



## INVESTMENT OBJECTIVE

The Company's primary investment objective is to seek to generate total return, consisting of capital appreciation and current income, through a diversified portfolio of catalyst event merger arbitrage strategies. The Company will seek a secondary objective of the protection of capital, uncorrelated to equity and fixed income markets.

## MERGER INVESTING WITH GABELLI

The Company will seek to meet its investment objective by utilizing the Gabelli Private Market Value (PMV) with a Catalyst™, investment methodology, maintaining a diversified portfolio of catalyst event merger arbitrage strategies to seek to create an optimal risk/reward profile for the portfolio.

"Catalyst Event Driven Merger Arbitrage" is a highly specialised active investment approach designed principally to profit from the differences between the public market price and the price achieved through corporate catalyst events. Catalysts are utilised to earn returns independent of the broad markets' direction. This includes corporate events such as announced mergers, acquisitions, takeovers, tender offers, leveraged buyouts, restructurings, demergers and other types of reorganisations and corporate actions.

## KEY PARAMETERS

Inception	19 July 2017
Total Net Assets	\$101.8m
NAV per Share	\$9.94
Market Price	\$6.05
Premium/(Discount)	(39.1)%
Distribution Frequency	Quarterly
Distribution Yield	5.0%
AIC Member Sector	Hedge Funds

## ASSET TYPE

Equity	39.2%
Contract for Difference	28.5%
Cash & Cash Equivalents	32.3%

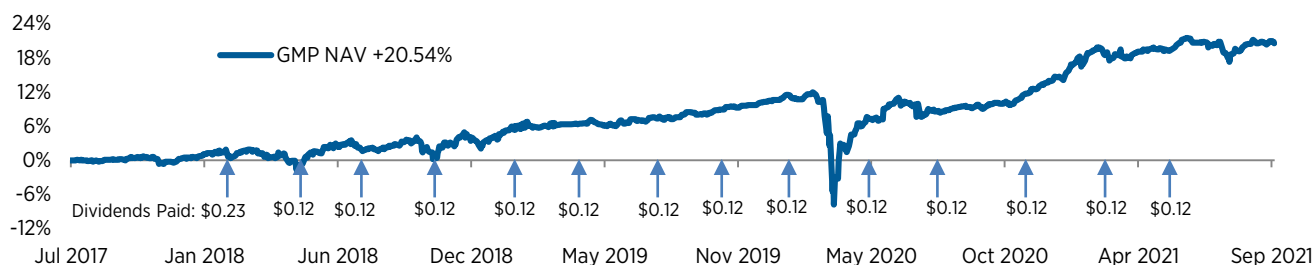
## PORTFOLIO EXPOSURE

Long	125.6%
Short	18.2%
Gross	143.8%
Net	107.3%

## INVESTMENT SUMMARY

Total Positions	482
Average Position	0.3%
Top 5 Positions	13.7%
Top 10 Positions	24.2%
Net Gearing	0.0%

## CUMULATIVE PERFORMANCE



## PERFORMANCE

	2017	2018	2019	2020	2021				
In USD %	Year	Year	Year	Year	Q1	Q2	Q3	YTD	ITD <sup>5</sup>
GMP NAV <sup>3</sup>	0.91	2.82	6.82	3.50	2.91	2.35	0.00	5.22	20.54
GMP Mkt <sup>4</sup>	1.87	-12.95	9.20	-9.68	1.62	1.62	-18.24	-15.57	-25.14
13W TBill <sup>6</sup>	0.58	2.03	2.09	0.32	0.01	0.01		0.02	5.12

**SELECTED HOLDINGS**

• Altaba Inc Escrow	• Nuance Communications
• Avast plc	• PNM Resources Inc
• IHS Markit Ltd	• PPD Inc
• Kansas City Southern	• Suez SA
• Meggitt plc	• Xilinx Inc

**GEOGRAPHIC EXPOSURE**

United States	65.9
Europe	23.6
Rest of World	10.4
<b>Total</b>	<b>100.0%</b>

**SECTOR EXPOSURE<sup>1</sup> (%)**

Communication Services	12.6
Consumer Discretionary	3.8
Consumer Staples	2.4
Energy	2.2
Financials	25.7
Healthcare	8.0
Industrials	14.6
Information Technology	20.1
Materials	5.5
Real Estate	0.0
Utilities	5.1
<b>Total</b>	<b>100.0%</b>

**MARKET CAPITALISATION<sup>2</sup> (%)**

Small Cap (<\$2 bn)	57.4
Mid Cap (\$2 bn - \$10 bn)	28.5
Large Cap (>\$10 bn)	14.1
<b>Total</b>	<b>100.0%</b>

