

# CARMIGNAC PORTFOLIO MERGER ARBITRAGE A EUR ACC

LUXEMBOURG SICAV SUB-FUND

Recommended  
minimum investment  
horizon:

3 YEARS



LU2585800795

Monthly Factsheet - 28/03/2024

## INVESTMENT OBJECTIVE

Carmignac Portfolio Merger Arbitrage is a UCITS fund, following an alternative investment strategy that seeks to benefit from the price discontinuities ("arbitrage") of the shares related to merger and acquisition transactions. The Fund invests in officially announced M&A deals in the developed markets. The Fund seeks to outperform its reference indicator over a 3-year investment horizon through capital growth.

**Fund Management analysis can be found on P.4**

## PERFORMANCE

Past performance is not necessarily indicative of future performance. Performances are net of fees (excluding possible entrance fees charged by the distributor).

### FUND PERFORMANCE VS. REFERENCE INDICATOR SINCE LAUNCH (Basis 100 - Net of fees)

*Due to European regulations we are only permitted to show fund performance over a minimum period of one year.*

### CUMULATIVE AND ANNUALIZED PERFORMANCE (as of 28/03/2024 - Net of fees)

*Due to European regulations we are only permitted to show fund performance over a minimum period of one year.*

### MONTHLY PERFORMANCE (%) (Net of fees)

*Due to European regulations we are only permitted to show fund performance over a minimum period of one year.*

### STATISTICS (%)

### PERFORMANCE CONTRIBUTION

*Due to European regulations we are only permitted to show fund performance over a minimum period of one year.*



F. Cretin-  
Fumeron



S. Dieudonné

## KEY FIGURES

<b>Merger Arbitrage Exposure</b> <sup>(1)</sup>	31.1%
<b>Number of Strategies</b>	40
<b>Cash and Others</b>	71.4%
<b>Net Equity Exposure</b>	19.5%

## FUND

**SFDR Fund Classification:** Article 8

**Domicile:** Luxembourg

**Fund Type:** UCITS

**Legal Form:** SICAV

**SICAV Name:** Carmignac Portfolio

**Fiscal Year End:** 31/12

**Subscription/Redemption:** Daily

**Order Placement Cut-Off Time:** Before 13:30 (CET/CEST)

**Fund Inception Date:** 14/04/2023

**Fund AUM:** 177M€ / 191M\$ <sup>(2)</sup>

**Fund Currency:** EUR

## SHARE

**Dividend Policy:** Accumulation

**Date of 1st NAV:** 14/04/2023

**Base Currency:** EUR

**Share class AUM:** 51668€

**NAV:** 103.34€

## FUND MANAGER(S)

Fabienne Cretin-Fumeron since 14/04/2023

Stéphane Dieudonné since 14/04/2023

## REFERENCE INDICATOR

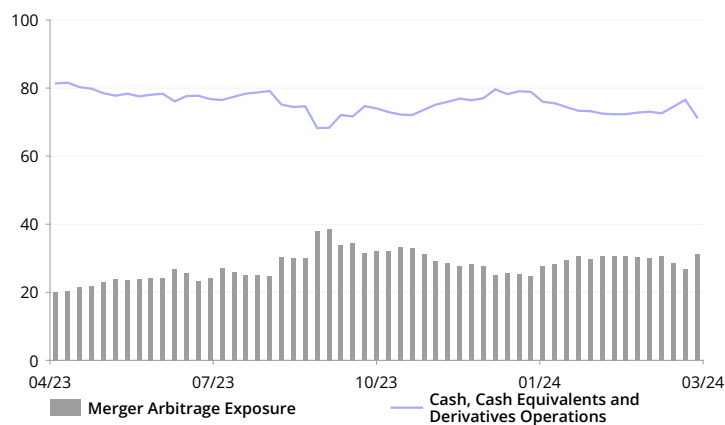
ESTER capitalized.

