



# GA-Courtenay Special Situations Fund

GA-Courtenay Special Situations Fund is a performance-orientated event driven strategy targeting consistent positive returns across diverse market conditions.

The fund allocates to a global portfolio of high impact merger arbitrage opportunities, and to selected other equity special situations opportunity types. Competitive advantage is targeted through extensive proprietary systems, a repeatable deep dive research process, and through corporate engagement.

The fund is managed within Green Ash Partners LLP, 11 Albemarle Street, London, W1S 4HH, UK.

Green Ash Partners is regulated by the FCA.

# Fund performance net of fees to February 28<sup>th</sup>, 2025

**Since inception the GA-Courtenay Special Situations (USD I class) has returned 12.4% net annualised at low correlation to the market at large**

## GA-COURTENAY SPECIAL SITUATIONS FUND (USD I) PERIOD NET RETURNS

Price at 28-Feb-25	Month to 28-Feb-25	Year to 28-Feb-25	Annualised since inception (%)
\$186.98	-1.6%	-1.1%	12.4%

## GA-COURTENAY SPECIAL SITUATIONS FUND (USD I) PERIOD NET RETURNS

Inception 23-Oct-19 to 28-Feb-25

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2025	0.5	-1.6											-1.1
2024	1.5	1.5	0.7	-2.6	1.6	2.2	0.6	-0.7	0.1	0.6	-0.6	0.2	5.0
2023	7.6	-3.2	-5.4	0.6	-6.6	-4.1	1.0	-2.5	-2.4	-2.0	23.2	3.0	6.4
2022	-1.2	2.0	2.3	-3.1	-6.7	-6.1	1.5	7.7	1.0	-9.0	-0.2	-0.5	-12.8
2021	7.7	4.2	-3.2	-0.3	0.5	-4.7	-1.9	2.5	3.0	17.6	-2.1	1.6	24.4
2020	8.4	-2.5	-13.2	6.1	8.7	20.5	5.6	-5.1	5.7	-4.0	-2.7	13.2	42.8
2019										0.6	4.0	4.4	9.1

**Note:** Inception 17-Oct-2019; Performance figures are for share class USD I = the fund's base currency.

# Fund information

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Inception date:	October 17 <sup>th</sup> , 2019
AUM:	\$41m
Annualised return since inception:	12.4%
Manager focus:	GA-Courtenay Special Situations Fund is the only investment entity overseen by the fund manager and the fund manager is fully invested in the product
Structure:	UCITS (Irish domiciled)
Base currency and share classes:	Base currency: USD, other share classes: EUR, GBP and CHF
Administrator, auditor and custodian:	Administrator: US Bank, Auditor: Deloitte, Custodian: European Deposit Bank
Dealing:	Daily, 2pm
Strategy:	<ul style="list-style-type: none"> <li>• A global portfolio of merger arbitrage opportunities, and selected other equity special situations</li> <li>• Extensive proprietary systems encompassing arbitrage search, antitrust, spread history</li> <li>• Intensive per situation due diligence through deep dive research</li> <li>• Historic success targeting special situations within merger arbitrage including competitive bidding situations, contingent value rights, and shareholder activism</li> <li>• Optionality for selected equity investment holdings</li> <li>• Optionality for put option purchases for market dislocation scenarios, beta neutralisation</li> <li>• Concentrated positions (within UCITS limits)</li> </ul>
Leverage tolerance:	<ul style="list-style-type: none"> <li>• Up to 60% of fund equity</li> </ul>
Fee structure:	<ul style="list-style-type: none"> <li>• Annual management charge 75bps (institutional share classes)</li> <li>• Performance fee 20% with underperformance carried forward</li> </ul>

# Fund manager bio

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## Fund manager bio

- 2023 – present: Green Ash Partners, GA-Courtenay Special Situations Fund
- 2016 – 2023: Odey Asset Management (Special Situations Fund launches 2019)
- 2014 – 2016: D.E. Shaw & Co, Vice President, Special Situations Group
- 2000 – 2012: Tisbury Capital, Fortelus Capital (both special situations hedge funds)
- 1998 – 2000: Oxford University (Scholar, 1<sup>st</sup> class MA, Oriel College)



## Key strengths

- Wide-ranging experience in situation assessment and relationship building across global developed markets
- Extensive search and history systems to accelerate situation discovery, analysis and risk management
- Extensive due diligence competency through deep dive research
- Demonstrated ability to accrete situation economics by activist engagement

# Fund positioning as at February 28<sup>th</sup>, 2025

Long book holding	Value (\$m) of holding	Short arbitrage pair (where appropriate to capture arbitrage)	Value (\$m) of holding	Gross spread (%)	Days to completion		
Spirent Communications plc	3.706			5.43%	12		
Direct Line Insurance Group plc	2.633	Aviva plc	-1.484	4.71%	119		
BBGI Global Infrastructure S.A.	2.195			3.46%	165		
Kellanova	2.015			1.35%	27		
Air Transport Services Group, Inc.	1.970			0.76%	25		
TI Fluid Systems plc	1.963			1.72%	27		
CI Financial Corp.	1.893			2.00%	43		
Alliance Pharma plc	1.881			0.78%	43		
Payfare Inc.	1.881			0.25%	27		
Covestro AG	1.818			6.13%	119		
Raspberry Pi Holdings plc	1.811						
Formula One Group	1.745						
Learning Technologies Group plc	1.686			0.70%	12		
ANSYS, Inc.	1.670	Synopsys, Inc.	-0.801	6.54%	27		
Galaxy Gaming	1.537			10.63%	119		
QXO, Inc.	1.533						
Melcor Real Estate Investment Trust	1.481			2.55%	27		
Cross Country Healthcare, Inc.	1.416			7.68%	196		
Aquis Exchange PLC	1.376			3.03%	43		
Bigtincan Holdings Limited	1.364			6.82%	27		
Lindt & Sprüngli AG	1.300						
Frontier Communications Parent, Inc.	1.228			6.50%	318		
Spotify Technology S.A.	1.225						
GAN Limited	1.124			10.15%	89		
Howard Hughes Holdings Inc.	1.066						
BEST Inc.	1.041			3.13%	22		
Altus Power, Inc.	0.853			1.50%	43		
Ercros, S.A.	0.803			23.90%	28		
ICC Holdings, Inc.	0.691			2.55%	14		
ESR Group Limited	0.461			6.46%	27		
Markforged Holding Corporation	0.457			49.40%	43		
MultiChoice Group Limited	0.443			15.78%	53		
American Creek Resources Ltd.	0.407						
Goldlion Holdings Limited	0.299			4.81%	119		
Red Hawk Mining Limited	0.235			0.00%	7		
Mayne Pharma Group Limited	0.170			2.30%	99		
VOXX International Corporation	0.006			0.60%	12		

