

# GA-COURTENAY SPECIAL SITUATIONS FUND

## AUGUST 2024 MONTHLY FACTSHEET

### INVESTMENT OBJECTIVE

### PROFESSIONAL INVESTORS ONLY

GA-Courtenay Special Situations Fund is a performance-orientated event driven strategy targeting absolute returns with low correlation to the market at large. The fund maintains a broad portfolio of merger arbitrages, twinned with selected high-quality equity investments, and targets competitive advantage through extensive proprietary systems combined with a repeatable deep dive research process.

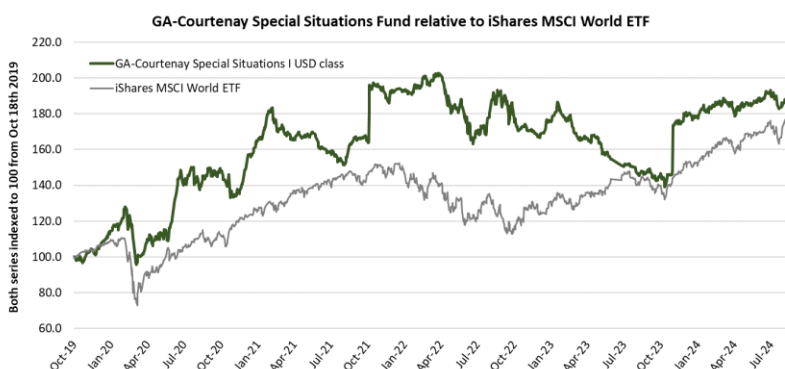
### KEY INFORMATION

Fund Name	GA-Courtenay Special Situations Fund
Fund Manager	Adrian Courtenay
Fund Launch	October 2019
Fund Type	Irish UCITS
Liquidity	Daily
Fund Size	\$37m
Share Classes	USD, GBP, EUR, CHF
USD I	IE00BK6GV895
GBP I	IE00BK6GV757
EUR I	IE00BK6GVD10
CHF I	IE00BMCZLC50
USD R	IE00BK6GVC03
GBP R	IE00BK6GV864
EUR R	IE00BK6GVF34
CHF R	IE00BMCZLD67
Investment Manager	Green Ash Partners LLP
Management Company	Bridge Fund Management Ltd
Fees	Institutional share class: 0.75% pa + 20% performance fee  Retail share class: 1.25% pa + 20% performance fee

### MONTHLY SUMMARY

- The GA-Courtenay Special Situations Fund USD I class returned by -0.7% in August, a month which also saw the iShares MSCI World ETF rise by +2.8%. For the year-to-date, the fund has risen by +4.8%, and the iShares MSCI World ETF by +16.9%.
- The month included a continuing shift to our merger arbitrage activities as we continue to capture our inherent advantage in this market domain.
- Our arbitrage portfolio on base case outcomes is outputting impactful levels of monthly return, and my assessment is that our increased allocation in this domain currently outweighs the returns available from well selected equity generals investments particularly in the context of continuing indicators as to profitability risk within the broader corporate environment.

### PERFORMANCE



iShares MSCI World ETF tracks the performance results of the MSCI World Daily Total Return Net Index. Whilst the fund targets absolute returns, the fund uses the Index for performance comparison (as per the prospectus). The performance of the GA-Courtenay Special Situations Fund is based on the USD I share class. Past performance is not a reliable indicator of future results.

### GA-COURTENAY SPECIAL SITUATIONS FUND PERFORMANCE

Fund Performance by Year	2019 (3m)	2020	2021	2022	2023	2024	Inception to date	Annualised since inception
GA-Courtenay Special Situations Fund (USD I)	+9.1%	+42.8%	+24.4%	-12.8%	+6.4%	+4.8%	+88.7%	+13.9%

Fund Performance by Month (YTD)	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	YTD
GA-Courtenay Special Situations Fund (USD I)	+1.5%	+1.5%	+0.7%	-2.6%	+1.6%	+2.2%	+0.6%	-0.7%					+4.8%

Largest equity investment holdings	17.4% of NAV	Largest merger arbitrage holdings	109.1% of NAV	Gross exposure - total fund (% of NAV)	126.5%
Raspberry Pi	5.46%	Tellurian Inc.	9.75%	Equity investments gross exposure	17.4%
SoftBank	4.40%	Rex Minerals Limited	9.67%	Merger arbitrages gross exposure	109.1%
Formula One	4.11%	i3 Energy Plc	6.55%		
Delfi	3.46%	Stericycle, Inc.	4.76%	<b>Net exposure - total fund (% of NAV)</b>	<b>27.5%</b>
		Catalent, Inc.	4.76%	Equity investments net exposure	17.4%
		Sterling Check Corp	4.71%	Merger arbitrages (beta est)	19.1%
		Infinera Corporation	4.27%		
		Arvida Group Limited	4.25%	Net exposure	27.5%
		Salcef Group S.p.A.	4.08%		
		Galaxy Gaming	4.00%		
		Surmodics, Inc.	3.82%		
		Resurs Holding AB (publ)	3.46%		
		ANSYS, Inc.	3.04%		
		WalkMe Ltd.	2.99%		
		Sharecare, Inc.	2.92%		
		Amedisys, Inc.	2.90%		
		Iteris, Inc.	2.61%	Special Opportunities	0.0% of NAV
		Doma Holdings Inc.	2.19%	Pershing Square SPARC Holdings, warrants	0.00%
		PSC Insurance Group Limited	2.12%	<i>(SSF owns 387,285 SPAR warrants; each warrant contains a call on two stock units upon merger announcement)</i>	
		Keypath Education International, Inc.	2.08%		