## OTHER ESG CHARACTERISTICS

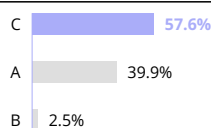
Minimum % Taxonomy Alignment ..... 0%

Minimum % Sustainable Investments ..... 0%

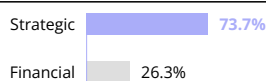
Principal Adverse Impact Indicators ..... Yes

**CARMIGNAC PORTFOLIO MERGER ARBITRAGE A EUR ACC****MERGER ARBITRAGE EXPOSURE (%) <sup>(1)</sup>****TOP TEN - MERGER ARBITRAGE**

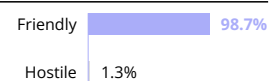
Name	Country	Sector / Rating	%
PIONEER NATURAL RESOURCES CO	USA	Energy	3.3%
HESS CORP	USA	Energy	3.0%
TRICON RESIDENTIAL INC	Canada	Real Estate	2.5%
JSR CORP	Japan	Materials	2.0%
LAWSON INC	Japan	Consumer Staples	1.8%
ENERPLUS CORP	Canada	Energy	1.6%
SHINKO ELECTRIC INDUSTRIES CO LTD	Japan	Information Technology	1.5%
CALLON PETROLEUM CO	USA	Energy	1.1%
SOUTHWESTERN ENERGY CO	USA	Energy	1.0%
NETWORK INTERNATIONAL HOLDINGS PLC	United Arab Emirates	Financials	1.0%
<b>Total</b>			<b>18.8%</b>

**MERGER ARBITRAGE RISK LEVEL**

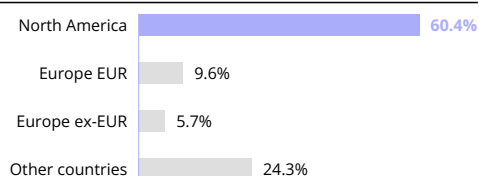
Rebased weights

**MERGER ARBITRAGE TYPE**

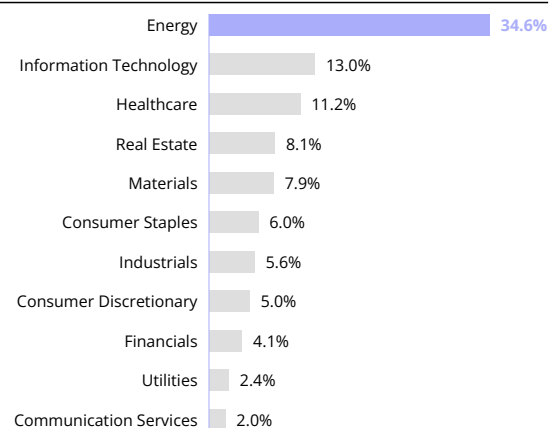
Rebased weights

**MERGER ARBITRAGE NATURE**

Rebased weights

**LONG GEOGRAPHICAL EXPOSURE**

Rebased weights

**LONG SECTORIAL EXPOSURE**

Rebased weights

**MAIN MERGERS & ACQUISITIONS OVER THE MONTH**

Target	Buyer	Sector	Size (M€)	Country
EQUITRANS MIDSTREAM CORP	EQT CORP	Energy	11997	USA
ENCAVIS AG	KKR & CO INC	Utilities	4400	Germany
VIRGIN MONEY UK PLC	NATIONWIDE BUILDING SOCIETY	Financials	3303	United Kingdom
ALUMINA LTD	ALCOA CORP	Materials	2353	Australia
VISTA OUTDOOR INC	MNC CAPITAL PARTNERS LP	Consumer Discretionary	2031	USA

(1) Sum of all the long equity exposures from the portfolio, the short book is excluded.

**MARKETING COMMUNICATION**Please refer to the KIID/KID/prospectus of the fund before making any final investment decisions. For more information please visit [www.carmignac.com](http://www.carmignac.com)

## PORTFOLIO ESG SUMMARY

This financial product is classified Article 8 of the Sustainable Finance Disclosure Regulation ("SFDR"). The binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product are :

- ESG analysis applied to at least 90% of the equity holding in the Long portfolio;
- The Long Equity investment universe is actively reduced.