<b>Gross exposure - total fund (% of NAV)</b>	
Merger arbitrage long gross exposure	98.6%
Merger arbitrage short gross exposure	5.4%
Other equities, non-binding, long gross exposure	22.2%
<b>Net exposure - total fund (% of NAV)</b>	<b>28.5%</b>
Merger arbitrages (beta est)	17.5%
Other equities, non-binding	22.2%
Put option protection (delta)	-11.2%
Net exposure	28.5%
<b>Merger arbitrage stats (% of NAV)</b>	
Completion date: < 1 month	51.3%
Completion date: 1-3 months	19.6%
Completion date: > 3 months	49.9%
Avg days to completion weighted by position size	87
Percentage of deals cash versus stock	94.5%
Average gross spread weighted by position size	4.97%
<b>Other stats</b>	
Top 5 positions as % of NAV	30.6%
Top 10 positions as % of NAV	58.1%
Top 20 positions as % of NAV	91.9%
Total number of positions	37
<b>Special Opportunities</b>	<b>0.0% of NAV</b>
Pershing Square SPARC Holdings, warrants	0.00%
<i>(SSF owns 387,285 SPARC warrants; each warrant contains a call on two stock units upon merger announcement)</i>	

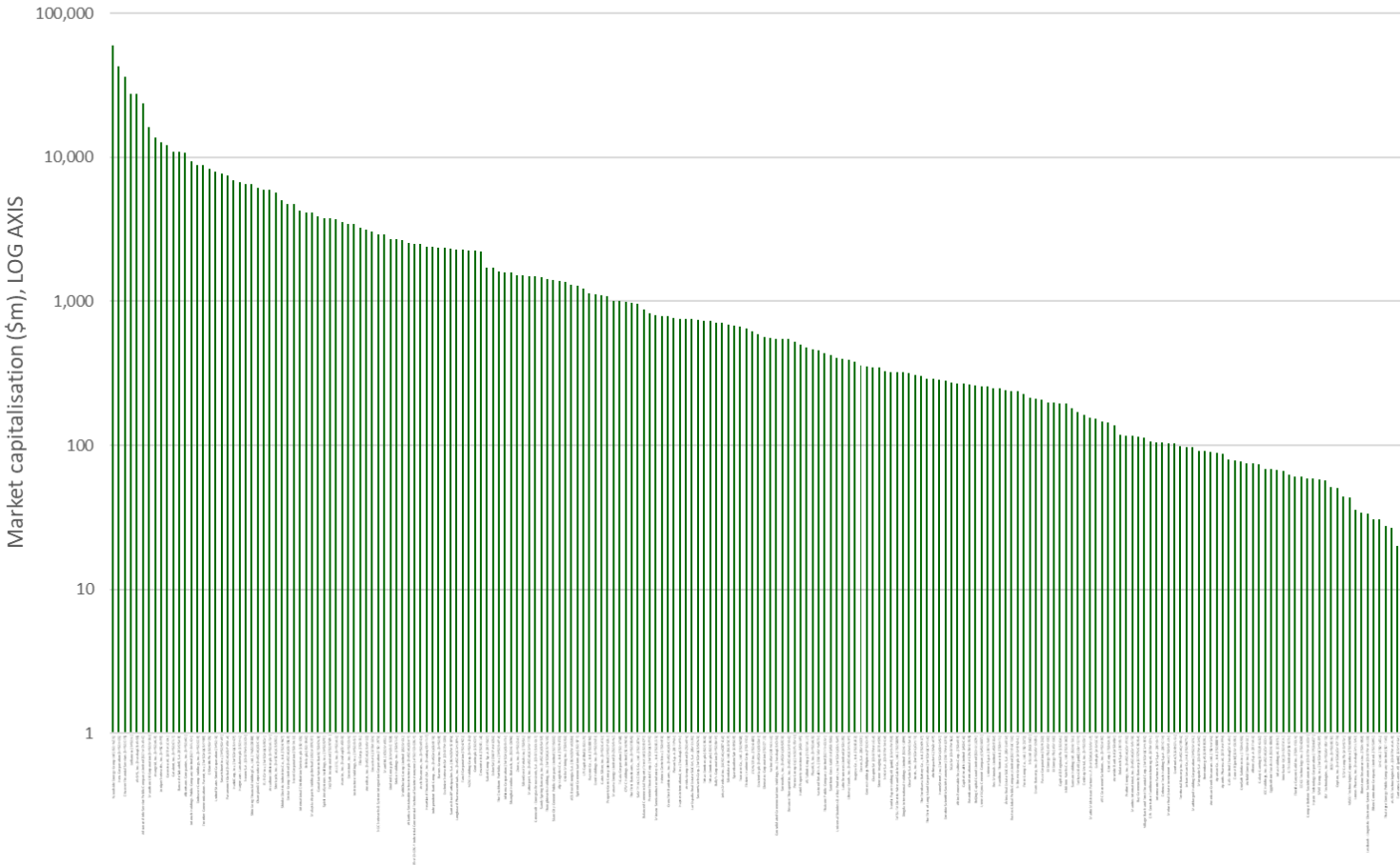
Source: Green Ash Partners internal systems

**Special Opportunities** 0.0% of NAV  
 Pershing Square SPARC Holdings, warrants 0.00%  
*(SSF owns 387,285 SPARC warrants; each warrant contains a call on two stock units upon merger announcement)*

