

The DCM Merger Arbitrage team manages two strategies: DCM Merger Arbitrage (no leverage) and DCM Merger Arbitrage Enhanced (leveraged). The strategies seek to build a portfolio of pending M&A and SPAC deals that will generate a stable and consistent source of absolute return with minimal correlation to broader equity and fixed income markets.

PORTFOLIO TEAM

Harris Arch, CFA

Portfolio Manager and Senior Equity Analyst
18 Years of Investment Experience

Dan Moore, CFA

Portfolio Manager and Senior Credit Analyst
21 Years of Investment Experience

Christopher Watson, CFA

Head Trader, Equity
34 Years of Investment Experience

MERGER ARBITRAGE

Inception Date	June 1, 2015
AUM	\$257 million

PERFORMANCE (%)¹

As of September 30, 2021	3 Months	1-Year	3-Year	5-Year	Since Inception
Merger Arbitrage (Gross of fees)	(0.39)	14.07	6.88	5.35	5.16
Merger Arbitrage (Net of fees)	(0.52)	13.51	6.35	4.83	4.63
3 Month T-Bill	0.01	0.06	1.13	1.11	0.90

RISK METRICS²

Annualized Volatility(%)	4.63
Sharpe Ratio	0.93
Beta to S&P 500	0.10
Correlation to S&P 500	0.32
Correlation to Bloomberg Agg	0.12

NET OF FEES RETURNS

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2015						(0.91)	0.29	0.41	(0.03)	1.04	(0.42)	1.08	1.45
2016	1.05	0.52	1.47	(0.18)	0.42	0.09	(0.12)	(0.10)	0.57	(0.19)	0.42	0.38	4.39
2017	(0.19)	0.09	0.37	0.68	0.13	0.43	0.29	0.16	0.14	0.24	(0.32)	0.28	2.33
2018	0.50	0.45	(0.80)	(0.19)	0.86	0.71	0.01	0.57	0.09	0.33	1.04	0.45	4.09
2019	0.58	0.81	0.43	0.15	0.18	0.01	0.30	0.49	0.16	0.29	0.25	0.53	4.25
2020	0.15	(0.07)	(4.71)	2.74	(1.48)	0.38	1.08	0.17	1.77	(1.01)	4.13	4.60	7.65
2021	5.78	2.47	(3.56)	0.80	(0.36)	0.78	(0.42)	(0.57)	0.47				5.27

MERGER ARBITRAGE ENHANCED

Inception Date	March 1, 2020
AUM	\$88 million
Gross/ Net Leverage (as of 9/30/2021)	1.84/1.69

PERFORMANCE (%)¹

As of September 30, 2021	3 Months	1-Year	Since Inception
Merger Arbitrage Enhanced (Gross of fees)	(1.13)	25.37	17.79
Merger Arbitrage Enhanced (Net of fees)	(1.29)	23.84	16.60
3 Month T-Bill	0.01	0.06	0.22

RISK METRICS²

Annualized Volatility(%)	19.28
Sharpe Ratio	0.92
Beta to S&P 500	0.45
Correlation to S&P 500	0.46
Correlation to Bloomberg Agg	0.28

NET OF FEES RETURNS

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2020			(11.44)	8.29	(4.35)	4.41	1.75	0.28	5.43	(2.01)	8.31	7.36	17.38
2021	10.40	4.93	(6.96)	1.75	(1.04)	1.46	(1.06)	(1.29)	1.07				8.69

All information as of September 30, 2021 unless otherwise stated.

¹Performance for periods greater than one year is annualized.

² Calculated with monthly gross returns since inception
Please see GIPS Report.

GIPS REPORT: MERGER ARBITRAGE

Year*	Gross Return (%)	Net Return (%)	Benchmark Return (%)	Composite 3-year Std Deviation (%)	Benchmark 3-year Std Deviation (%)	Number of Portfolios	Internal Dispersion (%)	Composite Assets (\$ millions)	Total Firm Assets (\$ millions)
2020	8.2	7.6	0.6	5.1	0.2	≤ 5	N/A	243	27,066
2019	4.8	4.3	2.2	1.2	0.2	≤ 5	N/A	175	25,696
2018	4.6	4.1	1.8	1.5	0.2	≤ 5	N/A	157	26,318
2017	2.8	2.3	0.8	N/A	N/A	≤ 5	N/A	135	28,640
2016	4.9	4.4	0.3	N/A	N/A	≤ 5	N/A	132	26,029
2015	1.7	1.4	0.0	N/A	N/A	≤ 5	N/A	20	27,022

