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Green Ash Partners' GA-Courtenay Special Situations has received *The Hedge Fund Journal's* 2025 UCITS Hedge award for best returns over 5 years ending in December 2024, in the Event Driven strategy category. During this 5-year period, which took in the Covid-19 pandemic, the 2022 bear market, and heavy redemptions in 2023 (when the fund was managed from Odey Asset Management), the fund averaged mid-teens returns. Manager Adrian Courtenay featured in *The Hedge Fund Journal's* 2024 Tomorrow's Titans report on rising star hedge fund managers.

Courtenay's presentations at Sohn Conference Foundation events in Monaco and London highlighted long-term equity investing special situations such as low-cost UK computer maker, Raspberry Pi. That said, the fund has majored on merger arbitrage – typically 100-120% gross exposure – employing proprietary analytics and occasional activism. Both strategies are partly inspired by Warren Buffett and Charlie Munger's partnership, which dates to the 1960s.

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> **Adrian Courtenay**, Manager, GA-Courtenay Special Situations

Courtenay, who has spent over 20 years researching and investing in merger, event driven and equity strategies, prizes the predictable payoffs and timelines of selected merger deals, which can offer consistent and decorrelated returns regardless of market direction. Other events such as Dutch auctions can be traded, but do not always provide comparable predictability.

Courtenay invests in around 15% of global mergers, usually with shorter timeframes than the 4 to 6 month average across all announced deals. Merger arbitrage can target returns as high as 1-2% per month, including a few rare loss crystallizations, though when safe, robust deals offer less, Courtenay moderates the return target rather than increasing risk.

Put protection

Unlike some merger arbitrageurs, Courtenay held index put protection that helped to preserve capital in the first quarter of 2025. "You must protect capital to grow and compound it. The puts are designed to protect against a deep equity market pullback such as a Covid-19 March 2020 scenario. If a well-selected merger arbitrage is conceptually selling a put, normally this pays about 6 times more than the cost of our equivalent buy of an index put," he explains. Courtenay can weather shocks widening spreads partly due to the puts, but also because leverage does not exceed 50-60%.

Courtenay is not market, beta, sector and factor neutral, but avoids large wagers on less predictable elements.

Lessons from 20 years

Fortelus founder Tim Babich, who featured in the first edition (2010) of *The Hedge Fund Journal's* Tomorrow's Titans report, taught Courtenay to focus on legal rights under restructurings in distressed debt. "In 2009 when Max Mosley threatened Formula One with a breakaway, I swiftly bought paper at 30 cents on the dollar, which later returned to par after Mosley reached a rapprochement with Formula One," recalls Courtenay. Sixteen years later his focus has shifted to the US-listed equity of Formula One, which has a compelling catalyst in 2025 related to broadcast rights renegotiations.

Courtenay also saw debt converted to private equity in one deal at Fortelus. "Today I avoid private equity, but it can inform anti-trust deal assessments since regulators may consider a bidder's affiliates," he says.

Another mentor, Tisbury Capital founder Gerard Griffin, instilled in Courtenay a rigorous work ethic and the need for deeper research to get an edge. At D. E. Shaw's Special Situations Group, mentors included Jason Singer, Neil Cosgrove and Julius Gaudio, and at one stage Courtenay was responsible for one of the largest London office positions. At D. E. Shaw he traded mainly merger arbitrage and some special situations using a "science of investing" approach, while at Odey he adopted a more "art of investing" approach. Courtenay has synthesised both approaches. Other influences include Ben Graham, George Soros, Georges Doriot, Tom Perkins, Nassim Taleb, Masayoshi Son, Peter Fenton, and to some extent Bill Ackman, John Paulson and Paul Singer.

Psychology and genetics

"Buffett is as much a human psychologist as a value investor, and I have become a better investor by getting to know myself throughout market regimes, reducing my error rate, raising my hit rate, and becoming savvier about the motivations of the other primates I interact with in the markets. I have in the past been too trusting of some company management," admits Courtenay. This draws upon his Oxford MA in genetics, which has never tempted him to invest in biotech – though he did build epidemiological models that were later used to accurately forecast Covid-19 progression rates. Courtenay has some humility: "I was never in a great rush to become a lead portfolio manager. Managing a fund is not the same as being an analyst, and challenges have made me a better fund manager".

