



MERGER ARBITRAGE @ CARMIGNAC

13 March 2024

MARKETING COMMUNICATION

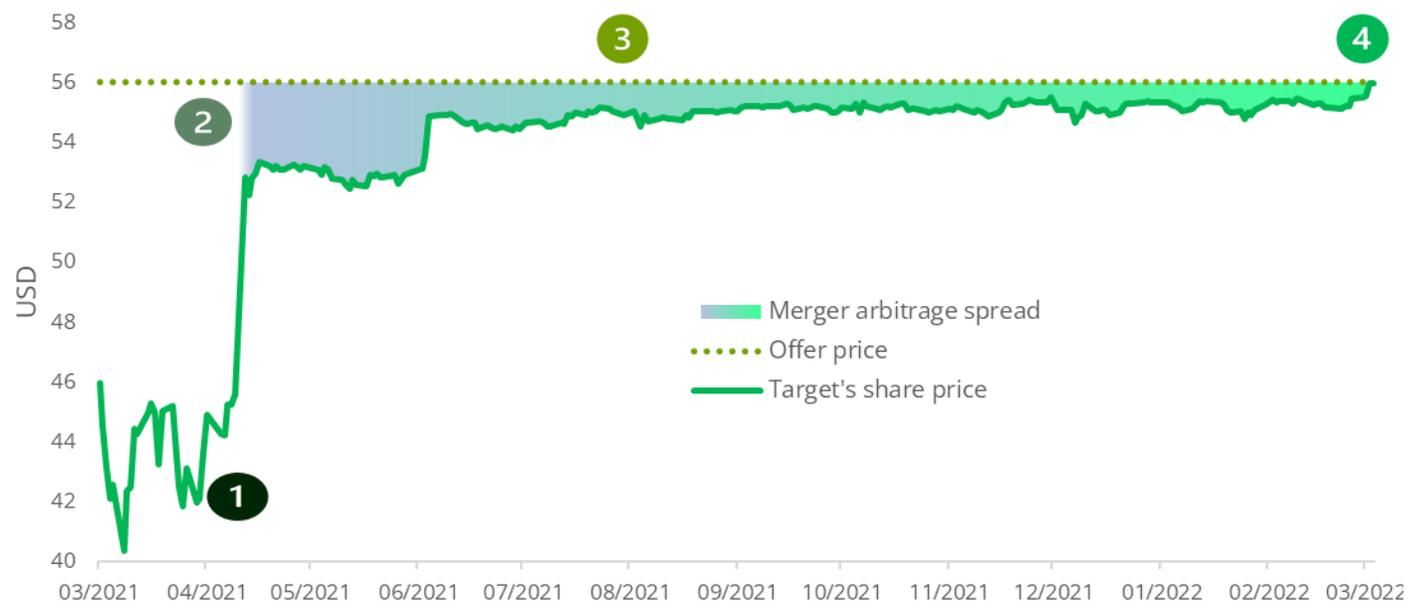
Please refer to the KID/prospectus of the fund before making any final investment decisions.



WHAT IS MERGER ARBITRAGE ?

WHAT IS MERGER ARBITRAGE

ARBITRAGE OF A M&A DEAL



1 Deal is officially announced

2 Spread between the target's share price and the offer price

3 Deal is awaiting approvals
Usual timing is between 6 to 9 months

4 Deal is completed
Shareholders receive offer terms

Acquisition of Nuance Communications by Microsoft at \$56 per share. Deal was announced in April 2021 and completed in February 2022. Transaction value was around \$17bn.

For illustrative purpose only
Source: Carmignac, Bloomberg. Data as of 30/11/2023

MERGER ARBITRAGE SPREAD FUNDAMENTALS

MERGER ARBITRAGE SPREAD



Source: Carmignac, 30/11/2023

LOW CORRELATION AND CONTAINED VOLATILITY BY CONSTRUCTION

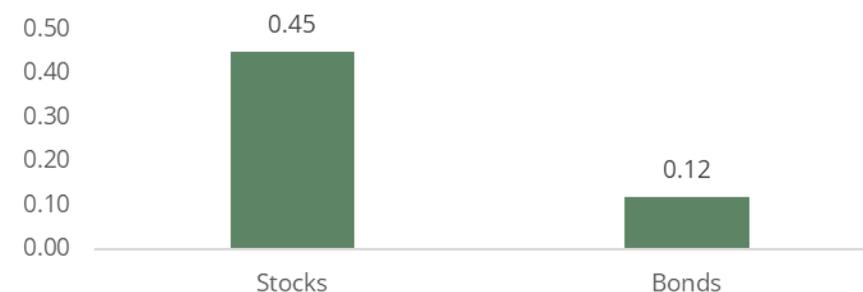
A DIVERSIFIED PORTFOLIO OF 50 TO 60 DEALS ON AVERAGE

Swap of market risk
for deal risk

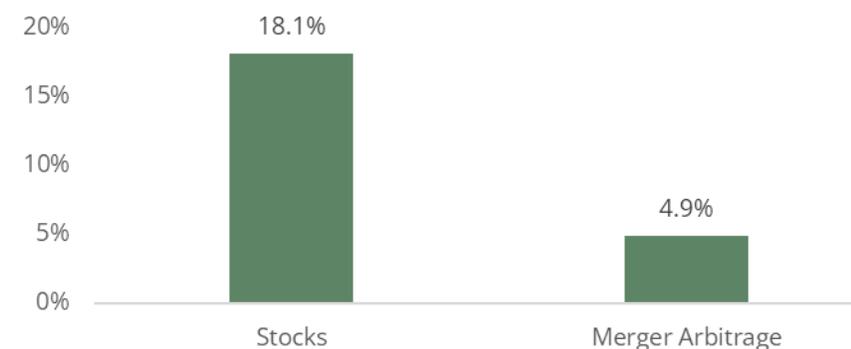
Each position bears
its own specific risks

Low correlation to
equities and bonds

LOW CORRELATION WITH STOCKS AND BONDS



CONTAINED VOLATILITY COMPARED TO STOCKS

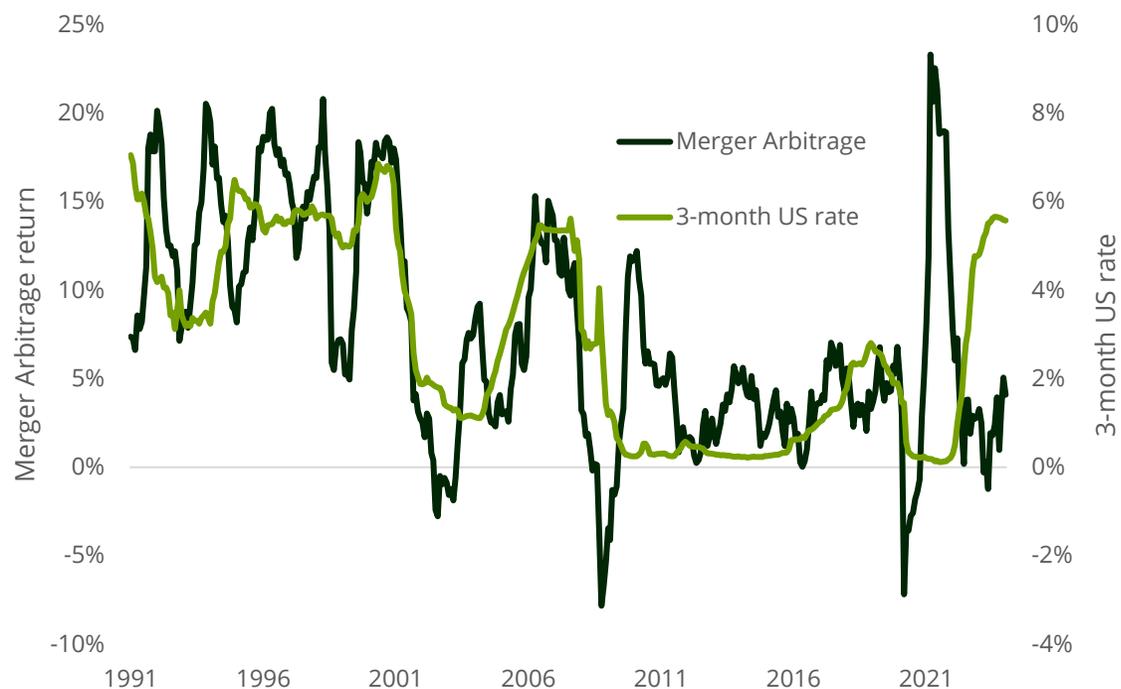


For illustrative purpose only. We use the HFRI Merger Arbitrage Index to describe the Merger Arbitrage universe.

