

## NEWSLETTER

MARCH 2024 +1.05%\*

### Monthly Update

Stock markets are off to a soaring start in 2024, as optimism over the economy and interest rate cuts has combined with exuberance about the business opportunity in artificial intelligence to stir up a potent cocktail for equities. Key to this year's gains has been confidence from investors that the economy is set for a "soft landing", in which inflation moderates but the economy avoids a severe downturn. A dovish Federal Reserve meeting in March, in which the central bank kept its view of three interest rate cuts this year while upgrading its economic outlook, has also encouraged many investors.

### Portfolio Strategy Update

The TreeCap Arbitrage Fund - Class C (TCAF) reported a preliminary profit of 1.05%, and now stands at 34.44% since its launch in February 2020.

M&A activity bounced back in the first quarter after a downbeat 2023, thanks to the return of mega deals. Total M&A volumes globally climbed 30% to about \$755 bn, according to the most recent data from Dealogic. The number of transactions worth more than \$10 bn jumped to 14, compared with five during the same period last year. Boardroom confidence for dealmaking has improved on the back of strong earnings, potential interest rate cuts this year and an ebullient market. During the quarter, several large companies capitalized on strong valuations to finance big deals, while some investment grade companies borrowed to pursue high-value targets. Pipeline looks robust, with cash-flush buyers pursuing targets as fears of a recession subside.

The largest deals during the quarter were: Synopsis (SNPS) cash and stock offer for Ansys (ANSS); the all-stock combination of Capital One Financial (COF) and Discover Financial Services (DFS); and Novo Holdings cash purchase of Catalent (CTLT).

Despite the pick-up in activity, news flow was relatively subdued during March. Perhaps, the most important event was the closing of the Sovos Brands (SOVO) by Campbell Soup (CPB). This deal should have been closed late last year, but for unknown reasons the US antitrust agency (FTC) decided to issue a second request, despite the companies pulling and refiling their initial filing. That has extended the timeline of the transaction by approximately 5 months. The transaction closed during the month after the companies had certified compliance in February.

The battle for Applus Services (APPS) has heated up now the Spanish regulator has authorized both bids. Apollo had made an initial offer before it got challenged by a competing bid from I Squared and TDR. Both tender periods will run into later this month and the APPS Board will have to issue a recommendation shortly. At the end of the tender periods, if no one of the bidders withdraws and the bidders don't reach agreement on how to combine their offers, both bidders will have the opportunity to set a final price in a sealed envelop procedure.

So, the Euronav (EURN) situation finally came to a close during March. CMB owns about 88.6% of the shares at the end of the acceptance period and has decided to leave EURN listed. That ends a situation that started back in November 2022, when Frontline (FRO) made an all-stock offer for EURN. Since then, the situation has seen many twists and turns, ending with the asset deal between FRO and CMB, which has resulted in CMB now controlling the company.

Nippon Steel's (5401) offer to acquire US Steel (X) has become eventful after President Biden came out against the Japanese company becoming owner of the company. In any year this deal would have sailed through, but this is an election year and with X's headquarters in Pennsylvania and its workforce largely unionized, the situation has become incredibly politicized. Nippon Steel has outbid Cleveland-Cliffs (CLF), which also was in the running to acquire X. CLF's offer, however, appears to be more problematic in terms of antitrust as it would combine 2 of the top 3 largest steel producers in the US. Nippon Steel in the meantime is doing all it can to get its deal over the line, including offering all kinds of job pledges, investment guarantees etc. to get its deal approved. With the stock trading around \$47 at the beginning of the month, the news pushed it all the way back to \$37 before it recovered to close at around \$41 at the end of the month. That is a hefty discount to the \$55 in cash offer by Nippon Steel. More news is expected this month as it will become clear if the commitments offered will be accepted by the US Steel unions. Furthermore, X shareholders will also vote on the offer in April.

Looking ahead, the tender offer for Morphosys (MOR) is expected to be launched this month. All regulatory clearances have already been obtained, and during the companies' quarter results conference call, the Board indicated that the offer is expected to launch during April and that it still expects the offer to complete during the first half of the year. With the stock trading at slightly more than 1% of a gross spread to the €68.00, it indicates that the market is attributing a low probability that this transaction may be delayed or that anything else may derail the situation.

