. section 10: Management of financial collateral for OTC derivative products and efficient portfolio management techniques.

6. Instruments including derivatives:

As part of its strategy, the portfolio may be invested in convertible bonds up to a limit of 50% of the assets.

It may hold callable and/or puttable bonds, and more generally any financial instrument containing a financial contract.

7. Deposits

The asset manager may make use of cash deposits representing up to 100% of the assets for cash management purposes.

8. Cash borrowing: between 0 and 10%

The fund may temporarily register a debit balance as a result of transactions related to cash flow (investments and divestments in progress, subscription/redemption and purchase/sale transactions, etc.), within a limit of 10% of the assets.

9. Efficient portfolio management technique:

In order to increase its yield and/or reduce its risks, the fund is authorised to make use of the following efficient portfolio management techniques covering transferable securities and money market instruments:

Securities borrowing

For cash management purposes, the fund may use securities borrowing transactions corresponding to up to 100% of the net assets.

The proportion is normally expected to vary between 0% and 75%.

Securities lending transactions

The fund may lend the securities in its portfolio to a borrower directly or through a standardised lending system organised by a recognised securities settlement service or a lending system organised by a financial institution that is subject to prudential supervision rules and that specialises in this type of transaction.

The proportion is normally expected to vary between 0% and 75%.

Reverse repurchase transactions

The fund may enter into reverse repurchase transactions for which on maturity the seller (counterparty) is required to take back the asset contained in the repurchase agreement and the fund is required to return the asset contained in the reverse repurchase agreement.

Such transactions may relate to a maximum of 100% of the net assets. The proportion is normally expected to vary between 25% and 75%.

For the term of the reverse repurchase agreement, the fund may not sell or use the securities which are contained in this agreement as a pledge/collateral unless the fund has other means of coverage.

Repurchase transactions

The fund may enter into repurchase transactions for which on maturity the fund is required to reacquire the asset contained in the repurchase agreement and the seller (counterparty) is required to return the asset contained in the reverse repurchase agreement.

To meet temporary liquidity needs, such transactions may relate to a maximum of 10% of the net assets. The proportion is normally expected to vary between 0% and 10%.

The fund must, on expiration of the term of the repurchase agreement, have the necessary assets to pay the agreed return price to the fund.

The use of these transactions must not result in a change in its investment objectives or result in additional risks being taken which exceed its risk profile as defined in the Prospectus.

Associated risks and measures to restrict them.

The risks associated with efficient portfolio management techniques (including collateral management) are identified, managed and restricted by the risk management process. The principal risks are counterparty risk, delivery risk, operational risk, legal risk, custody risk and conflict of interest risk (as defined in the section entitled "Risk profile"), and such risks are mitigated by the organisation and the procedures defined by the Management Company as follows:

Selection of counterparties and legal framework

Counterparties to these transactions are approved by the Management Company's risk management department and, when the transactions are initiated, have a minimum rating of BBB-/Baa3 from at least one recognised ratings agency or are considered to be of equivalent quality by the Management Company. These counterparties are entities which are subject to prudential supervision. The counterparties are located in an OECD member country. Each counterparty is bound by a contract the clauses of which have been validated by the legal department/risk management department.

Financial collateral

See point 10 entitled Management of financial guarantees for OTC derivative products and efficient portfolio management techniques below

Restrictions on reinvestment of financial collateral received

See point 10 entitled Management of financial guarantees for OTC derivative products and efficient portfolio management techniques below

Measures taken to reduce the risk of conflicts of interest

To limit the risk of a conflict of interest, the Management Company has established a process for selecting and monitoring counterparties through committees (reviews) organised by the risk management department. In addition, the remuneration of these transactions is in line with market practices in order to avoid any conflict of interest.

Remuneration policy for securities lending activities

Income from securities lending is returned in full to the fund after deduction of costs and direct and indirect operational expenses. The costs and fees paid to the Management Company amount to a maximum of 40% of this income.

During the course of this activity, the Management Company is responsible for concluding securities lending operations and the resulting administrative follow-up, the supervision of activity risks, legal and fiscal monitoring of the activity as well as the hedging of the operational risks stemming from this activity.

The periodic reports contain detailed information on the income from securities lending activities and on the operational costs and fees engendered.

The annual report contains detailed information on the income from securities lending activities and on the operational costs and charges engendered. It also specifies the identity of the entities to which these costs and charges are paid and specifies if they are related to the Management Company and/or the depositary.

Remuneration policy for repurchase agreements

Income from repurchase agreements is paid in full to the fund.

Remuneration policy for securities borrowing activities

Income from securities borrowing activities is paid in full to the fund.

Periodic investor information

Further information on the conditions of application of these efficient portfolio management techniques is contained in the annual and semi-annual reports.

10. Management of financial collateral for OTC derivative products and efficient portfolio management techniques.

Some over-the-counter transactions in financial instruments are covered by a collateralisation policy that has been validated by the risk management department.

General criteria

All collateral to reduce exposure to counterparty risk satisfies the following criteria:

- Liquidity: any collateral received in a form other than cash must have a strong level of liquidity and be traded on a regulated market or within the framework of a multilateral trading system making use of transparent price setting methods such that it can be quickly sold at a price close to the valuation prior to the sale.
- Valuation: the collateral received will be valued on a daily basis and assets with highly volatile prices will only be accepted as collateral if sufficiently prudent safety margins are in place.
- Credit quality of issuers: see point b below.
- Correlation: the financial collateral received must be issued by an entity which is independent of the counterparty and does not have a strong correlation with the counterparty's performance.
- Diversification: the financial collateral must be sufficiently diversified in terms of the countries, markets and issuers (for the net assets). As regards issuer diversity, the maximum exposure to an issuer through the collateral received must not exceed 20% of the net assets of the respective fund. However, this limit is raised to 100% for securities issued or guaranteed by a member state of the European Economic Area (EEA), by its local authorities or by public international bodies to which one or more member states of the EEA belong. These issuers must be highly rated (in other words rated at least BBB-/Baa3 by a recognised ratings agency or regarded as such by the Management Company). If the fund exercises this latter option, it must hold securities belonging to at least six different issues, with securities belonging to the same issue not exceeding 30% of the total amount of the net assets.

The management risks connected with collateral, such as operational and legal risks, must be identified, managed and mitigated by the risk management process.

The collateral received may be fully mobilised at any time without reference thereto to the counterparty or the need to obtain its agreement.

Types of authorised collateral

The permitted types of financial collateral are as follows:

- Cash denominated in the reference currency of the fund,
- Highly rated debt securities (rated at least BBB-/Baa3 or equivalent by one of the ratings agencies) issued by public sector issuers from an OECD country (governments, supranational bodies, etc.) and of a minimum issue size of EUR 250 million, and a maximum residual maturity of 25 years,
- Highly rated debt securities (rated at least BBB-/Baa3 or equivalent by one of the ratings agencies) issued by private sector issuers from an OECD country and of a minimum issue size of EUR 250 million, and a maximum residual maturity of 10 years,
- Shares listed or traded on a regulated market of a Member State of the European Union or on a stock exchange of a state which is a member of the OECD provided the shares are included in a significant index,
- shares or units in undertakings for collective investment offering adequate liquidity and investing in money market instruments, highly rated bonds or shares that meet the conditions stated above.

The risk management department of the management company may impose stricter criteria in terms of the collateral received and thereby exclude certain types of instruments, certain countries, certain issuers or certain securities.

In the event of materialisation of the counterparty risk, the fund could end up owning the financial collateral received. If

the fund may dispose of such collateral at a value corresponding to the value of the loan/assets transferred, it would not bear negative financial consequences. Otherwise (if the value of assets received as collateral fell below the value of the assets loaned/transferred before they could be sold), it would incur a loss equal to the difference between the value of the assets loaned/transferred and the value of the collateral once it is liquidated.

Level of financial collateral received

The level of collateral required for over-the-counter financial instruments and efficient portfolio management techniques is determined by the agreements reached with each of the counterparties taking account, as applicable, of factors such as the nature and the characteristics of the transactions, the quality of credit and of the counterparties, as well as market conditions at the time. The counterparty's exposure which is not covered by collateral will at all times remain below the counterparty risk limits fixed by the regulations.

Discounting policy

The Management Company has put in place a discounting policy suited to each category of assets (depending on the credit quality in particular) received as financial collateral. This policy can be obtained by investors free of charge from the Management Company's registered office.

Restrictions on reinvestment of financial collateral received

Non-cash financial collateral may not be sold or reinvested or pledged.

Financial collateral received in cash can only be deposited with counterparties meeting the above eligibility criteria, invested in highly rated government loans, used for the purpose of reverse repurchase transactions that can be recalled at any time and/or invested in short-term monetary funds, in accordance with the applicable diversification criteria. Although invested in assets with a low degree of risk, the investments may, nevertheless, contain some limited financial risk.

Safekeeping of collateral

In the event of transfer of ownership, the collateral received will be held by the Depositary or a sub-custodian. In other types of collateral agreement, the collateral may be held by an external depositary subject to prudential supervision which is not connected to the supplier of the financial collateral.

The collateral received may be fully mobilised at any time without reference thereto to the counterparty or the need to obtain its agreement.

Financial collateral in favour of the counterparty

Certain derivatives may initially require collateral to be lodged in favour of the counterparty (cash and/or securities).

Periodic investor information

Further information on the conditions of application of these efficient portfolio management techniques is contained in the annual and semi-annual reports.

11. Valuation

The various transaction types set out in the section entitled Efficient portfolio management technique are valued on a daily basis at cost plus interest. For contracts exceeding three months, the credit spread of the counterparty may be revalued.

Collateral

Collateral received is valued daily by the Management Company and/or the collateral agent. This valuation follows the valuation principles defined in this prospectus, applying the discounts applicable to the instrument type.

Collateral provided is valued daily by the Management Company and/or the collateral agent.

Agreements constituting financial collateral:

Cash overdraft: By way of security against the cash overdraft facility granted by the depositary bank or institution, the fund grants the latter financial collateral in the simplified form laid down in the provisions of articles L.413-7 and thereafter of the Code Monétaire et Financier.

Table of derivative instruments

	TYPE OF MARKET		TYPE OF RISK					TYPE OF USE	
	Regulated and/or organised markets	OTC markets	Equities	Interest rates	Foreign exchange	Credit	Other risk(s)	Hedging	Exposure
Futures in									
Equities	x	x	x		x			x	x
Interest rates	x	x		x				x	
Foreign exchange	x	x			x			x	
Indices	x	x	x					x	x
Volatility	x	x					x	x	x
Options in									
Equities	x	x	x		x		x	x	x
Indices	x	x	x		x		x	x	x
Swaps									
Equities		x	x		x			x	x
Interest rates		x		x				x	
Foreign exchange		x			x			x	
Indices		x	x					x	x
Volatility		x					x	x	x
Forward exchange									
Currency(-ies)		x			x			x	
Credit derivatives									
Credit default swaps (CDS)		x				x		x	
i-traxx		x				x		x	

Risk profile:

Your money will be mainly invested in financial instruments selected by the Management Company. These instruments will be subject to market trends and uncertainties.

The fund may be exposed to the following principal types of risk:

Risk of capital loss:

There is no guarantee for investors relating to the capital invested, and investors may not receive back the full amount invested.

Equity risk:

The fund may be exposed to equity market risk through direct investment (through transferable securities and/or derivative products). These investments, which generate long or short exposure, may entail a risk of substantial losses. A variation in the equity market in the reverse direction to the positions can lead to the risk of losses and may cause the net asset value of the fund to fall.

Since the fund may be exposed on an ancillary basis to small- and mid-cap stocks, which are generally more volatile than large-caps, its net asset value may follow the behaviour of these stocks. Since only a limited number of such securities are listed on the stock market, downward market movements tend to be quicker and more pronounced than for large-caps. This may lead to quicker and more significant falls in the net asset value of the UCITS.

Risk arising from cash and share tender offers:

The cancellation of an offer, the extension of deadlines or unfavourable changes in the offer terms may significantly increase the volatility of the companies concerned. The occurrence of these events may cause the net asset value of the UCITS to fall.

Risk arising from the arbitrage strategy:

arbitrage is a technique which consists in benefiting from the differences in prices recorded (or anticipated) between markets and/or sectors and/or securities and/or currencies and/or instruments. If such arbitrage transactions perform unfavourably (a rise in short transactions and/or fall in long transactions), the fund's net asset value may fall.

Liquidity risk:

Liquidity risk is defined as that of a position in the fund's portfolio that cannot be sold, liquidated or closed at a limited cost and within a sufficiently short time, thus jeopardizing the fund's ability to comply at any time with its obligations to redeem the shares of investors at their request. On certain markets (in particular emerging and high-yield bonds, equities with low market capitalisation, etc.), the quotation spreads may widen under less favourable market conditions, which could impact on the net asset value when assets are purchased or sold. Furthermore, in the event of a crisis on these markets, the securities could also become difficult to trade.

