CIAM

CIAM Satellite Event Driven

Performance Report

EUR Share Class

APRIL 2021 **MONTHLY RETURN +4.79%**

Fund presentation

CIAM Satellite Event Driven UCITS Fund is a Luxembourg-domiciled alternative fund focused on M&A and Corporate Events, being primarily active in Europe. The objective is to maintain between 25 to 35 positions.

The portfolio consists of 2 categories: the "Merger Arbitrage" class, which consists of officially announced M&A deals (Classic, Stressed Dealts, Counter-Offers), for which the return profile situates itself between 10% and 20% annualized. The second category, "Special Situations", focuses on investing around mergers and corporate events.

Fund commentary - APRIL 2021

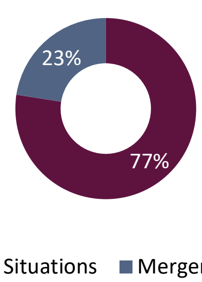
In April, equity markets posted positive performances (Eurostoxx 50 up by 1.4%), supported by a good start to the earnings season. In Europe, 62% of companies have beaten EPS estimates by 5% or more for Q1 results. The macroeconomic environment continues to be supported by monetary and fiscal avenues (Biden continues to push for a $ 1.8 billion infra plan), but the tone of the market is more focused toward the second derivative of growth (acceleration or deceleration). The Q1 reporting season led us to conclude that “better than expected results” were widely anticipated. The April FOMC meeting, together with Chairperson Powell's post-meeting press conference, showed a modest degree of evolution in Fed communications around the economy, the outlook, and policy. That marks the beginning of a gradual evolution in Fed's policy language and we think the beginning of the discussion around tapering will take place around July when the FED will have 3 additional payroll reports and an inflation print beyond the near-term surge. This will open the door to the FED’s policy language that a tapering could be coming with an official announcement at the December FOMC meeting.

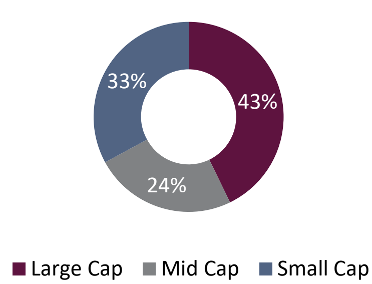
CIAM Satellite Event Driven UCITS Fund was up 4.79% net for the month of April. Ontex, Coface and Suez contributed positively to the performance of the fund this month. We also initiated 3 new positions: KPN, LSE and EDF.

Ontex Group is proposing to its shareholders the appointment of six directors, two new independent ones and four nominated by the company’s two major investors, one by GBL and three by ENA Investment Capital. As mentioned in our previous letters to the Ontex board, we were in favor of the appointment of the three ENA’s candidates because it will strengthen significantly the board’s expertise, particularly in terms of experience in the personal hygiene and retail sectors, procurement, finance and governance. Ontex published Adj. EBITDA at EUR 49.6m, a beat of 10% vs consensus. Ontex forecasts stable LFL FY21 sales growth, with growth starting as per 2Q21. We are expecting a Capital Market Day in June allowing the new CEO to present her strategy. The company has also appointed a new CFO. We believe Ontex is now in a good place to assess its current positioning and act upon further value creation.

Key data - end of month

Number of equity positions	31
European positions	95%
North American positions	5%
Long exposure	122%
AUM (€ mm)	113





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Fund commentary - APRIL 2021

Coface reported stunning 1Q results. The group posted net income of € 56.4m in Q1 2021 (x4.4 vs Q1 2020 and 55% above net income in Q1 2019). For comparison, the best net income published in the past was in 2019 with € 147m for the FY. Net income in Q1 was above all marked by an excellent combined net ratio of 52.8%. Coface has maintained a cautious provisioning policy on new business, despite the current low level of claims. The group is in capital surplus and remains in a position to return 100% of its net income to shareholders over the next three years. These excellent results show that Coface's intrinsic valuation is well above the price paid by Arch Capital to Natixis.

Finally, the Suez board surrendered. After months of battle and low blows, Veolia and Suez announced they had reached an agreement in principle: the directors decided to sign a peace package with the creation of a new Suez with revenues of EUR7 billion including all French assets, the deactivation of the Dutch foundation, the suspension of ongoing legal proceedings and an increased price at 20.5€ instead of 18€. This conclusion was possible because the board recognised the high probability they'd be replaced by new board members during the upcoming AGM. Indeed, we had prepared a proxy contest in order to oust height board members including the CEO and the chairman and had found six professionals including a former minister that were ready to replace those eight directors. This would have been the first time in France that a board would have been replaced. And this perspective was impossible to accept for the current directors.