Seed at Odey

Courtenay's current strategy started as a sleeve of up to 30% of James Hanbury's funds at Odey, running merger arbitrage and equity special situations, adding diversification to Hanbury's style of stock picking. In 2019 Courtenay launched his own fund seeded by himself, Hanbury (who is now at Lancaster Investment Management), and Crispin Odey. Prior to launching the fund, Courtenay notes prior disclosures that his alpha generation return on capital at Odey was around 15% per year over four years.

Transparent proprietary research

Courtenay has published selected 'white papers' on the Green Ash Partners website outlining his approach and finds it anomalous that investors in public companies can access far more information than investors in most funds. He redresses this balance with a growing library of documents explaining philosophy, process and case studies of specific investments. In contrast to a regimented pod shop, Green Ash has afforded Courtenay the freedom to engage in deep foundational research to improve idea generation, execution and risk management. He works substantially alone on proprietary research, eschewing Bloomberg, broker research and news.

Special situations: beverages and Fever Tree

Frameworks for equity special situations include Buffettian-dominant businesses with high returns on equity in stable industries; a venture framework and Vector Sum Theory where employee productivity is key. "Key stock picks: Raspberry Pi and Fever Tree in the UK, QXO in the US, and Formula One which is US-listed, score well on all of these frameworks," says Courtenay.

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Merger analytics library

Courtenay has built an extensive library of 30 years of merger deal history drawn from multiple regulators and courts, which he contends far exceeds the type of data readily available from Google or modern AI-type search tools. There are hundreds of data points per deal and over 1,000 instances of "litigations and mitigations" where anti-trust regulators sought modifications to approve deals – all of which Courtenay has embedded into his data collection. "This informs more precise predictions of deal break probabilities and risk management at single stock and portfolio levels. These complexities will deter some investors, but for example using this system I was able to anticipate that Alaska Airlines/Hawaiian Airlines, which offered a 35% absolute spread, would close," says Courtenay.

Another project recalibrating put hedges to merger arbitrage spread behaviour over history has reduced the put protection costs from as much as 6% per year to an estimated 2-3% per year. Expected downside risks per merger arbitrage at fund NAV level are not normally above 1% but might reach 2% in some cases.

The process is not only based on history. "We need to make a case-by-case judgment including the human element, such as whether we trust CEOs and other deal protagonists. And it is not just about deal breaks since fundamental valuation skills inform intrinsic valuation analysis in competitive bidding situations," says Courtenay.

Mainly developed markets

Most deals traded are in developed markets and especially those based on English legal systems. "I have, however, done some emerging market deals where there is a Western or equivalent rule of law, perhaps governing the domicile of assets or bidders as in the case of Malaysia Airports. Chinese acquirers can be acceptable where the documentation is robust with appropriate clauses such as "hell or high water" for Spirent Communications, which was among many successful competitive bidding situations," says Courtenay.

Public and private engagement and activism

Courtenay has been instrumental in putting some competitive bidding situations into play, and three of his five engagements led to a higher offer price. Courtenay has engaged publicly and privately and has even been a lone voice in some UK situations, underscoring his variant perception.

Engagement is usually private, but more time-consuming public engagement on O3 Mining in 2025, as well as Australia's Western Areas in 2022, where Courtenay invoked the Australia Corporations Act, has the advantage of enhancing credibility for future private engagement. Other engagements on Noront Resources and OreCorp in Australia and Loungers in the UK, where the fund built up a 9.5% sized position and Fortress made a higher offer, were private.

Courtenay built a full-sized position in Noront at CAD 0.55, pursued activism, and eventually got paid CAD 1.10. He was plucky enough to suggest giant BHP Billiton withdraw, and later Wyloo Metals raised its offer. Some other bumps were smaller: the fund had a maximum sized position in Applus Services in January 2024, which was subject to competitive bidding between Apollo and TDR Capital, although the closing price of the auction was a relatively modest 10% above his entry level. In 2025 Courtenay notes Direct Line/Aviva has low anti-trust risk and some potential for a higher counter offer from Ageas.