Risk associated with derivative financial instruments:

financial derivatives are instruments whose value depends on (or is derived from) one or more underlying financial assets (equities, interest rates, bonds, currencies, etc.). The use of derivatives therefore involves the risk associated with the underlying instruments. They may be used for purposes of exposure or hedging against the underlying assets. Depending on the strategies employed, the use of derivative financial instruments can also entail leverage risks (amplifying downward market movements). In a hedging strategy, the derivative financial instruments may, under certain market conditions, not be perfectly correlated to the assets to be hedged. With options, an unfavourable fluctuation in the price of the underlying assets could cause the fund to lose all of the premiums paid. OTC financial derivatives also entail a counterparty risk (though this may be attenuated by the assets received as collateral) and may involve a valuation risk or a liquidity risk (difficulty selling or closing open positions).

Counterparty risk:

The fund may use OTC derivative products and/or efficient portfolio management techniques. These transactions may cause a counterparty risk, i.e. losses incurred in connection with commitments contracted with a defaulting counterparty.

Interest rate risk:

A change in interest rates, resulting notably from inflation, may cause a risk of losses and reduce the net asset value of the fund (particularly in the event of a rate increase if the fund has a positive rate sensitivity and in the event of a rate decline if the fund has a negative rate sensitivity). Long term bonds (and related derivatives) are more sensitive to interest rate variations.

A change in inflation, in other words a general rise or fall in the cost of living, is one of the factors potentially affecting interest rates and consequently the NAV.

Credit risk:

Risk that an issuer or a counterparty will default. This risk includes the risk of changes in credit spreads and default risk. The fund may be exposed to the credit market and/or specific issuers in particular whose prices will change based on the expectations of the market as regards their ability to repay their debt. The fund may also be exposed to the risk that a selected issuer will default, i.e. will be unable to honour its debt repayment, in the form of coupons and/or principal. Depending on whether the fund is positively or negatively positioned on the credit market and/or some issuers in particular, an upward or downward movement respectively of the credit spreads, or a default, may negatively impact the net asset value.

Foreign exchange risk:

Foreign exchange risk derives from the fund's direct investments and its investments in forward financial instruments, resulting in exposure to a currency other than its valuation currency. Changes in the exchange rate of this currency in relation to that of the fund may negatively affect the value of assets in the portfolio.

Volatility risk:

The fund may be exposed (taking directional positions or using arbitrage strategies for example) to market volatility risk and could therefore, based on its exposure, suffer losses in the event of changes in the volatility level of these markets.

Emerging countries risk:

Market movements can be stronger and faster on these markets than on the developed markets, which could cause the net asset value to fall in the event of adverse movements in relation to the positions taken. Volatility may be caused by a global market risk or may be triggered by the vicissitudes of a single security. Sectoral concentration risks may also be prevalent on some emerging markets. These risks may also heighten the volatility. Emerging countries may experience serious political, social, legal and fiscal uncertainties or other events that could have a negative impact on the sub-funds investing in them. In addition, local depositary and sub-custodial services remain underdeveloped in non-OECD countries and emerging countries, and transactions carried out in these markets are subject to transaction risk and custody risk. In some cases, the fund may be unable to recover all or part of its assets or may be exposed to delays in delivery when recovering its assets.

Delivery risk:

The fund may want to liquidate assets which at that time are subject to a transaction with a counterparty. In this case, the fund would recall these assets from the counterparty. Delivery risk is the risk that the counterparty, although contractually obliged, may not be able in operational terms to return the assets quickly enough to allow the fund to honour the sale of these instruments on the market.

Operational risk:

The operational risk is the risk of direct or indirect losses associated with a number of factors (such as human error, fraud and malice, IT system failures and external events, etc.) which may have an impact upon the fund and/or the investors. The Management Company aims to reduce these risks by putting in place controls and procedures.

Custody risk:

the risk of loss of assets held by a depositary as a result of insolvency, negligence or fraudulent action by the depositary or a sub-custodian. This risk is mitigated by the regulatory requirements governing depositary services.

Legal risk:

The risk of litigation of all kinds with a counterparty or a third party. The Management Company aims to reduce these risks by putting in place controls and procedures.

Risk of conflicts of interest:

selection of a counterparty based on reasons other than the sole interest of the fund and/or unequal treatment in the management of similar portfolios could be the main sources of conflicts of interest.

Risk of changes to the benchmark index by the index provider:

Unitholders should note that the benchmark index provider has full discretion to determine and therefore alter the characteristics of the relevant benchmark index for which it acts as sponsor. Under the terms of the licence contract, an index provider may not be required to give licence holders using the relevant benchmark index sufficient notice of changes to the benchmark index. As a result, the Management Company may not be able to inform fund unitholders in advance of changes made by the index provider to the characteristics of the relevant benchmark index.

Sustainability risk:

The sustainability risk refers to any environmental, social or governance-related event or situation that might affect the performance and/or reputation of issuers in the portfolio.

Sustainability risks may be subdivided into three categories:

- Environmental: environmental events may create physical risks for the companies in the portfolio. For example, such events could arise from the consequences of climate change, loss of biodiversity, changes in ocean chemistry, etc. Apart from these physical risks, the companies could be negatively impacted by mitigation measures taken to address environmental risks (such as a carbon tax). These mitigation risks could affect companies depending on their exposure to the above risks and how well they adapt to them.
- Social: refers to the risk factors linked to human capital, the supply chain and the way companies manage their impact on society. Issues around gender equality, remuneration policies, health and safety and the risks associated

with working conditions in general all fall within the social dimension. The social dimension also includes risks of violation of human rights or labour rights in the supply chain.

- Governance: these aspects are linked to governance structures, for example the independence of the board of directors, management structures, labour relations, remuneration and compliance, or tax practices. The thing that governance risks have in common is that they are due to inadequate oversight of the company and/or the lack of incentive for the company to move towards higher governance standards.

The sustainability risk may be specific to the issuer, depending on its activities and practices, but may also be due to external factors. If an unforeseen event occurs in a specific issuer such as a strike or more generally an environmental disaster, the event could have a negative impact on portfolio performance. In addition, issuers which adapt their activities and/or policies may be less exposed to the sustainability risk.

Possible mitigation measures to manage risk exposure include the following:

- exclusion of controversial activities or issuers
- exclusion of issuers based on sustainability criteria
- inclusion of sustainability risks when issuers are selected or given weightings in the portfolio
- engagement and sound management of the issuers

Where applicable, these mitigation measures are described in the section in the prospectus describing the investment policy of the fund.

ESG risk:

Our methodology is based on the definition of ESG sector models by our internal ESG analysts. Our research limitations are largely linked to the nature, extent and consistency of the currently available ESG data.

- Nature: certain ESG dimensions lend themselves more to narrative, qualitative information. Such information is subject to interpretation so it introduces a degree of uncertainty into the models.
- Extent: once the ESG dimensions considered by our analysts to be important for each sector have been defined, there is no guarantee that the data will be available for all the companies in that sector. Where possible, we will try to fill in the missing data from our own ESG analysis.
- Consistency: the different ESG data providers have different methodologies. Even within the same provider, analogous ESG dimensions may be processed differently depending on the sector. This makes it harder to compare data from different providers.
- The absence of European-level common or harmonised definitions and labels incorporating ESG and sustainability criteria may give rise to different approaches among the asset managers to fix the ESG objectives and to determine whether these objectives have been achieved by the funds they manage.

Our methodology excludes or limits exposure to the securities of certain issuers for ESG reasons. As a result, it is possible that certain market conditions will generate financial opportunities that the sub-fund is unable to benefit from.

Changes affecting the UCI

Changes made	Date of change
Changes to the prospectus	1 July 2022
Management company changed from Candriam France to Candriam.	1 July 2022

Management report

Economic and financial environment

In the United States, private demand remained upbeat despite GDP levels falling slightly in the first quarter (-0.4% quarter over quarter) due to a fall in public spending and the negative impact of the external trade balance. Indeed, more than 1.6 million jobs were created in the first quarter. In March, the unemployment rate was 3.6%, inflation rose to 8.5% and core inflation to 6.4%. ISM activity indicators remained well over 50. In this environment, given the weak economic links between Russia and the USA and fears that tensions in Europe would translate into further pressure on prices, the Federal Reserve increased its benchmark rate by 25 basis points to 0.5% on 16 March. The sharp rise in commodity prices and the outlook for monetary tightening, intended to bring inflation back to the 2% target, pushed equity markets down (-4.9% in the first quarter) and the ten-year rate rose by 83 basis points to 2.33%. In the second quarter, bottlenecks in supply chains were accentuated by the zero-Covid policy practised on a very large scale in China. Despite the collateral effects of the conflict in Ukraine on commodity prices and oil (around \$110 per barrel on average in the second quarter), economic activity indicators remained buoyant and the labour market remained tense. These developments pushed the ten-year rate to almost 3.5% in mid-June. In response to rising prices, the Federal Reserve raised its benchmark rate twice: first in early May by 50 basis points and then in mid-June by 75 basis points. In this new environment with credit becoming more expensive and household purchasing power coming under pressure, consumer confidence weakened sharply. The end result was that growth was again very slightly negative (-0.1%). Over the quarter, the ten-year rate rose by 65 basis points to 2.97%. The stock market fell 16.4%. In July, the ten-year rate hovered around 3%. Indeed, the ISM survey of the manufacturing sector and monthly job creations were slightly lower than in previous months, while in mid-July inflation exceeded 9%. However, at the end of July, the 75-basis point rate increase in the Federal Reserve's benchmark rate up to 2.5% and the tension created by Nancy Pelosi's visit to Taiwan weighed down on rates. Despite an initial fall in inflation month-on-month since May 2020, at the end of August at the Jackson Hole conference, the Federal Reserve Chairman recalled that a return to price stability – inflation was still 8.3% year-on-year – would require a restrictive monetary policy and this for a certain period of time. Indeed, despite a slowdown in the manufacturing sector due in part to the strong increase in the dollar, the economy continued to create more than one million jobs every three months, the unemployment rate approached 3.5% and wage growth was significant. In this environment, on 21 September, the members of the FOMC (Federal Reserve) raised the benchmark rate by 75 basis points to 3.25%, and drastically revised their forecasts for the federal funds rate upwards for the years to come. For 2023, FOMC members expect this rate to be around 4.65% compared to an estimate of only 3.85% in June. The ten-year rate closed out the third quarter at 3.8% up 83 basis points over the end of June. The latest developments as well as the impact on the real estate sector of significantly higher mortgage rates weighed negatively on the stock market, which fell by 5.3% over the quarter. In the fourth quarter, like the global manufacturing sector, the ISM Manufacturing Survey fell below the 50 mark in response to the rising dollar and the global economic slowdown. Although the pace of monthly job creations slowed somewhat, yet still above 250,000, core inflation remained at 6% and the service sector continued to be buoyant. Given this, and to rein in inflation back to 2% in the medium-term, the Federal Reserve raised its benchmark rate twice: the first time in early November by 75 basis points and then in mid-December by 50 basis points (up to 4.5%). All in all, 2022 was the year of the unexpected with a conflict at Europe's doorstep, much higher than expected inflation, the most stringent monetary tightening since 1980 and, despite everything, growth rebounding 0.8% quarter-on-quarter in the third quarter. However, developments in 2022 and weak growth prospects for 2023 weighed on the S&P500 index, which closed the year down 19.4% to 3840 despite a rebound of more than 7% in the last quarter. As for the ten-year rate, it changed little during the last quarter. Indeed, total inflation seems to have passed its peak, and every time inflation falls markets revise their projections for the rate the Federal Reserve will peak at and this pushed the ten-year rate down. This rate closed out the year at 3.83%, up 233 basis points over the year.