*Partial Year (June 1 – December 31, 2015)

- DuPont Capital Management (DCM) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. DCM has been independently verified for the periods January 1, 1993 through December 31, 2020.
- A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The DCM Merger Arbitrage composite has had a performance examination for the periods January 1, 2017 through December 31, 2020. The verification and performance examination reports are available upon request.
- DCM is an investment adviser registered under the Investment Advisers Act of 1940. DCM is a wholly owned subsidiary of Corteve, Inc. Registration does not imply a certain level of skill or training.
- DCM Merger Arbitrage Composite (inception date – 06/01/2015) includes all accounts that invests in pending merger and acquisition deals, seeking to capture the spread between the target's current price and the deal price upon close. The strategy invests in both cash and stock deals. The strategy also invests in Special Acquisition Companies ("SPACs"). The strategy portfolio weightings are dependent on the risk and return characteristics of the pending deal and SPAC opportunities. The strategy makes use of leverage by borrowing securities for shorting from the Prime Broker. The gross leverage of accounts in the composite may be up to, but not exceed, 200% of capital.
- The composite benchmark is the 3-Month T-Bill Index, which is issued by the U.S. Government and matures every three months. The benchmark is for information purposes only and is not composed of securities held in the strategy. It is important to note that the strategy utilizes long and short positions in securities that carry certain risks not associated with the benchmark, e.g., volatility, illiquidity, and the risk of loss of capital. The returns for this index do not include any transaction costs, management fees or other costs. Benchmark returns are not covered by the report of independent verifiers.
- Performance results reflect the reinvestment of dividends and other earnings. Valuations are computed and performance is reported in U.S. dollars. Composite returns are calculated net of non-reclaimable withholding taxes. Gross-of-Fees returns are presented before management and custodial fees but after all trading expenses. Net-of-Fees returns are calculated monthly by deducting 1/12th of the highest applicable fee rate in effect for the respective time period from the gross composite return. The DCM Merger Arbitrage fee schedule is as follows: 0.50% first \$20 million, 0.45% next \$30 million, 0.40% thereafter.
- This strategy makes use of leverage by shorting equity securities. While the risk of loss with an equity holding is typically limited to the amount invested, the risk of loss in a short sale may be unlimited as the price of the applicable security rises. The gross leverage of accounts in the composite may be up to, but not exceed, 200% of capital. Gross leverage is defined as the sum of long and short exposure divided by capital.
- Securities and other instruments in which the composite invests may be denominated or quoted in currencies other than the U.S. dollar (Base Currency). Changes in foreign currency exchange rates can affect the value of an investor's account. This risk, generally known as "currency risk," means that a strong U.S. dollar (Base Currency) will reduce returns for investors while a weak U.S. dollar (Base Currency) will increase those returns. DCM may seek to protect the value of the portfolio holdings against currency risk by engaging in currency hedging transactions. Currency hedging involves special risks including possible default by the other party to the transaction and illiquidity. DCM routinely uses derivatives (i.e., currency forwards) to manage portfolio risks, reduce the cost of structuring the accounts, or to capture value disparities between financial instruments.
- The composite may invest in SPAC units which includes common stock and warrants. An investment in a SPAC is subject to a variety of risks. There is no guarantee that the SPACs in which the composite invests will complete an acquisition or that any acquisitions completed by the SPACs will be profitable. The values of investments in SPACs may be highly volatile and these investments may also have little or no liquidity. Warrants are exercisable based on the terms and have potential to be worthless.
- The 3-year ex post standard deviation of the composite and benchmark is not presented because 36 monthly returns are not available, "N/A" is noted.
- Internal dispersion is calculated using the equal-weighted standard deviation of annual gross returns of those portfolios that were included in the composite for the entire year. For those periods with five or fewer accounts included in the entire year, "N/A" is noted as the dispersion is not considered meaningful.
- Prior to January 1, 2021, DCM used temporary accounts (rebalance accounts) to temporarily hold significant cash flows until they are invested according to the composite strategy or disbursed. DCM defined a significant cash flow for this composite as an external cash flow within a portfolio equal to or greater than 10% of the portfolio's beginning of day market value.
- Accounts in the composite may be aggregated with other accounts managed by DCM (and not included in this composite) for the purpose of determining prime brokerage collateral requirements. Therefore, the performance of accounts in this composite may not be the same as that of an account with a different prime broker relationship.
- Past performance is not indicative of future performance. It should not be assumed that results in the future will be profitable or equal to past performance. These performance disclosures apply to all of the DCM investment performance data presented herein.
- This composite was created in January 2018. A list of composite descriptions is available upon request as are policies for valuing investments, calculating performance, and preparing GIPS Reports.
- GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