Also, Tapestry's (TPR) and Capri (CPRI) may learn if regulators will approve of their combination. TPR has made a \$57 per share cash offer for CPRI in August last year and CPRI's current stock price of around \$45, indicates the deteriorated business environment and increased regulatory scrutiny that has hit the share price. The EC has set a date later this month to rule on the transaction and the US regulatory has been looking at the transaction for over 7 months, so a decision can be expected anytime now.

\*Preliminary Net. return and share price of Serie Class C and is subject to possible changes. Official Net. return and share price will be published as soon as the independent calculation of the administrator has been approved. No rights can be derived from this information.

### General

Fund Name	TreeCap Arbitrage Fund
Share Price (Class C)*	1,344.3709
Fund Manager	TreeCap B.V.
Fund Strategy	Event-Driven Arbitrage
Fund Structure	Fund for Joint Account (FGR)
Fund Tax Status	VBI
Fund Domicile	The Netherlands
Fund ISIN (Class C)	NL0012430607

### Liquidity

Subscriptions	Monthly, 1 day notice period
Redemptions	Monthly, 1 day notice period
Lock-Up	No
Subscription Fee	No
Redemption Fee	No
Min. Initial Participation	EUR 100,000

### Fees

Management Fee	1.80%
Performance Fee	20.0%
Hurdle Rate	N/A
High-Water Mark	Yes, Lifetime

### Service Providers

Fund Administrator	Bolder Fund Services Netherlands
Fund Prime Broker	ABN AMRO Clearing Bank
Fund Clearing Broker	AK Jensen Ltd
Legal Owner	Stichting Juridisch Eigendom TCAF
Fund Auditor	Ottevanger Accountancy
Legal and Tax Counsel	Van Campen Liem

**Attention! This investment falls outside AFM supervision. No license and no prospectus required for this activity.**



# FACTSHEET MARCH 2024

Friday, 29 March 2024

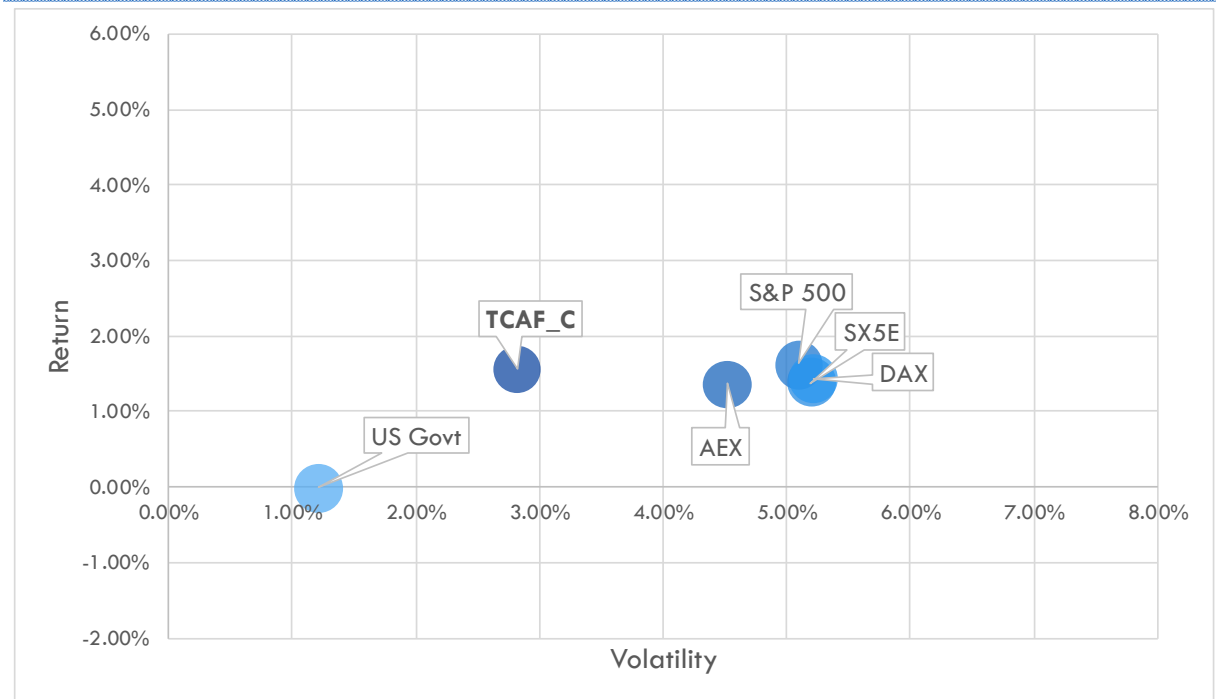
General	
Fund Name	TreeCap Arbitrage Fund - C
ISIN Class C	NL0012430607
Share Price Class C (Preliminary)	EUR 1,344.3709

