



Fabienne CRETIN-FUMERON
Fund Manager

M&A ARBITRAGE

A KEY STRATEGY IN A HIGH INTEREST RATE ENVIRONMENT

6th September 2023

MARKETING COMMUNICATION

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

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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, 30/06/2023

THE INVESTMENT TEAM



Fabienne CRETIN-FUMERON

Portfolio Manager
25 years of experience



Stéphane DIEUDONNÉ

Portfolio Manager
25 years of experience

19-YEAR PROVEN TRACK RECORD

TOGETHER THROUGH MANY M&A CYCLES

A stable investment team with complementary skills



Source: Carmignac, 30/06/2023

INVESTMENT TEAM

CLIENT RELATIONS



Céline DEMONSANG
Head of Alternatives
Investor Relations

MERGER ARBITRAGE INVESTMENT TEAM



Fabienne CRETIN-FUMERON
Portfolio Manager
25 years of experience



Stéphane DIEUDONNÉ
Portfolio Manager
25 years of experience

TRADING DESK



Nicolas COURBON
Head of Trading



Sami LAHOSSINE
Trader



Ruchir PATEL
Trader

CREDIT SPECIALISTS



Pierre VERLÉ
Head of Credit



Alexandre DENEUVILLE
Portfolio Manager



Florian VIROS
Portfolio Manager

EQUITY SECTOR SPECIALISTS



TMT
Mathias SANTOS



HEALTHCARE
Rosie TURNER



CONSUMER
Antoine COLONNA



FINANCIALS
Wande MCCUNN



INDUSTRIALS
Pau GUZMAN



NATURAL RESOURCES
Michel WISKIRSKI

SUSTAINABLE INVESTMENT



Lloyd MCALLISTER
Head of Sustainable Investment



William BENOIT
ESG Analyst



Marion PLOUHINEC
Gouvernance Analyst

FRONT OFFICE RISK MANAGEMENT



Guillaume HUTEAU
Head of FO Risk Management

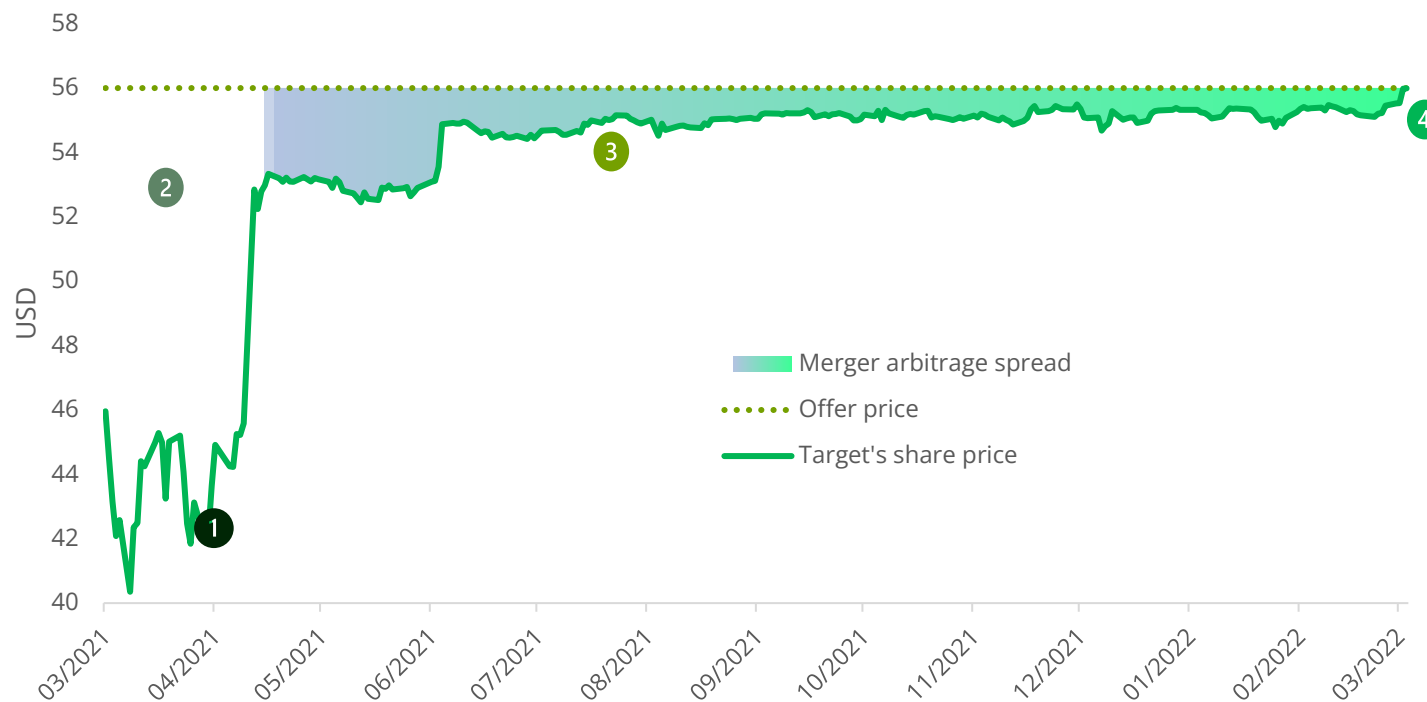


Jiban NATH
Quant Risk Officer

Source: Carmignac, 30/06/2023

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 30/06/2023

MERGER ARBITRAGE SPREAD FUNDAMENTALS

MERGER ARBITRAGE SPREAD



Source: Carmignac, 30/06/2023

LOW CORRELATION AND CONTAINED VOLATILITY BY CONSTRUCTION

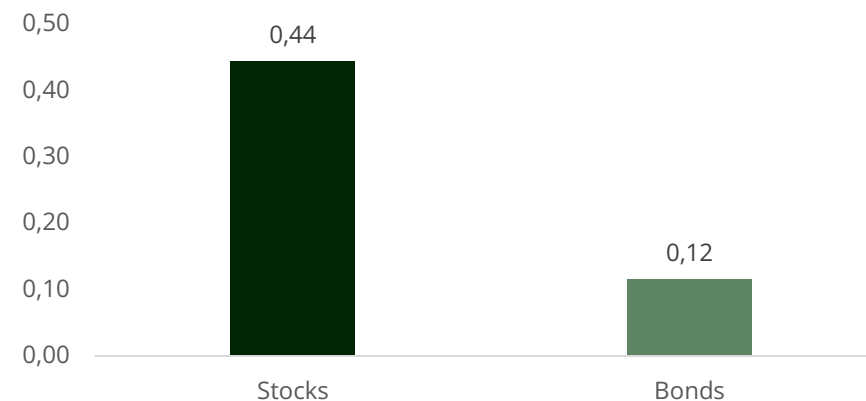
A diversified portfolio of 50 to 60 deals on average