In the euro area the economy recovered up to the end of February 2022 in step with the easing of health restrictions. Despite rising gas and electricity prices, consumer confidence remained high. The labour market continued to stabilise. In February, the unemployment rate was 6.8% but inflation reached 5.9%. In the wake of the global rate hike cycle, the German ten-year rate turned positive for the first time since early 2019, also helped by the European Central Bank (ECB) which announced in its February meeting that it could not rule out rate increases in 2022. On the other hand, since core

inflation was only 2.7%, monetary policy normalisation was to be less pronounced than in the United States. Nevertheless, after the invasion of Ukraine, tensions on commodity and agricultural prices pushed rates sharply upwards. The German ten-year rate closed out the first quarter at 0.51% up 69 basis points from the end of December 2021. Consumer and entrepreneur confidence held up until February but then dropped sharply in March. These developments naturally weighed on European equity markets which fell 9.4%. The second quarter was marked by high energy, industrial metals and agricultural food prices due to Russia cutting off gas supplies to those countries refusing to pay for them in roubles and by the reduction in gas supplies to Germany. In all, from May on, inflation stood at over 8%. In this environment, markets anticipated several ECB rate increases, pushing all European rates up. The German ten-year rate exceeded 1.7%, whereas the Italian ten-year rate passed the 4% mark. The size of the rate spread led the ECB to meet urgently on 15 June, and announce a new “anti-fragmentation” instrument for the euro area. From mid-June, however, the possibility of going into recession became a somewhat more likely scenario for markets, pushing the German ten-year rate down. Over the quarter, the German ten-year rate rose by 86 basis points to 1.37%. The stock market fell 12%. Even though, despite the above-mentioned developments, GDP rose by 0.8% quarter-on-quarter in the second quarter and the unemployment rate was historically low in July (6.7%), household and business confidence continued to decline. Indeed, despite the fall in the prices of many commodities, the extremely high level of gas prices and supply shortage risks weighed down on confidence. In this environment, despite an expected slowdown in growth, but with inflation continuing to rise, on July 21, for the first time in eleven years, the ECB raised its benchmark rate by 50 basis points to 0.5% and set the deposit facility rate at 0%. This put a temporary stop to the depreciation of the euro against the dollar which was now at parity. However, the outlook for growth and inflation continued to deteriorate over the summer. PMI activity indicators all fell below the fifty mark (meaning a contraction in activity) and, simultaneously, inflation reached close to ten percent in September. In addition to this, the euro continued to fall against the dollar (below parity) fuelling inflation through imports, leading the ECB to decide to increase its benchmark rate by another 75 basis points up to 1.25% on 8 September. At the end of September, the German ten-year closed out the third quarter at 2.11% , i.e. up 74 basis points compared to June. The stock market fell by 4.7% over the same period. However, despite these developments, growth remained positive each quarter up to the third quarter thanks in particular to the labour market, which remained well oriented. At the beginning of the fourth quarter, OPEC+ decided to reduce production by 2 mbd from November to counteract the expected decline in oil prices as a result of the slowdown in global growth – the IMF forecast global growth of 2.7% in 2023 compared to 3.2% in 2022. Given this, and to ensure inflation expectations remain anchored, especially as European governments announced more or less significant economic stimulus packages, the ECB raised its benchmark rate twice: the first time, at the end of October, by 75 basis points and then in mid-December by 50 basis points (up to 2.5%). At the end of October, Germany announced a two hundred-billion-euro stimulus plan. Developments in 2022 and the weak growth prospects for 2023 weighed on stock markets. However, thanks to the strong increase in the stock market in the fourth quarter (+12.5%), the decline was limited to 14.5% over the year. As for the German ten-year rate, it ended the month of December higher, in the wake of the ECB’s announcements in mid-December (continued monetary tightening and a reduction in the Asset Purchase Programme). This rate closed out the year at 2.56%, up 274 basis points over the year.

Economic context

Despite a promising start to the year, the global volume of announced mergers and acquisitions only reached USD 3.6 billion at the end of 2022. Activity fell sharply in the three main regions, settling at the pre-pandemic level. Activity slowed down even more in the second half of the year due in part to the inflationary context and geopolitical tensions.

2022 was also marked by falling equity and credit markets. As often happens, our spreads initially reacted to the de-risking movements by widening uniformly, regardless of the maturity, the sector or the transaction risk. Over the summer, when many transaction matured, risk arbitrage spreads narrowed sharply.

Transactions above USD 20 billion made up a smaller proportion of the transaction volume in 2022 compared to the previous decade, whereas transactions between USD 10 and 20 billion and USD 10 billion were more or less in line with the long-term averages. The ten biggest M&A transactions announced in North America in 2022 were dominated by the technology and health sectors. The deal failure rate increased considerably in 2022, reaching about 11%. As usual, our own failure rate is well below this average.

We expect activity to pick up again in 2023. Our portfolio remains well-positioned and diversified on short transactions, with yields that are still attractive, in line with our management objectives.

The fund closed the year in negative territory.

No issuer in the portfolio suffered a credit event.

Credit derivatives

The portfolio did not use credit derivatives over the period.

Performance

The units performed as follows:

Entity Name	Entity Currency	Return Begin date	Return End Date	NAV per share return	Ref. NAV per share return	Net Excess Return
Candriam Risk Arbitrage – C Cap	EUR	31/12/2021	31/12/2022	-2.17%	-0.15%	-2.02%
Candriam Risk Arbitrage – N Cap	EUR	31/12/2021	31/12/2022	-2.77%	-0.15%	-2.62%
Candriam Risk Arbitrage – R2 Cap	EUR	31/12/2021	31/12/2022	-1.91%	-0.15%	-1.76%
Candriam Risk Arbitrage – Z Cap	EUR	31/12/2021	31/12/2022	-1.73%	-0.15%	-1.58%
Candriam Risk Arbitrage – R Cap	EUR	31/12/2021	31/12/2022	-1.97%	-0.15%	-1.82%
Candriam Risk Arbitrage – I Cap	EUR	31/12/2021	31/12/2022	-1.98%	-0.15%	-1.83%
Candriam Risk Arbitrage – I2 Cap	EUR	31/12/2021	31/12/2022	-2.27%	-0.15%	-2.12%
Candriam Risk Arbitrage – O Cap	EUR	31/12/2021	31/12/2022	-1.96%	-0.15%	-1.81%

Past performance may not be a reliable guide to future performance.

SFDR

Candriam Risk Arbitrage is classed under SFDR Article 6.

It does not systematically integrate ESG characteristics into its management framework. Nevertheless, sustainability risks are taken into account in decisions

Taxonomy

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Largest movements in the portfolio during the year

Securities	Movements ("Accounting currency")	
	Purchases	Sales
CAN-MONETAIR-VAEUR	75,675,067.89	120,986,750.56
SIEMENS GAMESA R	14,672,431.70	14,771,506.30
VONAGE HOLDINGS	9,104,406.64	18,184,409.35
ATLANTIA	13,292,847.48	13,534,281.00
SP GLOBAL		25,202,860.93
NUANCE CIONS INC.		24,286,250.75
COVETRUS INC-W/I	9,380,990.76	10,375,776.44
MIMECAST LTD	7,221,657.34	11,356,014.40
BOTTOMLINE TECHN.	6,957,218.07	11,546,609.00
CASA CORP FLR 11-22	9,000,000.00	9,020,481.75

Regulatory information

Transparency of securities financing transactions and of reuse of financial instruments - SFTR Regulation - in the accounting currency of the UCI (EUR)

a) Loaned securities and commodities

	Securities lending	Securities borrowing	Repurchases	Reverse repurchases	TRS
Amount					
% of Net Assets*					

* % excluding cash and cash equivalents

b) Pledged assets for each type of securities financing transaction and TRSs expressed as an absolute value

	Securities lending	Securities borrowing	Repurchases	Reverse repurchases	TRS
Amount		49,129,328.50			
% of Net Assets		27.94%			

c) Top 10 issuers of collateral received (excluding cash) for all types of financing transactions

	Securities lending	Securities borrowing	Repurchases	Reverse repurchases	TRS

d) Top 10 counterparties in absolute value of the assets and liabilities without offset

	Securities lending	Securities borrowing	Repurchases	Reverse repurchases	TRS
SOCIETE GENERALE PAR FRANCE		49,129,328.50			

e) Type and quality of collateral

	Securities lending	Securities borrowing	Repurchases	Reverse repurchases	TRS
Type					
- Equities					
- Bond					
- UCI					
- Negotiable debt security					
- Cash					
Rating					
Currency of the collateral					
- Euro					

f) Contract settlement and clearing

	Securities lending	Securities borrowing	Repurchases	Reverse repurchases	TRS

Tripartite				X	
Central counterparty					
Bilateral	X			X	

g) Maturity tenor of the collateral broken down by tranche

	Securities lending	Securities borrowing	Repurchases	Reverse repurchases	TRS
Less than 1 day					
1 day to 1 week					
1 week to 1 month					
1 - 3 months					
3 months to 1 year					
More than 1 year					
Open					

h) Maturity tenor of the securities financing transactions and TRSs broken down by tranche

	Securities lending	Securities borrowing	Repurchases	Reverse repurchases	TRS
Less than 1 day					
1 day to 1 week					
1 week to 1 month					
1 - 3 months					
3 months to 1 year					
More than 1 year					
Open		49,129,328.50			

i) Data on reuse of collateral

	Securities lending	Securities borrowing	Repurchases	Reverse repurchases	TRS
Maximum amount (%)					
Amount used (%)					
Income for the UCI following reinvestment of cash collateral in euro					

j) Data on safekeeping of collateral received by the UCI

	Securities lending	Securities borrowing	Repurchases	Reverse repurchases	TRS
CACEIS Bank					
Securities					
Cash					

k) Data on safekeeping of collateral provided by the UCI

	Securities lending	Securities borrowing	Repurchases	Reverse repurchases	TRS
Securities					
Cash					

l) Data on income and costs, broken down

	Securities lending	Securities borrowing	Repurchases	Reverse repurchases	TRS
Income					
- UCI					
- Asset manager					
- Third party					
Costs					
- UCI					
- Asset manager					
- Third party					

e) Data on the type and quality of collateral

N/A - Cash collateral only.

i) Data on reuse of collateral

Collateral received in cash can only be reinvested by the UCI in reverse repurchase transactions or securities which according to the regulations are eligible for inclusion in the assets, notably capital securities, interest rate products, debt securities or UCI units. Collateral received as securities may be held, sold or re-used as collateral. The maximum amount of re-use is 100% of the received cash and securities.

k) Data on safekeeping of collateral provided by the UCI

N/A - Cash collateral only.

l) Data on income and costs, broken down

N/A - No temporary purchases and sales of securities.

Efficient portfolio management techniques and derivative financial instruments (ESMA) in euro

a) Exposure obtained through efficient portfolio management techniques and derivative financial instruments

Exposure obtained through efficient portfolio management techniques: 49,129,328.50

Securities lending:

Securities borrowing: 49,129,328.50

Reverse repurchases:

Repurchases:

Underlying exposure achieved through derivative financial instruments: 103,625,279.26

Forward foreign exchange: 86,456,776.94

Options:

Futures:

Swaps: 17,168,502.32

b) Identity of the counterparty(ies) to efficient portfolio management techniques and derivative financial instruments

Efficient management techniques	Derivative financial instruments (*)
SOCIETE GENERALE PAR	BARCLAYS BANK IRELAND PLC CACEIS BANK, LUXEMBOURG BRANCH CITIGROUP GLOBAL MARKETS DEUTSCHLAND AG J.P.MORGAN AG UBS FRANCFORT

(*) Apart from listed derivatives.

c) Financial collateral received by the UCITS in order to reduce the counterparty risk

Types of instruments	Amount in the portfolio currency
Efficient management techniques	
Term deposits	
Equities	
Bonds	
UCITS	
Cash (*)	
Total	
Derivative financial instruments	
Term deposits	
Equities	
Bonds	
UCITS	
Cash	
Total	

(*) The Cash account also includes cash resulting from repurchase transactions.

d) Income and operational charges relating to efficient management techniques

Income and operational charges	Amount in the portfolio currency
Income (**)	94,554.60
Miscellaneous income	
Total income	94,554.60
Direct operational charges	
Indirect operational charges	
Other charges	
Total charges	

(**) Income from lending and reverse repurchases.

Broker and counterparty selection and evaluation procedure

Candriam selects intermediaries to which it sends orders for execution for the major classes of financial instruments (bonds, equities, derivative products). The selection is mainly based on the intermediary's execution policy and subject to the "Selection policy for financial intermediaries to which Candriam sends orders for execution on behalf of the UCIs

it manages”.

The main execution factors considered are: price, cost, speed, probability of execution and settlement, size and type of order.

In application of the broker and counterparty selection and evaluation procedure and at the request of the asset manager, Candriam's Broker Review approves or refuses any new broker application.

Therefore pursuant to this policy, a list by type of instruments (equities, interest rates, money market, derivatives) of the authorised brokers and a list of the authorised counterparties are kept.

Furthermore, on a periodic basis and as part of the Broker Review, the list of approved brokers is reviewed so as to evaluate them on the basis of various filters and make any appropriate and necessary changes.

Report on intermediary fees

We refer to the report issued by the management company in accordance with article 314-82 of the general regulations of the Autorité des Marchés Financiers. This report is available from the management company's web site www.candriam.com

Portfolio turnover rate

The portfolio turnover rate over the year 2022 was 95.67%.

Voting policy

We refer to the report issued by the management company in accordance with the general regulations of the Autorité des Marchés Financiers.

This report is available for a period of four months following the end of the management company's financial year (end of December).

Additional information about the investment strategy of the fund – Shareholder Rights Directive (SRD II) ⁽¹⁾

In accordance with the transparency requirements set up by the European Shareholder Rights Directive and the annual communication rules applicable to institutional investors, you are able to obtain additional information about the investment strategy applied by Candriam and how the strategy contributes to the medium to long-term performance of the fund.

You can send your request to the following address: <https://www.candriam.fr/contact/>

Our engagement policy is available on our website at the following address <https://www.candriam.fr/>

⁽¹⁾ Directive (EU) 2017/828 of the European Parliament and of the Council amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement.

