

# CARMIGNAC PORTFOLIO MERGER ARBITRAGE PLUS A EUR ACC

LUXEMBOURG SICAV SUB-FUND



Recommended  
minimum investment  
horizon:

3 YEARS



LU2585801256

Monthly Factsheet - 30/04/2024

## INVESTMENT OBJECTIVE

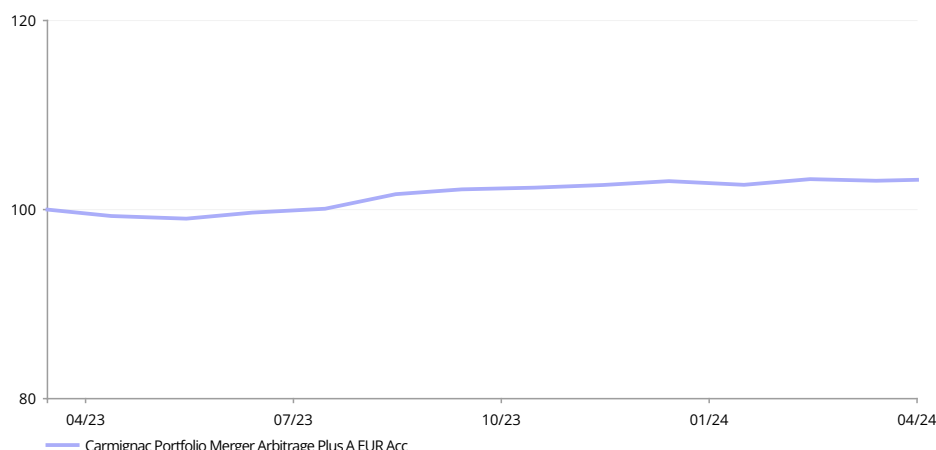
Carmignac Portfolio Merger Arbitrage Plus is a UCITS fund, following an alternative investment strategy that seeks to benefit from the price discontinuities ("arbitrage") of the shares related to merger and acquisition transactions. The Fund invests in officially announced M&A deals in the developed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

Fund Management analysis can be found on P.3

## 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 SINCE LAUNCH (Basis 100 - Net of fees)



### CUMULATIVE AND ANNUALIZED PERFORMANCE (as of 30/04/2024 - Net of fees)

	Cumulative Performance (%)		Annualised Performance (%)
	1 Year	Since 14/04/2023	Since 14/04/2023
A EUR Acc	3.38	3.15	3.01

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

	2023
A EUR Acc	2.77

### VAR

Fund VaR	9.0%
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F. Cretin-Fumeron



S. Dieudonné

## KEY FIGURES

Merger Arbitrage Exposure <sup>(1)</sup>	98.3%
Number of Strategies	42
Cash and Others	41.7%
Net Equity Exposure	63.5%

### 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:** 143M€ / 153M\$ <sup>(2)</sup>  
**Fund Currency:** EUR

### SHARE

**Dividend Policy:** Accumulation  
**Date of 1st NAV:** 14/04/2023  
**Base Currency:** EUR  
**Share class AUM:** 73695€  
**NAV:** 103.15€

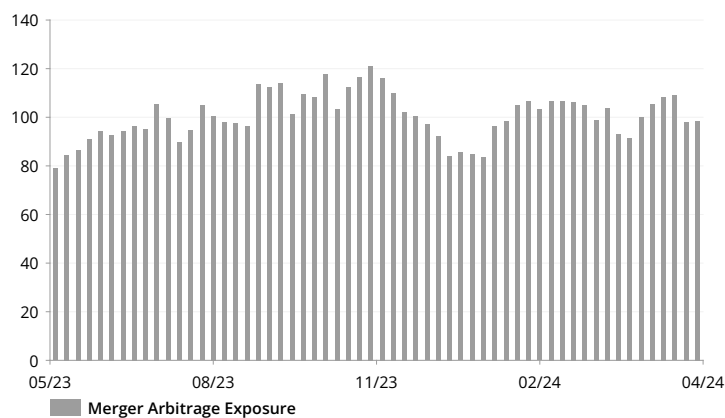
### FUND MANAGER(S)

Fabienne Cretin-Fumeron since 14/04/2023  
 Stéphane Dieudonné since 14/04/2023

### OTHER ESG CHARACTERISTICS

Minimum % Taxonomy Alignment ..... 0%  
 Minimum % Sustainable Investments ..... 0%  
 Principal Adverse Impact Indicators ..... Yes

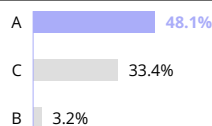
**MERGER ARBITRAGE EXPOSURE (%) <sup>(1)</sup>**



**TOP TEN - MERGER ARBITRAGE**

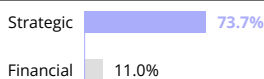
Name	Country	Sector / Rating	%
PIONEER NATURAL RESOURCES CO	USA	Energy	8.7%
HESS CORP	USA	Energy	8.6%
ENERPLUS CORP	Canada	Energy	4.7%
LAWSON INC	Japan	Consumer Staples	4.7%
SOUTHWESTERN ENERGY CO	USA	Energy	4.2%
AXONICS INC	USA	Healthcare	4.0%
SHINKO ELECTRIC INDUSTRIES CO LTD	Japan	Information Technology	3.9%
CEREVEL THERAPEUTICS HOLDINGS INC	USA	Healthcare	3.1%
CATALENT INC	USA	Healthcare	3.0%
ENCAVIS AG	Germany	Utilities	3.0%
<b>Total</b>			<b>48.1%</b>