Swap of market risk
for deal risk

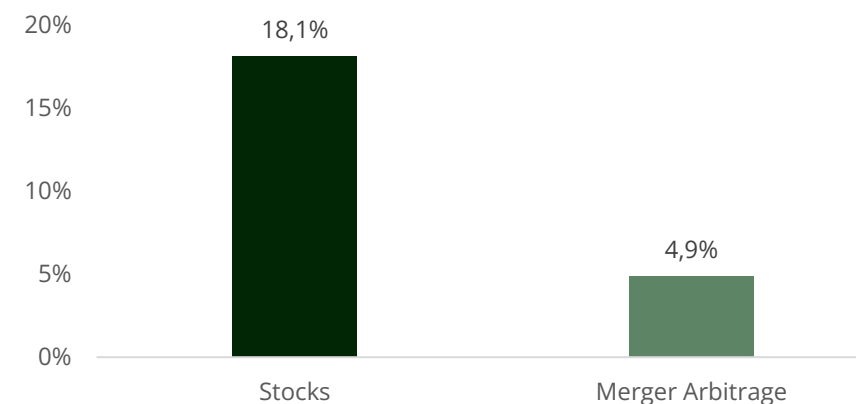
Each position bears
its own specific risks

Low correlation to
equities and bonds

Low correlation with stocks and bonds



Contained volatility compared to stocks

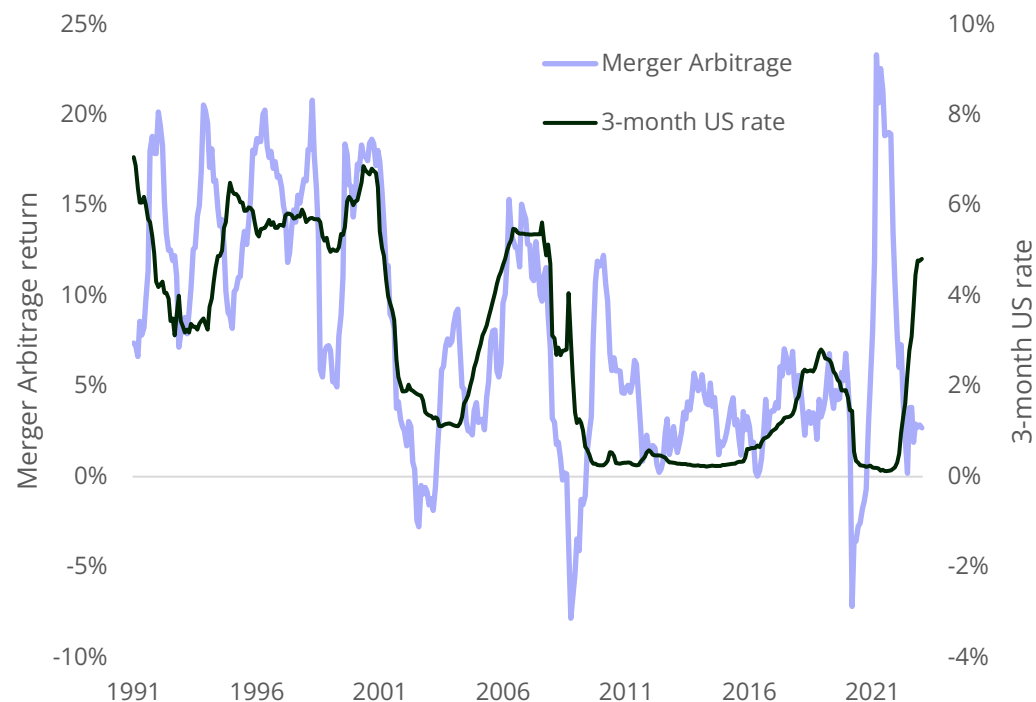


For illustrative purpose only. We use the HFRI Merger Arbitrage Index to describe the Merger Arbitrage universe.

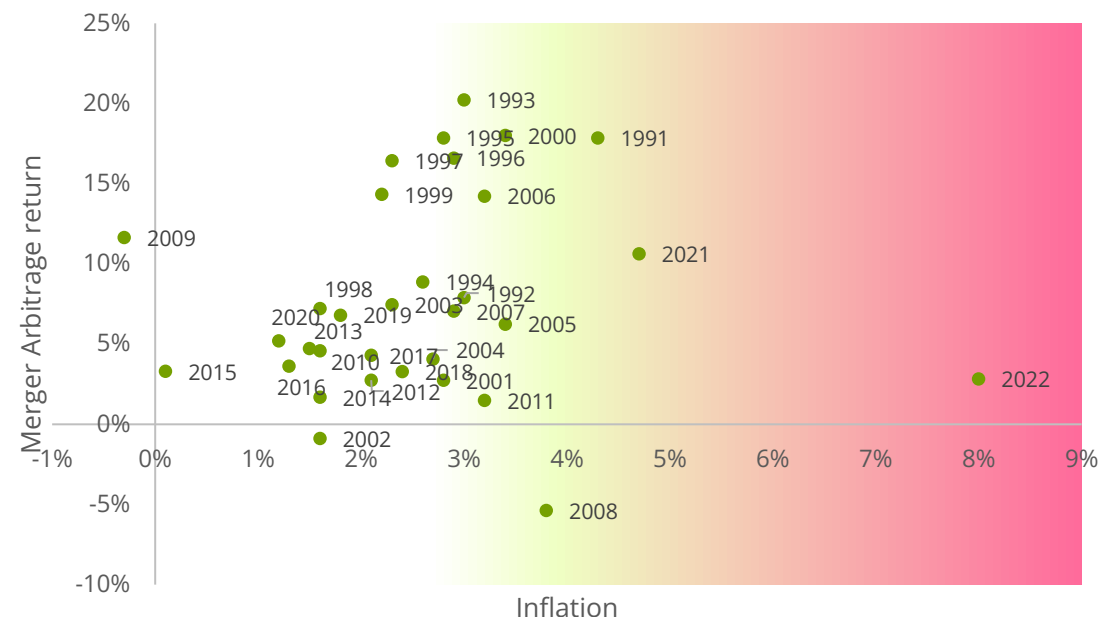
Source: Carmignac, Bloomberg. Data as of 30/06/2023