We initiated a new position in KPN mid-April. It's a long-dated rumour situation but we think we now have a very interesting risk/reward situation after Dow Jones reported on April 8th Swedish PE fund EQT had teamed up with US based Stonepeak for a take-over of KPN. On Sunday May 2nd, following an FT story, KPN released a statement indicating they had rejected two offers for the company: one from EQT & Stonepeak and a second from KKR. The FT notes that EQT & Stonepeak are "considering whether to raise their offer". An improved proposal with a higher price, job commitments, accelerated capex deployment may show more "tangible & material added value to KPN's widely supported new strategy". We expect Financial Sponsors to come up with a follow-up plan and a credible takeover bid at € 3.50.

We added EDF to our portfolio in April after a pullback in the stock. we think the market has priced in very conservative expectations regarding the probability of a successful outcome of the ARENH Reform. While there is a volatile news flow in this situation, we think France and the European Commission will find an agreement which will lead to a Blue/GreenCo break-up of the company and the minority buy-out from the French state.

Early March, LSE de-rated aggressively following its capex guidance of its "transformational M&A" story. LSE lost 25% of its market capitalisation in 4 weeks. This opened an opportunistic entry point and we decided to take a new position to play the Refinitiv's integration and the optionality of a new round of M&A in the stock exchange sector. LSE has been the subject of years of takeover approaches while the Refinitiv acquisition transforms the group from an old ExchangeCo to a Financial-DataCo. We think Hong Kong Stock Exhange, ICE and CME could all be potential suitors.

We continue to believe that M&A activity will remain strong for the next few months. The portfolio will benefit in particular from our different themes (Telcos, Payments, Utilities, Financials, MedTech) and different types of events (takeover targets, spin-off candidates, minority buy-out).

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MONTHLY REPORT - APRIL 2021

M&A Environment - APRIL 2021

As global stock markets are rallying, so does global M&A activity. This was heard loud and clear by investors in April as the top 3 investment banks all reported a 30%+ year-on-year surge in advisory fees for the first quarter of this year. Furthermore, while equity valuations have reached new highs, there is no sign of a slowdown in corporate events. Leading investment banks indeed happily shared their outlook for the second quarter with the markets, suggesting that corporate clients were continuing to actively engage in strategic dialogs, pushing the M&A backlog replenishment at Goldman Sachs to new “record levels”.

One sector that is significantly contributing to this M&A resurgence in Europe is Telecommunications. As a matter of fact, telcos have been trading at relatively low multiples as they failed to recover from Covid-19 crisis due to leverage/CAPEX hurdles. Therefore, companies are trying to create value by combining or monetizing assets. In particular, private equity and infrastructure funds have been eager to bank on cheap rates to put their hands on fiber networks and towers that are the most appealing assets in the sector: featuring faster growth and recurring revenues. Numerous deals have already been announced – Orange Belgium / Orange SA, Euskaltel / Masmovil and Vantage Towers / Vodafone among others – and we believe there many more deals to come. For example, the recent headlines at the weekend are focusing on the long-awaited leveraged buyout of the Dutch incumbent operator KPN which has recently rejected two separate approaches from leading private equity shops KKR and EQT. We are convinced this is not the end of the story and we expect a deal to materialize in the coming months when a new Dutch government is formed.

Encouraging signs for global M&A also came from regulatory bodies as China’s Ministry of Commerce shifted its’ focus from foreign investment to domestic anti-monopoly. Indeed, SAMR took investors by surprise when they decided in April to go after Alibaba and Tencent, slapping the local Internet champions with multi-billion-dollar fines to pay as part of a larger antitrust probe, while showing unusual flexibility with international deal makers. In this regard, the state administration expeditiously cleared US deals in sensitive sectors like FLIR Systems / Teledyne (advanced sensors), Cooper Tire / Goodyear (rubber tires) and most importantly Inphi / Marvell (semiconductors). If this is making the Chinese regulator a less politicized and more predictable party, there is no doubt that a flurry of deals that would have been put on hold due to SAMR-related cautiousness would sooner than later see daylight in Europe and in the US.

Monthly returns

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2018							-1.13%	0.38%	-0.72%	-0.31%	0.55%	-3.75%	-4.94%
2019	2.15%	2.10%	0.32%	5.50%	-4.26%	0.71%	-0.31%	-0.91%	-1.00%	-3.00%	3.58%	1.38%	6.03%
2020	-3.93%	-10.31%	-21.10%	10.45%	-2.87%	3.62%	-6.90%	4.08%	1.82%	1.56%	8.53%	2.90%	-15.43%
2021	-2.74%	1.21%	3.45%	4.79%									6.70%

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