

## NEWSLETTER

APRIL 2024 +1.27%\*

### Monthly Update

April was all about inflation data, interest rates and macro-economic environment. Recent data has now reinforced speculation the Federal Reserve (FED) will be in no rush to cut interest rates. This is a huge contrast versus expectations early in the year that the FED will cut interest rates about 6 times this year. With earnings season coming to a close, most companies have beat expectations which has supported the market in general. Despite equity markets trading lower during the month, most have recovered from their lows. Volatility peaked during April, but has cooled in the past couple of days as investors await the US interest decision.

### Portfolio Strategy Update

The TreeCap Arbitrage Fund - Class C (TCAF) reported a preliminary profit of 1.27%, and now stands at 36.19% since its launch in February 2020.

New deal inflow has continued its recovery during April, continuing a trend that started in the first quarter of the year. The largest transaction by far came when BHP Group (BHP) announced it intends to make an all-share offer for Anglo American (AAL) shareholders, valuing the company at about £31bn. The bid has met with opposition from shareholders, labelling the offer opportunistic. Consequently, the AAL board has rejected the offer, and now BHP is widely expected to return with an improved offer. Part of the proposal was a spin off of AAL's platinum and iron ore production activities in South Africa. There is a so-called Put-Up-Shut-Up deadline for May 22nd, when BHP has to make a firm offer, so more fireworks can be expected this month.

Other noteworthy new deal announcements include: Johnson & Johnson's (JNJ) recommended transaction to acquire Shockwave Medical (SWAV). The transaction comes at an enterprise value of approximately \$13.1bn and will further strengthen JMJ's MedTech's position in cardiovascular intervention. Also, following months of speculation Endeavor Group (EDR) agreed terms with Silver Lake, to be acquired for a total equity value of \$13bn. The cash offer of \$27.50 came in at the lower end of expectations and the timeline to closing (1st quarter of 2025) is somewhat longer than expected. That's probable why the stock is trading about \$1 below its offered terms. Another transaction that was announced following months of negotiations was International Paper's (IP) all-share recommended offer of DS Smith (SMDS). SMDS stock initially traded well through the offered terms as Mondri (MNDI) also had indicated it considered making an offer. After it withdrew its interest, SMDS has traded at more normalised levels.

Another situation that has finally been agreed: following a lengthy negotiation process John Bean Technologies (JBT) and Marel HF (MAREL) agreed terms of a stock and cash offer, under which MAREL holders can elect to receive cash, stock or a combination of cash and stock. The recommended offer follows a non-binding offer made by JBT in late November last year and is expected to be completed by the end of the current year. The optionality offered to MAREL holders makes it an attractive situation, especially after JBT stock has lost about 10% of its value since the terms were agreed, though this is not likely to come into play until later this year.

As discussed in last month's newsletter, the battle for Applus Services (APPS) concluded, though in a rather unexpected manner. Both Apollo and a consortium of I Squared and TDR has made offers for APPS. The Spanish regulator had determined that both bidders had to submit their final bid in a sealed envelop, after which the ultimate bidder would be announced. Apollo was holding the advantage as it had managed to secure about 21% of the shares via irrevocables. However, Apollo was outbid and I Squared/TDR won the auction with a cash offer of €12.78 in cash per share.

Also the tender offer process for Morphosys (MOR) is progressing and moving closer to completion, despite negative reports of safety risks for MOR's primary product Palebresib. The stock dropped about 3% following the news amid heavy volume. MOR Q1 results were a little light but the report confirmed that the transaction was progressing as expected. The tender period ends later this month and has by now obtained all required regulatory approvals. The deal remains conditional upon 65% of shares tendered into the offer. With a premium offered of more than 100% it is hard to see that this condition will not be fulfilled.

The acquisition of Capri (CPRI) by Tapestry (TPR) has been pushed back until the second half of the year. Even though the EC gave its blessing to the proposed tie-up, the US regulator decided to challenge the transaction in court. This had already been the expected outcome, as CPRI's stock price had declined gradually since the start of this year. Still it is hard to understand why a combination of companies offering affordable luxury should be prohibited.

Looking forward, there are multiple events coming to a close during the month. The MOR situation has been discussed above, and is likely to conclude following the expiration of the tender offer period. The acquisition of Masonite international (DOOR) by Owens Corning (OC) will be completed in the days ahead. The \$133.00 cash offer per share has got all required approvals and the companies have indicated that closing of the transaction is expected in May. Also, Blackstone (BX) is now in a position to close the \$11.25 per share cash bid for Tricon Residential (TCN) after it obtained the final approval under the Investment Canada Act. Also, the SWAV acquisition could also well close by the end of the month, as the extraordinary shareholders meeting has already been scheduled for SWAV holders to vote on the transaction. With all deadlines for the required approvals before the vote date, the companies may well be in a position to close their deal by the end of the month.

Finally, Brookfield Reinsurance is close to completing its acquisition of American Equity Investment Life (AEL). Under terms of the transaction, AEL holders will receive a combination of cash and Brookfield Asset Management (BAM) shares. The stock component is based on a 10-day volume weighted average price (VWAP) of BAM shares that is also subject to a collar. The companies have indicated that they expect to be able to close the transaction early in May, which implies that the VWAP period is close to its end or even has already completed. At current levels there is still a reasonable spread to be made, though the actual completion date is hard to predict.

