

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 April 2023 fact sheet containing performance and risk metrics.

### **Performance**

For the month of April, our Merger Arbitrage strategy increased 31 bps net of fees and the Merger Arbitrage Enhanced strategy, which utilizes leverage, increased 28 bps net of fees. For the year, Merger Arbitrage is up 1.73% and Merger Arbitrage Enhanced is up 1.72%.

### **Outlook and Strategy**

While April was a positive month, it seems misguided to dwell on last month's performance in the face of May's "arb-ageddon." As of this commentary publication date, the CMA has blocked Microsoft's acquisition of Activision, TD Bank and First Horizon mutually terminated their merger, and Amgen was sued by the FTC for its acquisition of Horizon Therapeutics during the month. We will have commentary on these deals and our strategy in next month's publication, but the blocks and terminations clearly reflect the more challenging regulatory framework. Each of these deals probably would have been approved under past regulatory regimes.

While there have been some M&A deals in recent weeks, overall activity remains tepid. Management teams are likely fearful of engaging in M&A in the face of weakening economic data and probably would prefer internal cost cutting efforts rather than time consuming merger integration. Investment banks and law firms have trimmed the ranks of M&A employees, which reflects the view that a previously expected M&A pickup probably will not materialize.

Some of the deals that have been announced are midsize private equity acquisitions. Private equity continues to sit on substantial dry powder. Despite the slowdown in M&A year to date, the leveraged loan and high yield markets have improved slightly from last year's trough. Banks have been able to offload troubled buyout debt and are willing to underwrite select new transactions.

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.