CIAM Satellite Event Driven

Performance Report

EUR Share Class

DECEMBER 2020 **MONTHLY RETURN 2.90%**

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 - DECEMBER 2020

The US stimulus package was finally ratified by Donald Trump, after strongly criticizing it. The pressure from Congress was ultimately the strongest. For its part, Europe seems relieved by the Brexit agreement and welcomes with optimism the vaccination campaigns which began at the end of the year. This subject will, unsurprisingly animate a large part of 2021, the latest news being The European Union has authorized Moderna's Covid-19 vaccine launching its vaccine in January.

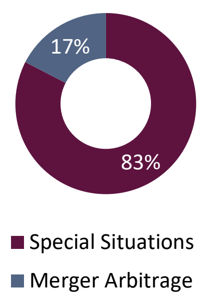
CIAM Satellite Event Driven UCITS Fund was up 2.90% net for the month of December. This month's performance was primarily driven by EDP, FCA, and G4S. The main source of underperformance was driven by Scor. We also invested in 2 new positions (Alexion Pharmaceuticals and Siltronic) in the Merger Arb category.

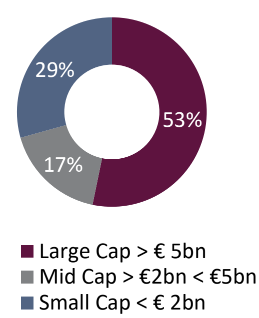
On December 2, GardaWorld announced an increased and final cash bid for G4S, which was 24% above its initial offer and 12% above Allied's rejected approach. Then, a day prior to its competing bid deadline, Allied launched a recommended GBp 245 a share cash offer for G4S, subject to a 90% waivable minimum acceptance threshold and regulatory approvals. GardaWorld, which raised its bid to GBp 235 on 2 December, set aside its "no increase" statement and said it was considering its options. It is likely that the Panel, with the parties, will set the terms of an auction (likely in January/February 2021).

Taiwan's GlobalWafers announced a recommended offer for German player Siltronic at EUR 125 a share + a EUR 2 dividend. We implemented a position in Siltronic as we think the next catalyst could be an improvement to the terms of the offer to secure shareholders' support, even though Siltronic and Wacker Chemie consider the offer price to be "attractive and appropriate". First the 10% premium offers a low valuation for shareholders, showing multiples now in line with peers' standalone valuation. When estimating the synergies, in line with the past deal with SunEdison, the premium paid (EUR 14/ share) is only representing 1/3 of the estimated synergy value for GlobalWafers. The fact the acquirer is up more than 20% since the deal was announced shows the strong rational for the acquirer, who will become the 2nd new global player in the "300mm silicon majors industry"... There are also several arguments in favour of a domination post-close given the pro-format leverage & synergies, even if the acquirer explicitly rules out the domination agreement as it has become more common in Germany to encourage minority shareholders to tender.

Key data - end of month

Number of equity positions	28
European positions	97%
North American positions	3%
Long exposure	124%
AUM (€ mm)	97





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Fund commentary - DECEMBER 2020

On December 14, AstraZeneca announced an agreement to acquire the US player Alexion Pharmaceuticals for $175 in cash and stock (1/3 cash, 2/3 stock), for a total value of $39bn. We initiated a position in Alexion's shares, as we believe that either a counterbidder may emerge or a re-rating of AstraZeneca's share will automatically increase the implied offer value. As the stock of AstraZeneca has lost around 10% since the deal was announced, the implied offer price is at USD 159, or a 29% premium only versus 45% premium originally. Despite fears from some AstraZeneca shareholders, we believe that the deal has strong strategic rationale and will be strongly accretive for AstraZeneca. Sell-Side analysts have already increased their target price (by 30% on average) on Astra taking into account the benefit of the deal. This deal will enable AstraZeneca to pursue its breakthrough in rare diseases while acquiring a cutting-edge research platform on complement proteins, which also have potential applications on broader type diseases. This ambitious deal will allow AstraZeneca to remain a top player in the immunology field.

EDP has been one of the strongest performers in the portfolio in December. This month EDP finalized its announced acquisition of Viesgo for an enterprise value of EUR 2.7 bn, and also saw EDPR (owned at 82.6% by EDP) acquire the renewable energy operations of Viesgo. In addition, EDP completed the sale of a portfolio of hydroelectric energy stations to a consortium of Engie, Crédit Agricole Assurances and Mirova for a value of €2.2 bn. This operation is part of the group's divestment plan, which seeks to divest assets for up to €6 bn over the 2019-2022 period. This includes outright sales, as well as asset rotations for renewable energy projects. This latest operation illustrates that EDP remains committed to its plan, and that Covid has not placed any major dents in the strategy. The group has also benefited from its ownership in EDPR, which has announced a new contract win in Poland for a capacity of 220 MW and with a lifetime of 15 years. EDP has benefited from a clear rerating of its stable energy and renewable energy operations, though the >20% ownership of China Three Gorges remains to be resolved. We expect more information on this matter over the course of 2021 and continue to see value in EDP.