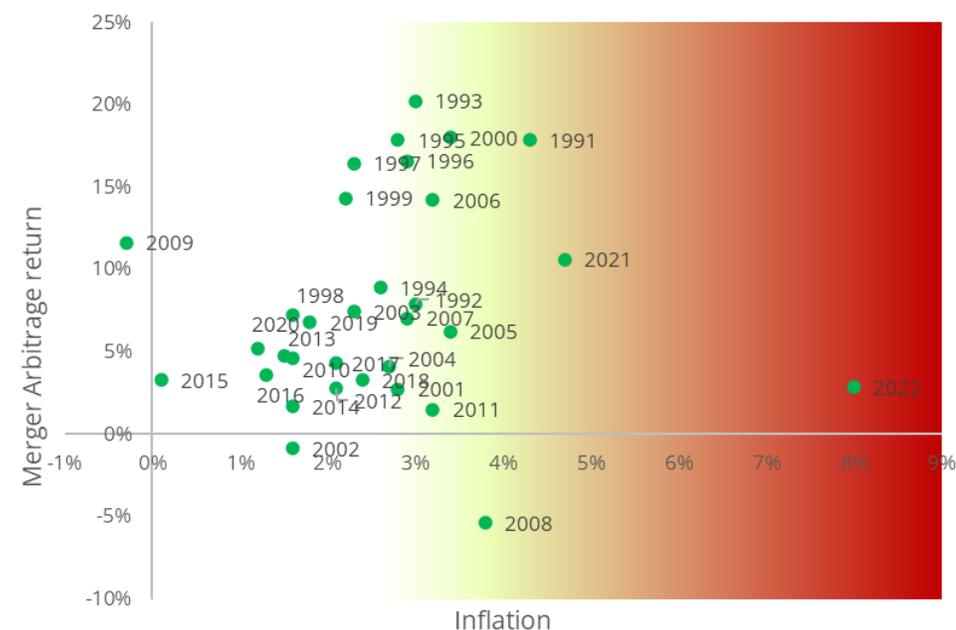
Source: Carmignac, Bloomberg. Data from 01/01/1998 until 31/12/2023

AN EFFECTIVE HEDGE IN A RISING RATE OR INFLATIONARY ENVIRONMENT

A POSITIVE CORRELATION TO INTEREST RATES



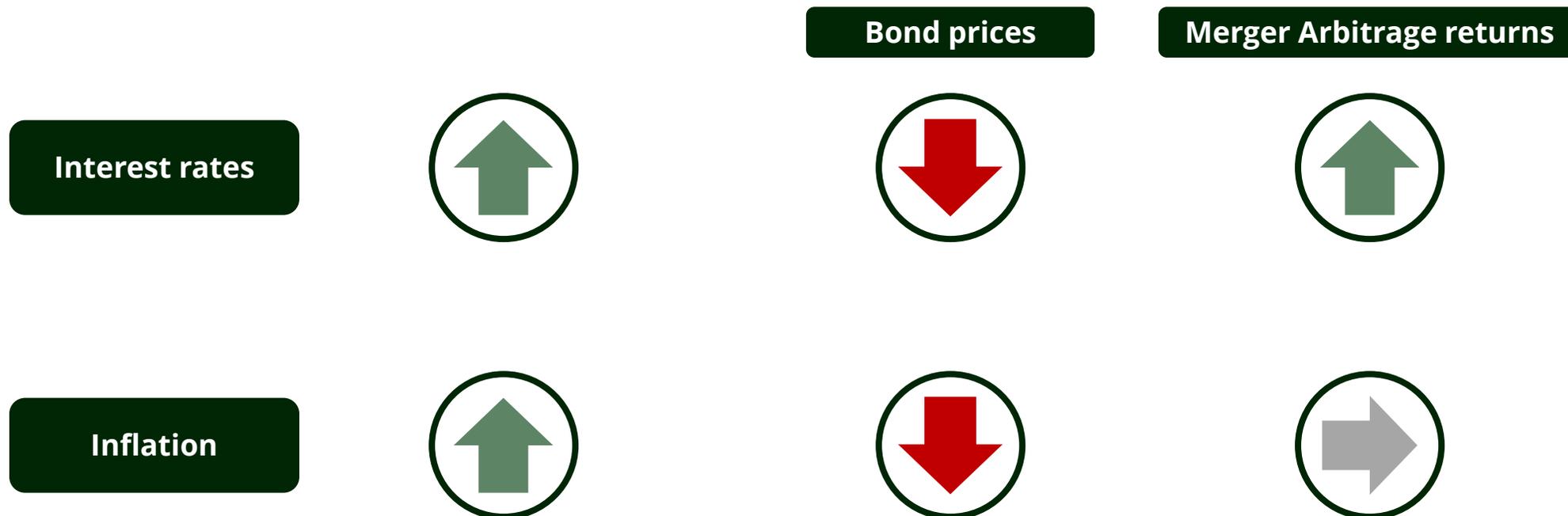
POSITIVE PERFORMANCE EVEN IN AN INFLATIONARY CONTEXT



For illustrative purpose only. We use the HFRI Merger Arbitrage Index to describe the Merger Arbitrage universe.