Liquidity	
Fund Structure	Fund for Joint Account (FGR)
Fund Taks Status	VBI
Subscription	Monthly, 1 day notice period
Redemptions	Monthly, 1 day notice period
Managment Fee (Annually)	1.80%
Performance Fee	20%
Hurdle	Yes, Lifetime High Watermark
Min. Initial Participation	EUR 100,000

Core Region	Core Strategies
<ul style="list-style-type: none"> <li>US</li> <li>Europe</li> <li>Asia</li> </ul>	<ul style="list-style-type: none"> <li>MergArb</li> <li>EventSpec</li> <li>Duals/Pairs</li> </ul>

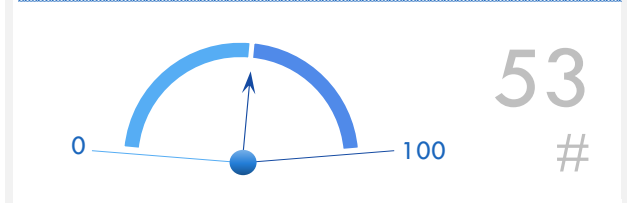
Core Security Type	Core Market Cap
<ul style="list-style-type: none"> <li>Equities</li> <li>Derivatives</li> </ul>	<ul style="list-style-type: none"> <li>&gt;\$5B</li> <li>&lt;\$500M-\$5B]</li> <li>\$500M&lt;</li> </ul>

Visual representation Reward vs. Risk of TCAF\_C (As of April 2020) on a monthly basis, in base currency.

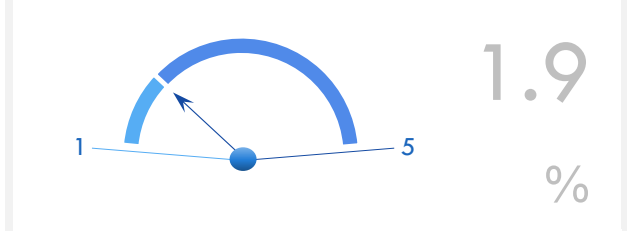


Year	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD	CUM
2020		-2.17	-33.38	7.23	-4.82	9.35	0.37	4.51	3.47	7.64	12.08	3.43	-1.50	-1.50
2021	0.62	4.82	3.10	3.44	0.94	0.28	2.10	1.67	1.03	-1.05	2.68	0.27	21.65	19.83
2022	1.04	0.21	0.30	-0.17	0.07	0.39	0.62	0.56	0.09	1.26	0.45	0.22	5.16	26.01
2023	-0.94	0.04	-2.68	1.21	0.29	0.99	1.29	1.41	1.35	0.56	0.31	1.37	5.24	32.61
2024	0.12	0.20	1.05										1.37	34.44

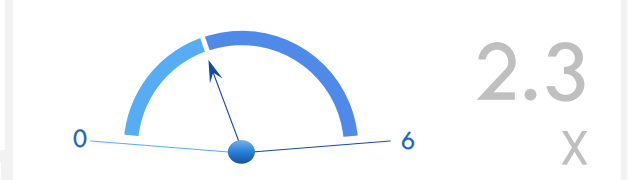
Number of Positions



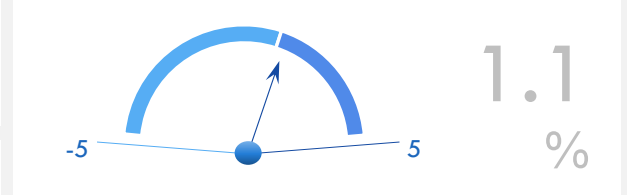
Average Position Size



Gearing / Leverage



Portfolio Return MTD



**Attention! This investment falls outside AFM supervision. No license and no prospectus required for this activity.**