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 30/06/2023

AN ALTERNATIVE TO FIXED INCOME

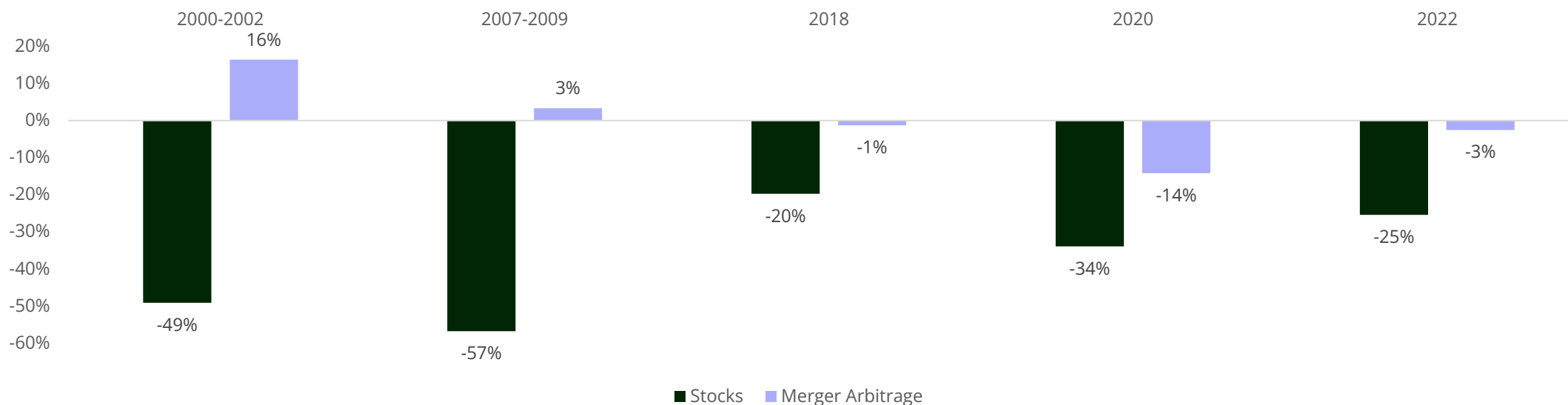
	Bond prices	Merger Arbitrage returns
Interest Rates High		
Inflation High		

For illustrative purpose only.
Source: Carmignac. Data as of 30/06/2023

SMOOTHER RETURNS AND EQUITY DOWNSIDE PROTECTION

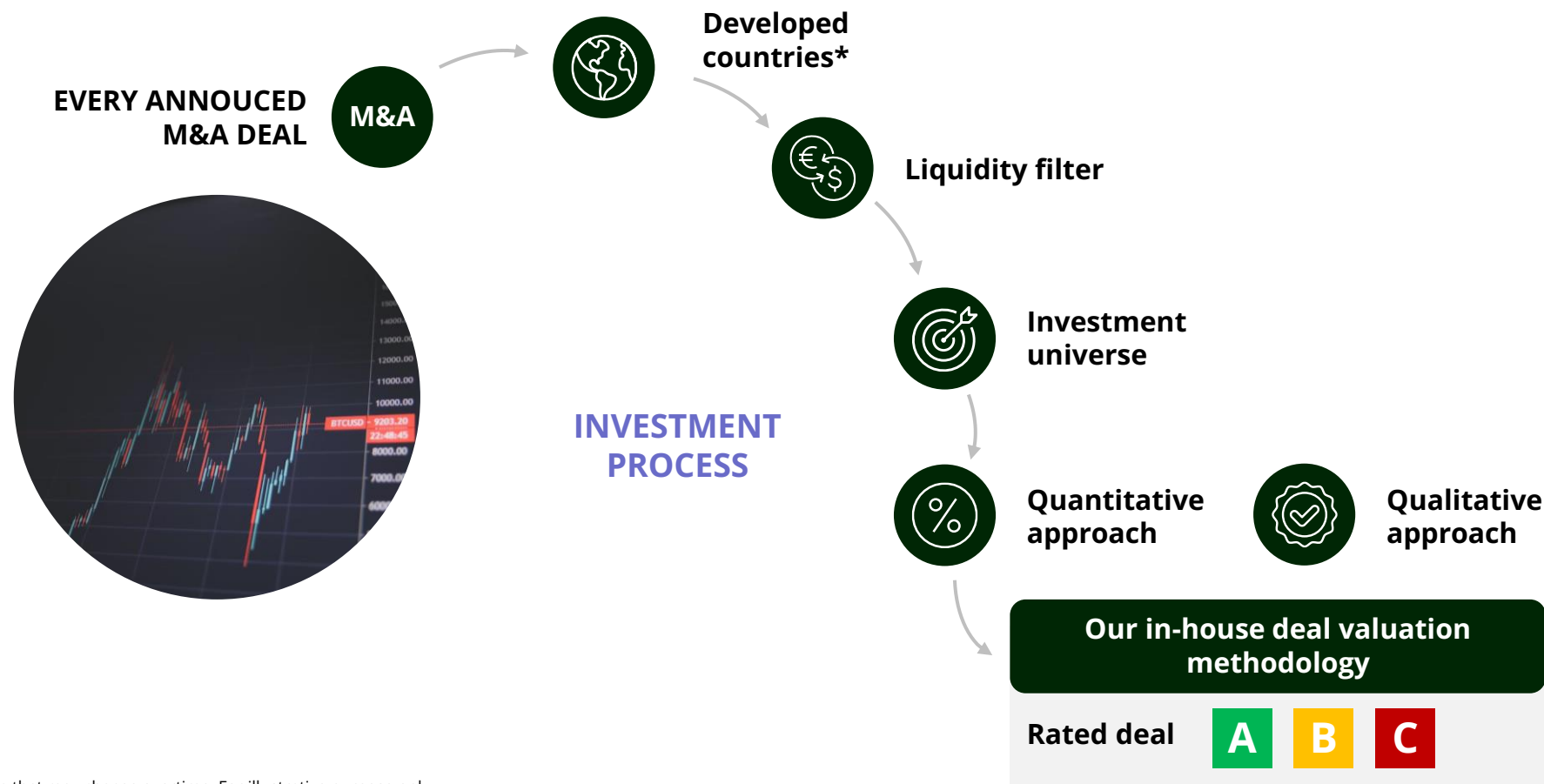
Merger arbitrage generates positive returns under normal conditions with significantly less downside in bear markets

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.

