Idea Brunch with Adrian Courtenay of GreenAsh Partners

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Welcome to Sunday's Idea Brunch, your interview series with great off-the-beaten-path investors. We are very excited to interview Adrian Courtenay!

Adrian is Managing Director at GreenAsh Partners and Fund Manager of GA-Courtenay Special Situations Fund, an arbitrage and special situations fund based in London and operating with a global mandate. The GA-Courtenay Special Situations Fund was launched from Odey Asset Management in 2019, prior to which Adrian was Vice President, Special Situations Group at D.E. Shaw. In April 2025, The Hedge Fund Journal named the GA-Courtenay Special Situations Fund the best-performing event-driven UCITS hedge fund over the trailing five-year period.

Adrian, thanks for doing Sunday's Idea Brunch! Can you please tell readers a little more about your background and why you decided to launch the GA-Courtenay Special Situations Fund?

My background in terms of Oxford University was science, although following university I built my career at hedge funds specialising in merger arbitrage and special situations investing. I gained experience at notable firms including D.E. Shaw's Special Situations Group and Tisbury Capital, a Citadel spin-off.

Early in my career, I focused on learning and gaining diverse experience rather than rushing to become a lead portfolio manager. Looking back, I was instinctively searching for a form of knowledge that could deliver a powerful investment advantage. While no single magic system exists, I ultimately recognised that combining broad experience, computational skills, and independent analytical thinking can provide enduring advantage.

I launched the GA-Courtenay Special Situations Fund in 2019 because I believed I could deliver an enhanced investment vehicle that strongly aligned with unit holder interests. The fund is designed to perform consistently across diverse market conditions while providing superior returns, high safety, and enhanced transparency.

We are a traditional performance-oriented hedge fund that can use leverage and engage in multiple strategies, though we focus primarily on merger arbitrage and equity special situations – the two disciplines I believe deliver the best long-term outcomes. We serve both institutional and retail investors.

The fund initially launched from Odey Asset Management but transferred to GreenAsh Partners in 2023. This move provided us with a stable boutique environment and first-rate infrastructure, allowing me to focus entirely on the investment activities that drive our performance. I remain as enthusiastic about this opportunity today as when we launched.

One unique aspect of your fund is the combination of a fully invested equity portfolio of “special situations” and a positive carry hedge using merger arbitrage and index put options. Can you explain how this structural setup works in practice? Why do you believe maintaining full equity exposure alongside merger-arb spreads and protective index puts gives you an edge in delivering steady returns?

Our fund structure addresses a fundamental reality: periodic market crashes of 30-50% are inevitable features of our financial system, not outliers. These crashes are most aggravated when governments and their institutions face conflicting mandates. We saw this during COVID when governments had to choose between public health and economic productivity, and during the 2007-08 crisis when the Fed struggled between controlling inflation and addressing credit stability. When these conflicts arise, government institutions become paralysed or their orientation can invert, and markets plunge.

The critical insight is that market crashes often coincide with personal liquidity stress for fund unit holders. The result is that even if a fund performs well long-term, unit holders may crystallise losses at precisely the wrong time by redeeming during crises to meet personal needs like paying down mortgages or covering school fees. This creates a large gap between fund performance and average unit holder returns.

Our structure targets resolution to this problem through an operating method that also aims to eliminate the speculative elements in traditional hedge fund design. We maintain full equity deployment in carefully selected equity special situations while using strategic leverage to finance a positive carry hedge. This hedge consists of merger arbitrage positions and index put options working in concert.

The merger arbitrage holdings are short-duration investments, typically under six months, with strong contractual protections and limited market correlation. These positions generate yields that comfortably exceed our financing costs, creating positive carry. We then allocate a portion of this excess income toward acquiring index put options, which serve dual purposes: they offset our equity special situation portfolio's market beta and protect against arbitrage spread widening during market dislocations. This approach is fundamentally different from traditional hedging strategies. We avoid short selling, whether individual stocks or index futures, thereby eliminating the potential for unlimited losses that short selling contracts, however improbable, inherently possess.

The positive carry nature of our hedge also means we are not paying for protection on a net basis, but rather generating income that funds our protective positions. The result is a repeatable approach that allows investors to participate in long-term equity growth while maintaining meaningful protection against those inevitable future coincidences of market stress and personal liquidity needs. It is also designed to be a structure operating with awareness of the human psychology that drives markets rather than at odds with it, at the same time as both removing the speculative elements that plague many hedge fund designs while preserving the upside potential our investors seek.