Source: Carmignac, Bloomberg. Data as of 31/01/2024

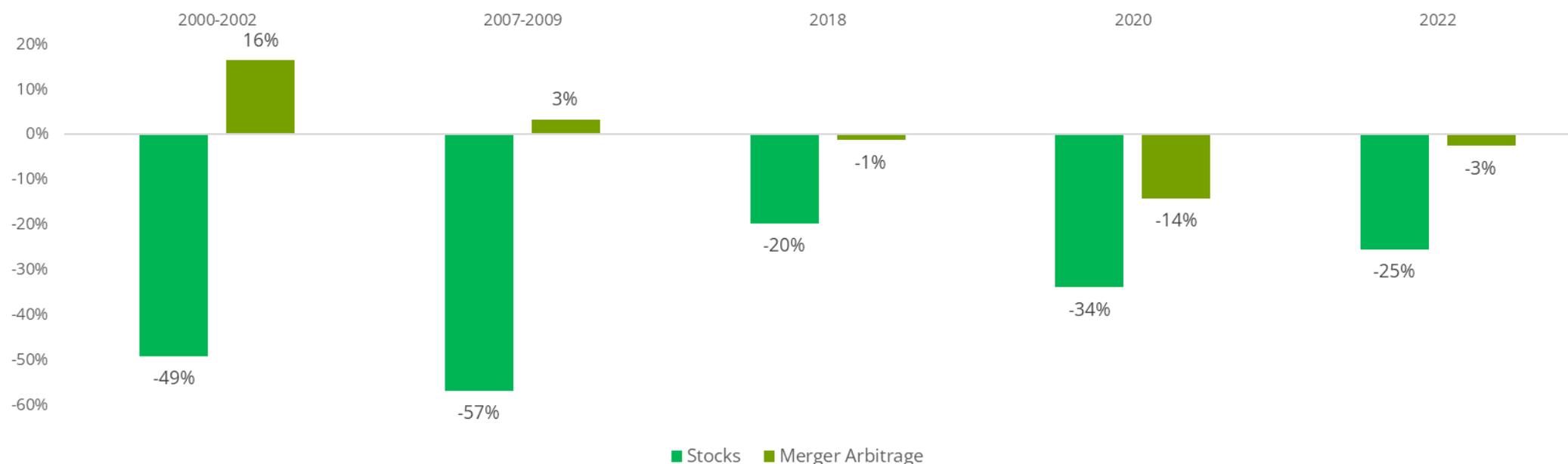
AN ALTERNATIVE TO FIXED INCOME



For illustrative purpose only.
Source: Carmignac. Data as of 30/11/2023

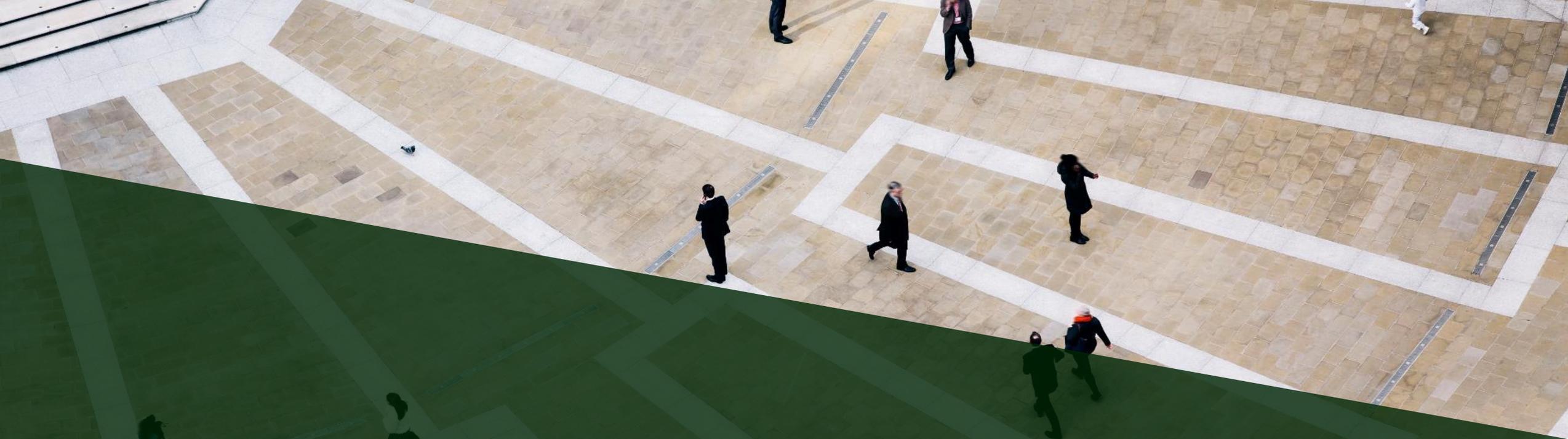
SMOOTHER RETURNS AND EQUITY DOWNSIDE PROTECTION

MERGER ARBITRAGE GENERATES POSITIVE RETURNS UNDER NORMAL CONDITIONS WITH SIGNIFICANTLY LESS DOWNSIDE IN BEAR MARKETS



STOCKS AND MERGER ARBITRAGE MAJOR DRAWDOWNS OVER THE LAST 20 YEARS

For illustrative purpose only. We use the HFRI Merger Arbitrage Index to describe the Merger Arbitrage universe. We use the S&P 500 to describe the stocks universe.
Source: Carmignac, Bloomberg. Data from January 1st 2000 until December 31st, 2022.



M&A AT CARMIGNAC

KEY FEATURES



ONE STRATEGY MERGER ARBITRAGE

- An alternative strategy
- **Officially announced M&A deals**
 - ESG Integration



TWO FUNDS WITH COMPLEMENTARY RISK PROFILES

- *A low volatility fund seeking to outperform €ster over a 3-year investment horizon*
-> Return target of €str + 100bps with a volatility ~ 2%
- *A more dynamic fund seeking a positive absolute return over a 3-year investment horizon*
-> Return target of €str + 400bps with a volatility < 6%



A SEASONED AND STABLE TEAM

- A **19-year proven track record***
- A consistent investment process
- Well aligned with investor interests

*Fabienne Cretin-Fumeron and Stéphane Dieudonné have been co-managers of the OFI Risk Arb Absolu fund from 12/03/2004 until 31/10/2022.