**MERGER ARBITRAGE RISK LEVEL**



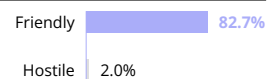
Rebased weights

**MERGER ARBITRAGE TYPE**



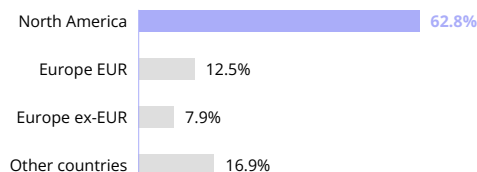
Rebased weights

**MERGER ARBITRAGE NATURE**



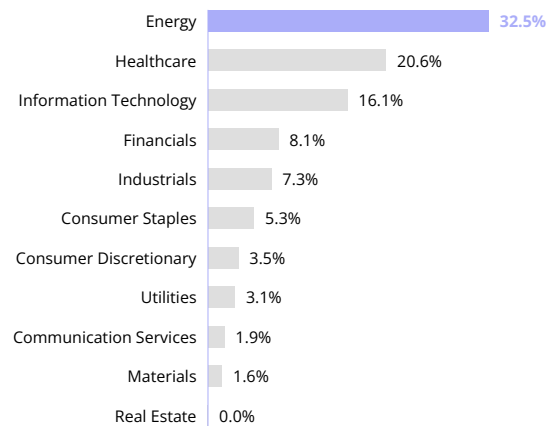
Rebased weights

**LONG GEOGRAPHICAL EXPOSURE**



Rebased weights

**LONG SECTORIAL EXPOSURE**



Rebased weights

**MAIN MERGERS & ACQUISITIONS OVER THE MONTH**

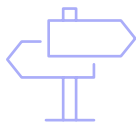
Target	Buyer	Sector	Size (M€)	Country
ANGLO AMERICAN PLC	BHP GROUP LTD	Materials	33918	United Kingdom
SHOCKWAVE MEDICAL INC	JOHNSON & JOHNSON	Healthcare	11545	USA
ENDEAVOR GROUP HOLDINGS INC	SILVER LAKE MANAGEMENT LLC	Communication Services	9345	USA
CHAMPIONX CORP	SCHLUMBERGER NV	Energy	7322	USA
NUVEI CORP	ADVENT INTERNATIONAL LP	Financials	5909	Canada

(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.lu](http://www.carmignac.lu)

## FUND MANAGEMENT ANALYSIS



### MARKET ENVIRONMENT

April was a tricky month not just for our Fund but for the strategy in general as the HFRX Merger Arbitrage index lost 1.73%. This was largely due to investors de-risking their portfolios after two big events. The first was the Biden administration's announcement, in March, of its opposition to the takeover of United States Steel by Nippon Steel. This surprised many M&A traders, who took a more positive view of this deal with a strategic partner to the United States. The second was the FTC's decision to instigate legal proceedings in order to block Capri's takeover by Tapestry, believing that the two companies would have a dominant share of the affordable luxury handbag market. Most investors were again caught off-guard, judging this overly restrictive definition of the segment in which Capri and Tapestry operate to be unrepresentative of a highly competitive industry having low barriers to entry. The losses caused by these two events prompted many funds to reduce their overall M&A exposure, leading to a general increase in discounts, especially where there was a degree of antitrust risk, as was the case with Juniper, Ansys, Axonics and Southwestern Energy. As few major deals were finalised in April, the discount convergence that would usually occur upon completion provided no real boost to performance. The good news during the month was the bidding war between two private equity groups for Spain's Applus Services, which raised the offer price by around 16%. In terms of M&A activity, the cycle continues to pick up with 38 new deals announced during the month for a total of USD 121 bn, equating to annual growth of 27%. The biggest deals included Australia's BHP drafting a bid of USD 33 bn for Anglo American in mining, and Johnson & Johnson acquiring Shockwave Medical for USD 11 bn in healthcare. As in previous months, this pick-up is particularly significant in Europe and, more specifically, the United Kingdom. The combination of cheap equities and a weakened currency makes the UK market attractive to foreign buyers acting on both strategic and financial impulses.



### PERFORMANCE COMMENTARY

Our Merger Arbitrage strategy posted a negative performance over the month. The two main sources of performance were: 1) the higher bid for Applus Service, 2) the squeeze on two significant discounts in the oil industry: Hess and Pioneer Natural Resources. The main drag on performance was our exposure to the Capri-Tapestry deal. After the FTC complained, the deal went before the courts. The two parties will have to argue their case before a judge, who should deliver a ruling in September. It's hard to say what the outcome will be at this point, so we opted to close our position but will be following proceedings closely.



### OUTLOOK AND INVESTMENT STRATEGY

The upturn in M&A over the fourth quarter of 2023, and confirmed early this year, allowed us to raise the Fund's investment rate to 98%. Diversification remains satisfactory with 42 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

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## 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.

**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 Exposure:** The Merger Arbitrage Exposure level refers to the equity long book of the portfolio, the short book used as coverage is excluded from this calculation.

**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.

**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

**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>.

**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 (%)				
											28.04.23-30.04.24	29.04.22-28.04.23	30.04.21-29.04.22	30.04.20-30.04.21	30.04.19-30.04.20
F EUR Acc	14/04/2023	CARMERF LX	LU2585801173	Max. 1%	—	—	1.25%	0.84%	20%	—	3.8	—	—	—	—
A EUR Acc	14/04/2023	CARARBA LX	LU2585801256	Max. 1.5%	Max. 1%	—	1.8%	0.84%	20%	—	3.4	—	—	—	—
F USD Acc Hdg	14/04/2023	CAPMAFU LX	LU2601233948	Max. 1%	—	—	1.25%	0.98%	20%	—	5.2	—	—	—	—
F GBP Acc Hdg	14/04/2023	CAPMAFG LX	LU2601234169	Max. 1%	—	—	1.25%	0.99%	20%	—	4.8	—	—	—	—

(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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### MARKETING COMMUNICATION