# Modest fund size optimises merger arbitrage capture potential

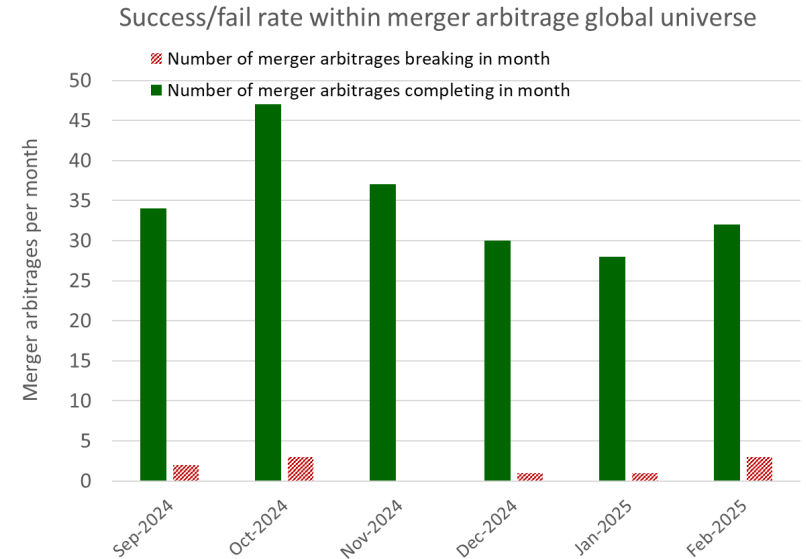
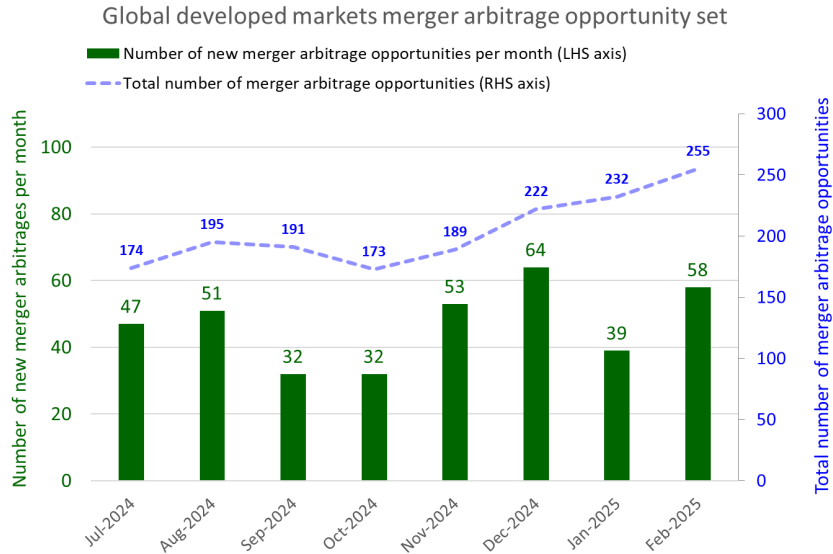
*Two thirds of global merger arbitrage opportunities are capitalised below \$1bn*

All global merger arbitrage opportunities, ranked by market capitalisation, October 2024



Source: Green Ash Partners internal systems

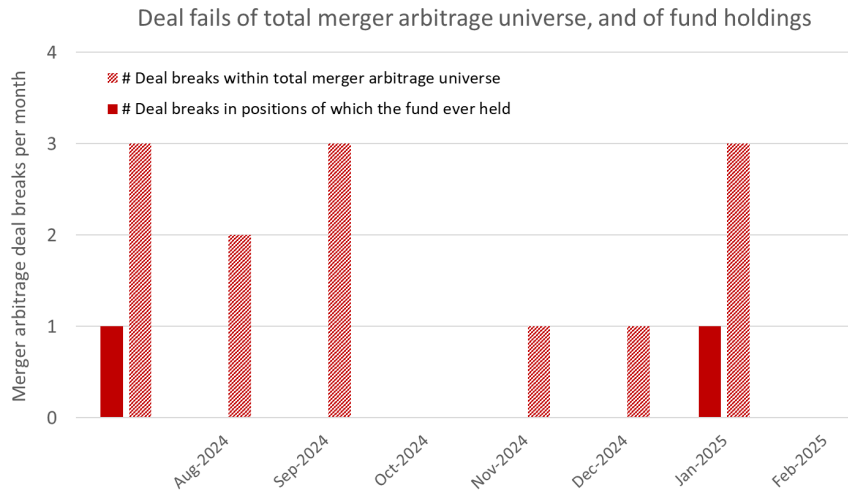
# Search systems target comprehensive new merger arbitrage identification



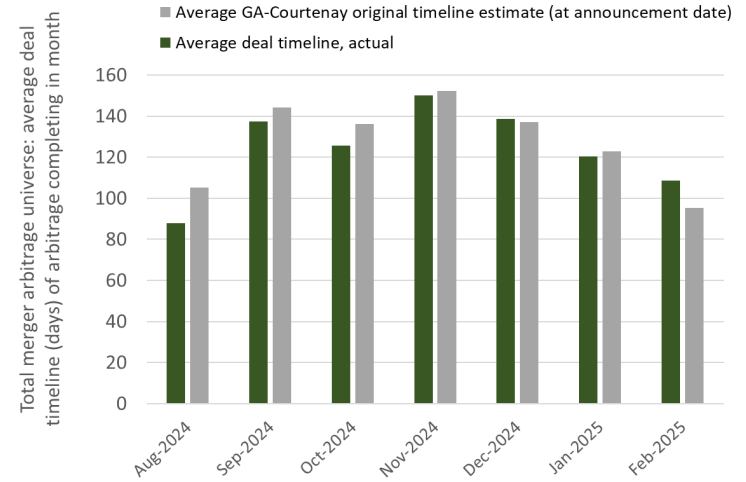
Source: Green Ash Partners internal systems



# Accuracy in merger outcome estimation and merger duration estimation



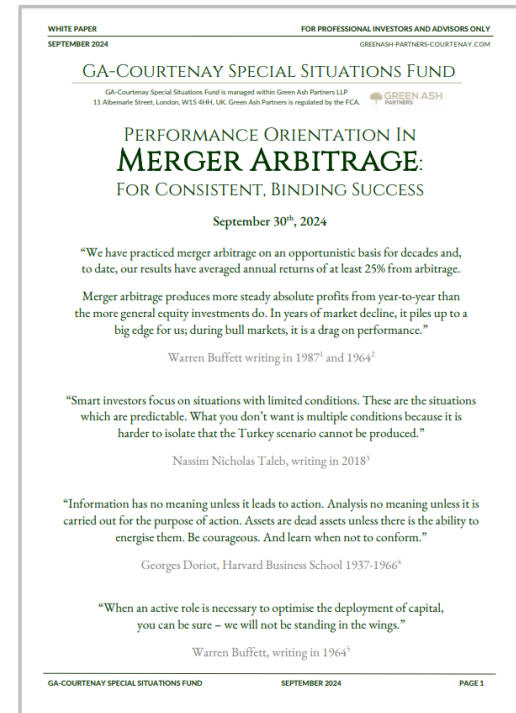
Completed deal timelines, by month, vs GA-Courtenay estimate