Financial instruments held in the portfolio and issued by the service provider or a group entity

There is table of financial instruments managed by the management company or an associated company in the appendices of the UCI's annual accounts.

Method for calculating total risk

The calculation method used is the absolute VaR.

Maximum daily VaR: 6.63%

Minimum daily VaR: 1.51%

Average daily VaR: 3.80%

Other information

The full prospectus of the UCITS and the latest annual and interim reports will be sent out if requested in writing by the holder within a week by:

CANDRIAM

SERENITY – Bloc B

19-21 route d'Arlon

L-8009 Strassen (Grand Duchy of Luxembourg)

Candriam – Succursale Française

40, rue Washington
75408 Paris Cedex 08

Tel: 01.53.93.40.00

www.candriam.com

contact: <https://www.candriam.fr/contact/>

Information relating to the remuneration policy

Directive 2014/91/EU amending Directive 2009/65/EC on undertakings for collective investment in transferable securities came into force on 18 March 2016. It was transposed into national law by the Luxembourg law of 10 May 2016 transposing Directive 2014/91/EU. Under the new arrangements, the FCP is required to publish in its annual report information about the remuneration of the employees identified by the law.

Candriam holds a double licence: as a management company in accordance with article 15 of the law of 17 December 2010 relating to undertakings for collective investment; and as an alternative investment fund manager in accordance with the law of 12 July 2013 on alternative investment fund managers. The responsibilities of Candriam under these two laws are quite similar and Candriam considers that its personnel is remunerated in the same way for tasks relating to the administration of UCITS and alternative investment funds.

During the financial year ended 31 December 2022, Candriam paid the following amounts to its personnel: Gross total amount of fixed remuneration paid (excluding payments or benefits which may be regarded as forming part of a general and non-discretionary policy and having no incentive effect on risk management): EUR 16,496,391.

Gross total amount of variable remuneration paid: EUR 7,603,281.

Number of beneficiaries: 147.

Aggregate amount of remuneration, broken down by senior managers and members of the investment management personnel whose activities have a significant impact on the fund's risk profile. Candriam's systems do not allow identification of this kind for each managed fund. The figures below also present the aggregate amount of global remuneration in Candriam.

Aggregate amount of remuneration of senior management: EUR 4,123,181.

Aggregate amount of remuneration of Candriam personnel whose activities have a significant impact on the risk profile of the funds of which it is the management company (excluding senior managers): EUR 2,274,454.

Remuneration paid by Candriam to personnel in its branch in Belgium (i.e. Candriam – Belgian Branch) acting as financial managers, in the financial year ended 31 December 2022:

Gross total amount of fixed remuneration paid (excluding payments or benefits which may be regarded as forming part of a general and non-discretionary policy and having no incentive effect on risk management): EUR 24,652,347.

Gross total amount of variable remuneration paid: EUR 10,435,950.

Number of beneficiaries: 256.

Aggregate amount of remuneration, broken down by senior managers and members of the delegated financial management personnel whose activities have a significant impact on the fund's risk profile. The delegated financial manager's systems do not allow identification of this kind for each managed fund. The figures below also indicate the aggregate amount of global remuneration at the level of the delegated financial manager.

Aggregate amount of remuneration of senior management: EUR 5,059,679.

Aggregate amount of remuneration of the members of the delegated financial management personnel whose activities have a significant impact on the risk profile of the funds of which it is the delegated financial manager (excluding senior managers): EUR 4,582,833.

Remuneration paid by Candriam to personnel in its branch in France (i.e. Candriam – Succursale française) acting as financial managers, in the financial year ended 31 December 2022:

Gross total amount of fixed remuneration paid (excluding payments or benefits which may be regarded as forming part of a general and non-discretionary policy and having no incentive effect on risk management): EUR 18,384,879.

Gross total amount of variable remuneration paid: EUR 9,558,325.

Number of beneficiaries: 202.



CANDRIAM RISK ARBITRAGE

AUDITORS' REPORT ON THE ANNUAL ACCOUNTS
Financial year ended 30 December 2022



AUDITORS' REPORT ON THE ANNUAL ACCOUNTS
Financial year ended 30 December 2022

CANDRIAM RISK ARBITRAGE
UCITS FORMED AS A FONDS COMMUN DE PLACEMENT (MUTUAL FUND)
Regulated by the Code monétaire et financier

Management company
CANDRIAM INVESTORS GROUP
WASHINGTON PLAZA - 40, rue Washington 75008 PARIS CEDEX 08

Opinion

In carrying out the mandate entrusted to us by the management company, we carried out our audit of the annual accounts of the UCITS in the form of a *fonds commun de placement* (FCP) CANDRIAM RISK ARBITRAGE for the financial year ended 30 December 2022, as appended to this report.

We certify that the annual financial statements are, in conformity with French accounting rules and principles, accurate and consistent, and give a true and fair view of the financial performance of the previous financial year as well as the financial situation and assets of the UCITS, in the form of a fonds commun de placement, at the end of this financial year.

Basis of the opinion

Audit criteria

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The responsibilities imposed upon us by these standards are set out in the section entitled "*Responsibilities of the auditors in the auditing of the annual accounts*" in this report.

Independence

We conducted our audit mandate in accordance with the rules of independence set out in the French Commercial Code and the Code of Ethics for Statutory Auditors, for the period 01/01/2022 to the date of issue of our report.

PricewaterhouseCoopers Audit, 63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex
T: +33 (0) 1 56 57 58 59, F: +33 (0) 1 56 57 58 60, www.pwc.fr

Registered firm of accountants on the "Tableau de l'Ordre" in Paris - Ile de France. Firm of statutory auditors, a member of the "Compagnie régionale" of Versailles. Simplified joint-stock company with a capital of EUR 2,510,460. Registered office: 63, rue de Villiers - 92200 Neuilly-sur-Seine. RCS Nanterre 672 006 483. VAT number FR 76 672 006 483. Siret 672 006 483 00362 APE code 6920 Z Offices: Bordeaux, Grenoble, Lille, Lyon, Marseilles, Metz, Nantes, Nice, Paris, Poitiers, Rennes, Rouen, Strasbourg, Toulouse.



CANDRIAM RISK ARBITRAGE

Justification of our appraisals

In application of the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our appraisals, we hereby inform you that the appraisals which, in our professional opinion, were the most significant for the audit of the year's annual accounts, covered the appropriateness of the accounting principles applied, the reasonableness of the significant estimates made, and the overall presentation of the accounts.

These appraisals formed part of our audit of the annual accounts as a whole, and contributed to our opinion expressed above. We do not express an opinion on items in the annual accounts taken in isolation.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by statutory and regulatory texts.

We have no observations to make on the fairness and consistency with the annual accounts of the information given in the management report prepared by the management company.

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Registered firm of accountants on the "Tableau de l'Ordre" in Paris - Ile de France. Firm of statutory auditors, a member of the "Compagnie régionale" of Versailles. Simplified joint-stock company with a capital of EUR 2,510,460. Registered office: 63, rue de Villiers - 92200 Neuilly-sur-Seine. RCS Nanterre 672 006 483. VAT number FR 76 672 006 483. Siret 672 006 483 00362 APE code 6920 Z Offices: Bordeaux, Grenoble, Lille, Lyon, Marseilles, Metz, Nantes, Nice, Paris, Poitiers, Rennes, Rouen, Strasbourg, Toulouse.



CANDRIAM RISK ARBITRAGE

Responsibilities of the management company relating to the annual accounts

It is the responsibility of the management company to prepare annual accounts giving a true and fair view in accordance with French accounting rules and principles, and to implement the internal controls it considers necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

When preparing the annual accounts, it is the management company's responsibility to assess the fund's ability to continue as a going concern, to present in these accounts, where applicable, the necessary information relating to its viability as a going concern, and to apply the going concern accounting policy unless it intends to wind up the fund or to cease trading.

The annual accounts have been prepared by the management company.

Responsibilities of the auditors in the auditing of the annual accounts

Audit objective and approach

It is our responsibility to draft a report on the annual accounts. Our aim is to obtain reasonable assurance that the annual accounts taken as a whole do not contain any material misstatement. Reasonable assurance corresponds to a high level of assurance, but does not guarantee that an audit performed in accordance with the standards of professional practice can systematically detect any material misstatement. Misstatements may arise from fraud or error and are considered material where it can reasonably be expected that, taken individually or together, they may influence the economic decisions made by account users based thereon.

As specified by Article L.823-10-1 of the French Commercial Code, our mandate is to certify the accounts, not to guarantee the viability or the quality of the management of the fund.

Where an audit is conducted in accordance with the professional standards applicable in France, the statutory auditor exercises its professional judgement throughout this audit. In addition,

- it identifies and assesses the risks that the annual accounts may contain material misstatement (whether due to fraud or error), sets out and implements the audit procedures intended to counter these risks, and collates the items that it deems sufficient and appropriate to justify its opinion. The risk of non-detection of a material misstatement due to fraud is higher than that of a material misstatement due to an error, since fraud may involve collusion, forgery, voluntary omissions, misrepresentation or the circumvention of internal control processes;

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CANDRIAM RISK ARBITRAGE

- it becomes familiar with the internal control processes relevant to the audit so as to set out audit procedures that are appropriate to the circumstances, and not to express an opinion on the effectiveness of the internal control processes;
- it assesses the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as the information provided in their regard in the annual accounts;
- it assesses the appropriateness of the application by the management company of the going concern accounting policy and based on the evidence gathered, whether significant uncertainty exists relating to events or circumstances that may affect the fund's ability to continue as a going concern. This assessment is based on the items collated until the date of its report, on the understanding that subsequent events or circumstances may affect its viability as a going concern. If significant uncertainty is shown to exist, it draws the attention of the readers of its report to the information provided in the annual accounts in respect of said uncertainty or, if this information is not provided or is not relevant, it issues a certification with reserve or a refusal to certify;
- it appraises the overall presentation of the annual accounts, and assesses whether said statements reflect the transactions and underlying events, and thus provide a true and fair view thereof.

Neuilly sur Seine, date of the electronic signature

Document authenticated by electronic signature
The Auditors
PricewaterhouseCoopers Audit
Amaury Couplez

2023.03.28 16:57:00 +0200

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BALANCE SHEET ASSETS AT 30/12/2022 IN EUR

	30/12/2022	31/12/2021
NET FIXED ASSETS	0.00	0.00
DEPOSITS	0.00	0.00
FINANCIAL INSTRUMENTS	162,192,145.90	664,423,081.44
Equities and equivalent securities	34,649,464.16	287,107,735.09
Traded on a regulated or equivalent market	34,649,464.16	287,107,735.09
Not traded on a regulated or equivalent market	0.00	0.00
Bonds and equivalent securities	0.00	0.00
Traded on a regulated or equivalent market	0.00	0.00
Not traded on a regulated or equivalent market	0.00	0.00
Debt securities	67,161,026.77	0.00
Traded on a regulated or equivalent market	67,161,026.77	0.00
Negotiable debt securities	67,161,026.77	0.00
Other debt securities	0.00	0.00
Not traded on a regulated or equivalent market	0.00	0.00
Undertakings for collective investment	11,004,915.25	52,415,319.56
General purpose UCITS and AIFs aimed at non-professionals and equivalents in other countries	11,004,915.25	52,415,319.56
Other funds aimed at non-professionals and equivalents in other countries which are Member States of the EU	0.00	0.00
General purpose professional funds and equivalents in other countries which are Member States of the EU and listed securitisation vehicles	0.00	0.00
Other professional investment funds and equivalents in other countries which are Member States of the EU and unlisted securitisation vehicles	0.00	0.00
Other non-European undertakings	0.00	0.00
Temporary securities transactions	49,130,241.50	323,497,137.26
Receivables representing reverse repurchase agreements	0.00	29,988,295.26
Claims representing securities loaned	913.00	0.00
Securities borrowed	49,129,328.50	293,508,842.00
Repurchase agreements	0.00	0.00
Other temporary transactions	0.00	0.00
Forward financial instruments	246,498.22	1,402,889.53
Transactions on a regulated or equivalent market	0.00	0.00
Other transactions	246,498.22	1,402,889.53
Other financial instruments	0.00	0.00
RECEIVABLES	141,108,620.77	714,776,527.69
Foreign currency forward exchange transactions	86,456,776.94	422,152,602.45
Other	54,651,843.83	292,623,925.24
CASH AND BANKS	8,531,549.56	41,012,330.24
Cash	8,531,549.56	41,012,330.24
TOTAL ASSETS	311,832,316.23	1 420 211 939.37