In other news, Arkema finally announced the sale of its PMMA unit to Trinseo a price tag of €1.1 bn, at 9x 2020E EBITDA. This was more or less in line with our expectations for this unit's value. Initial rumours were Advent originally being the key buyer, the PE group having acquired Evonik's MMA business unit in 2019. However, Advent had a high market share in the US and EU, whereas Trinseo had no position in the sector. The ability to avoid a lengthy antitrust procedure likely led to the favouring of Trinseo. This is in line with the group's announced targets to transform Arkema into a specialty chemicals company. We expect proceeds to be returned to shareholders and into accretive acquisitions for the group's Adhesives or Coatings business. Next on the list is the divestiture of the group's fluorogases and acrylics business. We expect more news in Q1 2021.

FCA and PSA received a conditional approval for their merger into Stellantis in mid-December, which provided strong momentum to the share price of FCA. Reports from news sources, management confidence and the merger approval in Brazil in December also played their part in the increase of FCA's share price. The next steps are the two companies' EGMs, scheduled for January 4, 2021. Proxy advisers ISS and Glass Lewis have recommended shareholders to vote in favor of the merger, hence we expect these EGMs to be carried out smoothly. Press reports state that PSA CEO – and future Stellantis CEO – Carlos Tavares strongly desires to have the newco fully functioning as soon as possible, so a completion could be finalized as soon as the end of January 2021.

The Board of Directors of SCOR have chosen Benoît Ribadeau-Dumas (Chief of Staff of Edouard Philippe 2017-2020) to succeed to Denis Kessler as Chief Executive Officer of Scor. A separation of the functions of Chairman and Chief Executive Officer will gradually be implemented. It will be fully effective at the end of the 2022 GA. As of January 1, 2021, Benoît Ribadeau-Dumas becomes Deputy CEO of SCOR and in this capacity joins the Group's executive committee. His appointment as a director of the Group will be put for a vote at the 2021 annual general meeting, with a view to him being appointed as chief executive officer at the end of the 2022 annual general meeting. Benoît Ribadeau Dumas has no knowledge of the reinsurance business, which is highly technical. He studied in the public sector, then in the private sector, in armaments (Thales), marine geophysics (CGG), and aeronautical equipment (Zodiac). The board of directors unanimously wished Denis Kessler to continue in his role as chairman and a resolution to this effect could also be submitted to the annual general meeting in 2021. It seems obvious Denis Kessler has chosen a non-specialist of the reinsurance sector to succeed him in order to continue to stay both the Chairman and the CEO for longer.

M&A Environment - DECEMBER 2020

After a very slow first half of the year, M&A announced volumes in the second half rebounded sharply. It is clear that market consensus expects this momentum to persist into 2021 driven by well-capitalized strategic buyers' desire to diversify their business models and gain scale – especially in light of the COVID-19 disruption. Sponsors also have significant flexibility, with record amounts of dry powder available.

"Some of the transactions that are happening now are deals of opportunity, and some are deals of necessity" said Alison Hardin-Jones, Head of M&A in Europe, Middle East and Africa for Citigroup. "Covid-19 has created winners and losers across industries, but also within them". That is exactly the case for the largest announced deal this month, the takeover of Alexion Pharmaceuticals by the top player AstraZeneca for USD39bn. The latest which has the most attractive growth profile among its peers explain this acquisition by saying that "it is better to conclude large deals when you are in a strong position", while the underperformance of Alexion put management under pressure.

Although, as we anticipated last month, December saw a resurgence of M&A deals. We have seen 30 new deals in our universe, among which 12 in Europe and 18 in North America for a total amount of USD 130bn. M&A activity hit record levels in H2 2020, with companies indicating that now it is time to look forward.

According to JPM's Co-Head of global M&A, with the reduction of uncertainty, (US election is behind us, end of the pandemic, interest rates still low, capital market robust) the confidence level is now very strong. There have been a number of lessons learnt for engaging in M&A during a pandemic: get to know your counterparties early, lot of creativity in due diligence, tremendous amount of innovation. Companies realized that scale and technology are key for growth. That is why we have seen this rebound in the second half of 2020.

According to JPM, the key themes in 2021 will be domestic consolidation, cross-regional acquisition and pan-European Champions. With political support now, there is a basis for European Champions. JPM is also expecting substantial increases in shareholder involvement, by activist as well as institutional investor becoming more vocal. Moreover, technology M&A, which has been the most active sector to date, is expected to continue. Recently, according to a survey from PWC, 76% of business leaders said that their companies plan to increase investment in digital transformation in 2021. Finally, PWC also pointed out that Environmental, social and governance (ESG) issues will be a key theme in M&A in 2021. ESG have evolved from a "nice to have" conversation to a business imperative that can affect long-term success and value creation.

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%

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