



Constantia Capital Merger-Arbitrage Strategy September 2025 Commentary

Our composite returned 0.25% in September, bringing returns to 8.51% year-to-date, 6.70% annualized for the past 5 years and 5.51% annualized in almost 14 years since inception.

World equity markets continued their strong performance, with the All-Country World Index posting returns for the month of 3.7%, bringing year-to-date returns to 18.9%. For the month, Emerging Markets was the strongest performer of the three major equity categories (US, Developed non-US and Emerging) with a gain of 7.1%. Fixed Income, as represented by the Bloomberg Aggregate Bond Index, returned 1.1% despite fears of a pending government shutdown due to Congress being unable to increase the debt limit. The classic 60/40 Equity/Bond benchmark (All World Index, Bloomberg US Aggregate Bond Index) returned 2.6% for the month and has now returned 13.2% year-to-date.

Our Merger-Arbitrage strategy posted positive returns for the month but was unable to repeat the recent string of returns close to or exceeding 1%.

Some of the highlights and lowlights were:

- Dallas News was acquired by Hearst Communications in a deal that closed after shareholders voted in favor of the Hearst bid of \$16.50 per share, despite a higher competing bid of \$20 per share. The original bid by Hearst was \$14, which was increased twice as Dallas News became the target of a bidding war. Ultimately, the Hearst bid won due to a multi-class voting structure and commitment by Dallas News founder and majority holder of Class A shares unequivocal support for Hearst, despite the lower price. The contribution for the month was 14 bps for the month and 25 bps since inception.
- Rocket Corp. a mortgage finance company completed their acquisition of Mr Cooper, a provider of mortgage services, contributing 8 bps for the month and 23 bps over the life of the deal.
- ASP Isotopes is acquiring South African based Renergen, a liquid helium producer in a stock swap merger. The companies had hoped to close the transaction during the third quarter, but are waiting on one final regulatory approval from South African authorities. As a result, the companies agreed to push back the end date to December. Since Interactive Brokers does not support trading on Johannesburg Stock Exchange, we have purchased the Australian Renergen "ADR". A combination of the delay, timing differences between Australian and US stock exchange trading hours and an relatively large bid/ask spread for the Australian ADR resulted in a negative contribution of 11 bps.
- A conglomerate including the Abu Dhabi Development Company and the Carlyle Group had proposed to acquire Australian oil and gas company Santos. Negotiations were at an advanced stage when news report of a leak at a Santos plant surfaced. The acquirers were dismayed that the information was not communicated to them privately in advance of it becoming public information

and made the decision to terminate their proposal, causing the stock to fall 12%. As usual in these situations, we took a much smaller position than average, and the resulting negative impact was 6 bps.

- Electronic Arts is being acquired by a group comprising Saudi Arabia's Public Investment Fund, the private equity firm Silver Lake and Affinity Partners, founded by Jared Kushner. The deal was announced late in the month and is notable since it is the largest leveraged buyout on record. CFIOUS approval is required, but the involvement of President Trump's son-in-law should make that a formality.

September was another month of strong new merger announcements, with 27 new deals while 25 closed. The number of deals in our portfolio increased slightly to 133 from 130 a month ago. Leverage also increased slightly and is up to \$117 of long positions for every \$100 of capital invested.

Constantia Capital Merger-Arbitrage: Performance as of Sep. 30, 2025

Benchmark	Reporting Period	Returns (Gross) ²	Returns (Net) ^{2 3}	Bench-Mark ²	Excess (Gross)	Excess (Net)	Volatility	Sharpe Ratio
US\$ LIBOR/SOFR	Year-to-date	8.97%	8.51%	3.17%	5.80%	5.34%	N/A	N/A
	Latest 3 Years	7.96%	7.36%	4.83%	3.13%	2.53%	2.46%	1.03
	Latest 5 Years	7.30%	6.70%	3.20%	4.11%	3.50%	2.80%	1.25
	Latest 10 Years	6.00%	5.41%	2.33%	3.67%	3.08%	4.08%	0.75
	Since Inception ¹	6.08%	5.51%	1.76%	4.32%	3.75%	4.18%	0.90

¹ Returns annualized, since inception date 11/1/2011

² Returns annualized for periods in excess of one year

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