According to your profile in the Hedge Fund Journal you've "built an extensive library of 30 years of merger deal history drawn from multiple regulators and courts [that] far exceeds the type of data readily available from Google or modern AI-type search tools." Can you tell us more about your merger arb library and share some examples of how this data-driven approach has led to good investment outcomes?

Our philosophy is simple: we don't want deficits in our analytical capabilities. This has led us to develop several types of systems that enhance our performance, though I want to emphasise upfront that we are not purely data-driven. Data is only a subset of the full range of inputs we consider, and being monotheistic about data dependence is a mistake, as Taleb's turkey before Christmas discovered. To put it another way, whilst we are interested in the side of the Moon that we can see, we are also interested in the side of the Moon we cannot see.

The antitrust history database you mention is one example of what I call historical data systems. This database provides far higher resolution into antitrust outcome probabilities than that available in the public domain. We've also built systems tracking arbitrage spread behavior through financial crises, which inform us about optimal put option protection levels for both normal and chaotic conditions. This prevents us from overspending on protection while ensuring we're adequately hedged.

Beyond historical data, we've developed workflow organisational systems that help manage the multiple concurrent data streams required to oversee the fund effectively. For example we have systems which track all M&A activity and merger arbitrage spreads globally, along with the related information we have found most instructive for predicting outcomes. This real-time monitoring greatly enhances our operational efficiency and opportunity identification.

The fund has also built what I call interface systems, leveraging modern APIs to connect with governmental entities like the SEC, company registration services, and conference call transcript providers. By writing Python scripts to access these APIs, we've created powerful tools for discovering new opportunities that others might miss.

However, these systems are fundamentally tools for efficiency rather than decision-makers. Think of it like using Uber to traverse cities—you install the app because it makes travel more efficient, but the app doesn't decide where you're going. Similarly, our systems make our activities more efficient, but they inform rather than instruct our ultimate decision-making.

At its core, our fund's decision-making is driven by independent thought, reasoning, and the pursuit of unique understanding. The systems eliminate deficits and enhance efficiency, allowing us to focus our intellectual capital on what truly matters: developing insights that others haven't reached. This combination of comprehensive systems and independent analysis has been behind our strongest investment outcomes, particularly in complex situations where the data alone tells an incomplete story.

Every great investor evolves through learning from mistakes. Looking back, what would you say was one of your biggest investing missteps or challenges, and what did you learn from it?

This is a fascinating question that could be reframed as: how does a person become wise? One answer is that if you make enough mistakes and are diligent about not repeating them, eventually the only decisions left will be the intelligent ones. For some emerging managers, their shortcut to wisdom will also have been an element of outsourcing their mistake-making process through mentorship. Great mentors compress decades of their own painful lessons into years of learning for their protégés, allowing the latter to gain deep expertise without the social withdrawal or psychological bruising that a high-intensity trial-and-error approach demands.

My biggest mistake, which I've unfortunately made more than once, is allowing myself to be harmed by mistakes. Capital allocation inherently involves an error rate, and experiencing errors isn't actually a mistake—it's part of the successful path. The real mistake occurs when an investment is sized inappropriately and a perfectly normal development, like changing circumstances with regard to a deployment, has impact at the wrong amplitude. For hedge funds, as Warren Buffett said, lesson number one is don't lose money, and lesson number two is don't forget lesson number one.

The key insight is that we must allow ourselves to learn while protecting ourselves from the vicissitudes of the learning process itself. This means discipline in position sizing and other risk management controls, and in our case strategic put option protection. We need to recognise that we'll always remain in a learning process, but we must ensure that process occurs within protected parameters.

Like most humans, I also grew up susceptible to the very tendencies that create poor investment outcomes. I would accept narratives without skepticism. Under stress, I would run with the herd rather than engage in determined independent thought. I didn't clearly distinguish between gambling and investing. Overcoming these tendencies required manually reprogramming myself through reflection on mistakes and their associated pain. While initially unpleasant, this process becomes more tolerable and even rewarding over time.

For truly advantaged decision-making, I believe humans can go even further and extract from themselves a form of "*unnatural naturalness*" in their thinking. The path is *unnatural* because our biological instincts actively prevent us from understanding organisations as they truly are. We evolved as hunter-gatherers, finely tuned to evaluate individuals and small group dynamics, not to assess complex organisational entities from the outside. When we look at stocks, our cognitive systems default to seeing them as individuals rather than what they actually are.