Source: Green Ash Partners internal systems

# Multiple pillars drive performance enhancement in merger arbitrage

- Comprehensive search
- Antitrust history systems
- Spread behaviour history systems
- Shareholder activism
- Competitive bidding situations
- Contingent value rights



Source: GA-Courtenay white papers available on our website

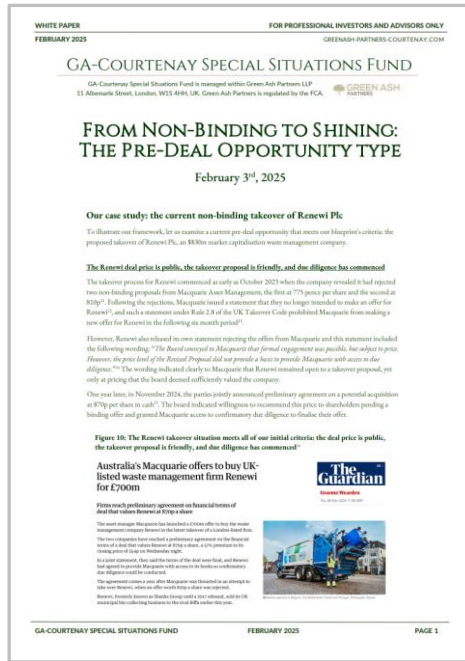
# Equity special situations: pre-deals, and M&A-led growth opportunities

## Pre-deal opportunities

August 2023: Our white paper on Hotel Chocolat manufacturing expansion implies significant undervaluation; three months following Mars acquires Hotel Chocolat at a 170% premium

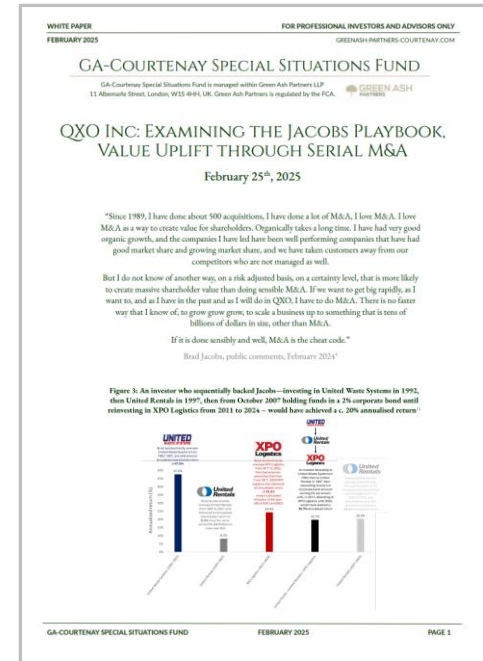


February 2025: Our white paper on Renewi reviews non-binding indicative offer characteristics, one month following a fully binding takeover is announced



## M&A-led growth opportunities

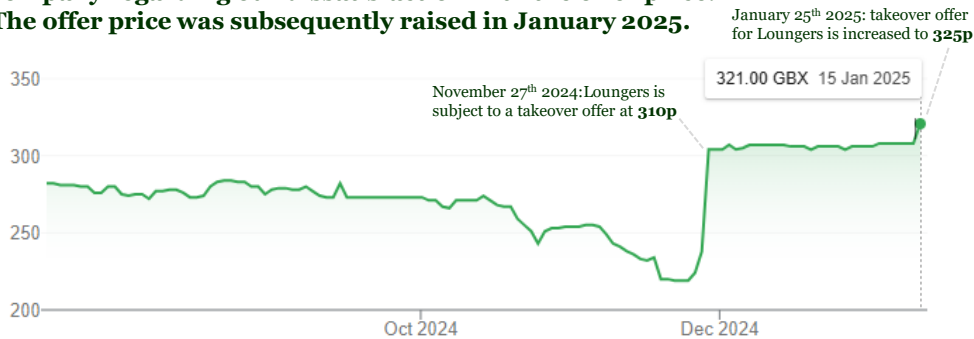
February 2025: Our white paper on QXO reviews its acquisition plans, led by Brad Jacobs, to deliver shareholder value by targeting M&A in the building products distribution sector



Source: GA-Courtenay white papers available on our website

# Case study: Loungers Plc, \$0.4bn mcap, held at 9.5% of NAV

Loungers was subject to a takeover offer by Fortress in November 2024. This fund built a position in Loungers in December 2024, and engaged with the company regarding our dissatisfaction with the offer price. The offer price was subsequently raised in January 2025.



Source: GA-Courtenay research, Google Finance, internal systems

The fund acquired 9.5% of NAV in Loungers Plc at a price of 304.5p on 2<sup>nd</sup> of December 2024, and sold the entire position at 321p on 15<sup>th</sup> January 2025.

As such, the fund realised an annualised return of 55%.

Following the takeover proposal, multiple shareholders, including this fund, communicated to the company dissatisfaction with the offer price

**This is MONEY**  
FINANCIAL HERITAGE OF THE YEAR

## Loungers shareholder 'furious' at £338m deal

By LAURA AVETISYAN  
UPDATED: 11:20, 30 November 2024

More shareholders have come out to oppose the takeover of a cafe-bar chain by US private equity.

Fund manager Downing, which has a 1.5 per cent stake in Loungers, said it was 'absolutely furious' about the proposed deal. And Gresham House said it would use its near-4 per cent stake to 'vote against this transaction'.

The comments came after Slater Investments, which owns more than 10 per cent of Loungers, and Axa Investment Management, with over 4 per cent, said they were opposed to the takeover.

But Canaccord Genuity Asset Management, which holds a 1.7 per cent stake in Loungers, became the latest shareholder to back the deal.