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, 30/06/2023

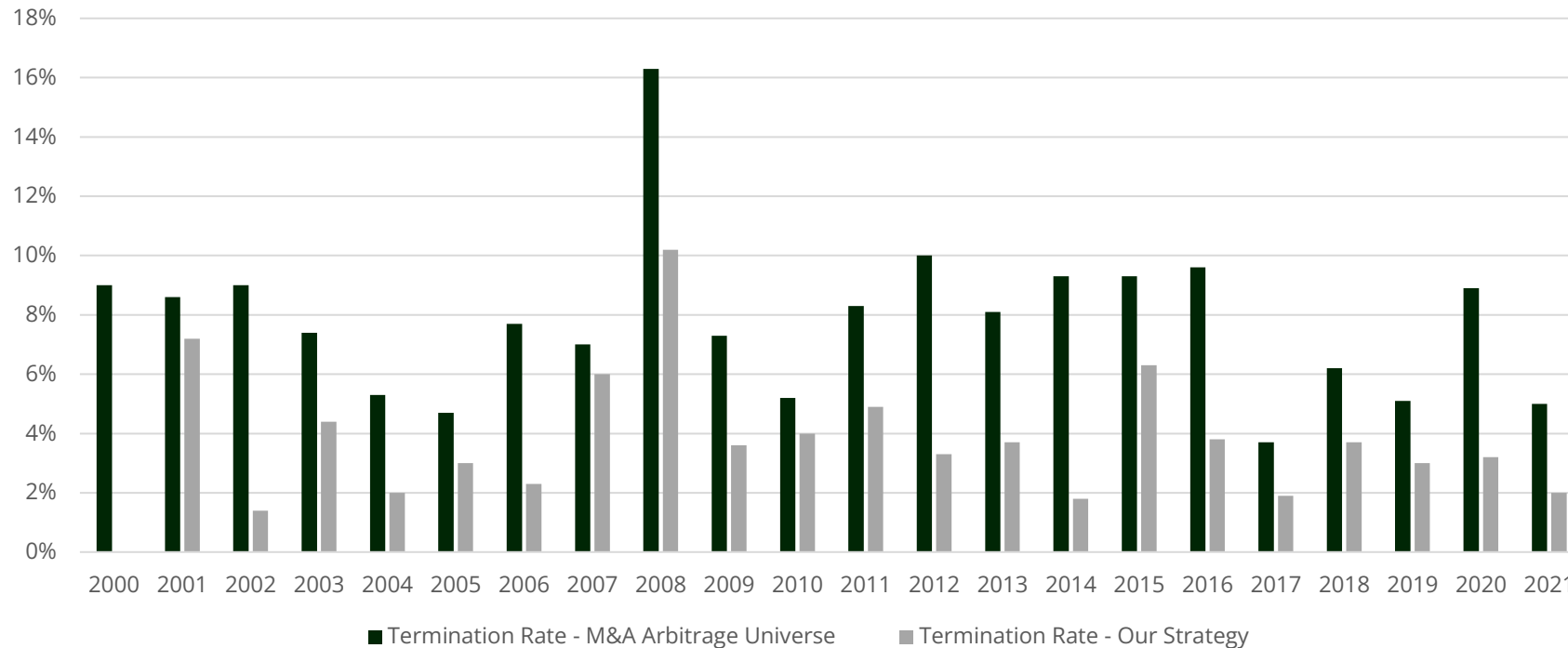
KEY FEATURES

	CARMIGNAC PORTFOLIO MERGER ARBITRAGE	CARMIGNAC PORTFOLIO MERGER ARBITRAGE PLUS
Strategy	Officially Announced Deals	Officially Announced Deals + Non Binding Proposals + Post Offer
Investment universe	M&A deals in developed countries	M&A deals in developed countries
Portfolio diversification	40 to 60 positions	40 to 60 positions
Long exposure (in % of nav)	0% to 125%	0% to 250%
Short exposure (in % of nav)	0% to -125%	0% to -250%
Gross exposure (in % of nav)	0% to 250%	0% to 500%
Net exposure (in % of nav)	0% to 100%	0% to 250%
Max drawdowns per position	A & B deals : 50 to 100bps C deals : 30 to 50bps	All deals : 250bps
Risk/return profile	1 – 2% volatility Target Return – Ester + 100bps	4 – 6% volatility Target Return – Ester + 400bps
Liquidity	Daily	Daily
Esg integration	SFDR Art. 8	SFDR Art. 8
Legal structure	Luxembourg-based UCITS	Luxembourg-based UCITS

These investment guidelines are internal guidelines which are subject to changes at any time and without any notice. For complete investment rules and limits, please refer to the fund's prospectus.
Source: Carmignac – 30/06/2023

PROOF OF THE TEAM'S PROCESS SUCCESS

TERMINATION RATE : M&A UNIVERSE VS OUR STRATEGY



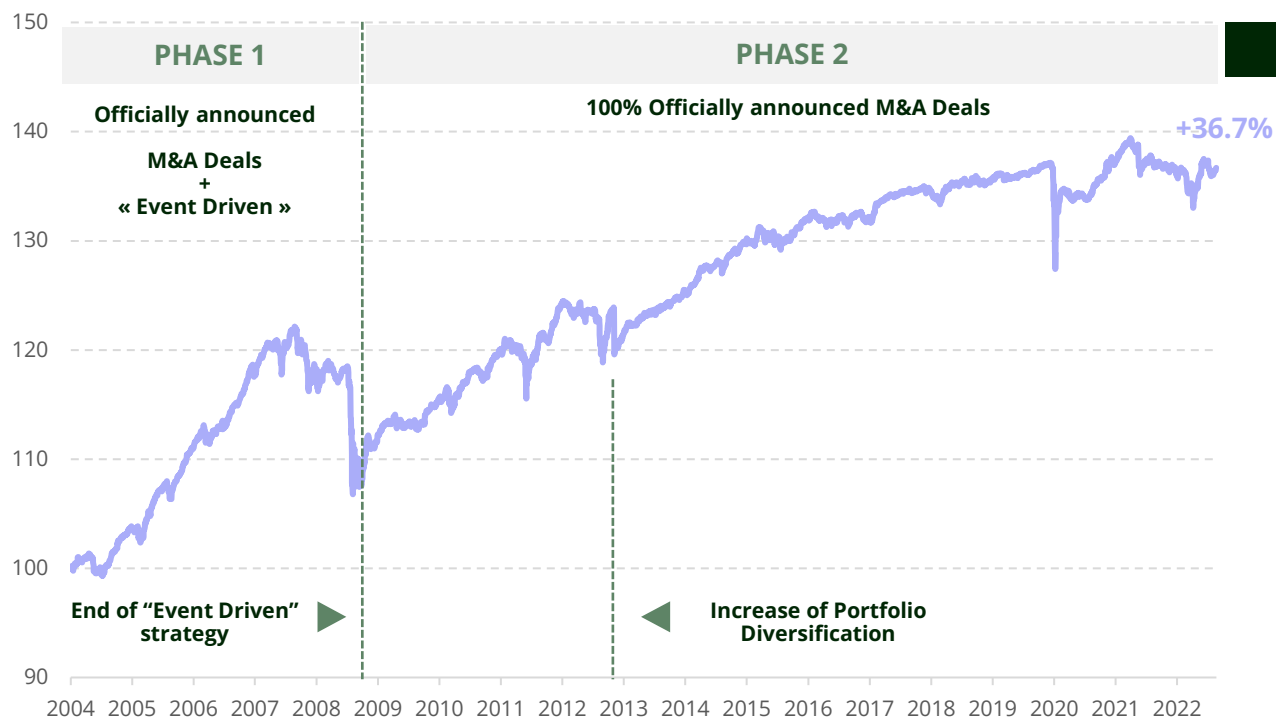
Our investment process has made it possible to **reduce** the market failure rate by **50%**