BALANCE SHEET LIABILITIES AT 30/12/2022 IN EUR

	30/12/2022	31/12/2021
EQUITY CAPITAL		
Capital	171,661,191.61	711,067,622.04
Earlier undistributed capital gains and losses (a)	0.00	0.00
Retained earnings (a)	0.00	0.00
Net capital gains and losses during financial year (a, b)	2,496,423.95	-33,255,291.22
Profit for the year (a, b)	1,664,094.96	23,031,023.61
TOTAL EQUITY CAPITAL *	175,821,710.52	700,843,354.43
<i>* Amount representative of net assets</i>		
FINANCIAL INSTRUMENTS	49,299,576.31	296,983,989.36
Disposals of financial instruments	0.00	0.00
Temporary securities transactions	49,229,641.44	293,534,142.06
Debts representing repurchase agreements	0.00	0.00
Debts representing securities borrowed	49,229,641.44	293,534,142.06
Other temporary transactions	0.00	0.00
Forward financial instruments	69,934.87	3,449,847.30
Transactions on a regulated or equivalent market	0.00	0.00
Other transactions	69,934.87	3,449,847.30
DEBTS	86,485,299.49	422,384,595.58
Foreign currency forward exchange transactions	85,675,839.41	421,358,165.48
Other	809,460.08	1,026,430.10
CASH AND BANKS	225,729.91	0.00
Current bank lending	225,729.91	0.00
Borrowings	0.00	0.00
TOTAL LIABILITIES	311,832,316.23	1 420 211 939.37

(a) Including adjustment accounts

(b) Less interim dividends paid over the financial year

OFF-BALANCE SHEET AT 30/12/2022 IN EUR

	30/12/2022	31/12/2021
HEDGING TRANSACTIONS		
Commitment on regulated or equivalent markets		
Commitment on OTC market		
Other commitments		
OTHER TRANSACTIONS		
Commitment on regulated or equivalent markets		
Commitment on OTC market		
Contracts for difference		
CFD JPX HOMESER 1230	1,317,866.98	0.00
CFD CGMD EDF 1230	8,651,496.00	0.00
CFD JPX MEDICLI 1230	2,371,832.70	0.00
BC MICRO FOCU 1230	1,061,127.03	0.00
CFD RITCHIE JPM 1230	1,132,866.54	0.00
CFD DEVRO PLC 1230	951,989.90	0.00
CFD JP ADVANCED 1230	0.00	15,875,186.69
CFD JP S&P GLOB 1230	0.00	28,888,905.28
CFD JPX FIRST C 1230	0.00	3,021,779.32
CFD JPX II-VI I 1230	0.00	2,469,782.20
CFD JPX APOLLO 1230	0.00	13,628,521.03
CFD BC SUEZ 1230	0.00	26,896,869.02
CFD BC SILTRONI 1230	0.00	7,969,067.40
CGMD EUROPCAR 1230	0.00	601,661.22
CGMD MEGGITT 1230	0.00	42,965.03
BC MEGGITT PL 1230	0.00	1,825,776.49
CGMD AVAST PL 1230	0.00	4,106,171.92
CGMD NORTONLI 1230	0.00	391,687.57
UBS MKS INSTR 1230	0.00	3,183,671.99
CFD UBS NEW YOR 1230	0.00	475,977.41
CFD UBS FIRST I 1230	0.00	11,820,800.59
CFD UBS GOLDMAN 1230	0.00	7,824,916.95
UBS BLUE PRIS 1230	0.00	2,133,019.87
CFD UBS RAYMOND 1230	0.00	3,283,835.74
CFD UBS ZARDOYA 1230	0.00	7,816,911.75
UBS PLAYTECH 1230	0.00	4,178,704.86
BC CNP ASSURA 1230	0.00	18,545,985.75
CGMD ADTRAN I 1230	0.00	128,965.81
CGMD VIFOR PH 1230	0.00	3,730,426.82
CFD UBS INTEGRI 1230	0.00	612,471.93
CFD UBS QUIDEL 1230	0.00	1,454,952.89
CFD UBS COLUMBI 1230	1,681,323.17	0.00
Other commitments		

INCOME STATEMENT AT 30/12/2022 IN EUR

	30/12/2022	31/12/2021
Income on financial transactions		
Income on deposits and cash and banks	107,893.47	43,715.86
Income on equities and equivalent securities	6,540,322.01	29,757,821.81
Income on bonds and equivalent securities	0.00	0.00
Income on debt securities	237,213.48	-9,377.41
Income on temporary purchases and sales of securities	806,473.47	-173,285.39
Income on forward financial instruments	0.00	0.00
Other financial income	0.00	0.00
TOTAL (1)	7,691,902.43	29,618,874.87
Charges on financial transactions		
Charges on temporary purchases and sales of securities	711,918.87	162,932.23
Charges on forward financial instruments	0.00	0.00
Charges on financial debts	220,602.34	928,815.24
Other financial charges	0.00	0.00
TOTAL (2)	932,521.21	1,091,747.47
PROFIT/LOSS ON FINANCIAL TRANSACTIONS (1 - 2)	6,759,381.22	28,527,127.40
Other income (3)	0.00	0.00
Management fees and depreciation charges (4)	2,159,163.17	4,346,398.21
NET PROFIT/LOSS FOR THE FINANCIAL YEAR (L. 214-17-1) (1 - 2 + 3 - 4)	4,600,218.05	24,180,729.19
Revenue adjustment for the financial year (5)	-2,936,123.09	-1,149,705.58
Advance payments on profit for the financial year (6)	0.00	0.00
NET PROFIT/LOSS (1 - 2 + 3 - 4 + 5 - 6)	1,664,094.96	23,031,023.61

The research costs are included under "Management fees and depreciation charges".

APPENDICES TO THE ANNUAL ACCOUNTS

1. Accounting rules and methods

The annual accounts are submitted in the form stipulated in Regulation ANC 2014-01, as amended.

General accounting principles are applicable:

- true and fair view, comparability, going concern,
- accuracy, reliability,
- prudence,
- consistency of accounting methods from one financial year to the next.

The accounting method for recording proceeds from fixed-income securities is the interest accrued method.

Entries and sales of securities are accounted exclusive of fees. The reference currency for portfolio accounting is the euro. The financial year is 12 months.

Asset valuation rules

Equities, warrants and rights

Equities are valued at the closing price on the various stock exchanges on the reference date.

ETFs and UCIs.

ETFs and UCIs are valued at the net asset value representative of the markets on the reference date or in the absence thereof the preceding date.

Bonds

Bonds are valued at the closing price on the basis of contributor prices on the reference date. Negotiable debt securities and other money market instruments.

Negotiable debt securities and other money market instruments are valued using prices calculated on the basis of representative market data on the reference date.

Futures and options on organised markets

These financial instruments are valued at the closing prices on the various markets on the reference date.

Cleared OTC derivatives

These financial instruments are valued at the closing prices set by the CCPs on the reference date.

Spot exchange rates

The spot exchange rates are valued from the market data available from specialised data providers.

Forward exchange

Forward exchange is valued on the basis of the market data available from specialised data providers (spot price, interest rate curve, etc.).

Credit derivatives

Credit derivatives are calculated based on models validated by the Management Company, using market data such as the spread curve, interest rate curve, etc., available from specialised data providers. The prices obtained are compared with those of the counterparties.

Vanilla swaps

Uncleared vanilla swaps are calculated based on models validated by the Management Company, using market data such as the interest rate curve, etc., available from specialised data providers.

Equity swaps

Equity swaps are valued on the basis of the closing price of the underlying.

Other OTC derivatives

Uncleared OTC products are calculated based on models validated by the Management Company, using the

market data available from specialised data providers (volatility, interest rate curve, etc.).
The prices obtained from the models are compared with those of the counterparties.

Repurchase and reverse repurchase agreements, lending and borrowing of securities

Borrowed financial securities are recorded in the assets of the balance sheet under "Financial securities borrowed" with their current value, and the debt representing the obligation to return the security is recorded in the liabilities of the balance sheet with the same value under "Debts representing securities borrowed".

Exceptional treatment

Debt securities in which there are not significant amounts of transactions or for which the price is clearly not representative of the market, may be valued on the basis of an estimated method and under the responsibility of the Management Company. In addition, the actuarial method may be used, the rate applied being that for issues of equivalent securities, where applicable, allocated by a differential representative of the intrinsic characteristics of the issuer of the security.

Options in which there are not significant amounts of transactions and/or for which the price is clearly not representative of the market, may be valued on the basis of a method representative of the close of the market at responsibility of the Management Company.

Main sources

The principal specialised data providers for valuations are Bloomberg, IDC, CMA, WMS and Factset.

The Management Company may, nevertheless, change these at its own responsibility if it deems appropriate.

Off-balance sheet items:

The off-balance sheet commitment relating to interest rate swaps corresponds to the nominal contract value. The off-balance sheet commitment on French and foreign futures markets is calculated based on the regulations in force:

- Futures: quantity by nominal amount by trading price in the contract currency.
- Options: quantity by delta by unit of trading by price of the underlying in the contract currency. The off-balance sheet commitment in equity swaps is calculated in accordance with applicable procedures: amount per underlying price in each currency.

Management fees

These cover all the costs billed directly to the UCITS apart from the transaction fees. Transaction charges include intermediary charges (brokerage, stock exchange duties, etc.) and any turnover fees, where applicable, which may be collected in particular by the depositary and the Management Company.

In addition to the operating and management fees, there may be:

- Outperformance fees. These are paid to the Management Company if the UCITS outperforms its objectives. They are therefore billed to the UCITS,
- Transfer fees billed to the UCITS;

Charges billed to the FCP	Calculation basis	Rate/amount incl. taxes*
Financial management charges and administration charges external to the Management Company	Net assets	C units: Maximum 0.80% N units: maximum 1.20% * U units: Maximum 0.60% R units: Maximum 0.70% R2 units: Maximum 0.35% RS units: Maximum 0.40% Z units: Maximum 0.25% O units: Maximum 0.60% I and I in USD units: Maximum 0.60% I2 units: Maximum 0.80%
Maximum indirect charges (fees and management charges)	Net assets	Not significant **
Turnover fees collected by the depositary	Levied on each transaction	Maximum EUR 80/transaction***
Outperformance fee	Net assets	20% of performance above the capitalised €STR consisting of a high water mark and a hurdle (see below) for all units except O units and I2 units for which there is no outperformance fee 20% of performance above the capitalised EFFR consisting of a high water mark and a hurdle (see below) for the I in USD units

*Since the Management Company has opted out of VAT, these fees are charged excluding VAT and their amount including taxes is equal to their amount excluding taxes.

** The fund invests a maximum of 10% in UCIs.

*** Maximum amount that varies according to the instruments used.

Research costs:

The costs relating to research as described in article 314-21 of the General Regulation of the AMF may be billed to the UCITS. A provision is made for them at each NAV on the basis of an annual budget.

Not included in the categories of fees set out above:

- contributions owed for management of the UCITS pursuant to d), 3°, II of article L. 621-5-3 of the Code monétaire et financier,
- exceptional and non-recurrent taxes, duties and other government fees (relating to the UCITS),
- exceptional and non-recurrent costs in connection with debt collection (e.g. Lehman) or to proceedings in order to exercise a right (e.g. class action lawsuit).

Information about these costs is subsequently also set out in the annual report of the UCITS.

Outperformance fee:

For each unit category, the asset manager may be entitled to an outperformance fee based on the outperformance of the net asset value (NAV) in relation to the reference indicator defined below.

Benchmark index

The reference indicator is made up of the two following elements:

- A high water mark (HWM) corresponding to a first reference asset based on the highest NAV achieved at the end of a financial year from 31/12/2021.

The initial HWM corresponds to the NAV of 31/12/2021. If a new unit category is activated subsequently or a pre-existing unit category is reactivated, the initial NAV of this new unit at (re)launch will be used as the initial HWM.

➤ A hurdle corresponding to a second reference asset based on a theoretical investment of assets at the minimum rate of return which increases the subscription totals and proportionally reduces the redemption totals. If this minimum rate of return is negative, the rate of 0% is used to determine the hurdle rate. Using a HWM guarantees that unitholders will not be billed for an outperformance fee while the NAV remains below the highest NAV achieved at the end of a financial year from 31/12/2021. This variable remuneration aligns the interests of the asset manager with those of the investors and is a link with the FCP's risk/return ratio.

Method for calculating the outperformance fee

As the NAV is different for each unit category, the outperformance fees are calculated independently for each unit, producing fees of different amounts.

The outperformance fee is calculated with the same frequency as the NAV calculation. The outperformance fee is included in the NAV calculation.

If the NAV upon which fee calculation is based, in other words the NAV after the outperformance fee on redemptions but excluding the outperformance fee on units still in circulation, is greater than the two components of the reference indicator (HWM and hurdle), this constitutes an outperformance.

The smaller of these 2 outperformances is the basis of calculation for the provision for an outperformance fee in line with the provisioning rate of this outperformance as set out in the table below (the "Provisioning rate").

In the event of underperformance in relation to one of the two components of the reference indicator, the outperformance fee is reversed in line with the provisioning rate of this underperformance. Nevertheless, the accounting provision for the outperformance fee will never be negative.

When a dilution adjustment is applied to the NAV, it is excluded from the outperformance fee calculation.

In the case of unit categories with distribution rights, any distributions of dividends will have no effect on the outperformance fee of the unit category.