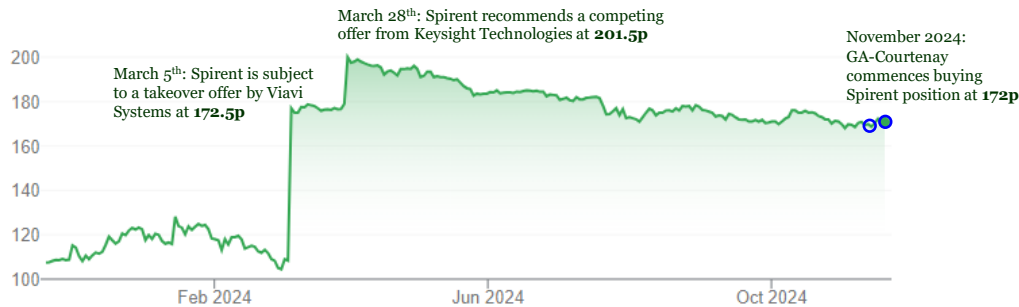
That takes confirmed support for the takeover to 41.9 per cent. Loungers, which owns the Cosy Club and Brightside brands and has 280 sites, this week agreed to a £338million takeover by Majestic Wine owner Fortress Investment Group.

But Judith Mackenzie, a partner at Downing, said: 'We are furious about this.' She said the attempt to buy Loungers was 'opportunistic'.

Source: This is Money

# Case study: Spirent Communications, \$1.3bn mcap, held at 8% of NAV

**Spirent was initially subject to a takeover by Viavi Systems on March 5<sup>th</sup> 2024. However, on March 28<sup>th</sup>, Spirent recommended a competing offer from Keysight Technologies**



Source: GA-Courtenay research, Google Finance, internal systems

**Keysight’s merger agreement for the takeover of Spirent includes a “hell or high water” clause, forcing the acceptance of any and all remedies demanded by regulatory bodies**

### 3.3 Undertakings to satisfy all Regulatory Conditions

**3.3.1** Without prejudice to Keysight’s right to determine the strategy to be pursued in accordance with Clause 3.1, Keysight shall, and shall procure that the members of the Keysight Group shall, take all steps necessary to satisfy the Regulatory Conditions as promptly as practicable (and in any event, in sufficient time so as to enable the Effective Date to occur prior to the Long Stop Date). This shall include (but is not limited to) accepting the imposition of, or the offering of (and not withdrawing), any and all Remedies.

Source: Co-operation agreement, Keysight takeover of Tellurian

**Initial bidder Viavi reportedly remains interested in acquiring Spirent; meanwhile, acquirer Keysight is willing to dispose of Spirent’s ethernet testing business in order to secure regulatory approval**

**Viavi considers reviving rival bid for Spirent, say sources**

NEWS 23 Sep 2024

By Amy-Jo Crowley

LONDON (Reuters) - U.S. IT communications specialist Viavi Solutions is considering whether it could make another bid for telecoms testing group Spirent Communications if a takeover by its rival Keysight Technologies falls, sources familiar with the matter said.

Keysight has said it expects its takeover of Spirent, which would combine “complementary” products and lead to “strategic” synergies, to be approved before the end of April next year.

Spirent said in August that both it and Keysight were working with U.S. and European authorities to gain anti-trust approval in expectation of the deal closing before then too.

Keysight signed a co-operation agreement which includes a “Hell-or-High-Water” commitment to support efforts to secure regulatory approval.

Viavi in its original offer said that relative to Keysight it had “limited business overlap with Spirent”, and that its rival’s proposed combination would limit customer choice.

Regulators could object to the tie-up as it could lead to Keysight controlling more than 80% of the high-speed-ethernet (HSE) telecoms testing market, said analysts.

Both companies also overlap in other products areas around security and navigation and analysts have said Keysight may be required to sell assets to win regulatory approval.

A third person with knowledge of the matter said the deal with Keysight is moving along as Spirent expects and it would consider disposals, including of its ethernet testing business.

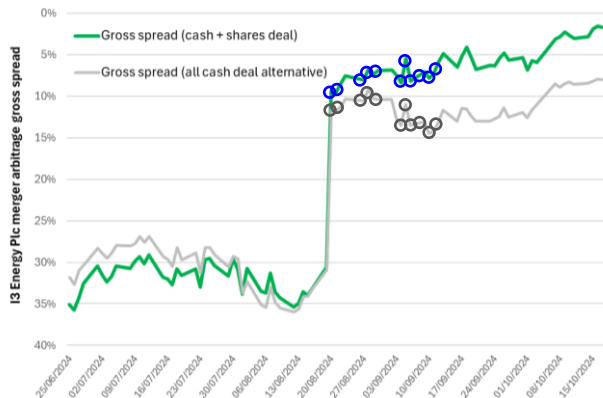
This is part of Spirent’s Networking & Security unit, which its results show represents more than 55% of its revenue.

The third person said that the discount in Spirent’s share price reflects a broader trend among deals which are facing increased regulatory scrutiny.

Spirent’s results in August also show its revenue slipped by 12% to \$197.3 million in the first half of 2024, hit by a lack of customer spending due to an economic slowdown that it expects to continue into the second half.

# Case study: I3 Energy Plc, \$190m mcap, held at 9% of NAV

In August this year, Gran Tierra Energy announced a takeover for UK-listed I3 Energy Plc. The primary deal is structured 80% in cash and 20% in shares, although shareholders can also elect for their pro-rata share of a deal 100% in cash (or 100% in stock)



Source: GA-Courtenay research, internal systems

The NPV of I3 Energy at \$725m is 3.8x the takeover deal value of \$190m; however, the takeover has secured 32% hard binding irrevocables

**7 Information relating to I3 Energy**

As of 31 July 2024, I3 Energy had 2P reserves of approximately 175 MBOE, and an

independently assessed 2P NPV10 (after tax) of US\$725 million

**8. Irrevocable undertakings and letters of intent**

Percentage of total issued share

Number of I3 Energy Shares in respect of which undertaking is given	Percentage of I3 Energy capital of which undertaking is given %
388,683,329	32.32%

**Total Irrevocable Undertakings**

8.2 The irrevocable undertakings given by the I3 Energy Directors will only cease to be binding if:

- (a) Gran Tierra announces, with the consent of the Panel, that it does not intend to proceed with the Acquisition and no new, revised or replacement acquisition is announced in accordance with Rule 2.7 of the Code at the same time;
- (b) the Offer or Scheme lapses or is withdrawn and no new, revised or replacement acquisition is announced in accordance with Rule 2.7 of the Code at the same time.