Source: Carmignac, Bloomberg. Data as of 31/12/2021
 "Our strategy" refers to the track record of the investment team in the OFI Risk Arb Absolu strategy.

AN ALMOST TWO DECADE TRACK RECORD

CUMULATIVE RETURN SINCE TEAM SETUP - MARCH 2004

ANNUAL PERFORMANCE SINCE INCEPTION

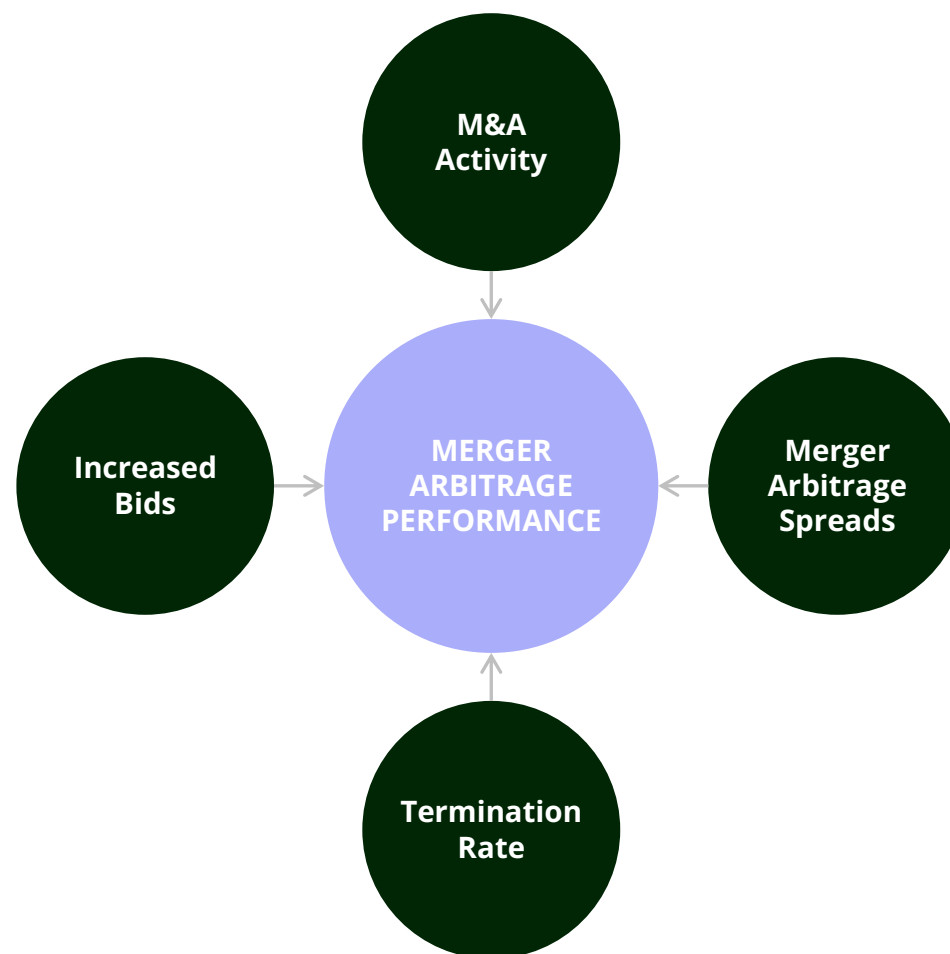


	STRATEGY	EONIA	EXCESS RETURN
2022*	-0.25%	-0.26%	0.01%
2021	+0.90%	-0.49%	1.39%
2020	-0.72%	-0.47%	-0.25%
2019	+1.10%	-0.40%	1.50%
2018	+0.44%	-0.37%	0.81%
2017	+1.66%	-0.36%	2.02%
2016	+1.06%	-0.32%	1.38%
2015	+1.41%	-0.11%	1.52%
2014	+3.83%	+0.10%	3.73%
2013	+0.64%	+0.09%	0.55%
2012	+1.97%	+0.24%	1.73%
2011	+2.59%	+0.89%	1.70%
2010	+3.34%	+0.44%	2.90%
2009	+2.82%	+0.72%	2.10%
2008	-7.57%	+4.00%	-11.57%
2007	+3.81%	+3.99%	-0.18%
2006	+6.52%	+2.92%	3.60%
2005	+6.03%	+2.14%	3.89%