Yet overcoming these cognitive defaults also leads to a kind of *naturalness*—an understanding of how the laws of physics dictate that natural world organisation must actually work, a world in which humans and our organisations are inherent members. With enough mistakes, provided we don't let them harm us, we can become wiser and eventually start enjoying the journey itself.

On occasion you've taken an active role to unlock extra value in merger arb situations by publicly advocating for better terms (e.g., Australia's Western Areas takeover in 2022). What is your philosophy on shareholder engagement and activism in special situations?

I've been instrumental in putting several competitive bidding situations into play, with three out of five engagements resulting in higher offer prices. In each case, to my knowledge, I've been the lone activist voice, working through both public and private channels to advocate for better outcomes.

While most of my engagement work happens privately, I've chosen public activism in certain situations and this has also built credibility for future private negotiations. My public campaigns include O3 Mining in 2025 and Western Areas in 2022, where I invoked the Australia Corporations Act to successfully challenge inadequate terms. These visible actions have enhanced my standing in private discussions on other situations such as Noront Resources and OreCorp in Australia, and Loungers in the UK, where we built a 9.5% position before Fortress made a higher offer.

The Noront Resources situation exemplifies our approach. I built a full-sized position at CAD 0.55 and pursued activism advocating for BHP Billiton to withdraw while Wyloo Metals raised its offer. This exact scenario materialised, and the fund ultimately received CAD 1.10 per share, doubling our investment.

It's important to emphasise that shareholder activism is not our mission statement. Our mission is delivering for unit holders consistently across diverse market conditions with performance advantage, high safety, and enhanced transparency. However, modern corporate structures create an environment where public company directors often operate with minimal oversight, advancing their own interests while shareholders remain fragmented, small, uninformed, and voluntarily passive.

The critical point is that shareholder passivity does not eliminate directors' legal obligations to serve owners' interests. Shareholders' rights haven't been disenfranchised—they have simply been allowed to lapse through inaction. When we identify situations where asserting these inherent ownership rights can unlock significant value, we do not hesitate to act. This selective activism serves our broader mission of maximising returns while protecting investor interests, turning governance failures into investment opportunities.

Adrian, what are some of the first things you do when researching a potential investment? What does that first hour of research look like for you? Do you do anything that few others do?

I used to work for a fund manager in the later stages of his career, and at the time I was in the earlier stage of mine, and he said to me:

> *"Adrian – you and I look at investing quite differently.*
>
> *You study companies, and you look at them through a microscope. Whereas when I look at my holdings and envisage their future, I am looking through a telescope..*

> *.. and neither of us can see what is directly in front of us..”*

And so I think the point he was making is that we do need a balanced approach, and if we become too rule based about how we look at companies or the market in general, if we become too rigid in our framework of analysis, then actually, by being over-reductive, we handicap our ability to understand.

But in terms of the big picture: whilst the identification of high-quality companies may appear straightforward, delivering material alpha in modern markets requires more than traditional frameworks. So whilst I do retain classical filters – such as moat, intrinsic value, and capital discipline – I also apply proprietary first-principles tests derived from organisational science and evolutionary biology. These evaluate leadership calibre, workforce merit and coordination efficiency, division of labour, scale economies, network effects, technological advantage, tailwinds from free-riding, and the presence of value catalysts.

The companies selected are thus described as *special situations* – differentiated by their structural superiority and idiosyncratic potential. And yes, whilst others may be close, the aggregation of the form of multi-lens filtering that we are using to find these companies is – to my knowledge – unique to this fund.

Nevertheless the fundamental premise, at the very grounding and foundation of what we do, remains Buffettian. We are interested in high quality, high present value future cash distributions relative to our initial cash outlay.

What are the most interesting investment ideas on your radar right now?

The fund’s largest position at the moment is in **Fever Tree** (London: FEVR — GBP1.12 billion), which presents a compelling equity special situation opportunity following its January 2025 announcement of a transformational partnership with Molson Coors for the US market. The investment thesis centers on a fundamental market misunderstanding that has created exceptional value. The stock is still heavily discounted, yet when we invested in March 2025, its market capitalisation was £814m (today: £1.1bn), and as such Fever Tree was trading at just 1.7x consensus 2025 EV/Sales - a 90% decline from its 2016 valuation of 16x. This compares to peer Monster Beverage at 6.5x and Keurig Dr Pepper at 3.9x, despite Fever Tree being the market leader in premium mixers. The company also maintains a net cash position exceeding £78 million, and based on 2025 consensus revenue estimates with normalised margins, traded at a look through P/E ratio of just 7.9x (or 7.1x excluding cash).