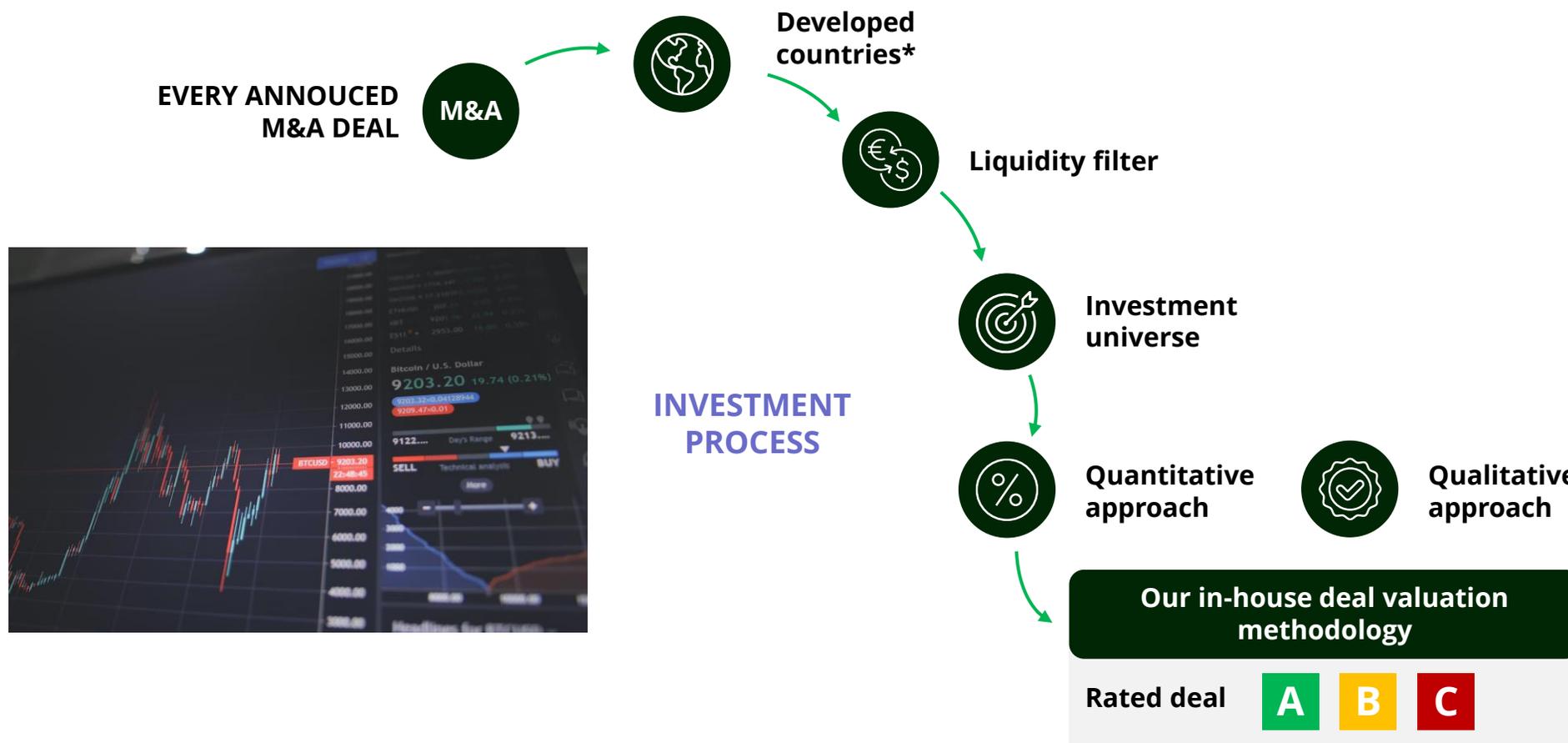
Source: Carmignac, 31/01/2024

PERFORMANCE OVERVIEW

<i>in EUR, net of fees</i>	JAN	FEB	MAR	APR	MAY	JUN	JULY	AUG	SEPT	OCT	NOV	DEC	Annual
2024	0.16%	0.19%											0.35%
2023	-	-	-	0.06%	-0.08%	0.20%	0.28%	0.64%	0.56%	0.35%	0.31%	0.33%	2.69%
2022	-0.22%	-0.01%	-0.19%	-0.26%	-0.71%	-0.31%	1.02%	0.63%	-0.75%	0.56%	-	-	0.01%
2021	0.52%	0.38%	0.50%	0.67%	0.26%	-0.34%	-1.18%	0.06%	0.34%	-0.31%	-0.01%	0.02%	1.39%
2020	0.13%	-0.23%	-2.55%	1.14%	-0.05%	-0.70%	0.50%	-0.23%	-0.20%	0.90%	0.39%	0.21%	-0.25%
2019	0.05%	0.15%	0.27%	0.09%	-0.34%	0.03%	0.19%	0.12%	0.04%	0.17%	0.09%	0.22%	1.50%
2018	0.16%	-0.29%	-0.45%	-0.07%	0.52%	0.38%	0.14%	0.04%	0.22%	-0.20%	0.45%	-0.47%	0.81%
2017	-0.40%	0.06%	0.20%	0.77%	0.24%	0.31%	0.07%	0.11%	0.12%	0.06%	-0.02%	0.12%	2.02%
2016	0.43%	0.17%	0.42%	-0.26%	-0.05%	-0.23%	-0.01%	0.05%	0.37%	-0.43%	0.27%	0.32%	1.38%
2015	0.01%	0.39%	-0.04%	0.06%	1.04%	-1.02%	0.43%	-0.16%	-0.60%	0.58%	0.05%	0.68%	1.52%
2014	0.15%	0.50%	-0.12%	0.63%	0.78%	0.28%	0.10%	0.21%	0.13%	0.03%	0.55%	0.51%	3.73%
2013	-2.81%	0.82%	0.70%	0.19%	0.35%	0.22%	0.19%	0.06%	0.45%	0.09%	0.23%	0.20%	0.55%
2012	1.01%	1.18%	0.11%	-0.41%	-0.10%	0.05%	0.00%	-0.05%	-0.62%	-2.30%	1.16%	1.98%	1.73%
2011	0.86%	0.42%	0.39%	-0.06%	-0.14%	-0.20%	-0.81%	-0.22%	0.80%	1.44%	-0.25%	0.16%	1.70%
2010	0.38%	0.28%	0.35%	0.78%	-0.98%	0.46%	1.04%	0.52%	0.40%	-0.19%	-0.51%	0.78%	2.90%
2009	-0.18%	0.49%	0.86%	0.60%	0.13%	-0.53%	0.51%	-0.19%	0.07%	-0.37%	0.47%	0.93%	2.10%

*Data as of October 31st, 2022. Source: Carmignac, Bloomberg, 29/02/2024. Performance is net of fees. Past performance is not necessarily indicative of future performance. Performance may increase or decrease due to currency fluctuations. The recomposed history includes the performance of Fabienne Cretin-Fumeron and Stéphane Dieudonné when they were managers of the OFI Risk Arb Absolu (A Share) fund from 12/03/2004 to 25/03/2011 and the XL share from 25/03/2011 to 31/10/2022. Since April 14th, 2023, the performance is Carmignac Portfolio Merger Arbitrage, I share class. The performances are presented according to the chaining method.

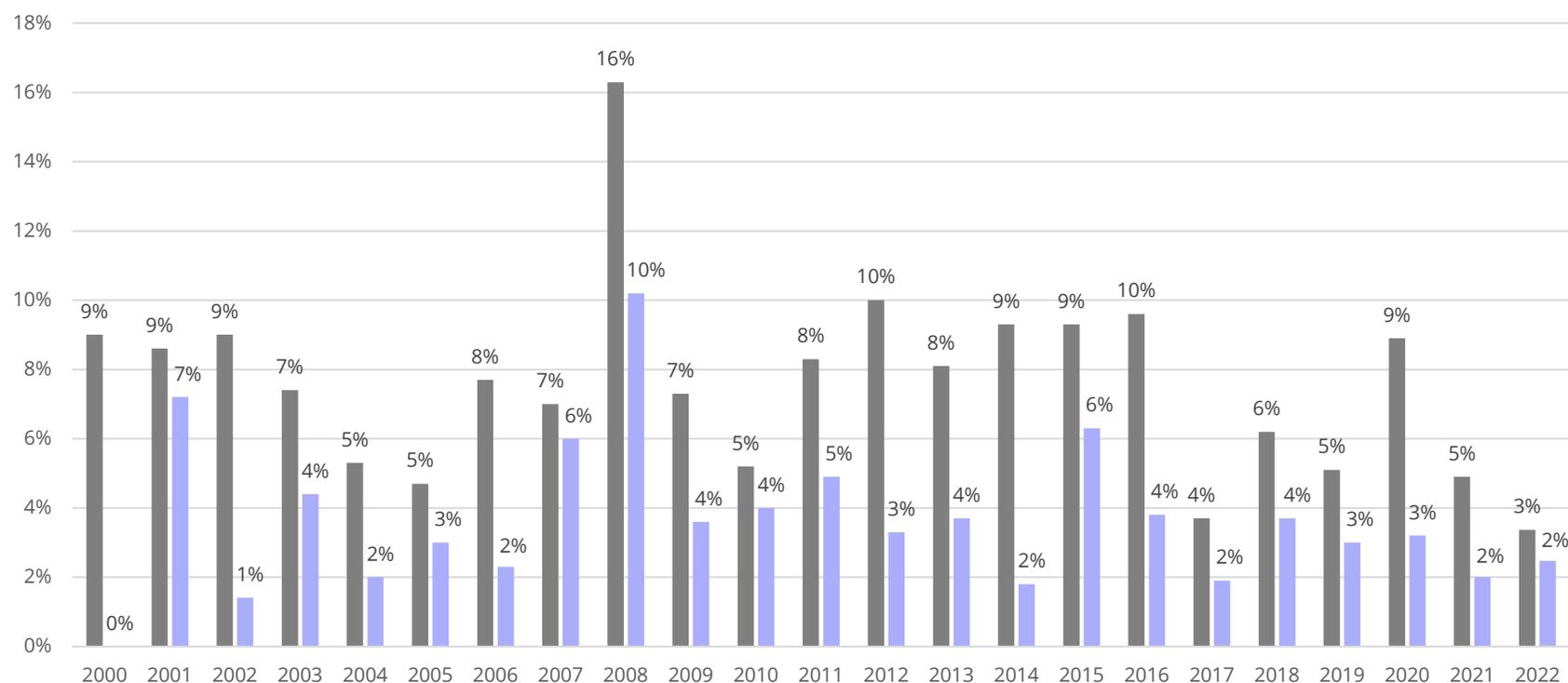
A DEAL PICKING INVESTMENT PROCESS



Indicative data that may change overtime. For illustrative purpose only.
 *Countries included in the MSCI Developed Markets Index
 Source: Carmignac, 30/11/2023