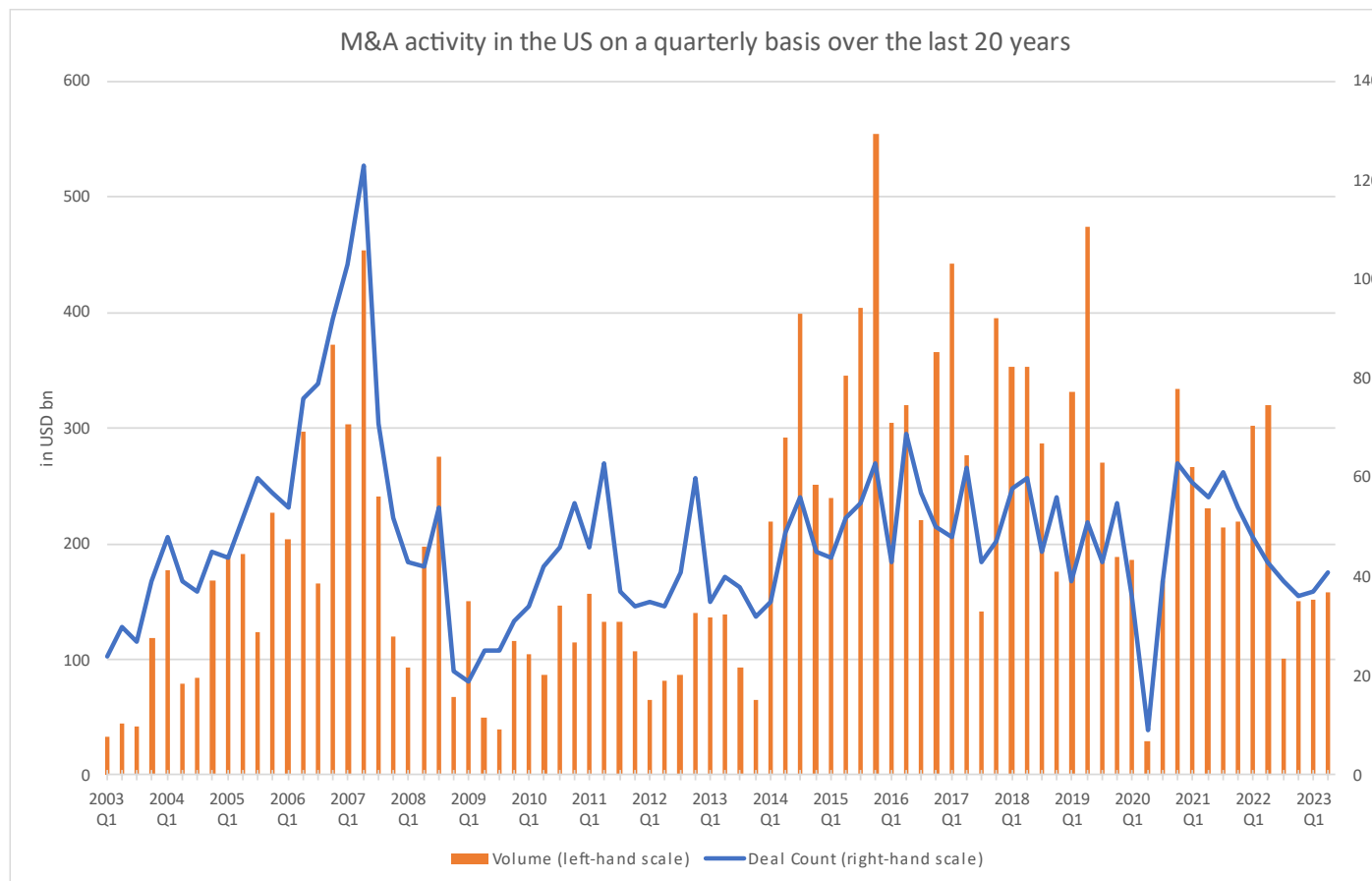
*Data as of October 31st, 2022.

Source: Bloomberg, 31/10/2022. 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. The fund's benchmark was the Eonia index until December 31st, 2021 and was changed to Ester on January 1st, 2022. The performances are presented according to the chaining method.

MERGER ARBITRAGE PERFORMANCE DRIVERS



M&A ACTIVITY: ENTERING A NEW PHASE



Source: Carmignac, Bloomberg as of 30/06/2023

- M&A deals come in **waves**
- After a decade of strong activity, **2023 marks a new phase**
- A decline in volume but a **fairly decent deal count**
- Are we going to relive the **2009-2013 period ?**
- It would not be a bad thing as Merger Arbitrage posted **an annualized return of 3.3% over the period (290bps above the risk-free rate)**

M&A ACTIVITY YTD SNAPSHOT

North America

Volume : \$389bn
Deal count : 105
Average deal size : \$3.7bn
Cash deals : 58% of total

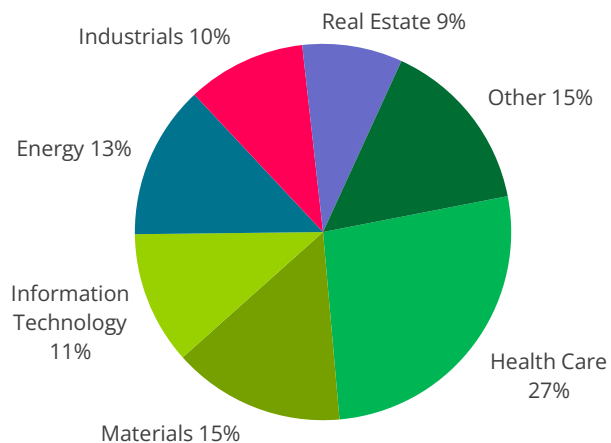
Europe

Volume : \$95bn
Deal count : 53
Average deal size : \$1.8bn
Cash deals : 87% of total

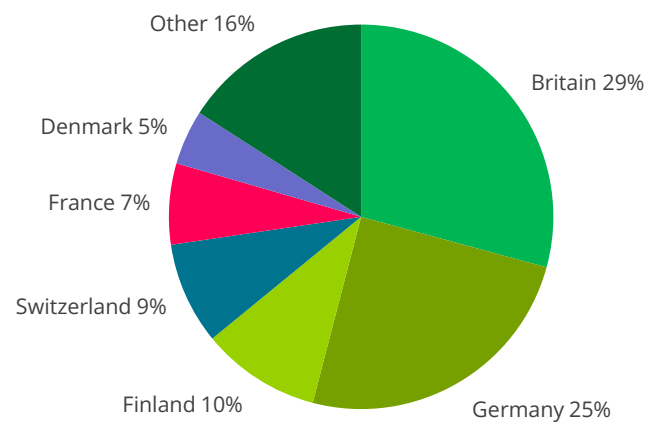
Asia

Volume : \$93bn
Deal count : 28
Average deal size : \$3.3bn
Cash deals : 60% of total