The market has fundamentally misread Fever Tree's margin compression as a sign of competitive weakness, when the reality tells a different story. During the period when gross margins declined from 55% in 2016 to 22% in 2023, Fever Tree actually grew revenues by 256% and overtook Schweppes to become the US market leader in both tonic water (27% value share) and ginger beer (30% value share). The margin compression coincides precisely with scaling US revenues from £21 million in 2016 to £119 million in 2023, making the US Fever Tree's largest market. The culprit? Prior to the Molson Coors partnership, Fever Tree produced all US-bound products in the UK, exposing the company to burdensome transatlantic shipping costs that intensified post-COVID when rates quadrupled.

The Molson Coors partnership announced in January 2025 fundamentally transforms Fever Tree's US economics by eliminating the shipping burden entirely through local US production. Beyond solving the margin problem, Molson Coors brings unmatched distribution capabilities with 500,000 retail accounts, 30,000 daily deliveries, and a national sales force with established customer relationships. Critically, Fever Tree retains control of brand identity, vision, and product development while leveraging Molson Coors' operational excellence. The partnership also includes guaranteed royalty payments from 2026-

2030 and Molson Coors funding of working capital requirements, effectively de-risking Fever Tree's growth while creating cash reserves for global opportunities and potential shareholder returns.

The scale of Fever Tree's US opportunity is transformational. Management indicates that the US premium spirits category - Fever Tree's natural adjacency - is 12x larger than the UK market. Major spirits companies like Diageo, Pernod Ricard, and Brown Forman report consistent 4% annual organic US revenue growth, driven by premiumisation trends that directly benefit Fever Tree's positioning. The company has already proven its ability to capture market share, and now with Molson Coors' distribution muscle, the path to dramatic revenue expansion is clear. For context, from 2014 to 2018, Fever Tree grew UK revenue by more than 10x and captured 70% of its addressable market - without the benefit of a partner as powerful as Molson Coors.

Under a conservative scenario where Fever Tree captures just one-third of its US opportunity over the next four years (compared to the 70% it captured in the UK), with margins returning to historic 34% EBIT levels once shipping costs are eliminated, the financial implications, which I highlight for illustrative purposes only, are striking. Net income would reach £140 million by 2028 against the £814 million market cap in March 2025, while the net cash position would rise to £443 million. This implies a 2028 P/E of just 5.8x, or a mere 2.7x excluding cash - extraordinary value for a market-leading brand with proven execution capabilities and a massive growth runway.

The investment case is further validated by significant insider activity following the announcement. Directors made substantial share purchases, including Chairman Domenic De Lorenzo investing £70,000, CFO Andy Branchflower £250,000, and Non-Executive Kevin Havelock nearly £1 million. Most tellingly, Molson Coors acquired an 8.5% equity stake in Fever Tree, demonstrating confidence from a partner with inside knowledge of the business plan. Even before the partnership, Fever Tree had already begun recovering margins, delivering 600 basis points of gross margin improvement in H1 2024. The combination of solving the shipping cost problem, gaining a world-class distribution partner, and maintaining control of a "super brand" in a growing premium category creates asymmetric upside potential. At the valuation point of our allocation, the market was pricing Fever Tree as if its profitability will never recover and its US growth opportunity is limited - a view that appeared fundamentally disconnected from the evidence.

Another large holding for the fund is in **Raspberry Pi** (London: RPI — GBP889 million) which represents a rare investment opportunity in a dominant computing platform that has fundamentally transformed accessible computing since its 2012 founding, and has probabilities of announcing partnerships and agreements which would result in transformational earnings uplift from its current position.

Having sold over 80 million units and established itself as one of the most successful computing initiatives of the 21st century, the company specialises in high-performance, low-cost, small form factor computing solutions. What makes this opportunity particularly compelling is Raspberry Pi's positioning at a critical inflection point - emerging from the semiconductor shortage that constrained growth in 2022-2024 with multiple indicators suggesting now significantly improving revenue growth, including a 41% workforce expansion in 2024, elevated inventory levels, and CEO Eben Upton's revealing comment that workforce growth delivers "non-linear returns," combined with his suggesting that a doubling of staff could yield 4-10x current revenue levels.