PROOF OF THE TEAM'S PROCESS SUCCESS

TERMINATION RATE : M&A UNIVERSE VS OUR STRATEGY



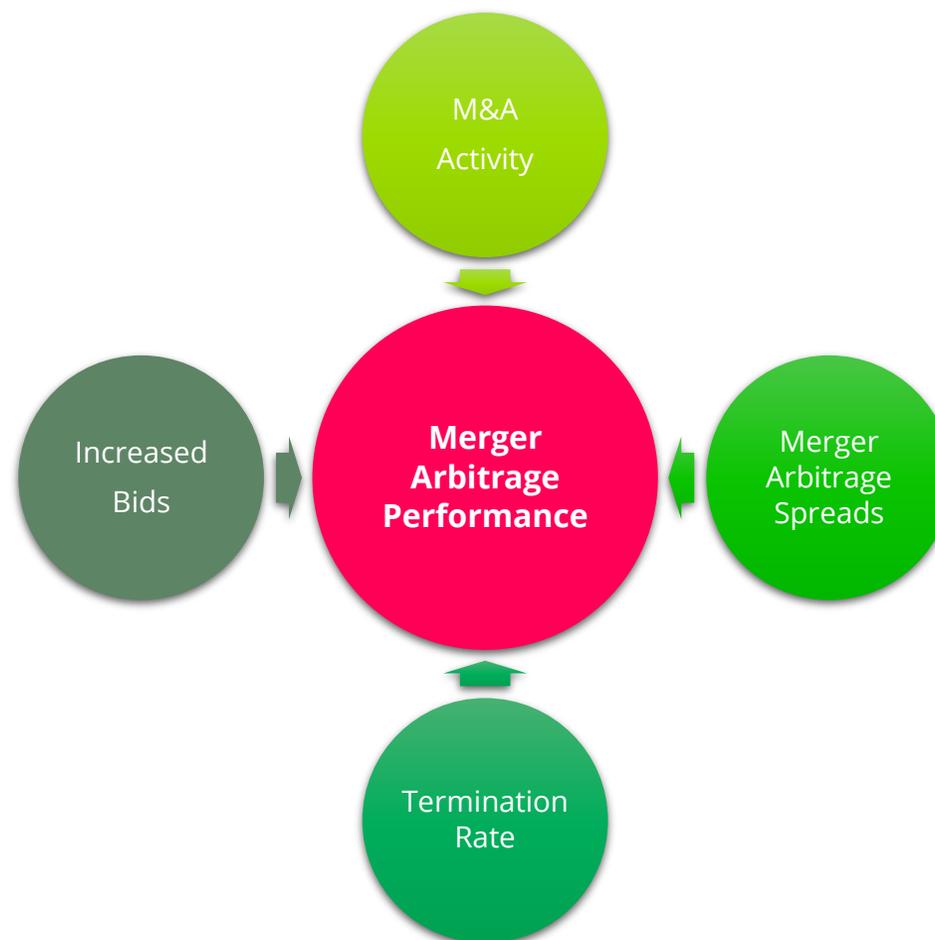
OUR INVESTMENT
PROCESS HAS MADE IT
POSSIBLE TO **REDUCE** THE
MARKET FAILURE RATE BY
50%

Source: Carmignac, Bloomberg. Data as of 30/10/2022
"Our strategy" refers to the track record of the investment team in the OFI Risk Arb Absolu strategy.



M&A ACTIVITY: WHERE DO WE STAND ?

MERGER ARBITRAGE PERFORMANCE DRIVERS

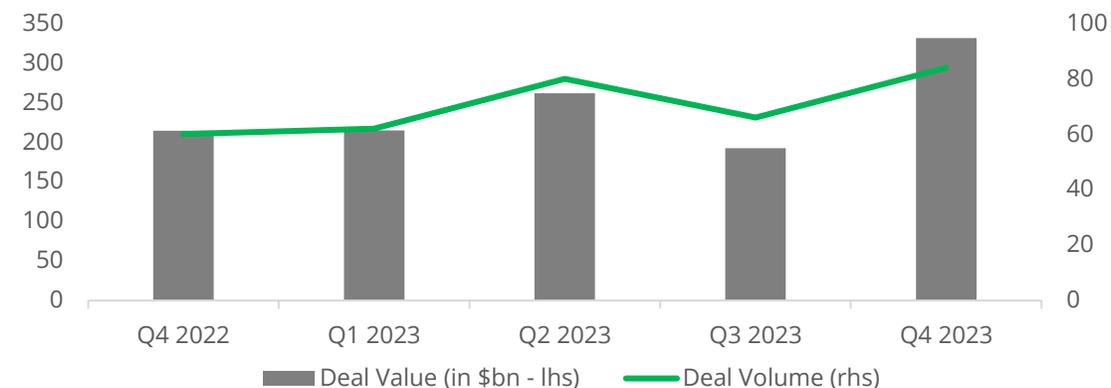


Source: Carmignac, 30/11/2023

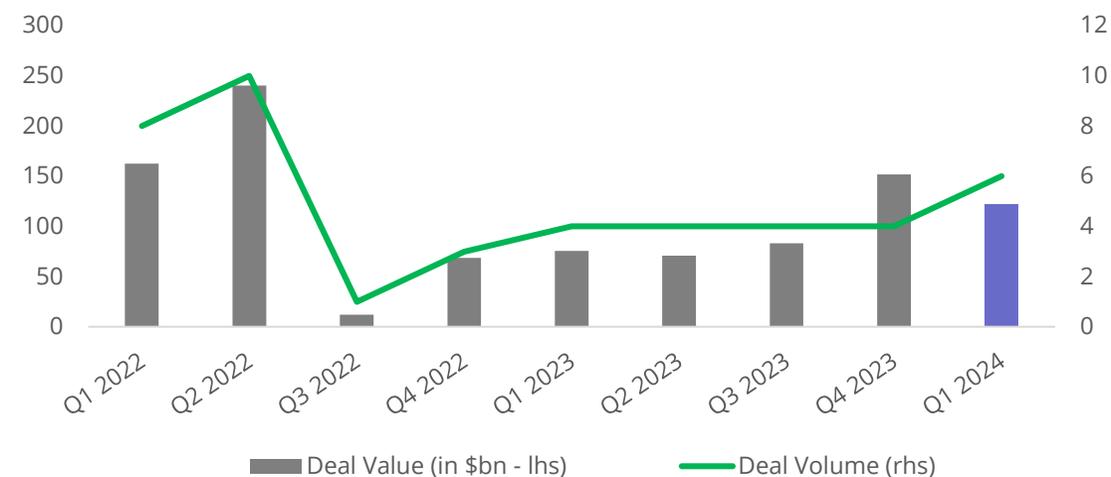
M&A ACTIVITY: THE START OF A NEW CYCLE ?

