Constantia Capital Merger-Arbitrage Strategy
March 2026 Commentary

Our composite returned 0.24% for the month, bringing returns to 0.71% year-to-date, 6.43% annualized for the past 5 years and 5.54% annualized over more than 14 years since inception.

The War in Iran caused world equity markets to post negative returns, with the All-Country World Index returning -7.1% (-3.1% year-to-date). US stocks were the least negative of the three major geographic groupings, with the S&P 500 returning -5.0% (-4.3% year-to-date). The Dollar was seen as a safe haven and strengthened, adding to pressure on non-US Developed and Emerging Markets equities. Bonds represented by the Bloomberg Aggregate Bond Index, returned -1.8% (0% year-to-date) as rising oil prices stoked fears of inflation. The classic 60/40 Equity/Bond benchmark (All World Index, Bloomberg US Aggregate Bond Index) returned -5.0% for the month and –1.8% year-to-date. West Texas crude oil rose over 50% for the month and has gained 78% year-to-date.

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

- Two Harbors Investment Company, a mortgage finance REIT, had agreed to be acquired by UWM Holdings in a stock swap deal. With both stocks falling, Cross Country Mortgage made a cash only counter bid, which was ultimately accepted, resulting in a contribution of 7 bps for the month.
- Toro Energy, an Australian uranium miner is being acquired by IsoEnergy of Canada in a stock-swap merger. On the last day of the month, Toro's stock traded significantly through the implied deal value. We took the opportunity to realize profits on a portion of our position. The result was a contribution of 15 bps for the month.
- Galaxy Gaming was the biggest negative contributor during February as the stock fell on no specific news. The companies are waiting for various state gaming commission approvals, which can be a notoriously slow process. During March, Galaxy stated in a filing that the parties were actively engaged with regulators and expect the deal to close within a few months. In addition, Galaxy released better than expected earnings. The stock recovered some of its February losses resulting in a positive contribution of 8 bps.
- 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. The deal was scheduled to close during March, but has been delayed due to a challenge to the Scheme Approval. The Scheme was finally approved with conditions, and the companies have delayed closing to deal with those. Assuming there are no last minute complications, all regulatory approvals have been satisfied. Meanwhile, the war in Iran has caused energy prices to rise, and that was exacerbated by a cyclone in Australia that caused local natural gas prices to spike. Falcon rose 42% for the month, but could not keep

pace with Tamboran, which gained 60%. The negative impact for the month was an unusually large 30 bps, but we are optimistic the deal will close and that the loss will be recouped.

- Lensar, a medical equipment manufacturer, was being acquired by the Swiss competitor Alcon. The FTC sued to block the deal and ultimately the companies agreed to terminate the merger. We had reduced the size of our position significantly given its inherent riskiness, but the resulting fall in Lensar's stock of more than 40% resulted in a negative impact of 13 bps.
- Zim Integrated Shipping, an Israeli freight shipping company, agreed to be acquired by German based competitor Hapag-Lloyd in a deal announced in February. The Iran was introduced additional uncertainty resulting in a negative impact of 7 bps.
- Janus Henderson Group, an Investment Management company, is being acquired by Trian Funds. During February, Victory Capital made a counter bid and then raised it during March after Janus rejected the bid. Trian then increased their bid from $49 to $52 per share, at which point Victory dropped out of the bidding war. The deal had been a strong contributor in February, but made zero contribution in March.

Given the underlying volatility, deal flow was better than expected during the month, with 23 new deals, while 28 closed. The number of deals in our portfolio decreased to 104 from 110 a month ago. Leverage remains at $110 of long positions for every $100 of capital invested.

Constantia Capital Merger-Arbitrage: Performance as of Mar. 31, 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	**0.85%**	**0.71%**	0.90%	-0.05%	-0.19%	N/A	N/A
	Latest 3 Years	**8.50%**	**7.90%**	4.68%	3.82%	3.22%	2.29%	1.40
	Latest 5 Years	**7.03%**	**6.43%**	3.55%	3.48%	2.87%	2.79%	1.03
	Latest 10 Years	**5.81%**	**5.21%**	2.49%	3.32%	2.72%	4.05%	0.67
	Since Inception[1]	**6.10%**	**5.54%**	1.83%	4.28%	3.71%	4.12%	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