Source: I3 Energy Plc, takeover by Gran Tierra Energy, Scheme Document

If we are filled on the default deal consideration (cash + stock), the IRR of our deployment will have been 29.5%

Date	DTC #	px	Outflow (GBP)	Inflow (GBP)	Gross spread	Return	Annualised return
08/20/2024	87	1,312,729	12.30	-161,466	5.6%	5.9%	27.2%
08/21/2024	86	987,271	12.30	-121,434	5.6%	5.9%	27.6%
08/21/2024	86	8,000,000	12.32	-985,405	5.4%	5.8%	26.8%
08/27/2024	80	1,991,571	12.47	-248,445	4.2%	4.4%	21.8%
08/27/2024	80	45,000	12.40	-5,580	4.8%	5.1%	25.2%
08/28/2024	79	1,396,274	12.47	-174,128	4.3%	4.5%	22.3%
08/29/2024	78	358,590	12.47	-44,699	4.3%	4.5%	22.9%
08/30/2024	77	753,565	12.45	-93,833	4.4%	4.6%	23.9%
09/04/2024	72	2,130,138	11.93	-254,165	8.4%	9.2%	56.1%
09/05/2024	71	2,207,875	12.29	-271,368	5.6%	6.0%	34.8%
09/06/2024	70	92,125	12.16	-11,206	6.6%	7.1%	42.9%
09/09/2024	67	149,941	12.00	-17,993	7.9%	8.6%	56.4%
09/10/2024	66	119,921	12.00	-14,391	7.9%	8.6%	57.5%
11/15/2024		19,545,000	13.03		2,545,995		

**IRR on full deployment**  
29.5%

To the extent we are filled on the cash deal consideration, the IRR of our deployment will rise to 74.7%

Date	DTC #	px	Outflow (GBP)	Inflow (GBP)	Gross spread	Return	Annualised return
08/20/2024	87	1,312,729	12.30	-161,466	11.6%	13.2%	68.1%
08/21/2024	86	987,271	12.30	-121,434	11.6%	13.2%	69.1%
08/21/2024	86	8,000,000	12.32	-985,405	11.5%	13.0%	68.1%
08/27/2024	80	1,991,571	12.47	-248,445	10.4%	11.6%	64.9%
08/27/2024	80	45,000	12.40	-5,580	10.9%	12.3%	69.5%
08/28/2024	79	1,396,274	12.47	-174,128	10.4%	11.6%	66.2%
08/29/2024	78	358,590	12.47	-44,699	10.5%	11.7%	67.7%
08/30/2024	77	753,565	12.45	-93,833	10.5%	11.8%	69.7%
09/04/2024	72	2,130,138	11.93	-254,165	14.3%	16.7%	118.5%
09/05/2024	71	2,207,875	12.29	-271,368	11.7%	13.3%	89.7%
09/06/2024	70	92,125	12.16	-11,206	12.6%	14.4%	102.1%
09/09/2024	67	149,941	12.00	-17,993	13.8%	16.0%	124.6%
09/10/2024	66	119,921	12.00	-14,391	13.8%	16.0%	127.4%
11/15/2024		19,545,000	13.92		2,720,664		

**IRR on full deployment**  
74.7%

Source: GA-Courtenay research, internal systems

# Case study: Rex Minerals, A\$390m /US\$260m mcap, held at 9% of NAV

**Screen grab from GA-Courtenay Special Situations Fund Q2 2024 webinar: Rex Minerals arbitrage has no meaningful risks and 22% annualised return**

**Deal is now complete, settlement on Oct 30<sup>th</sup>, annualised return 22%; GA-Courtenay analysis precisely forecast timeline and price outcome**

**Arbitrage case study: Rex Minerals, A\$390m /US\$260m mcap**

Takeover consideration A\$0.47 in cash, deal close end October 2024  
Deal offers 22% annualised return (ungeared)

Market Summary > Rex Minerals Ltd  
0.44 AUD  
+0.18 (89.23%) # past month  
19 Jul 16:10 (GMT+10) - December

**Only one meaningful condition, Australian FIRB (Foreign Investment Review Board) approval**

The Transaction is subject to limited conditions, which include:

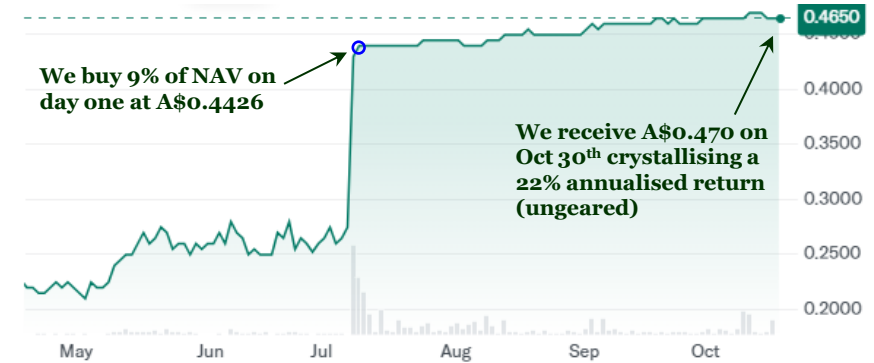
- MACH obtaining approval from FIRB (which has been applied for)
- the independent expert concluding and continuing to conclude that the Transaction is in the best interests of Rex shareholders;
- customary conditions including no material adverse change, no restraints and no prescribed occurrences;
- approval of Rex shareholders. For the Transaction to proceed, approval is needed by at least 75% of all votes cast by Rex shareholders (excluding MACH) and a majority by number of Rex shareholders voting; and
- requisite court approval.

Source: Rex Minerals takeover documentation

**There has never been an antitrust block of a mining takeover in 30 years of history**

Sector	Total deals	Success rate	% of deals completed	% of deals successful	Total deals	Success rate	% of deals completed	% of deals successful
Machinery/Construction/Mining	135	3	2.2%	0.0%	37	2	5.4%	0.0%
Machinery/Construction/Process	110	0	0.0%	0.0%	80	0	0.0%	0.0%
Mining/Diamonds/Process	7	0	0.0%	0.0%	2	0	0.0%	0.0%
Mining/Diamonds/Process	68	0	0.0%	0.0%	30	0	0.0%	0.0%
Mining/Gas/Mining	103	0	0.0%	0.0%	48	0	0.0%	0.0%
Mining/Metals/Aluminium	42	0	0.0%	0.0%	11	0	0.0%	0.0%
Mining/Metals/Copper	22	0	0.0%	0.0%	3	0	0.0%	0.0%
Mining/Metals/Steel	41	0	0.0%	0.0%	10	0	0.0%	0.0%
Mining/Metals/Other	26	0	0.0%	0.0%	4	0	0.0%	0.0%
Mining/Petroleum/Other	31	0	0.0%	0.0%	10	0	0.0%	0.0%
Mining/Petroleum/Petrol	3	0	0.0%	0.0%	3	0	0.0%	0.0%
Mining/Petroleum/Petrol	21	0	0.0%	0.0%	10	0	0.0%	0.0%
Mining/Quarrying	37	0	0.0%	0.0%	10	0	0.0%	0.0%
Mining/Steel/Mining	8	0	0.0%	0.0%	2	0	0.0%	0.0%