- A gradual recovery over the last 12 months
- A strong Q4 2023, up 40% in volume and 54% in value YoY
- Confirmation of the trend in January 2024 : **30 deals announced for a total value of \$126bn**, up +314% YoY !
- The return of « mega deals »: a clear sign of confidence among corporate leaders
- Top 3 sectors YTD
 - Information Technology 26%
 - Financials 15%
 - Health Care 13%

DEAL VALUE AND VOLUME PER QUARTER GLOBALLY LTM

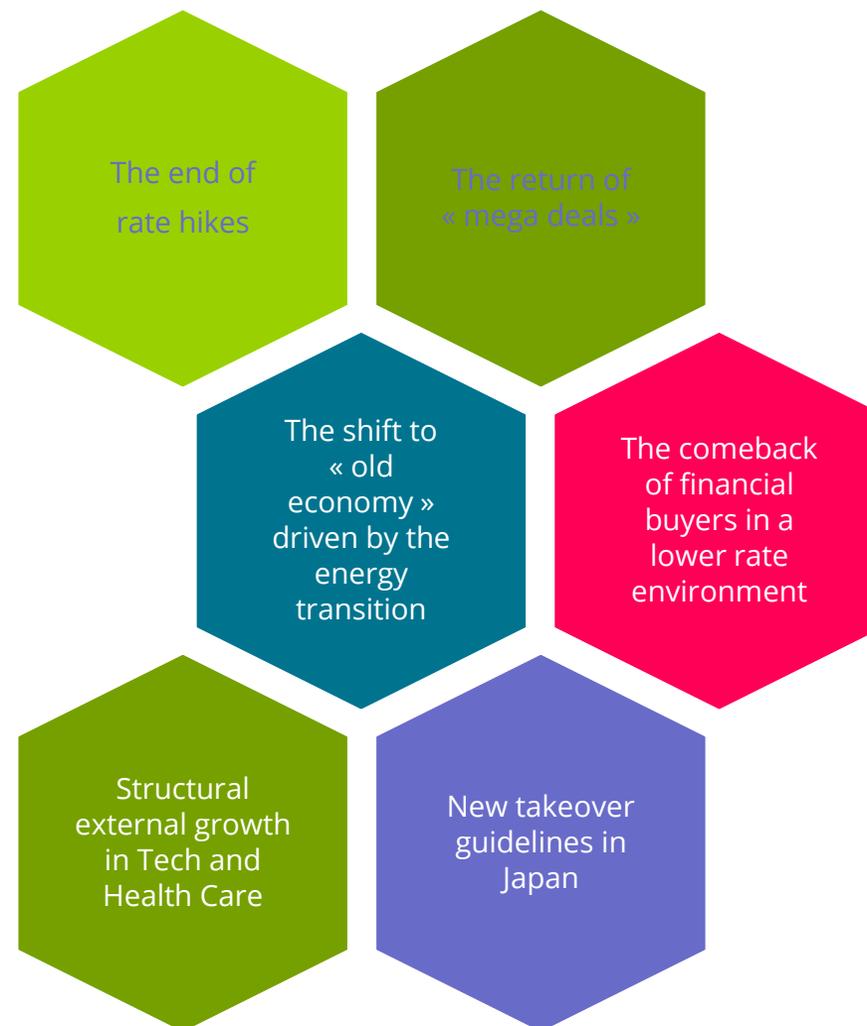


MEGA DEALS IN THE US IN VALUE AND VOLUME



Source: Carmignac, Bloomberg as of 31/01/2024

THE DRIVERS OF THE RECOVERY ARE ALREADY THERE

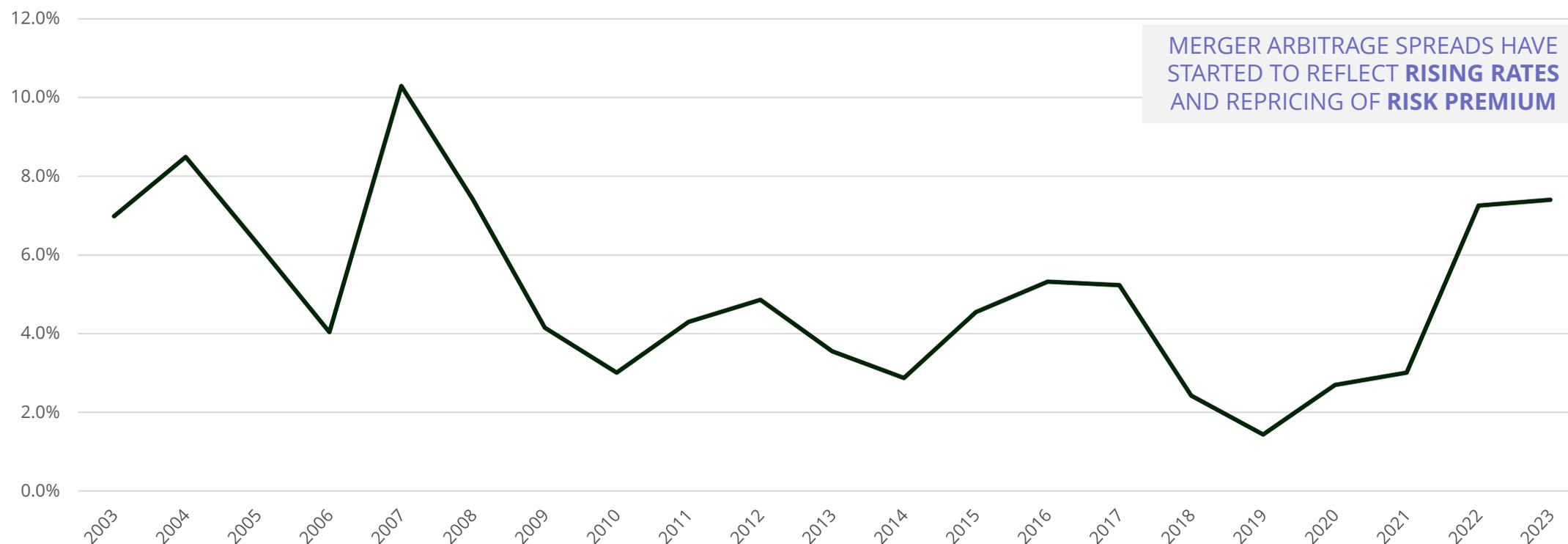


Source: Carmignac, Bloomberg as of 31/01/2024

ATTRACTIVE MERGER ARBITRAGE SPREADS...

