

Constantia Capital Merger-Arbitrage Strategy April 2026 Commentary

Our composite returned 1.04% for the month, bringing returns to 1.76% year-to-date, 6.05% annualized for the past 5 years and 5.58% annualized over more than 14 years since inception.

The ceasefire in the Iran War plus continued AI-related optimism caused world equity markets to recover all of their losses and more from March, with the All-Country World Index returning 10.2% (6.8% year-to-date). US stocks performance was in line with the three major geographic groupings, with the S&P 500 returning 10.5% (5.7% year-to-date). Bonds represented by the Bloomberg Aggregate Bond Index, returned 0.1% (0.1% year-to-date). The classic 60/40 Equity/Bond benchmark (All World Index, Bloomberg US Aggregate Bond Index) returned 6.2% for the month and 4.2% year-to-date. West Texas crude oil continued rising as the Strait of Hormuz remained blocked and has gained 84% year-to-date.

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. We are optimistic that the deal will be closing imminently.
- Mission Produce is acquiring Calavo Growers in a merger of two avocado producers. The deal spread tightened after anti-trust approval and shareholder approvals were received, resulting in a contribution of 11 bps.
- Silicon Laboratories is being acquired by Texas Instruments. The companies estimated that the deal would take well over a year to close due to multiple international approvals, including China. As a result, the initial deal spread was unusually wide, but has narrowed recently, resulting in a contribution of 10 bps for the month.
- The Real Brokerage, a technology-focused real estate broker, is acquiring RE/MAX, a traditional real estate broker. The cash-and-stock deal has an unusual proration clause. In addition, there could be anti-trust concerns, although Compass Inc. and Anywhere Real Estate, both much larger owners of multiple real estate brokerage franchises, were allowed to merge recently. Probably for those reasons, the deal traded on a very large spread on the morning of the announcement, but has narrowed since then, resulting in a contribution of 7 bps.
- Lisata Therapeutics, a biotech company, is being acquired by Kuva Labs in a tender offer deal where there is no financing condition. The companies announced a delay in the start of the tender offer as Kuva attempts to obtain more favorable financing for the deal. Despite the “no financing condition”, investors saw that as a red-flag and Lisata has fallen significantly below the deal price, resulting in a negative impact of 25 bps.

- Allied Gold, a Canadian company that operates a gold mine in Mali, is being acquired by Chinese company Zijin Gold. The mine was attacked by rebels recently, causing concern that the deal may not be completed and resulting in a negative impact of 10 bps.

Deal flow for the month was below average, with 21 new deals, while 27 closed. Nevertheless, the number of deals in our portfolio increased slightly to 108 from 104 a month ago. Leverage also increased slightly to \$115 of long positions for every \$100 of capital invested.

Constantia Capital Merger-Arbitrage: Performance as of Apr. 30, 2026

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	1.95%	1.76%	1.21%	0.74%	0.56%	N/A	N/A
	Latest 3 Years	8.63%	8.03%	4.64%	3.99%	3.38%	2.31%	1.47
	Latest 5 Years	6.65%	6.05%	3.61%	3.04%	2.44%	2.54%	0.96
	Latest 10 Years	5.90%	5.31%	2.52%	3.39%	2.79%	4.06%	0.69
	Since Inception ¹	6.15%	5.58%	1.84%	4.31%	3.75%	4.11%	0.91

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