Source: GA-Courtenay arbitrage history systems output



**Multiple interested parties in the background, NPV from 2022 feasibility study is A\$944m, 2.4x the deal value, and the amount of copper and gold in the key mine is 3-4x the stage one valuation that the feasibility study was based on**

Rex JV and Funding partner discussions

Strategic Investor

**MACH Investment Enterprise (MIE)**

- Holding by MACH is now 15.8% following a Strategic Placement
- MIE is owned by Droxford International Ltd which is a subsidiary of the **Salim Group in Indonesia**
- Salim Group is one of Indonesia's largest diversified multinational business groups

Project Equity Partnering

**Nittetsu Mining Co. Ltd. (Nittetsu)**

- A Non-Binding LOI announced with Nittetsu for JV on the Hillside Project
- Objective is to complete minority partner structure for Hillside with optionality for participating interest up to 45%
- Nittetsu is a Japanese Corporation with extensive global mining and exploration expertise



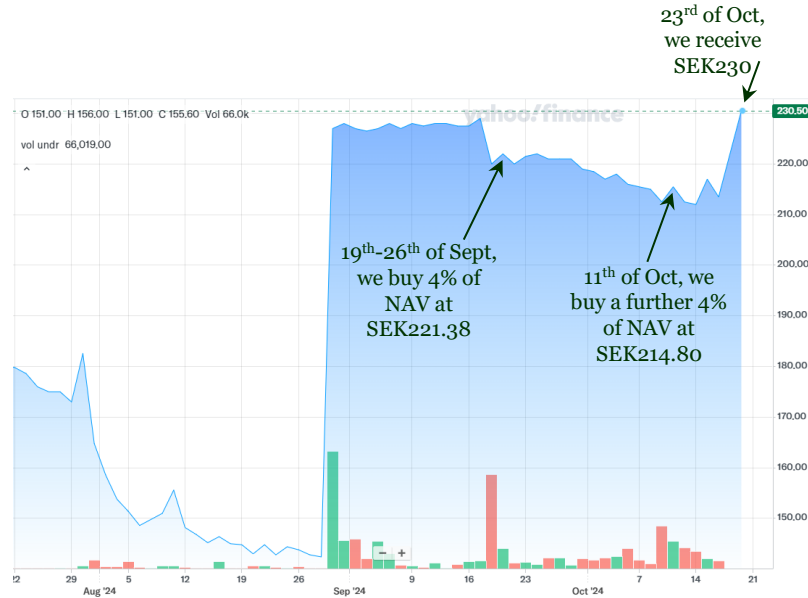
Source: Corporate disclosures by Rex Minerals and Nittetsu Mining

Source: Screen grab from GA-Courtenay Special Situations Fund Q2 2024 webinar



# Case study: Concentric AB, US\$770m mcap, held at 8% of NAV

**In late September, and early October, the fund allocated to Concentric AB at 8% of NAV, capturing a more than 150% IRR by October 23<sup>rd</sup>**



Date	DTC	#	px	Outflow (SEK)	Inflow (SEK)	Gross spread	Return	Annualised return
19/09/2024		34	17,000	222.50	-3,782,500	3.3%	3.4%	42.8%
23/09/2024		30	34,000	221.00	-7,514,000	3.9%	4.1%	62.6%
26/09/2024		27	17,000	221.00	-3,757,000	3.9%	4.1%	71.6%
11/10/2024		12	35,700	214.75	-7,666,575	6.6%	7.1%	707.0%
11/10/2024		12	35,700	214.87	-7,670,893	6.6%	7.0%	693.3%
23/10/2024			139,400	230.00	32,062,000			

**IRR on full deployment**  
**152%**

Source: GA-Courtenay research, internal systems, Yahoo Finance

**The Q3 earnings report of Concentric was interpreted as a profit warning, however, the report was not materially different from Concentric's Q2 earnings report (disclosed before takeover offer)**

Concern over Material Adverse Change clause within Concentric takeover agreement

Concern over 90% acceptance condition within Concentric takeover agreement

**Di: Signs of bidding turmoil after Concentric's profit warning, short selling increases**

October 04, 2024 at 01:23 pm

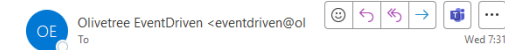
Share

Short selling is increasing in bid-active Concentric and the share is trading below the bid price after a profit warning. Parts of the market seem to be speculating that the bid from A.P. Møller Holding will be withdrawn. This would be a historic event in a Swedish context, and unlikely according to an expert on public takeover bids. This is according to Dagens Industri.

The terms of AP Møller's bid include a disclaimer, which in industry terms is called Material Adverse Change, MAC, which means that the bid can be withdrawn under certain circumstances.

Source: Marketscreener, Olivetree EventDriven

Olivetree Event Driven Morning Analysis 16th of October 2024



• COIC SS (RISK ARB): Offer period expiration today at 3pm CET, with tender update expected latest by Friday. As of yesterday, advisors seemed to be actively calling and reminding shareholders to tender, whereas bidder remains very tight-lipped how it would proceed if it would not reach the 90% acceptance condition.

**Bidder A. P. Møller Holding is a long-term, strategic investor**

A.P. Møller Holding is an investment company and the parent company of the A.P. Møller Group – a group of companies spanning various sectors and industries. A.P. Møller Holding is committed to its long standing purpose of investing in and developing businesses that have a positive impact on society.