AVERAGE GROSS SPREAD FOR US MERGER ARB SPREADS

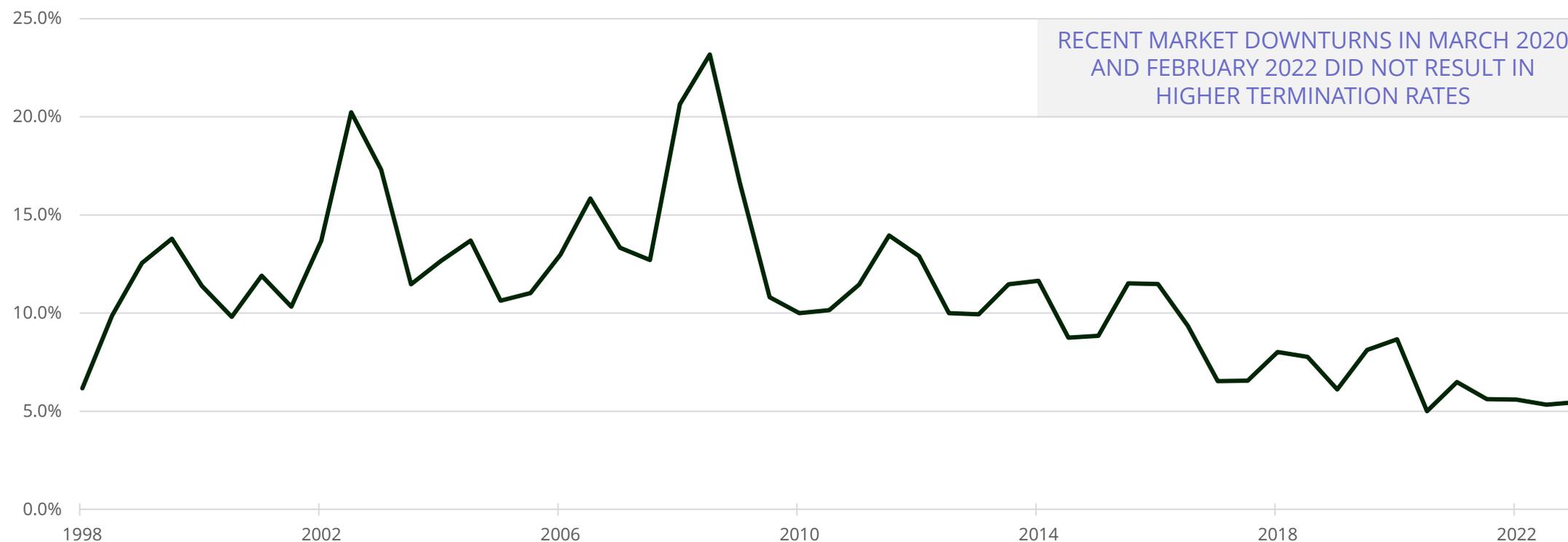
MERGER ARBITRAGE SPREADS HAVE STARTED TO REFLECT **RIISING RATES** AND REPRICING OF **RISK PREMIUM**



Source: Goldman Sachs, data as of 31/12/2023

... ALONG WITH LOW TERMINATION RATES

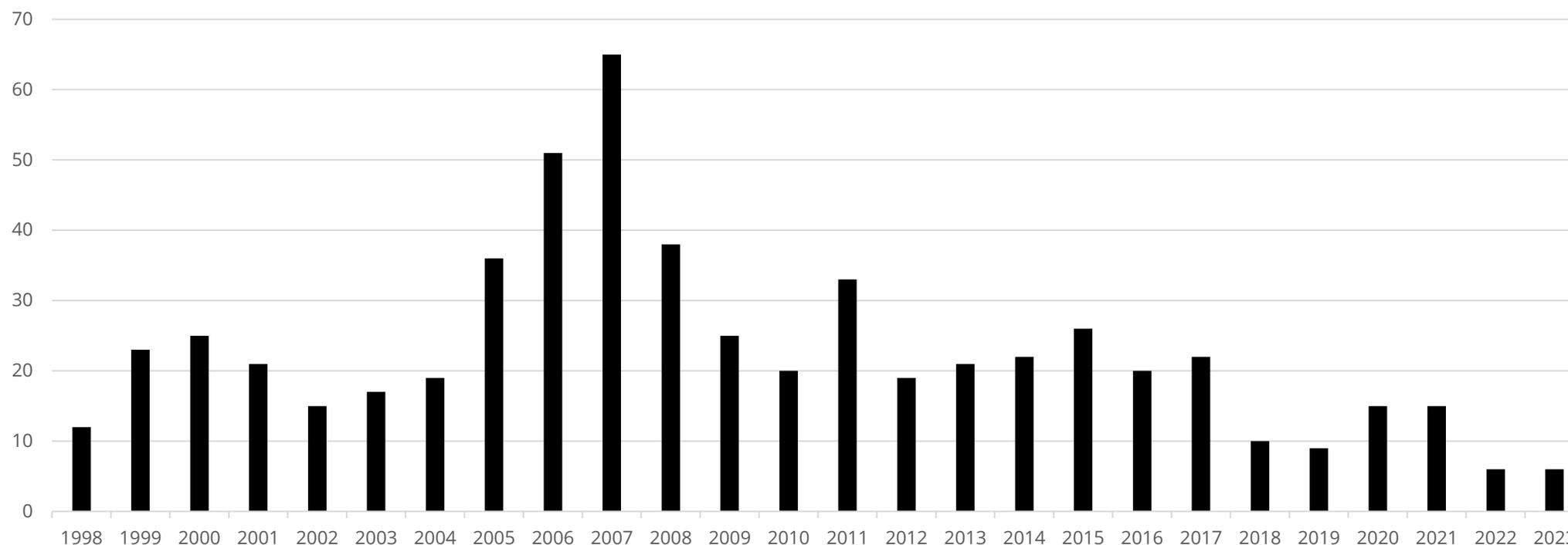
TERMINATION RATE IN THE US OVER THE LAST 25 YEARS



Source: Carmignac, Bloomberg. Data as of 30/11/2023
Based on Bloomberg's data, Termination Rate = number of terminated deals (excluding those resulting from a competing bid) / number of completed and terminated deals. Termination rate is calculated using LTM data on a half year basis.