A wider universe of deals to choose from, deep research to more accurately assess deal break probabilities, and occasional activism has contributed to competitive advantage in multiple deals. Most deals are held to maturity though they might be exited earlier if capital can be redeployed in better deals. The Kelly Criterion for seeking asymmetric risk/reward can inform position upsizing or downsizing, when spreads unjustifiably narrow or widen, but trading is far from the key source of edge.

Managing redemptions and deleveraging

Mid-single digit returns in 2023 and 2024 have been well below the prior years' average for several reasons. Return on capital has been lower because there were fewer competitive bids in merger arbitrage, while in special situations Courtenay never really embraced the mega cap tech stocks that drove much of the rally. Exposure has also been lower because the challenges faced by Odey Asset Management led to 70% of the fund being redeemed in a week and reduced leverage down to a maximum of around 20% between mid-summer 2023 and February 2025. Redemptions were all paid in full and on time, and the fund has now re-engaged with several leading prime brokers (JP Morgan, Cantor Fitzgerald, Morgan Stanley) and envisages resuming leverage up to 50-60% in normal situations.

Assets peaked at USD 110 million, troughed at USD 26 million, and have now recovered to USD 40 million. A product first mentality guiding Courtenay and his favourite investee companies, combined with prioritizing the deep research, has meant that marketing has not been a priority.

Green Ash platform

Green Ash seamlessly integrated the fund and has onboarded new funds and arranged fund mergers for over 10 years. "There is no house view and managers have autonomy," says Green Ash CEO and co-founder Miles Cohen, who was previously portfolio manager and senior capital markets adviser in the Investment Management Division at Goldman Sachs. "We are not actively searching for other hedge funds, but could contemplate emerging hedge funds managing different strategies," he adds. Green Ash has attracted retail and institutional inflows for GA-Courtenay.

Warrants "free option"

A benign consequence of redemptions is that some potentially very valuable Pershing Square SPARC warrants now form a larger part of the UCITS fund, which – at USD 40 million – Courtenay estimates has 5 times as much exposure to the warrants as the UK-listed trust, Pershing Square Holdings.

The warrants are one example of how merger arbitrage can extend multiple years beyond deal closures through contingent value rights.

The warrants resulted from the liquidation of the Pershing Square Tontine SPAC, which briefly traded below cash redemption value, letting Courtenay acquire the warrants at a zero implied value. The fund values them at zero, though Courtenay maps out a scenario whereby a USD 12 billion deal later leading to a 20% uplift upon IPO could bestow a USD 20 million profit upon the UCITS fund – 50% of its current size. This may even be conservative since the SPARC warrants could even become a perpetual option on multiple deals. Courtenay judges that, "The pull-back in US equities actually makes a deal more likely because Bill Ackman has raised concerns about private market valuations".

Incidentally, using the latest Pershing Square Holdings valuation of USD 60 cents would result in a valuation of about $500,000 or just over 1% of the fund for the 774,570 warrants owned.

Courtenay is capping the UCITS at USD 200 million to limit dilution of the warrants.

Possible offshore fund launch

Courtenay contemplates launching an offshore fund and came tantalisingly close to doing so at Odey. An offshore version of the strategy could potentially take larger and more concentrated positions but would not try to pick up illiquidity premia.

More broadly, as assets grow, there may be less room to size a handful of smaller caps at a meaningful level, but more potential to pursue engagement and call special meetings in merger deals.

Outlook

Some merger arbitrageurs are very excited about Trump rejuvenating M&A activity. Courtenay recognizes that Biden's DOJ anti-trust policies reduced merger volumes and expects some normalization of domestic US deal volumes but is still cautious on anti-trust risks and is conscious that the Presidential CFIUS veto could continue to block foreign bidders as seen on US Steel.

Additionally, less than 10% of Courtenay's merger positions in March were US deals. In any case, Courtenay's deal library history reveals that shareholder votes have been more important in scuppering deals. A revival of competitive bidding situations in multiple markets outside the US, and the return of a more differentiated stock-pickers market broadening beyond the US tech giants, offer compelling prospects for the strategy.