



Hello,

On behalf of Harris Arch, CFA and Dan Moore, CFA, the portfolio managers of DuPont Capital's merger arbitrage strategy, attached is our monthly commentary and the March 2022 fact sheet containing performance and risk metrics.

Performance

For the month of March, our Merger Arbitrage strategy increased 18 basis points (bps) net of fees and the Merger Arbitrage Enhanced strategy, which utilizes leverage, increased 65 bps net of fees. Year to date, Merger Arbitrage is down 0.41% and Merger Arbitrage Enhanced is down 1.02%, net of fees. The Merger Arbitrage Enhanced strategy is conservatively leveraged at 1.88X gross and 1.71X net leverage.

Outlook and Strategy

The trend of midcap (\$1-\$10B size) deals being the most numerous continued during March. Announced deals were mostly strategic with a few notable private equity transactions as well. Private equity has substantial dry powder from record fundraising and continues to deploy capital, especially as equity valuations have modestly retreated year to date. While funding markets weakened in March, they are still open for well-structured acquisitions with private loan markets becoming a more meaningful source of capital. Bank funding commitments may become more expensive as the funding and equity markets continue to face volatility.

Over the past seven years of managing this strategy, we continue to look to add positions during times of market volatility. As we think about the risk of deal throughout its lifecycle, equity corrections can allow us to add to or initiate positions in spreads that were previously not attractive when we think the risk of deal closure has not materially changed.

The SPAC market remains challenged due to a dearth of available PIPE capital which impedes deal completion. We continue to expect a muted market for new issuance in the space. As SPAC common shares embed a yield to maturity reflecting either a deal or liquidation, our holdings should continue to reflect a modest rate of return until that capital is returned and redeployed.

If you would like to speak to us in more detail, please reach out and we would be happy to provide more detail on our strategy.

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Please see GIPS Report in attached Fact Sheet.