LOW INCREASED BIDS IN THE CURRENT BACKDROP

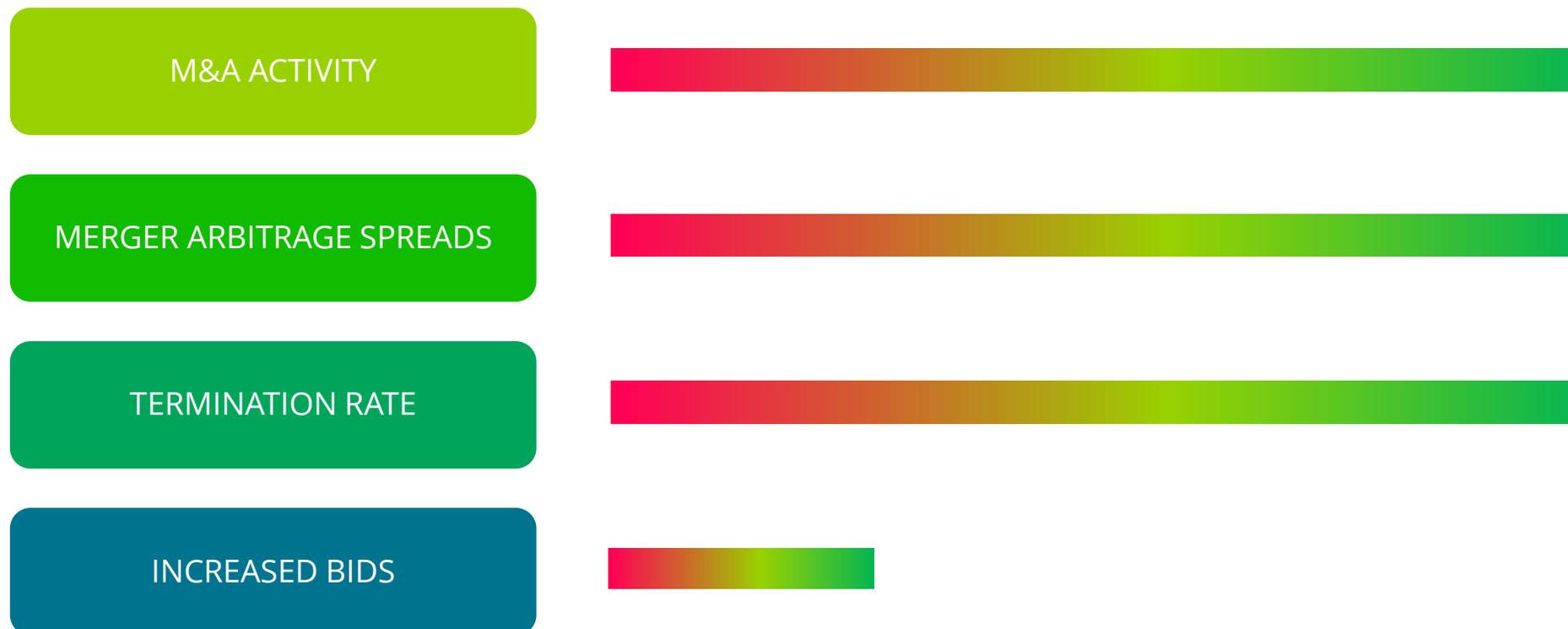
INCREASED BIDS IN THE US SINCE 2000



Source: Carmignac, Bloomberg. Data as of 30/11/2023

OVERALL A VERY FAVOURABLE ENVIRONMENT

CONTRIBUTION TO MERGER ARBITRAGE PERFORMANCE

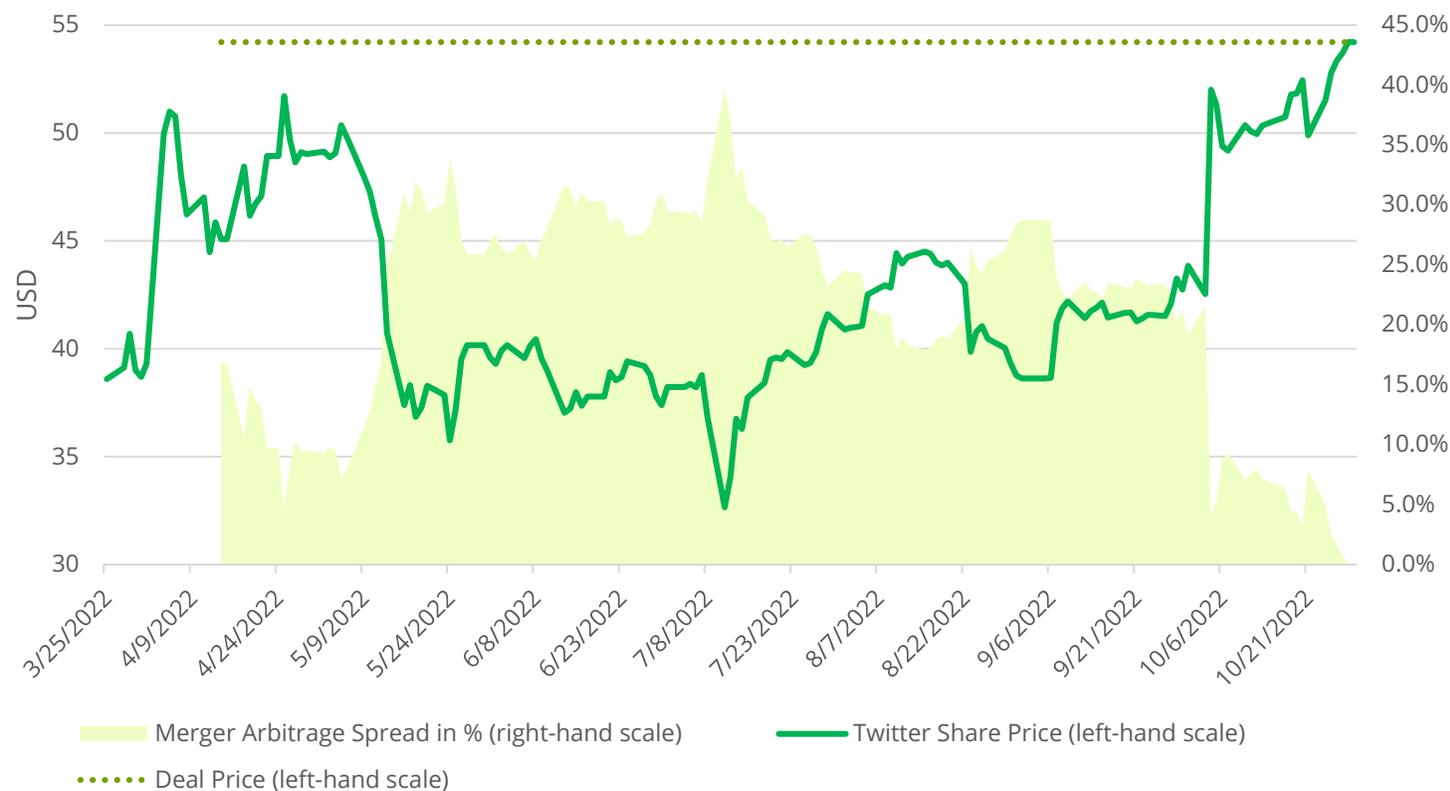


Source: Carmignac, 30/11/2023



The strength of the Merger Agreement

Deal spread evolution from announcement to completion



Source: Carmignac, Bloomberg. Data as of 23/05/2023

- Offer price : **\$54,2/share** in cash
- Transaction value : **\$36,8bn**
- A **friendly** deal that rapidly turned sour
- Elon Musk got a **buyer's remorse**
- He did everything he could to walk
- But the **Merger Agreement was so binding** that he was compelled to close the deal
- **Annualized return: 33%**

MAIN RISKS OF CARMIGNAC PORTFOLIO MERGER ARBITRAGE

COUNTERPARTY RISK

The fund may suffer losses if a counterparty defaults and is unable to meet its contractual obligations, especially in the case of derivatives traded OTC.

LIQUIDITY

The markets in which the sub-fund participates may be subject to temporary illiquidity. These market distortions could have an impact on the pricing conditions under which the sub-fund may have to liquidate, initiate or modify its positions.

CURRENCY

Currency risk is linked to exposure to a currency other than the Fund's valuation currency, either through direct investment or the use of forward financial instruments.

INTEREST RATE

Interest rate risk results in a decline in the net asset value in the event of changes in interest rates.

The Fund presents a risk of loss of capital



Recommended
minimum investment
horizon: **3 YEARS**

SFDR Fund
Classification** **ARTICLE 8**

Source: Carmignac, 31/12/2023. Risk Scale from the KID (Key Information Document). Risk 1 does not mean a risk-free investment. This indicator may change over time.

MAIN RISKS OF CARMIGNAC PORTFOLIO MERGER ARBITRAGE PLUS

COUNTERPARTY RISK

The fund may suffer losses if a counterparty defaults and is unable to meet its contractual obligations, especially in the case of derivatives traded OTC.

LIQUIDITY

The markets in which the sub-fund participates may be subject to temporary illiquidity. These market distortions could have an impact on the pricing conditions under which the sub-fund may have to liquidate, initiate or modify its positions.

CURRENCY

Currency risk is linked to exposure to a currency other than the Fund's valuation currency, either through direct investment or the use of forward financial instruments.

INTEREST RATE

Interest rate risk results in a decline in the net asset value in the event of changes in interest rates.

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Recommended
minimum investment
horizon: **3 YEARS**

SFDR Fund
Classification** **ARTICLE 8**

Source: Carmignac, 31/12/2023. Risk Scale from the KID (Key Information Document). Risk 1 does not mean a risk-free investment. This indicator may change over time.

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The decision to invest in the promoted fund should take into account all its characteristics or objectives as described in its prospectus.

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