

Comment March 2024

In March, global M&A market activity decreased compared to the previous month and was particularly weak in the US. No big cap transactions, above the USD 10 billion threshold were announced during March. The majority of the market is represented by strategic acquisitions while private equity-driven buyouts are still scarce and small in size. The most sizeable deal announced in the month was the acquisition of Equitrans Midstream by EQT Corp. in the US oil and gas sector. The fund allocates resources to those M&A deals where the arbitrage spread is correctly rewarding the risk of termination of the transaction. So, we are currently avoiding some situations either with large potential losses in case of the deal failure like the takeover of MorphoSys by Novartis, or with tight spreads like the acquisition of Vizio Holding by Walmart that potentially could raise antitrust concerns. During the month the fund was involved in the acquisition of Roland DG in the consumer electronics sector in Japan: the company received a counter-bid that resulted in a roughly 10% gain on the position.

The convertible bond primary market continued the trend seen in February with substantial issues coming from the US and none from Europe. Notably, the tech/crypto sector seems to take center stage in the US with large issues from Coinbase and Microstrategy. We also had a large USD 1 billion issue from NextEra at the end of February. Valuations have cheapened somewhat over the month. A large synthetic in LVMH issued by JPM was pulled from the market because of its excessive pricing, indicating that investors are paying closer attention to valuation. We are continuing to focus on hedged convertible bond positions with higher deltas, which provide high levels of carry and good credit protection and are trading substantially below fair value. We have added five new positions as we continue to increase the allocation and move to a fully invested portfolio.

Top 5 positions

Euronav	1.8%
Encavis	1.8%
Axonics	1.6%
Masonite	1.5%
Lawson	1.1%

Key figures as of 28 March 2024

Net Asset Value Share Class USD	USD 1'010.82
Number of units	221
Net Asset Value Share Class CHF	CHF 999.46
Number of units	475
Net Asset Value Share Class EUR	EUR 1'006.11
Number of units	10'600
Total Net Asset Value	USD 12.3m

Performance share class USD

Duration	Fund
1 month	0.6%
3 months	1.0%
12 months	-
3 years p.a.	-
5 years p.a.	-
since inception (15.12.2023) p.a.	4.0%
Year	
2024	1.0%
2023	0.1%
since inception (15.12.2023)	1.1%

Risk ratios (rolling over the last 3 years)

Volatility (p.a.)	-
Sharpe ratio (2.67% Risk free rate)	-

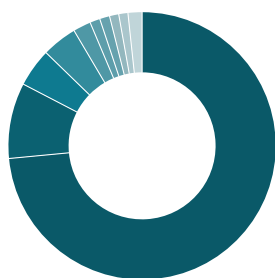
Exposure

Long	84.8%
Short	-14.6%
Net Exposure	70.2%
Gross Exposure	99.4%

Performance share class USD



Breakdown by countries



United States	73.5%	Australia	1.2%
France	9.1%	United Kingdom	1.2%
Japan	4.6%	Sweden	1.1%
Germany	4.3%	Norway	1.1%
Belgium	2.1%	Others	1.7%

Breakdown by currencies



USD	98.0%	JPY	0.2%
EUR	1.7%		

Investment philosophy

The investment approach consists of combining various arbitrage strategies, most notably in merger arbitrage, convertible bond arbitrage, and event-driven soft catalysts, to generate market-neutral returns that are significantly higher than risk-free rates. The combination of merger arbitrage and convertible bond arbitrage as core building blocks of the fund can offer several key advantages, as these strategies have different risk profiles and can perform differently in different market conditions. The result is a highly diversified global portfolio.

Fund facts

Domicile of fund	Luxembourg
Legal form	SICAV (AIF)
Investment universe	Global
Investment manager	Serafin Asset Management Ltd, Zug
Management company (ManCo)	Lemanik Asset Management S.A., Luxembourg
Custodian bank	UBS Europe SA, Lux. Branch
Launch date	15.12.2023
Recommended investment horizon	5 years
Reference currency	USD
ISIN / Bloomberg-Ticker (respective share class)	USD: LU2718004018 / SEDIARU LX CHF: LU2718003986 / SEDIARC LX EUR: LU2718004281 / SEDIARE LX
Distributions	reinvesting
Subscription and redemption	daily (cut-off 15.00 CET)
Tax transparency	CH, AT
Tax status Germany	Investment funds with any subsequent certification
Registered for distribution to qualified investors only	CH

Fee structure

Subscription and redemption fee	none
Management fee p.a.	Share Class USD: 0.70% Share Class CHF: 0.70% Share Class EUR: 0.70%
Profit sharing	A performance fee of 15% of the returns generated above the respective risk free rate (USD SOFR, EUR ESTR, CHF SARON) is charged.
Total expense ratio p.a.	tba

Portfolio management



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