### PORTFOLIO ESG COVERAGE

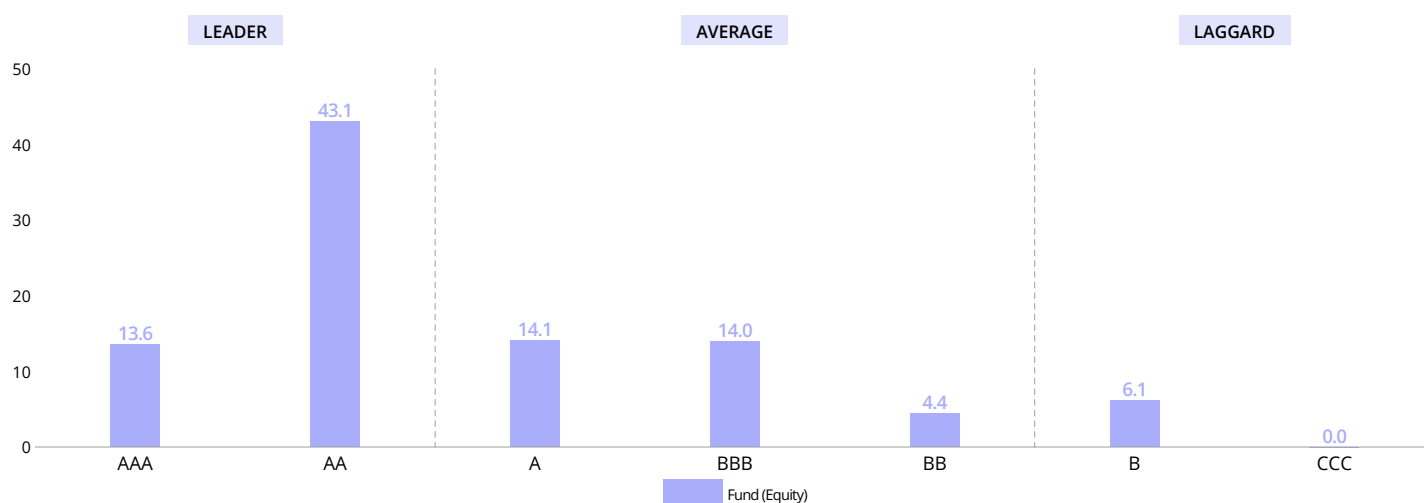
Number of issuers in the portfolio	33
Number of issuers rated	31
Coverage Rate	93.9%

Source: Carmignac

### ESG SCORE

Carmignac Portfolio Merger Arbitrage A EUR Acc	A
Source: MSCI ESG	

### MSCI ESG SCORE PORTFOLIO



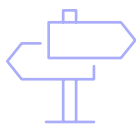
Source: MSCI ESG Score. ESG Leaders represent companies rated AAA and AA by MSCI. ESG Average represent companies rated A, BBB, and BB by MSCI. ESG Laggards represent companies rated B and CCC by MSCI. Portfolio ESG Coverage: 95.4%

### TOP 5 ESG RATED PORTFOLIO HOLDINGS

Company	Weight	ESG Rating
PGS ASA	0.4%	AAA
ENERPLUS CORPORATION	1.6%	AA
SOUTHWESTERN ENERGY COMPANY	1.0%	AA
ANSYS INC	0.8%	AA
JUNIPER NETWORKS INC	0.8%	AA

Source: MSCI ESG

## FUND MANAGEMENT ANALYSIS



### MARKET ENVIRONMENT

Whereas the first two months of the year passed without any clear trend for Merger Arbitrage investments, March saw a squeeze on a number of discounts, resulting in a positive overall performance for the strategy. There are several reasons for this. Numerous deals were completed in March, in a change from the previous months. The largest of these included the takeovers of Sovos Brands by Campbell Soup for \$3bn, Splunk by Cisco for \$28bn, and Karuna Therapeutics by Bristol-Myers Squibb for \$11bn. Nearly 21 deals were finalised in March, up from 7 in February. Once these deals are closed and settled, the capital reinvested in ongoing deals squeezes certain discounts, as happened with Pioneer Natural Resources, Hess and Cerevel Therapeutics. Also, some companies were successful in the key stages of their regulatory clearance process. For example, Brookfield AM finally obtained approval from the UAE central bank for its acquisition of Network International. Olink's takeover by Thermo Fischer Scientific received the green light from the Icelandic antitrust authority and Swedish ministry of foreign affairs. After months of uncertainty, Japan Investment Corp finally had its application rubberstamped by China's antitrust regulator, allowing it to make an official bid for JSR. Also helping the Merger Arbitrage strategy were two bidding wars in the UK: the first for logistics services company Wincanton and the second for telecom equipment supplier Spirent Communications. The two companies' share prices rose by 33% and 12% respectively. However, there was also some bad news: with the presidential election campaign in the background, the Biden administration formalised its opposition to the takeover of United States Steel by Nippon Steels. Shares in the former fell by 19% as a result. In terms of M&A activity, despite a 12% dip in volume relative to the previous month, March rounded off a very good Q1 2024. 92 deals were announced in the first three months of the year, up 48% on the equivalent period of 2023. In value terms, growth was also very solid: 41% y/y thanks to the return of mega-deals. Eight deals worth more than \$10bn were announced in Q1 2024, compared with just four in Q4 2023.