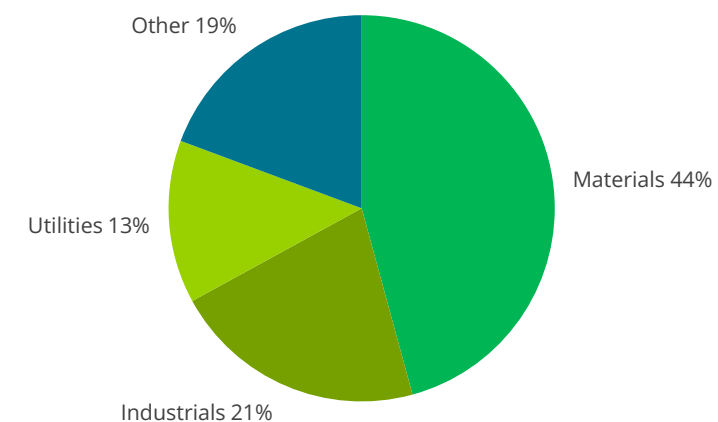
Split by sector



Split by country



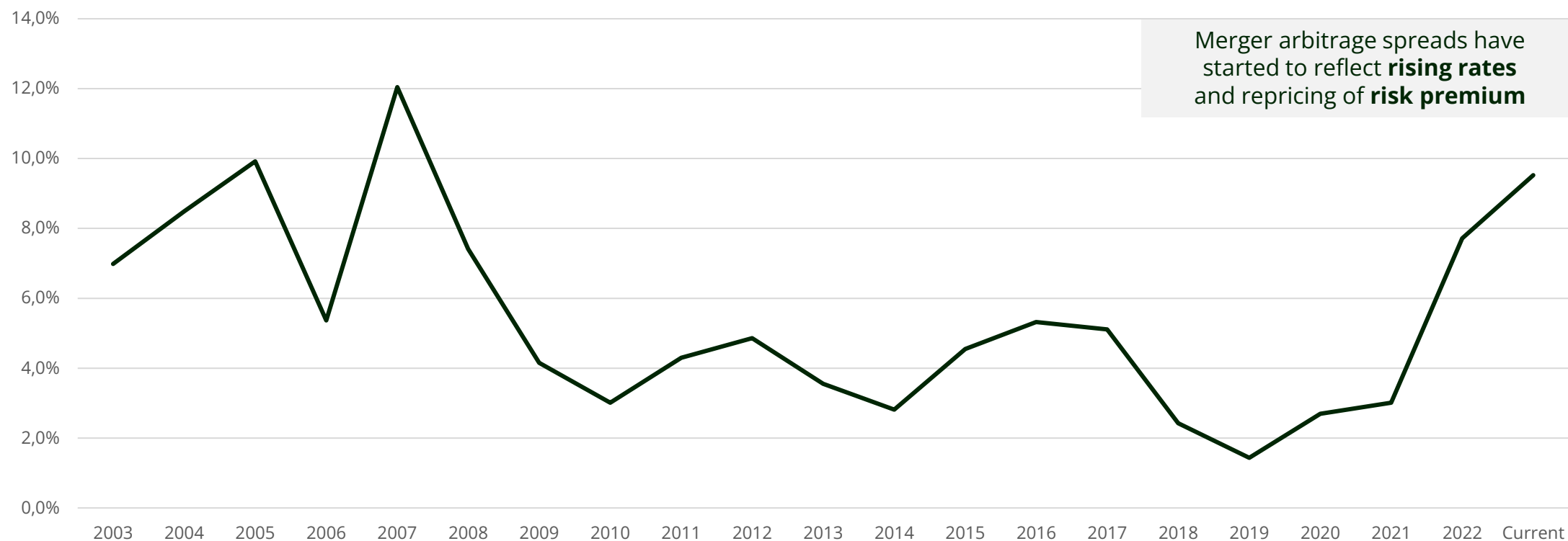
Split by sector



Source: Carmignac, 31/08/2023

ATTRACTIVE MERGER ARBITRAGE SPREADS...

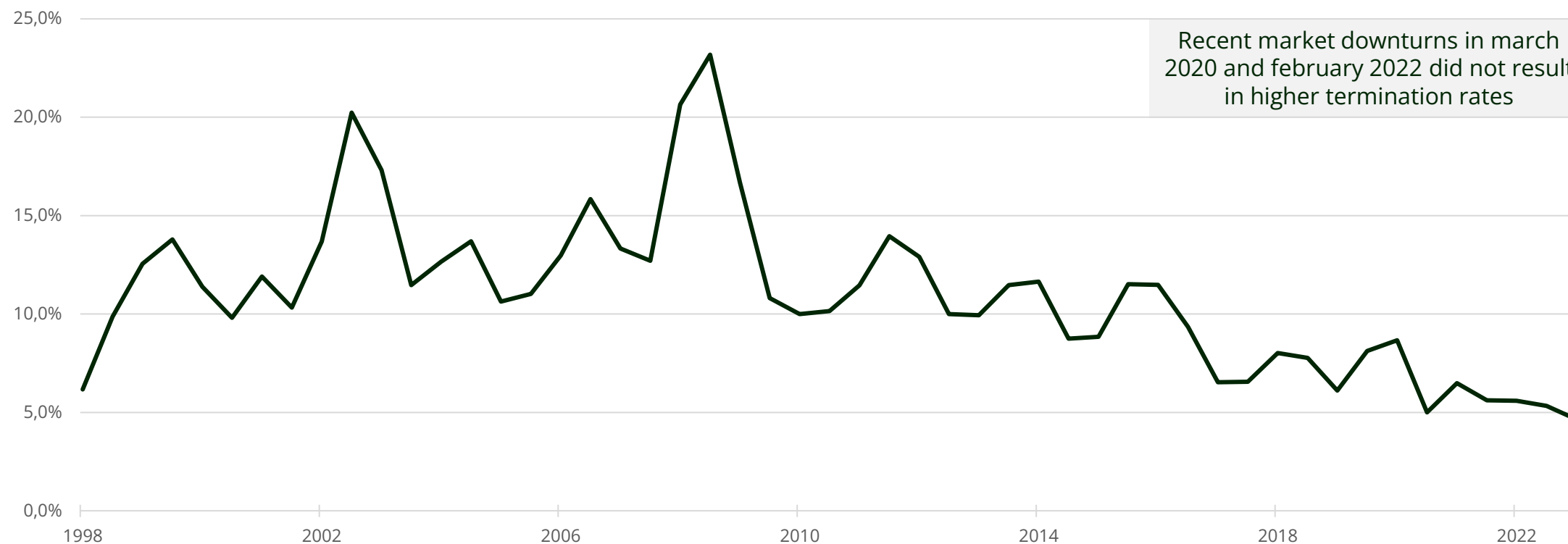
Average Gross Spread for US Merger Arb Spreads