For each unit category denominated in the currency of the fund, outperformance fees are calculated in this currency, whereas for unit categories denominated in another currency, whether or not they are currency hedged, the outperformance fees will be calculated in the currency of the unit category.

Reference period

In general, the outperformance fee is calculated for each 12 month period corresponding to the financial year. This period is regarded as the reference period for calculation of the outperformance fee.

In the case of activation or reactivation of a unit category, the first crystallisation of performance fees for this unit category cannot take place (apart from redemptions) until the end of the financial year following the financial year during which the unit category was (re)activated.

Crystallisation

Any positive outperformance fee is crystallised:

- at the end of each reference period,
- at the time of each net redemption identified on each NAV calculation, in proportion to the number of units redeemed. In this case, the outperformance fee provision will be reduced by the amount crystallised in this way,
- if applicable, on the closing date of a unit category during the reference period.

In addition, and in accordance with the rules, an outperformance fee may be crystallised: in the event of merger/liquidation of the fund/unit category during the reference period, if the outperformance mechanism changes

Clawback of negative performances

In the event of negative performance during the reference period, the underperformance will be carried over

to the following reference period. The HWM will in this case remain identical to that of the previous period.

As for the hurdle, it is reinitialised at the start of each period regardless of whether an outperformance fee has been crystallised or not

Allocation of distributable income

Definition of distributable income

The distributable income consists of:

Profit:

The net profit for the financial year is equal to the amount of interest, arrears, premiums and prizes, dividends, attendance fees and all other proceeds generated by the securities held in the portfolio, plus income generated by temporary cash holdings, less the amount of management fees and borrowing costs. It is increased by the retained earnings, and increased or reduced by the balance of the revenue adjustment account.

Capital gains and losses:

The realised capital gains, net of costs, less any realised capital losses, net of charges, recorded during the financial year, plus any net capital gains of the same nature recognised over previous financial years which were not distributed or capitalised, plus or minus the capital gains adjustment account.

Methods for allocation of distributable amounts:

<i>Unit(s)</i>	<i>Allocation of net profit</i>	<i>Allocation of net realised capital gains or losses</i>
CANDRIAM RISK ARBITRAGE C units	Capitalisation	Capitalisation
CANDRIAM RISK ARBITRAGE I units	Capitalisation	Capitalisation
CANDRIAM RISK ARBITRAGE I2 units	Capitalisation	Capitalisation
CANDRIAM RISK ARBITRAGE N units	Capitalisation	Capitalisation
CANDRIAM RISK ARBITRAGE O units	Capitalisation	Capitalisation
CANDRIAM RISK ARBITRAGE R units	Capitalisation	Capitalisation
CANDRIAM RISK ARBITRAGE R2 units	Capitalisation	Capitalisation
CANDRIAM RISK ARBITRAGE Z units	Capitalisation	Capitalisation

2. CHANGES IN NET ASSETS AT 30/12/2022 in EUR

	30/12/2022	31/12/2021
NET ASSETS AT THE START OF THE FINANCIAL YEAR	700,843,354.43	735,431,398.28
Subscriptions (including subscription fees paid to the UCI)	129,908,411.47	332,568,393.39
Redemptions (excluding redemption fees paid to the UCI)	-644,104,806.29	-374,248,026.32
Capital gains realised on deposits and financial instruments	52,406,840.21	110,139,706.58
Capital losses realised on deposits and financial instruments	-55,160,943.19	-89,397,026.84
Capital gains realised on forward financial instruments	58,779,224.39	73,017,999.76
Capital losses realised on forward financial instruments	-71,932,175.09	-144,697,537.96
Transaction fees	-382,629.51	-685,022.48
Exchange differences	21,164,994.25	31,186,944.16
Changes in valuation difference of deposits and financial instruments	-22,524,299.32	-272,936.63
<i>Valuation difference financial year N</i>	-208,325.22	22,315,974.10
<i>Valuation difference financial year N-1</i>	-22,315,974.10	-22,588,910.73
Changes in valuation difference of forward financial instruments	2,223,521.12	3,618,733.30
<i>Valuation difference financial year N</i>	176,563.35	-2,046,957.77
<i>Valuation difference financial year N-1</i>	2,046,957.77	5,665,691.07
Distribution in previous year of net capital gains and losses	0.00	0.00
Distribution in the previous financial year from profit	0.00	0.00
Net profit/loss for the financial year before adjustment account	4,600,218.05	24,180,729.19
Interim payment(s) during the financial year from net capital gains and losses	0.00	0.00
Interim payment(s) during the financial year from profit	0.00	0.00
Other components	0.00	0.00
NET ASSETS AT THE END OF THE FINANCIAL YEAR	175,821,710.52	700,843,354.43

3. ADDITIONAL INFORMATION

3.1. BREAKDOWN BY LEGAL OR ECONOMIC TYPE OF THE FINANCIAL INSTRUMENTS

	Amount	%
ASSETS		
BONDS AND EQUIVALENT SECURITIES		
TOTAL BONDS AND EQUIVALENT SECURITIES	0.00	0.00
DEBT SECURITIES		
Short term negotiable securities (NEU CP)	67,161,026.77	38.20
TOTAL DEBT SECURITIES	67,161,026.77	38.20
LIABILITIES		
DISPOSALS OF FINANCIAL INSTRUMENTS		
TOTAL DISPOSALS OF FINANCIAL INSTRUMENTS	0.00	0.00
OFF-BALANCE SHEET		
HEDGING TRANSACTIONS		
TOTAL HEDGING TRANSACTIONS	0.00	0.00
OTHER TRANSACTIONS		
Equities	17,168,502.32	9.76
TOTAL OTHER TRANSACTIONS	17,168,502.32	9.76

3.2. BREAKDOWN BY TYPE OF RATE OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS

	Fixed rate	%	Variable rate	%	Revisable rate	%	Other	%
ASSETS								
Deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bonds and equivalent securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Debt securities	8,005,248.95	4.55	59,155,777.82	33.65	0.00	0.00	0.00	0.00
Temporary securities transactions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash and banks	0.00	0.00	0.00	0.00	0.00	0.00	8,531,549.56	4.85
LIABILITIES								
Temporary securities transactions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash and banks	0.00	0.00	0.00	0.00	0.00	0.00	225,729.91	0.13
OFF-BALANCE SHEET								
Hedging transactions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other transactions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

3.3. BREAKDOWN BY RESIDUAL MATURITY OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS^(*)

	< 3 months	%]3 months - 1 year]	%]1 - 3 years]	%]3 - 5 years]	%	> 5 years	%
ASSETS										
Deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bonds and equivalent securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Debt securities	43,106,135.80	24.52	24,054,890.97	13.68	0.00	0.00	0.00	0.00	0.00	0.00
Temporary securities transactions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash and banks	8,531,549.56	4.85	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LIABILITIES										
Temporary securities transactions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash and banks	225,729.91	0.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OFF-BALANCE SHEET										
Hedging transactions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other transactions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

(*) Forward interest rate positions are presented according to the maturity of the underlying.

3.4. BREAKDOWN BY LISTING OR VALUATION CURRENCY OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS (NON-EUR)

	Currency 1 GBP		Currency 2 USD		Currency 3 SEK		Currency N Other(s)	
	Amount	%	Amount	%	Amount	%	Amount	%
ASSETS								
Deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equities and equivalent securities	0.00	0.00	31,849,536.07	18.11	0.00	0.00	1,819,101.52	1.03
Bonds and equivalent securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Debt securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
UCI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Temporary securities transactions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Receivables	8,963.54	0.01	21,389,633.44	12.17	8,476.53	0.00	4,473,850.34	2.54
Cash and banks	56,452.72	0.03	608,303.57	0.35	86,618.60	0.05	106,533.59	0.06
LIABILITIES								
Disposals of financial instruments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Temporary securities transactions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Debts	0.00	0.00	53,408,292.34	30.38	0.00	0.00	6,380,475.67	3.63
Cash and banks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OFF-BALANCE SHEET								
Hedging transactions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other transactions	5,702,816.61	3.24	2,814,189.71	1.60	0.00	0.00	0.00	0.00

3.5. RECEIVABLES AND DEBTS: BREAKDOWN BY TYPE

	Type of debit/credit	30/12/2022
RECEIVABLES		
	Forward currency purchases	25,837,167.26
	Funds receivable on forward currency sales	60,619,609.68
	Subscriptions receivable	245,284.29
	Coupons and cash dividends	43,756.59
	Collateral	54,362,802.95
TOTAL RECEIVABLES		141,108,620.77
DEBTS		
	Forward sale of foreign currencies	59,788,768.01
	Funds payable on forward currency purchases	25,887,071.40
	Redemptions payable	369,207.33
	Fixed management fee	90,252.75
	Collateral	350,000.00
TOTAL DEBTS		86,485,299.49
TOTAL DEBTS AND RECEIVABLES		54,623,321.28

3.6. EQUITY CAPITAL

3.6.1. Number of securities issued or redeemed

	In units	As an amount
CANDRIAM RISK ARBITRAGE C units		
Units subscribed during the year	14,626.657	36,705,021.46
Units redeemed during the year	-40,805.384	-102,171,364.29
Net balance of subscriptions/redemptions	-26,178.727	-65,466,342.83
Number of units in circulation at the end of the year	15,557.357	
CANDRIAM RISK ARBITRAGE I units		
Units subscribed during the year	18,321.582	27,782,690.44
Units redeemed during the year	-164,009.738	-245,723,199.58
Net balance of subscriptions/redemptions	-145,688.156	-217,940,509.14
Number of units in circulation at the end of the year	46,551.005	
CANDRIAM RISK ARBITRAGE I2 units		
Units subscribed during the year	10,700.007	16,145,634.36
Units redeemed during the year	-13,724.575	-20,409,145.19
Net balance of subscriptions/redemptions	-3,024.568	-4,263,510.83
Number of units in circulation at the end of the year	331.801	
CANDRIAM RISK ARBITRAGE I USD units		
Units subscribed during the year	0.00	0.00
Units redeemed during the year	-560.154	-803,131.51
Net balance of subscriptions/redemptions	-560.154	-803,131.51
Number of units in circulation at the end of the year	0.00	
CANDRIAM RISK ARBITRAGE N units		
Units subscribed during the year	0.00	0.00
Units redeemed during the year	0.00	0.00
Net balance of subscriptions/redemptions	0.00	0.00
Number of units in circulation at the end of the year	2.358	
CANDRIAM RISK ARBITRAGE O units		
Units subscribed during the year	4,325.599	6,626,676.64
Units redeemed during the year	-87,764.986	-133,793,228.28
Net balance of subscriptions/redemptions	-83,439.387	-127,166,551.64
Number of units in circulation at the end of the year	25,985.811	
CANDRIAM RISK ARBITRAGE RS units		
Units subscribed during the year	0.00	0.00
Units redeemed during the year	-31,713.762	-48,310,525.06
Net balance of subscriptions/redemptions	-31,713.762	-48,310,525.06
Number of units in circulation at the end of the year	0.00	
CANDRIAM RISK ARBITRAGE R units		
Units subscribed during the year	230,887.000	35,029,942.44
Units redeemed during the year	-570,152.493	-85,236,509.38
Net balance of subscriptions/redemptions	-339,265.493	-50,206,566.94
Number of units in circulation at the end of the year	25,315.061	

3.6.1. Number of securities issued or redeemed

	In units	As an amount
CANDRIAM RISK ARBITRAGE R2 units		
Units subscribed during the year	23,004.473	3,475,545.14
Units redeemed during the year	-19,979.860	-3,016,563.77
Net balance of subscriptions/redemptions	3,024.613	458,981.37
Number of units in circulation at the end of the year	115,228.216	
CANDRIAM RISK ARBITRAGE Z units		
Units subscribed during the year	2,792.000	4,142,900.99
Units redeemed during the year	-3,111.785	-4,641,139.23
Net balance of subscriptions/redemptions	-319.785	-498,238.24
Number of units in circulation at the end of the year	4,929.179	

3.6.2. Subscription and/or redemption fees

	As an amount
CANDRIAM RISK ARBITRAGE C units	
Total subscription and redemption fees paid	0.00
Subscription fees paid	0.00
Redemption fees paid	0.00
CANDRIAM RISK ARBITRAGE I units	
Total subscription and redemption fees paid	0.00
Subscription fees paid	0.00
Redemption fees paid	0.00
CANDRIAM RISK ARBITRAGE I2 units	
Total subscription and redemption fees paid	0.00
Subscription fees paid	0.00
Redemption fees paid	0.00
CANDRIAM RISK ARBITRAGE I USD units	
Total subscription and redemption fees paid	0.00
Subscription fees paid	0.00
Redemption fees paid	0.00
CANDRIAM RISK ARBITRAGE N units	
Total subscription and redemption fees paid	0.00
Subscription fees paid	0.00
Redemption fees paid	0.00
CANDRIAM RISK ARBITRAGE O units	
Total subscription and redemption fees paid	0.00
Subscription fees paid	0.00
Redemption fees paid	0.00
CANDRIAM RISK ARBITRAGE RS units	
Total subscription and redemption fees paid	0.00
Subscription fees paid	0.00
Redemption fees paid	0.00
CANDRIAM RISK ARBITRAGE R units	
Total subscription and redemption fees paid	0.00
Subscription fees paid	0.00
Redemption fees paid	0.00
CANDRIAM RISK ARBITRAGE R2 units	
Total subscription and redemption fees paid	0.00
Subscription fees paid	0.00
Redemption fees paid	0.00
CANDRIAM RISK ARBITRAGE Z units	
Total subscription and redemption fees paid	0.00
Subscription fees paid	0.00
Redemption fees paid	0.00