Robert Mærsk Uglla, CEO at A.P. Møller Holding, speaking at Tomorrow Summit 2021

Source: A. P. Møller Holding



# Case study: Tellurian, \$890m mcap, held at 9% of NAV

The takeover of Tellurian, by Woodside, was announced 22<sup>nd</sup> July 2024 and completed on the 11<sup>th</sup> of October 2024



Source: GA-Courtenay research, internal systems

The IRR of our deployment was 65%

Date	DTC #	px	Capital flow (USD)	Gross spread	Return	Annualised return	
07/24/2024	79	800,000	0.945	-755,783	5.5%	5.9%	30.1%
07/29/2024	74	400,000	0.911	-364,481	8.9%	9.7%	58.2%
08/08/2024	64	395,000	0.904	-356,977	9.6%	10.7%	78.2%
08/12/2024	60	390,000	0.909	-354,540	9.1%	10.0%	78.7%
08/14/2024	58	400,000	0.890	-355,826	11.0%	12.4%	109.0%
08/20/2024	52	400,000	0.912	-364,949	8.8%	9.6%	90.4%
08/28/2024	44	300,000	0.930	-279,000	7.0%	7.5%	82.7%
09/04/2024	37	400,000	0.935	-374,000	6.5%	7.0%	94.1%
09/25/2024	16	78,135	0.950	-74,229	5.0%	5.3%	222.4%
09/26/2024	15	75,000	0.970	-72,750	3.0%	3.1%	109.9%
10/11/2024		3,638,135	1.00	3,638,135			

IRR on full deployment  
65.1%

Source: GA-Courtenay internal systems

The key condition of the definitive merger agreement was foreign investment (CFIUS) approval, however, we appraised no realistic scenario where acquirer Woodside, a \$60bn market cap blue chip Australian company with global operations, would face a CFIUS block

### Key conditions of definitive merger agreement

1. Approval from the Merger Agreement and the Merger by the requisite vote of shareholders
2. Expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act
3. Receipt of certain regulatory approvals
4. Absence of certain legal restraints
5. Receipt of required statutory approvals from the U.S. Committee on Foreign Investment in the United States (CFIUS)

Source: Definitive merger agreement, Woodside takeover of Tellurian

# As the regulatory environment adjusts under a Trump administration, M&A volumes would need to rise by 20% to return to long-term averages



*“The M&A market is doing ok, but to your point about coming back, M&A volumes are running 20% below 10 year averages, there is no question that the regulatory environment has had an impact on that, and I do not think the regulatory environment is as constructive and balanced as it should be to ensure our competitive position in the world. And so I hope that adjusts, and I think that will adjust, naturally.*”

*I think the second factor that has impacted the M&A market is that the financial sponsor community, the private equity community, has been a little bit turned off over the last few years. And we got a big reset coming out of the pandemic, and I think the private equity community is still wrestling with the value they perceive their assets to be versus the current market value, and the incentive system really leads that community to wait. So M&A around the sponsor community has been slower.*

*I think both those things will normalise over time, but both of those things have been headwinds to M&A in the short term here.”*

David Solomon, CEO, Goldman Sachs, speaking in September 2024 [[link](#)]

# Contingent value rights are a further performance driver in merger arbitrage. The fund has a material holding in Pershing Square SPAR warrants.

- The fund owns 387,285 Pershing Square SPAR warrants, and each warrant has a right to two stock units. Therefore, the fund owns rights to 774,570 stock units.
- If a merger partner seeks to raise \$12-13bn, the strike of the SPAR stock units is \$100.
- The average day one price rise for private-to-public transactions (IPOs) is +20%, and this has been consistently positive every year for the last 40 years (see RHS chart).
- The base case calculation contention:  $774,570 \times \$100 \times 20\% = \$15.5m$ .
- In July 2021, Pershing Square Holdings, in a private-to-public transaction, made an investment of 10% in the equity of the then privately held Universal Music Group “UMG”. UMG shares subsequently rose by 40% on day one of their IPO.



“It would be hard to do a \$13bn IPO let’s say to pay down debt. What is interesting here, is that **we could commit – Pershing Square, \$2bn to a transaction – set the rights price, there are 121m shares, so set the rights price at \$100 a share**, and announce a transaction, the seller knows he is going public, he knows he is raising \$2bn which certainly helps. And then we tell the story, and then the rights holders have a chance to decide whether to invest.

**As long as the rights have positive value, they are trading in the market for a dollar, they are all going to get exercised, and the IPO raises \$13bn.** And the investors, just look at the 13F list of Pershing Square Tontine Holdings, it is a who’s who of institutions and family offices.”

Bill Ackman, announcing SEC clearance of Pershing Square SPARC Holdings, 2<sup>nd</sup> Oct 2023

<https://www.youtube.com/watch?v=R6ANfz6-gSQ>

**The first day performance of post-IPO companies has averaged +20.5% from 1980-2022, with no down year**

Year	Number of IPOs	Mean First-day Return	
		Equal-weighted	Proceeds-weighted
1980	71	14.3%	20.0%
1981	192	5.9%	5.7%
1982	77	11.0%	13.3%
1983	451	9.9%	9.4%
1984	171	3.7%	2.5%
1985	186	6.4%	5.6%
1986	393	6.1%	5.1%
1987	285	5.6%	5.7%
1988	105	5.5%	3.4%
1989	116	8.0%	4.7%
1990	110	10.8%	8.1%
1991	286	11.9%	9.7%
1992	412	10.3%	8.0%
1993	510	12.7%	11.2%
1994	402	9.6%	8.3%
1995	462	21.4%	17.5%
1996	677	17.2%	16.1%
1997	474	14.0%	14.4%
1998	283	21.9%	15.6%
1999	476	71.2%	57.4%
2000	380	56.3%	45.8%
2001	80	14.0%	8.4%
2002	66	9.1%	5.1%
2003	63	11.7%	10.4%
2004	173	12.3%	12.4%
2005	159	10.3%	9.3%
2006	157	12.1%	13.0%
2007	159	14.0%	13.9%
2008	21	5.7%	24.7%
2009	41	9.8%	11.1%
2010	91	9.4%	6.2%
2011	81	13.9%	13.0%
2012	93	17.7%	8.9%
2013	158	20.9%	19.0%
2014	206	15.5%	12.8%
2015	118	19.2%	18.9%
2016	75	14.5%	14.2%
2017	106	12.9%	16.0%
2018	134	18.6%	19.1%
2019	113	23.5%	17.6%
2020	165	41.6%	47.9%
2021	311	32.1%	24.0%
2022	38	48.9%	14.2%
<b>1980-2022</b>	<b>9,127</b>	<b>19.0%</b>	<b>20.5%</b>

Sources: 1) left hand side column calculations – GA-Courtenay research estimates, 2) Bill Ackman comments CNBC interview Oct 2<sup>nd</sup> 2023 as per YouTube link, 3) IPO returns table, University of Florida IPO data [\[link\]](#)

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