

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 2023 fact sheet containing performance and risk metrics.

Performance

For the month of March, our Merger Arbitrage strategy increased 33 bps net of fees and the Merger Arbitrage Enhanced strategy, which utilizes leverage, increased 26 bps net of fees. For the year, Merger Arbitrage is up 1.42% and Merger Arbitrage Enhanced is up 1.44%.

Outlook and Strategy

In last month's commentary, which was written during the market turmoil sparked by the failure of Silicon Valley Bank (SVB), we highlighted spread widening in certain pending deals. With a month of hindsight, it is clear that if you "blinked", you might have missed the spread widening and opportunity. In many spreads, the widening was very brief, and spreads recovered to pre-SVB levels. This is typical of spread widening caused by a market shock- it can be temporary, and one needs to have done the necessary research beforehand in order to quickly invest in the pending deal. In the history of managing the merger arbitrage strategy, we often find opportunities in the turmoil and look for deals where the buyer remains motivated, and financing is not a concern.

In the past month, there have been a few sizeable deals in the pharmaceutical space. Pfizer's \$41 billion announced acquisition of Seagen is the largest transaction year to date. Additionally, Merck announced a \$9 billion acquisition of Prometheus Biosciences. Under past antitrust administrations, pharmaceutical regulatory reviews would generally analyze product overlaps. If remedies were needed, divestitures were deemed suitable. During the Biden administration, the FTC and DOJ have convened task forces to develop a new framework for analyzing pharmaceutical deals. Beyond overlaps, the regulators are focused on the impact of a pending deal on future innovation. Regulators fear that past M&A deals may have stifled innovation, leading to dominance by mega-cap pharma and are keen to ensure that future deals do not weaken R&D efforts. While the overlaps in the recent deals are minimal, it remains to be seen if the regulators want to use a large pending deal such as Pfizer/Seagen as a test case for their new approach.

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.