GIPS REPORT: MERGER ARBITRAGE ENHANCED

Year*	Gross Return (%)	Net Return (%)	Benchmark Return (%)	Composite 3-year Std Deviation (%)	Benchmark 3-year Std Deviation (%)	Number of Portfolios	Internal Dispersion (%)	Composite Assets (\$ millions)	Total Firm Assets (\$ millions)
2020	18.7	17.4	0.3	N/A	N/A	≤ 5	N/A	81	27,066

*Partial Year (March 1 – December 31, 2020)

- DuPont Capital Management (DCM) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. DCM has been independently verified for the periods January 1, 1993 through December 31, 2020. The verification reports are available upon request.
- A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.
- DCM is an investment adviser registered under the Investment Advisers Act of 1940. DCM is a wholly owned subsidiary of Corteva, Inc. Registration does not imply a certain level of skill or training.
- DCM Merger Arbitrage Enhanced Composite (inception date – 03/01/2020) includes all accounts that invests in pending merger and acquisition deals, seeking to capture the spread between the target's current price and the deal price upon close. The strategy invests in both cash and stock deals. The strategy also invests in Special Acquisition Companies ("SPACs"). The strategy portfolio weightings are dependent on the risk and return characteristics of the pending deal and SPAC opportunities. The strategy makes use of leverage by borrowing capital and borrowing securities for shorting from the Prime Broker. The net leverage of accounts in the composite may be up to, but not exceed, 300% of capital.
- The composite benchmark is the 3-Month T-Bill Index, which is issued by the U.S. Government and matures every three months. The benchmark is for information purposes only and is not composed of securities held in the strategy. It is important to note that the strategy utilizes long and short positions in securities that carry certain risks not associated with the benchmark, e.g., volatility, illiquidity, and the risk of loss of capital. The returns for this index do not include any transaction costs, management fees or other costs.
- Performance results reflect the reinvestment of dividends and other earnings. Valuations are computed and performance is reported in U.S. dollars. Composite returns are calculated net of non-reclaimable withholding taxes. Gross-of-Fees returns are presented before management and custodial fees but after all trading expenses. Net-of-Fees returns are calculated monthly by deducting 1/12th of the highest applicable fee rate in effect for the respective time period from the gross composite return. Net-of-Fee returns also include a deduction for the performance fee, calculated on an annual basis and deducted in December of each year. The DCM Merger Arbitrage Enhanced fee schedule is as follows: 0.65% of all assets plus a performance-based fee of 5%, after a 3-month T-Bill plus 6% hurdle rate.
- The strategy makes use of leverage by borrowing capital and borrowing securities for shorting from the Prime Broker. While the risk of loss with an equity holding is typically limited to the amount invested, the risk of loss in a short sale may be unlimited as the price of the applicable security rises. The value of the strategy while employing leverage will be more volatile and sensitive to market movements. Leverage may magnify losses as well as gains to the extent that it is used. There is counterparty risk in borrowing capital from the prime broker. The net leverage of accounts in the composite may be up to, but not exceed, 300% of capital. Net leverage is defined as the difference between the long and short exposure divided by capital.
- The composite may invest in SPAC units which includes common stock and warrants. An investment in a SPAC is subject to a variety of risks. There is no guarantee that the SPACs in which the composite invests will complete an acquisition or that any acquisitions completed by the SPACs will be profitable. The value of investments in SPACs may be highly volatile and these investments may also have little or no liquidity. Warrants are exercisable based on the terms and have potential to be worthless.
- The 3-year ex post standard deviation of the composite and benchmark is not presented because 36 monthly returns are not available, "N/A" is noted.
- Internal dispersion is calculated using the equal-weighted standard deviation of annual gross returns of those portfolios that were included in the composite for the entire year. For those periods with five or fewer accounts included in the entire year, "N/A" is noted as the dispersion is not considered meaningful.
- Accounts in the composite may be aggregated with other accounts managed by DCM (and not included in this composite) for the purpose of determining prime brokerage collateral requirements. Therefore, the performance of accounts in this composite may not be the same as that of an account with a different prime broker relationship.
- Past performance is not indicative of future performance. It should not be assumed that results in the future will be profitable or equal to past performance. These performance disclosures apply to all of the DCM investment performance data presented herein.
- This composite was created in April 2021. A list of composite descriptions is available upon request as are policies for valuing investments, calculating performance, and preparing GIPS Reports.
- GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.