### PERFORMANCE COMMENTARY

Our Merger Arbitrage strategy delivered a positive return over the month. The three main sources of performance were: 1) the squeeze on the JSR discount after the Chinese regulator gave its approval, allowing the buyer to formalise its offer; 2) the bidding war over Spirent Communications between two US equipment manufacturers, Viavi Solutions and Keysight Technologies, which pushed the target price up by 12%; and 3) the convergence of the discount on Karuna Therapeutics after the deal was finalised in the days that followed approval under the HSR Act. Negative influences on performance included a small position on United States Steel, for which the political angle is more significant than expected. As in February, volatility on Capri, which seems to be the focus of arbitrageurs' fears about antitrust risk, weighed on performance.



### OUTLOOK AND INVESTMENT STRATEGY

The upturn in M&A over the fourth quarter of 2023, and confirmed early this year, allowed us to nudge the Fund's investment rate up from 30% to 31%. Diversification remains satisfactory with 40 different M&A deals in the portfolio. We think that 2024 will see busier M&A activity after three years of decline. There are several encouraging signs: the prospect of monetary easing, which should bring back financial buyers; the return of mega deals in the second half of last year; the refocusing of M&A activity on sectors of the "old economy" due to the energy transition; and the resumption of deals in sectors like Technology, as in January when, structurally, external growth formed an integral part of business models. Announced in August 2023, new directives concerning takeover law in Japan should help kick-start activity in Asia. The risk premium on the Merger Arbitrage strategy still offers investors some attractive returns, especially at a time when few deals are collapsing.

## MARKETING COMMUNICATION

Please refer to the KIID/KID/prospectus of the fund before making any final investment decisions. For more information please visit [www.carmignac.com](http://www.carmignac.com)

## GLOSSARY

**Active Management:** An investment management approach where a manager aims to beat the market through research, analysis and their own judgement. See also Passive management.

**ESG score Calculation:** Only the Equity and Corporate Bond holdings of the fund considered. Overall Fund Rating calculated using MSCI Fund ESG Quality Score methodology: excluding cash and non ESG-rated holdings, performing a weighted average of the normalized weights of the holdings and the Industry-Adjusted Score of the holdings, multiplied by (1+Adjustment%) which consists of the weight of positively trending ESG ratings minus the weight of ESG laggards minus the weight of negatively trending ESG ratings. For a detailed explanation see "MSCI ESG Fund Ratings Methodology", Section 2.3. Updated June 2021. <https://www.msci.com/documents/1296102/15388113/MSCI+ESG+Fund+Ratings+Exec+Summary+Methodology.pdf/ec622acc-42a7-158f-6a47-ed7aa4503d4f?t=1562690846881>.

**Investment/net exposure rate:** The investment rate constitutes the volume of assets invested expressed as a percentage of the portfolio. Adding the impact of the derivatives to this investment rate results in the net exposure rate, which corresponds to the real percentage of asset exposure to a certain risk. Derivatives can be used to increase the underlying asset's exposure (stimulation) or reduce it (hedging).

**Merger Arbitrage Risk:** The risk level of each deal from the equity long book of the portfolio is assessed to determine the risk of deal failure. Ratings are based on our in-house methodology and rated between A and C, where A is the least risky and C is the highest risk.

**Merger Arbitrage Type/Nature:** Each invested security is analysed to determine whether the deal from the buyer is strategic or financial and if the deal is hostile or friendly.

**Net asset value:** Price of all units (in an FCP) or shares (in a SICAV).

**SICAV:** Société d'Investissement à Capital Variable (Open-ended investment company with variable capital)

## ESG DEFINITIONS & METHODOLOGY

**ESG:** E for Environment, S for Social, G for Governance

**Principal Adverse Impacts (PAI):** Negative, material, or potentially material effects on sustainability factors that result from, worsen, or are directly related to investment choices or advice performed by a legal entity. Examples include GHG emissions and carbon footprint.