\*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)*	1,361.9227
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 APRIL 2024

Tuesday, 30 April 2024

## General

Fund Name	TreeCap Arbitrage Fund - C
ISIN Class C	NL0012430607
Share Price Class C (Preliminary)	EUR 1,361.9227

## 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



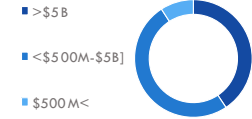
## Core Strategies



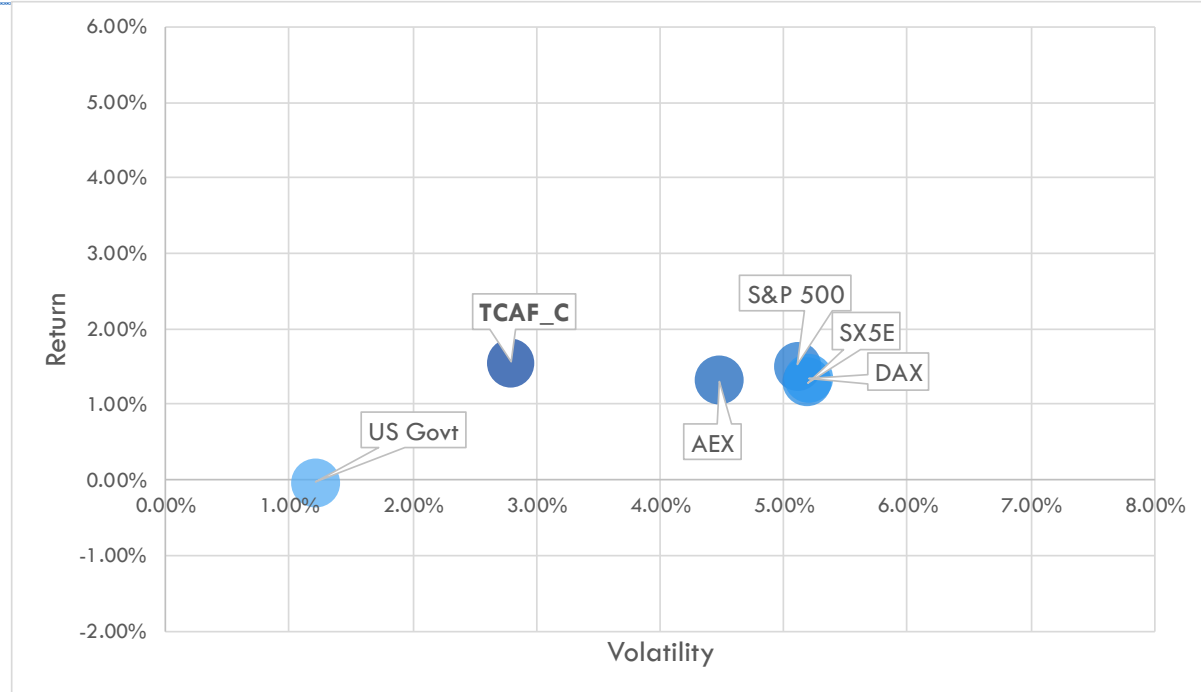
## Core Security Type



## Core Market Cap

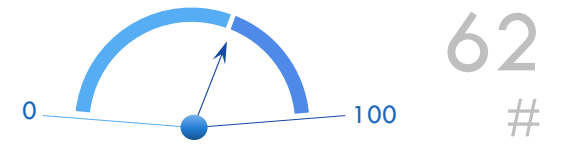


Visual representation Reward vs. Risk of TCAF\_C (As of April 2020) on a monthly basis, in base currency.

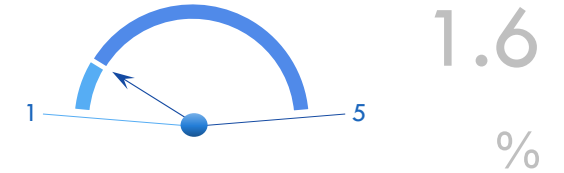


Year	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD	CUM
2020		-2.17	-33.38	7.23	-4.82	9.35	0.37	4.51	3.47	7.64	12.08	3.43	-1.50	-1.50
2021	0.62	4.82	3.10	3.44	0.94	0.28	2.10	1.67	1.03	-1.05	2.68	0.27	21.65	19.83
2022	1.04	0.21	0.30	-0.17	0.07	0.39	0.62	0.56	0.09	1.26	0.45	0.22	5.16	26.01
2023	-0.94	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	1.08	1.27									2.70	36.19

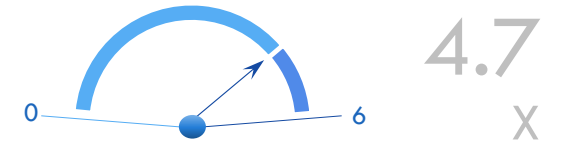
## Number of Positions



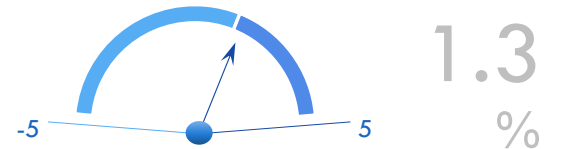
## Average Position Size



## Gearing / Leverage



## Portfolio Return MTD



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