Source: Goldman Sachs, data as of 21/05/23

... ALONG WITH LOW TERMINATION RATES

Termination rate in the US over the last 25 years

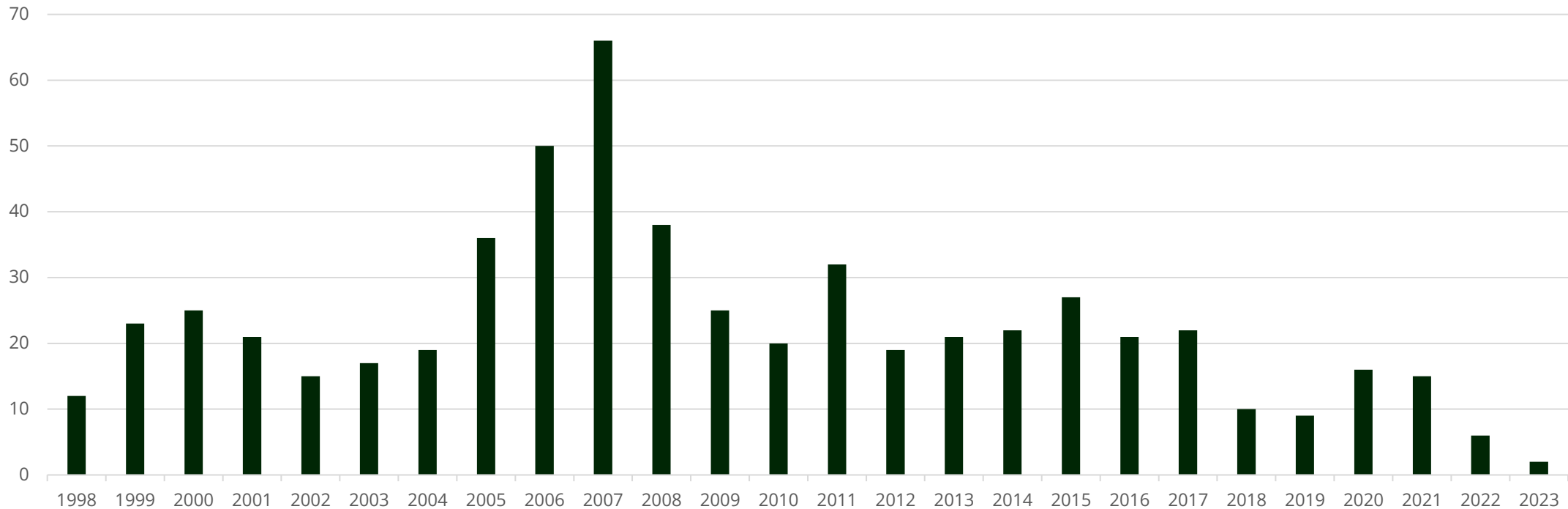


Source: Carmignac, Bloomberg. Data as of 31/08/2023

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.

INCREASED BIDS ABSENT FROM CURRENT BACKDROP

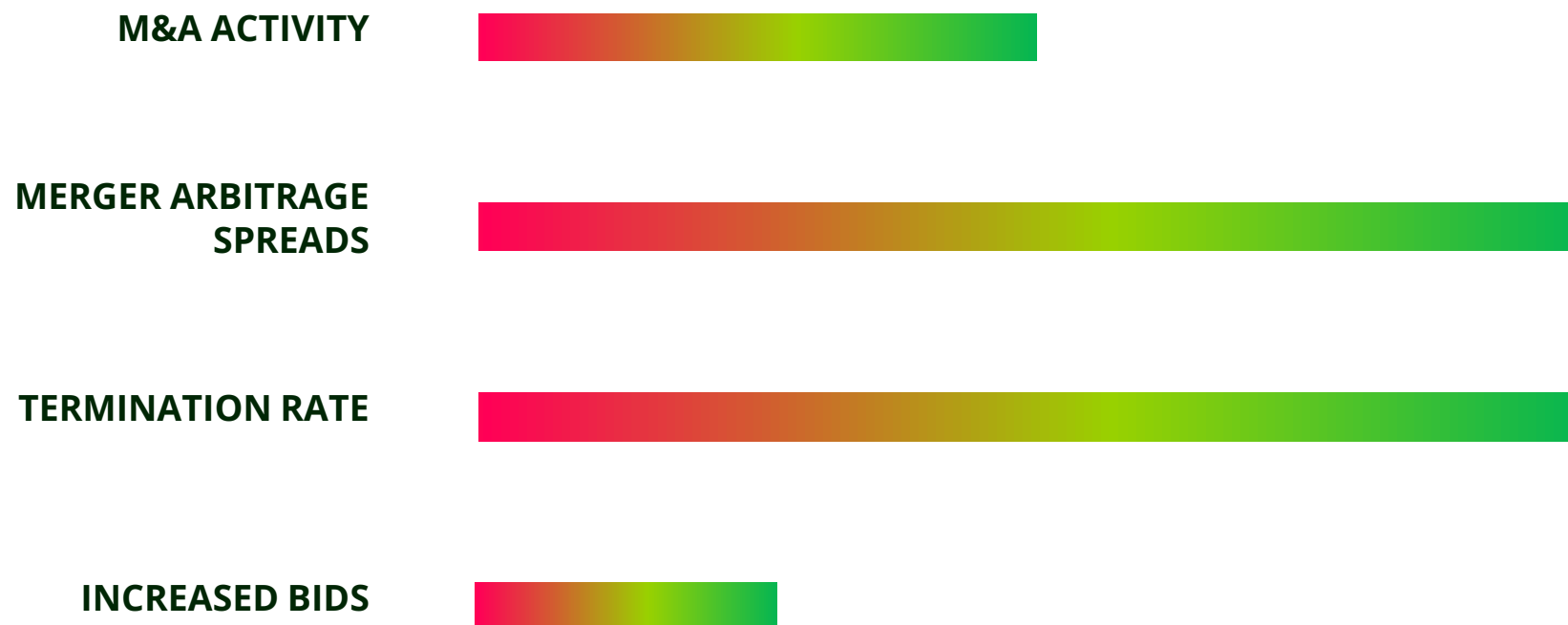
Increased bids in the US since 2000



Source: Carmignac, Bloomberg. Data as of 31/08/2023

OVERALL A VERY FAVOURABLE ENVIRONMENT

Contribution to merger arbitrage performance



MAIN RISKS OF THE FUND

CARMIGNAC PTF. MERGER ARBITRAGE – ALL COUNTRIES (UK EXCLUDED) – I EUR ACC

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, 31/03/2023 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 THE FUND

CARMIGNAC PTF. MERGER ARBITRAGE – ONLY UK – I EUR ACC

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MAIN RISKS OF THE FUND

CARMIGNAC PTF. MERGER ARBITRAGE PLUS - ALL COUNTRIES (UK EXCLUDED) – I EUR ACC

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