The company's competitive moat is also a modern exemplifier of what Peter Thiel has conceptually described as a "vertically integrated complex monopoly" - controlling the entire value chain from semiconductor intellectual property development through hardware design to software engineering and regulatory compliance. This comprehensive approach has created formidable barriers to entry that even well-capitalised competitors have failed to overcome. Despite operating in markets with attractive business dynamics, Raspberry Pi faces virtually no meaningful competition in its niche, with CEO Upton noting they "have yet to see the emergence of any competing platform which combines both the price-performance ratios of our hardware and an equivalency to our software investments." The company also achieves remarkable workforce productivity, with revenue per employee of almost $3m surpassing almost all established industrial technology firms and approaching levels seen at only a handful of the highest performing major tech giants, driven by the aggregation of brilliant technical talent primarily from Cambridge University.

A unique structural advantage comes from the Raspberry Pi Foundation's 49% ownership stake. This charity, focused on computing education, effectively serves as a perpetual marketing engine for Raspberry Pi products while creating a continuous pipeline of engineers familiar with the platform. Combined with Raspberry Pi's cultivation of a true "super brand" - featuring one of the world's largest engineering Reddit communities (2.8 million members) and retail availability that provides unique consumer recognition - the Foundation's educational initiatives provide marketing benefits that would be prohibitively expensive for competitors to replicate. This distinctive setup, where a charity dedicated to promoting the company's products owns nearly half the business, represents an advantage that is rarely seen elsewhere, if at all.

Several factors position Raspberry Pi for significant growth acceleration in the coming years. The Industrial & Embedded sector alone represents an addressable market 70x current revenues, with the company in active discussions with multiple large customers, each potentially transformative relative to current revenue. With typical design-win cycles of 18-24 months, the post-shortage period positions the company for imminent commercial breakthroughs. Additionally, Raspberry Pi has refreshed its entire product line over the past 18 months, including the flagship Raspberry Pi 5 and new AI-focused accessories, expanding addressable markets while incentivising upgrades. Despite impressive unit sales, the company has penetrated only 1.5% of its $21.2 billion addressable market, suggesting decades of growth runway ahead.

Our financial scenarios point to multiple paths for value creation. A conservative scenario, which we have presented publically for illustrative purposes only, assumes revenue growth accelerating from 15% in 2025 to 25% by 2027, resulting in a P/E ratio of 19x (ex-cash) - already attractive for a dominant technology platform. In our view a more realistic base case projects growth accelerating to 40% by 2027, yielding a P/E of 15.6x, still conservative relative to the company's trailing decade of historical 50% annual revenue growth. However, the most compelling valuation emerges when properly accounting for the Raspberry Pi Foundation's ownership and its $185 million net cash position. Under this adjusted framework, the effective 2027 P/E ratios become just 6x (conservative) or 4.8x (base case) - extraordinarily low multiples for a company with Raspberry Pi's market position and growth prospects.

Raspberry Pi as such presents an uncommon investment opportunity - a dominant technology platform with exceptional fundamentals trading at an undemanding valuation, where the market has not yet fully recognised the company's true adjusted value. The investment case rests on fundamental competitive advantages including a brilliant team delivering exceptional productivity, unmatched products with no meaningful competition, a powerful global brand, unique structural benefits from the Foundation's ownership, and a massive untapped market opportunity. With multiple catalysts for acceleration and the continuing democratisation of computing power driving decades of potential growth, Raspberry Pi offers an entry point into what could become one of the defining technology platforms of the 21st century. As the company stands at this inflection point, transitioning from supply constraints to growth mode with strengthened competitive advantages intact, investors have a rare opportunity for advantageous capital allocation in a business that combines the innovation culture of a startup with the market position of an incumbent.

What would you like the GA-Courtenay Special Situations Fund to look like 10 years from now?

Strong performance with safety is ultimately what I would like us to stand for, and I would target that as the base case. I think if we wanted to consider more blue sky outcomes, the investment management industry in a number of manners doesn't always treat the unit holders in the best possible way, and so if the fund grows sufficiently to be a force for improving that, then that would be something that would really be a noble path that we could also pursue.

Adrian, thank you for the great interview! What is the best way for readers to follow or connect with you?

Thank you Edwin, it has been my pleasure.

I am on LinkedIn, and there are lots of materials on the fund's website www.greenash-partners-courtenay.com, including a form where prospective investors or followers of the fund can sign up to our email distribution list, and receive monthly factsheets, white papers or invites to our quarterly webinars.

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