**Sustainable Investments:** The SFDR defines sustainable investment as an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

**Taxonomy Alignment:** In the context of an individual company, taxonomy alignment is defined as the proportion of a company's revenue that comes from activities that meet certain environmental criteria. In the context of an individual fund or portfolio, alignment is defined as the portfolio-weight weighted average taxonomy alignment of included companies. For more information, please follow this link: [https://ec.europa.eu/info/sites/default/files/business\\_economy\\_euro/banking\\_and\\_finance/documents/sustainable-finance-taxonomy-faq\\_en.pdf](https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/sustainable-finance-taxonomy-faq_en.pdf)

## CHARACTERISTICS

Share Class	Date of 1st NAV	Bloomberg	ISIN	Management Fee	Entry costs <sup>(1)</sup>	Exit costs <sup>(2)</sup>	Management fees and other administrative or operating costs <sup>(3)</sup>	Transaction costs <sup>(4)</sup>	Performance fees <sup>(5)</sup>	Minimum Initial Subscription <sup>(6)</sup>	Single Year Performance (%)				
											28.03.23-28.03.24	28.03.22-28.03.23	26.03.21-28.03.22	27.03.20-26.03.21	28.03.19-27.03.20
A EUR Acc	14/04/2023	CARMAEA LX	LU2585800795	Max. 1%	Max. 1%	—	0.96%	0.3%	20%	—	—	—	—	—	
F EUR Acc	14/04/2023	CARMRFE LX	LU2585800878	Max. 0.8%	—	—	0.76%	0.3%	20%	—	—	—	—	—	
I EUR Acc	14/04/2023	CARARIE LX	LU2585801090	Max. 0.8%	—	—	0.62%	0.3%	20%	—	—	—	—	—	

(1) of the amount you pay in when entering this investment. This is the most you will be charged. Carmignac Gestion doesn't charge any entry fee. The person selling you the product will inform you of the actual charge.

(2) We do not charge an exit fee for this product.

(3) of the value of your investment per year. This estimate is based on actual costs over the past year.

(4) of the value of your investment per year. This is an estimate of the costs incurred when we buy and sell the investments underlying the product. The actual amount varies depending on the quantity we buy and sell.

(5) when the share class overperforms the Reference indicator during the performance period. It will be payable also in case the share class has overperformed the reference indicator but had a negative performance. Underperformance is clawed back for 5 years. The actual amount will vary depending on how well your investment performs. The aggregated cost estimation above includes the average over the last 5 years, or since the product creation if it is less than 5 years.

(6) Please refer to the prospectus for the minimum subsequent subscription amounts. The prospectus is available on the website: [www.carmignac.com](http://www.carmignac.com).

## MAIN RISKS OF THE FUND

**EQUITY:** The Fund may be affected by stock price variations, the scale of which is dependent on external factors, stock trading volumes or market capitalization.

**ARBITRAGE RISK:** Arbitrage seeks to benefit from such price differences (e.g. in markets, sectors, securities, currencies). If arbitrage performs unfavorably, an investment may lose its value and generate a loss for the Sub-Fund. **RISK ASSOCIATED WITH THE LONG/SHORT STRATEGY:** This risk is linked to long and/or short positions designed to adjust net market exposure. The fund may suffer high losses if its long and short positions undergo simultaneous unfavourable development in opposite directions. **LIQUIDITY:** Temporary market distortions may have an impact on the pricing conditions under which the Fund might be caused to liquidate, initiate or modify its positions.

**The Fund presents a risk of loss of capital.**

## IMPORTANT LEGAL INFORMATION

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**CARMIGNAC GESTION**, 24, place Vendôme - F-75001 Paris - Tél : (+33) 01 42 86 53 35

Investment management company approved by the AMF

Public limited company with share capital of € 13,500,000 - RCS Paris B 349 501 676

**CARMIGNAC GESTION Luxembourg** - City Link - 7, rue de la Chapelle - L-1325 Luxembourg - Tel : (+352) 46 70 60 1

Subsidiary of Carmignac Gestion - Investment fund management company approved by the CSSF

Public limited company with share capital of € 23,000,000 - RCS Luxembourg B 67 549

### MARKETING COMMUNICATION

Please refer to the KIID/KID/prospectus of the fund before making any final investment decisions. For more information please visit [www.carmignac.com](http://www.carmignac.com)