

## **Constantia Capital Merger-Arbitrage Strategy May 2026 Commentary**

Our composite returned 0.33% for the month, bringing returns to 2.1% year-to-date, 5.90% annualized for the past 5 years and 5.57% annualized over more than 14 years since inception.

Hopes of the war in Iran ending plus continued AI-related optimism caused world equity markets to post a second strong month in a row, with the All-Country World Index returning 5.2% (12.3% year-to-date). US stocks' performance was in line with the three major geographic groupings, with the S&P 500 returning 5.3% (11.2% year-to-date). Bonds, as represented by the Bloomberg Aggregate Bond Index, returned 0.3% (0.4% year-to-date). The classic 60/40 Equity/Bond benchmark (All World Index, Bloomberg US Aggregate Bond Index) returned 3.25% for the month and 7.7% year-to-date. West Texas crude oil fell more than 10% for the month on prospects for the Strait of Hormuz reopening.

Some of the Merger-Arb highlights and lowlights for the month were:

- Tamboran Resources, an Australian natural gas exploration and production (E&P) company that trades on the New York Stock Exchange, is acquiring Falcon Oil and Gas, an Irish/Canadian E&P company with assets neighboring those of Tamboran. Due to various technical factors, the deal had a negative impact of 30 bps in March, but recouped 20 bps in April and an additional 15 bps in May. After the market closed at month-end, the companies announced that the deal had been completed.
- The bidding war for Two Harbors by CrossCountry Mortgage Finance and UWM Holdings continued. UWMC raised their bid to \$12.50 per share, above the \$12 that Cross Country has bid. The positive impact was 6 bps.
- Canadian software developer Wonderfi Technologies is being acquired by Robinhood Markets in a deal that was announced more than 1 year ago, but then was delayed. Final regulatory approvals were granted late in the month, and Wonderfi's stock price converged toward the deal price, resulting in a contribution of 6 bps.
- International Money Express is being acquired by Western Union in a deal that was progressing smoothly until New York City Mayor Mandani said he would recommend that the New York State regulator block the deal. The negative impact was 10 bps.
- German shipping company Hapag-Lloyd agreed to acquire Zim Integrated Shipping, an Israeli company. The deal is subject to Israeli national security clearance, and news articles have indicated that the Israeli government is leaning against approval. As a result, we have reduced our position significantly. The negative impact for the month was 6 bps and 25 bps since inception.
- Allied Gold, a Canadian company that operates a gold mine in Mali, is being acquired by Chinese company Zijin Gold. The companies have been successful at obtaining various regulatory

approvals, but the “walk date” was extended to July 31, and the continued negative fallout of rebel attacks in Mail resulted in a loss of 13 bps for the month.

Deal flow for the month was below average, with 22 new deals, while 26 closed. Nevertheless, the number of deals in our portfolio remained constant at 108. Leverage fell, to \$106 from \$115 of long positions for every \$100 of capital invested.

### Constantia Capital Merger-Arbitrage: Performance as of May 31, 2026

Benchmark	Reporting Period	Returns (Gross) <sup>2</sup>	Returns (Net) <sup>2 3</sup>	Bench-Mark <sup>2</sup>	Excess (Gross)	Excess (Net)	Volatility	Sharpe Ratio
US\$ LIBOR/SOFR	Year-to-date	2.34%	2.10%	1.51%	0.82%	0.59%	N/A	N/A
	Latest 3 Years	8.88%	8.28%	4.60%	4.28%	3.68%	2.23%	1.65
	Latest 5 Years	6.50%	5.90%	3.67%	2.83%	2.23%	2.51%	0.89
	Latest 10 Years	5.85%	5.26%	2.54%	3.31%	2.72%	4.05%	0.67
	Since Inception <sup>1</sup>	6.14%	5.57%	1.85%	4.29%	3.73%	4.10%	0.91

<sup>1</sup> Returns annualized, since inception date 11/1/2011

<sup>2</sup> Returns annualized for periods in excess of one year

<sup>3</sup> Net returns after performance fee, which a small number of qualified clients have elected as of the date above