Long equities position count

4

Yield creation securities position count

40

Source: Green Ash Partners

## FUND MANAGER COMMENTARY

Dear investors,

The GA-Courtenay Special Situations Fund USD I class returned by -0.7% in August, a month which also saw the iShares MSCI World ETF rise by +2.8%. For the year-to-date, the fund has risen by +4.8%, and the iShares MSCI World ETF by +16.9%.

As I mentioned in the monthly factsheet for July, the fund in August shifted to a higher gross exposure in merger arbitrage, correspondingly lowering equity investment exposure. A simplistic impact from our increased weighting in merger arbitrage is the lowering of the beta of the fund. In this context and within the elevated volatility of the markets during August, the timing of the greater shift to arbitrage somewhat disadvantaged our progress in the very near term – our beta reduction included into market weakness, and for the reasonably sharp snapback in the markets in the second half of the month, we had far lower beta-related exposure.

However, the forward-looking implication of the fund's greater weighting in arbitrage is the far more positive and relevant development. As holders of the fund know, for the past year I have been reviewing in depth the foundational principles across the fund's activities. As I mentioned in the factsheet last month, whilst this period of foundational research has increased our advantage across the wide domain of opportunities that the fund may consider (merger arbitrage, equity investments possessing either of growth or value characteristics, and macro protection), my assessment has been that it is in the merger arbitrage domain where our gain of advantage has been most heightened.

The common sense attractions of merger arbitrage – returns are binding, de-correlated and possess a high consistency element – are elevated in market conditions that possess recessionary risk not least because those common sense attractions are absent from most other forms of capital allocation. However, my statement is also that this fund has a very differentiated level of advantage in merger arbitrage relative to our peer group.

We have meaningfully higher than peer group merger arbitrage search competency, and a furthermore significant advantage in terms of history systems both of arbitrage spread history and of antitrust history. Our modest size is also a tremendous advantage in merger arbitrage. Furthermore, we have the ability for, and a strong track record in, both activism in arbitrage and in capturing competitive bidding situations in arbitrage. And because of our understanding of arbitrage spread history, including through market dislocation events, we can also use leverage and deploy protection intelligently.

Writing in 1964 for the Buffett Partnership, Warren Buffett noted that merger arbitrages produced more steady absolute profits from year-to-year than the more general equity investments do. He added that in years of market decline, arbitrage would pile up as a big edge for him; yet during bull markets, a drag on performance. However, and most notably, he also commented that *on a long term basis, he expected his merger arbitrage investments to achieve the same sort of margin over the Dow as would be attained by his more general equity investments.*

It is Buffett's last sentence – that well selected arbitrages by a modest sized fund (such as the Buffett Partnership, or this fund) – can compete in raw performance with even Warren Buffett's highly successful approach in equity general investments, that matches our assessment. Albeit we actually believe today – at elevated general market levels – that our merger arbitrages selections will offer *superior* returns to equity general investments. Notably this conclusion is at odds with the more widely held perception of merger arbitrage, that the lower volatility of the approach is typically co-incident with more modest returns.

An additional feature of merger arbitrage is because every position has a yield and a timeline, an expected rate of return is also outputted for the base case outcome. So long as the merger arbitrage manager firmly imposes a deliberate focus away from speculative arbitrages, this expected rate of return offers an objective measure of the attractiveness of an arbitrage portfolio relative to the trailing returns that have been delivered by the general equity market.

Later this month, I will publish to the fund's website a white paper with greater detail as to our advantages in merger arbitrage. Whilst the current focus in merger arbitrage does not rule out our participation in other domains, it does objectively calibrate where our attention is rationalised at any one time, and at current the equity general category struggles to compete at scale with the volume of the fund's capital we can deploy at the more than competitive, and robust across divergent market conditions, rates of return offered by our differentiated merger arbitrage opportunity set.

**Adrian Courtenay**

*Adrian Courtenay is Managing Director at GreenAsh Partners, heading Special Situations Strategies, and is the Fund Manager of the GA-Courtenay Special Situations fund, established in 2019.*

*Prior to Green Ash, Adrian oversaw the fund at Odey Asset Management. Previously, Adrian was Vice President in the Special Situations Group at D.E. Shaw & Co.*

*Adrian, who is also a recognised speaker at Sohn investment conferences, has completed the Chartered Financial Analyst Program and is a graduate of Oriel College, Oxford, where he graduated with a 1<sup>st</sup> class MA and was a scholar.*

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The KID/KIID is available in English, French, German, Italian and Spanish; the Prospectus is available in English. You can get free copies from the investment manager at [info@greenash-partners.com](mailto:info@greenash-partners.com) or the website of the management company at <https://bridgefundservices.com/funds/genfunds-global-plc/ga-courtenay-special-situations-fund/>

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