3.7. MANAGEMENT FEES

	30/12/2022
CANDRIAM RISK ARBITRAGE C units	
Collateral fees	0.00
Fixed management fees	351,186.18
Percentage of fixed management fees	0.60
Provision for variable management fees	0.00
Percentage provision for variable management fees	0.00
Variable management fees paid	198.55
Percentage variable management fees paid	0.00
Management fee retrocessions	0.00
CANDRIAM RISK ARBITRAGE I units	
Collateral fees	0.00
Fixed management fees	984,877.90
Percentage of fixed management fees	0.40
Provision for variable management fees	0.00
Percentage provision for variable management fees	0.00
Variable management fees paid	184.64
Percentage variable management fees paid	0.00
Management fee retrocessions	0.00
CANDRIAM RISK ARBITRAGE I2 units	
Collateral fees	0.00
Fixed management fees	62,669.15
Percentage of fixed management fees	0.70
Provision for variable management fees	0.00
Percentage provision for variable management fees	0.00
Variable management fees paid	0.00
Percentage variable management fees paid	0.00
Management fee retrocessions	0.00
CANDRIAM RISK ARBITRAGE I USD units	
Collateral fees	0.00
Fixed management fees	1,089.74
Percentage of fixed management fees	0.40
Provision for variable management fees	0.00
Percentage provision for variable management fees	0.00
Variable management fees paid	0.00
Percentage variable management fees paid	0.00
Management fee retrocessions	0.00

"The amount of the variable management fees shown above corresponds to the sum of provisions and reversals of provisions affecting the net assets during the period under review."

3.7. MANAGEMENT FEES

	30/12/2022
CANDRIAM RISK ARBITRAGE N units	
Collateral fees	0.00
Fixed management fees	27.72
Percentage of fixed management fees	1.21
Provision for variable management fees	0.00
Percentage provision for variable management fees	0.00
Variable management fees paid	0.00
Percentage variable management fees paid	0.00
Management fee retrocessions	0.00
CANDRIAM RISK ARBITRAGE O units	
Collateral fees	0.00
Fixed management fees	338,288.90
Percentage of fixed management fees	0.38
Provision for variable management fees	0.00
Percentage provision for variable management fees	0.00
Variable management fees paid	0.00
Percentage variable management fees paid	0.00
Management fee retrocessions	0.00
CANDRIAM RISK ARBITRAGE RS units	
Collateral fees	0.00
Fixed management fees	11,804.32
Percentage of fixed management fees	0.33
Provision for variable management fees	0.00
Percentage provision for variable management fees	0.00
Variable management fees paid	0.00
Percentage variable management fees paid	0.00
Management fee retrocessions	0.00
CANDRIAM RISK ARBITRAGE R units	
Collateral fees	0.00
Fixed management fees	292,584.99
Percentage of fixed management fees	0.40
Provision for variable management fees	0.00
Percentage provision for variable management fees	0.00
Variable management fees paid	34.75
Percentage variable management fees paid	0.00
Management fee retrocessions	0.00

"The amount of the variable management fees shown above corresponds to the sum of provisions and reversals of provisions affecting the net assets during the period under review."

3.7. MANAGEMENT FEES

	30/12/2022
CANDRIAM RISK ARBITRAGE R2 units	
Collateral fees	0.00
Fixed management fees	56,431.26
Percentage of fixed management fees	0.33
Provision for variable management fees	0.00
Percentage provision for variable management fees	0.00
Variable management fees paid	108.57
Percentage variable management fees paid	0.00
Management fee retrocessions	0.00
CANDRIAM RISK ARBITRAGE Z units	
Collateral fees	0.00
Fixed management fees	9,431.92
Percentage of fixed management fees	0.15
Provision for variable management fees	0.00
Percentage provision for variable management fees	0.00
Variable management fees paid	0.00
Percentage variable management fees paid	0.00
Management fee retrocessions	0.00

"The amount of the variable management fees shown above corresponds to the sum of provisions and reversals of provisions affecting the net assets during the period under review."

3.8. COMMITMENTS RECEIVED AND GIVEN

3.8.1. Collateral received by the UCI:

None

3.8.2. Other commitments given and/or received:

None

3.9. OTHER INFORMATION

3.9.1. Current value of financial instruments coming under a temporary purchase

	30/12/2022
Reverse repurchase transactions	0.00
Securities borrowed	49,129,328.50

3.9.2. Actual value of financial instruments constituting collateral

	30/12/2022
Financial instruments provided as collateral and kept in their original category	0.00
Financial instruments received as collateral and not recognised in the balance sheet	0.00

3.9.3. Financial instruments held, issued or managed by the group

	ISIN code	Title	30/12/2022
Equities			0.00
Bonds			0.00
Negotiable debt securities			0.00
UCI			11,004,915.25
	FR0013248390	CANDRIAM MONETAIRE SICAV Z units	11,004,915.25
Forward financial instruments			0.00
Total securities of the group			11,004,915.25

3.10. ALLOCATION OF DISTRIBUTABLE INCOME

Allocation of the portion of distributable income from profit

	30/12/2022	31/12/2021
Amounts to be allocated		
Retained earnings	0.00	0.00
Profit/loss	1,664,094.96	23,031,023.61
Total	1,664,094.96	23,031,023.61

	30/12/2022	31/12/2021
CANDRIAM RISK ARBITRAGE C units		
Allocation		
Distribution	0.00	0.00
Retained earnings for the financial year	0.00	0.00
Capitalisation	295,370.70	3,229,014.85
Total	295,370.70	3,229,014.85

	30/12/2022	31/12/2021
CANDRIAM RISK ARBITRAGE I units		
Allocation		
Distribution	0.00	0.00
Retained earnings for the financial year	0.00	0.00
Capitalisation	674,244.94	9,496,779.33
Total	674,244.94	9,496,779.33

	30/12/2022	31/12/2021
CANDRIAM RISK ARBITRAGE I2 units		
Allocation		
Distribution	0.00	0.00
Retained earnings for the financial year	0.00	0.00
Capitalisation	3,295.43	162,550.18
Total	3,295.43	162,550.18

	30/12/2022	31/12/2021
CANDRIAM RISK ARBITRAGE I USD units		
Allocation		
Distribution	0.00	0.00
Retained earnings for the financial year	0.00	0.00
Capitalisation	-918.81	23,234.15
Total	-918.81	23,234.15

	30/12/2022	31/12/2021
CANDRIAM RISK ARBITRAGE N units		
Allocation		
Distribution	0.00	0.00
Retained earnings for the financial year	0.00	0.00
Capitalisation	3.47	45.35
Total	3.47	45.35

	30/12/2022	31/12/2021
CANDRIAM RISK ARBITRAGE O units		
Allocation		
Distribution	0.00	0.00
Retained earnings for the financial year	0.00	0.00
Capitalisation	387,108.65	5,885,270.21
Total	387,108.65	5,885,270.21

	30/12/2022	31/12/2021
CANDRIAM RISK ARBITRAGE RS units		
Allocation		
Distribution	0.00	0.00
Retained earnings for the financial year	0.00	0.00
Capitalisation	1.68	1,599,231.95
Total	1.68	1,599,231.95

	30/12/2022	31/12/2021
CANDRIAM RISK ARBITRAGE R units		
Allocation		
Distribution	0.00	0.00
Retained earnings for the financial year	0.00	0.00
Capitalisation	36,644.88	1,798,525.36
Total	36,644.88	1,798,525.36

	30/12/2022	31/12/2021
CANDRIAM RISK ARBITRAGE R2 units		
Allocation		
Distribution	0.00	0.00
Retained earnings for the financial year	0.00	0.00
Capitalisation	179,106.42	563,919.71
Total	179,106.42	563,919.71

	30/12/2022	31/12/2021
CANDRIAM RISK ARBITRAGE Z units		
Allocation		
Distribution	0.00	0.00
Retained earnings for the financial year	0.00	0.00
Capitalisation	89,237.60	272,452.52
Total	89,237.60	272,452.52

Allocation of the portion of distributable income from net capital gains and losses

	30/12/2022	31/12/2021
Amounts to be allocated		
Earlier undistributed capital gains and losses	0.00	0.00
Net capital gains and losses during financial year	2,496,423.95	-33,255,291.22
Advance payments on net capital gains and losses for the financial year	0.00	0.00
Total	2,496,423.95	-33,255,291.22

	30/12/2022	31/12/2021
CANDRIAM RISK ARBITRAGE C units		
Allocation		
Distribution	0.00	0.00
Undistributed net capital gains and losses	0.00	0.00
Capitalisation	547,722.13	-5,019,714.11
Total	547,722.13	-5,019,714.11

	30/12/2022	31/12/2021
CANDRIAM RISK ARBITRAGE I units		
Allocation		
Distribution	0.00	0.00
Undistributed net capital gains and losses	0.00	0.00
Capitalisation	986,281.97	-13,940,112.13
Total	986,281.97	-13,940,112.13

	30/12/2022	31/12/2021
CANDRIAM RISK ARBITRAGE I2 units		
Allocation		
Distribution	0.00	0.00
Undistributed net capital gains and losses	0.00	0.00
Capitalisation	7,031.12	-242,522.38
Total	7,031.12	-242,522.38

	30/12/2022	31/12/2021
CANDRIAM RISK ARBITRAGE I USD units		
Allocation		
Distribution	0.00	0.00
Undistributed net capital gains and losses	0.00	0.00
Capitalisation	0.92	62,475.11
Total	0.92	62,475.11

	30/12/2022	31/12/2021
CANDRIAM RISK ARBITRAGE N units		
Allocation		
Distribution	0.00	0.00
Undistributed net capital gains and losses	0.00	0.00
Capitalisation	32.52	-110.26
Total	32.52	-110.26

	30/12/2022	31/12/2021
CANDRIAM RISK ARBITRAGE O units		
Allocation		
Distribution	0.00	0.00
Undistributed net capital gains and losses	0.00	0.00
Capitalisation	554,591.77	-7,978,191.03
Total	554,591.77	-7,978,191.03

	30/12/2022	31/12/2021
CANDRIAM RISK ARBITRAGE RS units		
Allocation		
Distribution	0.00	0.00
Undistributed net capital gains and losses	0.00	0.00
Capitalisation	-1.68	-2,307,059.59
Total	-1.68	-2,307,059.59

	30/12/2022	31/12/2021
CANDRIAM RISK ARBITRAGE R units		
Allocation		
Distribution	0.00	0.00
Undistributed net capital gains and losses	0.00	0.00
Capitalisation	53,552.47	-2,639,729.13
Total	53,552.47	-2,639,729.13

	30/12/2022	31/12/2021
CANDRIAM RISK ARBITRAGE R2 units		
Allocation		
Distribution	0.00	0.00
Undistributed net capital gains and losses	0.00	0.00
Capitalisation	244,053.44	-813,721.16
Total	244,053.44	-813,721.16

	30/12/2022	31/12/2021
CANDRIAM RISK ARBITRAGE Z units		
Allocation		
Distribution	0.00	0.00
Undistributed net capital gains and losses	0.00	0.00
Capitalisation	103,159.29	-376,606.54
Total	103,159.29	-376,606.54

**3.11. TABLE OF PROFIT/LOSS AND OTHER CHARACTERISTIC ELEMENTS OF THE ENTITY
OVER THE LAST FIVE FINANCIAL YEARS**

	30/12/2018	30/12/2019	30/12/2020	31/12/2021	30/12/2022
Total net assets in EUR	378,105,860.40	800,784,230.55	735,431,398.28	700,843,354.43	175,821,710.52
CANDRIAM RISK ARBITRAGE C units in EUR					
Net assets	38,500,975.77	61,672,652.39	85,441,082.09	105,471,549.95	38,461,237.64
Number of securities	15,385.040	24,448.454	34,079.427	41,736.084	15,557.357
Unit net asset value	2,502.49	2,522.55	2,507.11	2,527.10	2,472.22
Per-unit capitalisation from net capital gains and losses	12.20	-13.79	-48.74	-120.27	35.20
Per-unit capitalisation from profit	-15.00	-11.18	14.20	77.36	18.98
CANDRIAM RISK ARBITRAGE I units in EUR					
Net assets	30,534,576.29	342,848,693.50	290,341,708.54	292,849,847.97	69,512,975.30
Number of securities	20,351.000	226,330.745	192,463.451	192,239.161	46,551.005
Unit net asset value	1,500.39	1,514.81	1,508.55	1,523.36	1,493.26
Per-unit capitalisation from net capital gains and losses	10.94	-8.28	-29.77	-72.51	21.18
Per-unit capitalisation from profit	-2.91	-4.31	11.47	49.40	14.48
CANDRIAM RISK ARBITRAGE I2 units in EUR					
Net assets	1,501.35	53,736,082.48	6,082,794.71	5,097,086.51	492,455.96
Number of securities	1.000	35,458.526	4,042.369	3,356.369	331.801
Unit net asset value	1,501.35	1,515.46	1,504.75	1,518.63	1,484.19
Per-unit capitalisation from net capital gains and losses	9.22	-8.28	-29.66	-72.25	21.19
Per-unit capitalisation from profit	-2.13	-4.57	7.14	48.43	9.93
CANDRIAM RISK ARBITRAGE I USD en USD					
Total assets in USD	0.00	0.00	1,978,939.37	859,229.78	0.00
Number of securities	0.00	0.00	1,310.734	560.154	0.00
Unit net asset value in USD	0.00	0.00	1,509.79	1,533.91	0.00
Per-unit capitalisation from net capital gains and losses in EUR	0.00	0.00	-101.86	111.53	0.00
Per-unit capitalisation from profit in EUR	0.00	0.00	8.09	41.47	0.00

**3.11. TABLE OF PROFIT/LOSS AND OTHER CHARACTERISTIC ELEMENTS OF THE ENTITY
OVER THE LAST FIVE FINANCIAL YEARS**

	30/12/2018	30/12/2019	30/12/2020	31/12/2021	30/12/2022
CANDRIAM RISK ARBITRAGE N units in EUR					
Net assets	6,247.50	125,070.84	45,407.63	2,315.88	2,251.76
Number of securities	6.311	125.961	46.287	2.358	2.358
Unit net asset value	989.93	992.93	981.00	982.13	954.94
Per-unit capitalisation from net capital gains and losses	4.86	-5.42	-19.23	-46.75	13.79
Per-unit capitalisation from profit	-12.12	-9.86	-0.10	19.23	1.47
CANDRIAM RISK ARBITRAGE O units in EUR					
Net assets	254,962,367.87	279,944,117.30	214,971,725.20	167,734,141.67	39,053,842.62
Number of securities	169,804.644	184,186.189	141,989.396	109,425.198	25,985.811
Unit net asset value	1,501.50	1,519.89	1,513.99	1,532.86	1,502.89
Per-unit capitalisation from net capital gains and losses	9.06	-8.31	-29.89	-72.90	21.34
Per-unit capitalisation from profit	-1.55	-0.34	11.93	53.78	14.89
CANDRIAM RISK ARBITRAGE Part RS units in EUR					
Net assets	0.00	0.00	63,096,129.62	48,468,630.88	0.00
Number of securities	0.00	0.00	41,713.762	31,713.762	0.00
Unit net asset value	0.00	0.00	1,512.59	1,528.31	0.00
Per-unit capitalisation from net capital gains and losses	0.00	0.00	-3.83	-72.74	0.00
Per-unit capitalisation from profit	0.00	0.00	9.55	50.42	0.00
CANDRIAM RISK ARBITRAGE R units in EUR					
Net assets	0.00	6,009,719.44	12,833,325.12	55,455,163.39	3,774,546.47
Number of securities	0.00	39,722.711	85,198.830	364,580.554	25,315.061
Unit net asset value	0.00	151.29	150.62	152.10	149.10
Per-unit capitalisation from net capital gains and losses	0.00	-0.44	-2.96	-7.24	2.11
Per-unit capitalisation from profit	0.00	-0.35	1.10	4.93	1.44

**3.11. TABLE OF PROFIT/LOSS AND OTHER CHARACTERISTIC ELEMENTS OF THE ENTITY
OVER THE LAST FIVE FINANCIAL YEARS**

	30/12/2018	30/12/2019	30/12/2020	31/12/2021	30/12/2022
CANDRIAM RISK ARBITRAGE R2 units in EUR					
Net assets	5,668,800.65	5,150,735.21	7,736,593.90	17,095,761.87	17,221,715.09
Number of securities	37,839.232	34,033.981	51,303.976	112,203.603	115,228.216
Unit net asset value	149.81	151.34	150.79	152.36	149.45
Per-unit capitalisation from net capital gains and losses	0.76	-0.83	-2.96	-7.25	2.11
Per-unit capitalisation from profit	-0.75	-0.34	1.22	5.02	1.55
CANDRIAM RISK ARBITRAGE Z units in EUR					
Net assets	48,431,390.97	51,297,159.39	53,273,803.07	7,913,290.20	7,302,685.68
Number of securities	32,807.000	34,348.000	35,755.717	5,248.964	4,929.179
Unit net asset value	1,476.25	1,493.45	1,489.93	1,507.59	1,481.52
Per-unit capitalisation from net capital gains and losses	7.30	-8.16	-29.86	-71.74	20.92
Per-unit capitalisation from profit	-2.09	-1.21	13.92	51.90	18.10

3.12. INVENTORY BREAKDOWN OF FINANCIAL INSTRUMENTS IN EUR

Security name	Currency	Qty No. or nominal	Actual value	% of Net Assets
Equities and equivalent securities				
Equities and equivalent securities traded on a regulated or equivalent market				
CANADA				
HOME CAPITAL GROUP	CAD	36,877	1,085,870.24	0.62
SHAW COMMUNICATIONS INC	CAD	20,963	565,517.53	0.32
TOTAL CANADA			1,651,387.77	0.94
UNITED STATES				
1LIFE HEALTHCARE INC	USD	68,761	1,076,595.28	0.62
ACHILLION PHARMA ORD REG (CONTRA)	USD	621,255	0.00	0.00
ACTIVISION BLIZZARD	USD	6,815	488,815.41	0.28
ALTRA INDUSTRIAL MOTION CORP	USD	18,188	1,018,255.33	0.58
ATLAS AIR WOLRDWIDE HOLDINGS	USD	37,067	3,500,916.94	1.99
ATLAS CORP	USD	1,362	19,576.56	0.01
AVEO PHARMACEUTICALS INC	USD	225	3,151.79	0.00
COWEN GROUP INC-CLASS A	USD	12,887	466,334.92	0.26
EVO PAYMENTS INC-CLASS A	USD	127,085	4,029,567.96	2.29
FIRST HORIZON CORPORATION	USD	153,150	3,515,741.39	2.00
FORGEROCK INC-A	USD	161,069	3,436,440.51	1.96
IAA INC-W/I	USD	36,022	1,350,086.67	0.76
IMAGO BIOSCIENCES INC	USD	28,398	956,578.22	0.55
IROBOT CORP	USD	39,034	1,760,324.59	1.00
LHC GROUP	USD	8,707	1,319,123.76	0.75
MONEYGRAM INTERNATIONAL INC	USD	200,879	2,049,728.10	1.16
SIGNIFY HEALTH INC -CLASS A	USD	19,078	512,321.84	0.29
STORE CAPITAL CORP	USD	33,986	1,020,933.39	0.59
TEGNA INC	USD	107,136	2,127,160.31	1.21
UMPQUA HOLDINGS CORP	USD	99,959	1,671,837.10	0.95
TOTAL USA			30,323,490.07	17.25
FINLAND				
Caverion	EUR	3,766	26,098.38	0.01
TOTAL FINLAND			26,098.38	0.01
IRELAND				
HORIZON THERAPEUTICS PLC	USD	4,091	436,220.00	0.25
TOTAL IRELAND			436,220.00	0.25
ISRAEL				
TOWER SEMICONDUCTOR	USD	26,924	1,089,826.00	0.62
TOTAL ISRAEL			1,089,826.00	0.62
ITALY				
AUTOGRILL	EUR	147,745	954,728.19	0.54
TOTAL ITALY			954,728.19	0.54
NEW ZEALAND				
PUSHPAY HOLDINGS LTD	NZD	221,107	167,713.75	0.10
TOTAL NEW ZEALAND			167,713.75	0.10
TOTAL Equities and equivalent securities traded on a regulated or equivalent market			34,649,464.16	19.71
TOTAL Equities and equivalent securities			34,649,464.16	19.71
Debt securities				
Debt instruments traded on a regulated or equivalent market				

3.12. INVENTORY BREAKDOWN OF FINANCIAL INSTRUMENTS IN EUR

Security name	Currency	Qty No. or nominal	Actual value	% of Net Assets
FRANCE				
BNP PA OISEST+0.03% 24-02-23	EUR	7,500,000	7,512,240.64	4.27
BPCE 010323 OISEST 0.15	EUR	5,000,000	5,020,283.45	2.86
BPCE SA 030423 OISEST 0.1	EUR	5,000,000	5,007,513.09	2.85
BQ POS OISEST+0.12% 19-04-23	EUR	11,000,000	11,042,128.93	6.28
CREDIT AGRICOLE CORP IB 280223 OISEST 0.	EUR	9,000,000	9,013,354.80	5.13
CREDIT AGRICOLE SA 240223 OISEST 0.07	EUR	7,500,000	7,512,544.82	4.28
ENGIE OISEST+0.15% 28-03-23	EUR	5,000,000	5,019,678.65	2.85
SOCIETE GENERALE SA 010223 OISEST 0.11	EUR	9,000,000	9,028,033.44	5.13
TOTAL France			59,155,777.82	33.65
UNITED KINGDOM				
THE TORONTO-DOMI 020523 AUTRE 0.0	EUR	8,000,000	8,005,248.95	4.55
TOTAL UNITED KINGDOM			8,005,248.95	4.55
TOTAL Debt instruments traded on a regulated or equivalent market			67,161,026.77	38.20
TOTAL Debt securities			67,161,026.77	38.20
Undertakings for collective investment				
General purpose UCITS and AIFs aimed at non-professionals and equivalents in other countries				
FRANCE				
CANDRIAM MONETAIRE SICAV Z units	EUR	7,435	11,004,915.25	6.25
TOTAL FRANCE			11,004,915.25	6.25
TOTAL General UCITS and AIFs aimed at non-professionals and equivalents in other countries			11,004,915.25	6.25
TOTAL Undertakings for collective investment			11,004,915.25	6.25
Indemnities on securities lent			913.00	0.01
Securities borrowed				
FRANCE				
AIR LIQUIDE	EUR	55,000	7,341,400.00	4.18
CARREFOUR	EUR	500,000	7,855,000.00	4.46
DANONE	EUR	160,000	7,884,000.00	4.49
ENGIE	EUR	276,000	3,716,616.00	2.11
MICHELIN (CGDE)	EUR	250,000	6,648,750.00	3.78
ORANGE	EUR	800,000	7,452,000.00	4.24
SAINT-GOBAIN	EUR	177,500	8,231,562.50	4.68
TOTAL FRANCE			49,129,328.50	27.94
TOTAL Securities borrowed			49,129,328.50	27.94
Debts representing securities borrowed			-49,129,328.50	-27.94
Indemnities on securities borrowed			-100,312.94	-0.06

3.12. INVENTORY BREAKDOWN OF FINANCIAL INSTRUMENTS IN EUR

Security name	Currency	Qty No. or nominal	Actual value	% of Net Assets
Forward financial instruments				
Other forward financial instruments				
CFD				
BC MICRO FOCU 1230	GBP	177,840	14,431.65	0.00
CFD CGMD EDF 1230	EUR	720,958	0.00	0.00
CFD DEVRO PLC 1230	GBP	274,238	18,545.26	0.01
CFD JPX HOMESER 1230	GBP	97,684	7,706.82	0.00
CFD JPX MEDICLI 1230	GBP	422,572	3,810.18	0.00
CFD RITCHIE JPM 1230	USD	-20,907	-69,934.87	-0.03
CFD UBS COLUMBI 1230	USD	-59,555	202,004.31	0.12
TOTAL CFD			176,563.35	0.10
TOTAL Other forward financial instruments			176,563.35	0.10
TOTAL Forward financial instruments			176,563.35	0.10
Receivables			141,108,620.77	80.26
Debts			-86,485,299.49	-49.19
Cash and banks			8,305,819.65	4.72
Net assets			175,821,710.52	100.00

CANDRIAM RISK ARBITRAGE Z units	EUR	4,929.179	1,481.52
CANDRIAM RISK ARBITRAGE O units	EUR	25,985.811	1,502.89
CANDRIAM RISK ARBITRAGE C units	EUR	15,557.357	2,472.22
CANDRIAM RISK ARBITRAGE I2 units	EUR	331.801	1,484.19
CANDRIAM RISK ARBITRAGE R2 units	EUR	115,228.216	149.45
CANDRIAM RISK ARBITRAGE R units	EUR	25,315.061	149.10
CANDRIAM RISK ARBITRAGE I units	EUR	46,551.005	1,493.26
CANDRIAM RISK ARBITRAGE N units	EUR	2.358	954.94