**COMPANY INFORMATION**

Ticker (\$/£)	GMP/ GMPP
Exchange	LSE-SFM; TISE
Domicile	United Kingdom
Dealing Currency	USD
ISIN	GB00BD8P0741
Sedol (\$/£)	BD8P074 / BK9YF07
Ordinary Shares	10,238,206

**MANAGEMENT**

AIFM	Carne Group
Portfolio Manager	Gabelli Funds
Ongoing Charges*	1.53%
Management Fee*	0.85%
Performance Fee*	20% with Hurdle & HWM
Performance Hurdle	Twice the return on 13 week US TBills, capped at 3% of average net assets

**FINANCIAL CALENDAR**

Year End	30 June
Dividend Payments	Quarterly
Next AGM	Q4 2021

**CLIENT SERVICES**

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**NOTEWORTHY ANNOUNCED DEAL (IN THE MONTH OF SEPTEMBER 2021)**

Hill-Rom Holdings, Inc. (HRC-\$150.00-NYSE) agreed to be acquired by Baxter International, Inc. (BAX-\$80.43-NYSE). Hill-Rom Holdings is a medical technology company that offers patient beds and monitoring and diagnostics products. Under terms of the agreement Hill-Rom shareholders will receive \$156.00 cash per share, valuing the transaction at approximately \$12 billion. The transaction is subject to shareholder as well as regulatory approvals and is expected to close in the first quarter of 2022.

**NOTEWORTHY COMPLETED DEAL (IN THE MONTH OF SEPTEMBER 2021)**

W.R. Grace & Co. (GRA-NYSE) agreed to be acquired by Standard Industries. W.R. Grace produces and sells specialty chemicals and materials worldwide. Under terms of the agreement W.R. Grace shareholders received \$70.00 cash per share, valuing the transaction at approximately \$6 billion. The transaction was subject to shareholder, as well as regulatory approvals and closed on September 22, 2021.

## MANAGER COMMENTARY

Global M&A activity continued its vigorous pace in the third quarter, with deal making reaching \$4.4 trillion year to date, an increase of more than 90% compared to 2020. The first nine months of 2021 have already surpassed the full year M&A record that was set in 2015 at \$4.3 trillion. Excluding SPAC acquisitions, which have accounted for \$550 billion in deals in 2021, M&A activity has totaled \$3.85 trillion. Acquisitions by private equity funds accounted for 19% of M&A, or about \$840 billion, more than double their activity in 2020. Private equity firms are taking advantage of low interest rates, accommodative debt markets, and they are looking to deploy capital from record-breaking fund raises in recent years. The U.S. remains the primary venue for deals, with targets there totaling \$2 trillion, while Technology, Financials and Industrials remain the most active sectors.

In September, we crystalized gains on W.R. Grace, Great Canadian Gaming, Translate Bio, among others. Because we invest in announced deals to earn a spread, our results are non-market correlated and will be helped over time by a rise in short-term interest rates as arbitrageurs demand higher returns relating to the risk-free rate hurdle. More specifically, in September:

- Kansas City Southern (KSU-\$270.64-NYSE), which operates rail systems in the U.S. and Mexico, agreed to be acquired by Canadian Pacific (CP) after CP improved its proposal in August. Under terms of the improved proposal, Kansas City Southern shareholders will receive \$90 cash and 2.884 shares of CP stock, valuing the transaction at about \$31 billion. On September 30, the U.S. Surface Transportation Board ("STB") re-approved the voting trust that will be utilized to allow KSU shareholders to receive payment for their shares before the STB concludes its formal review of the transaction later in 2022;
- Great Canadian Gaming Corp. (GC CN-Toronto), which operates 25 gaming, entertainment, and hospitality properties in Canada, was acquired by Apollo Global Management after the companies received approvals from provincial gaming authorities. Under terms of the agreement, Great Canadian shareholders received C\$45 cash per share, or C\$3.3 billion. The deal price was increased from C\$39 cash per share after Great Canadian shareholders objected the valuation was too low,
- Zooplus AG (ZO1 GY-€487.00-Frankfurt), which retails pet supplies online in Europe, agreed to be acquired in August by private equity firm Hellman & Friedman for €390 cash per share, or about €2.7 billion. In September, EQT AB entered into negotiations with Zooplus about a potential acquisition at a price higher than Hellman & Friedman was offering, and KKR also expressed interest in acquiring Zooplus. Later in September, Hellman & Friedman responded by increasing its deal price to €460 cash per share, or about €3.3 billion. However, on September 24, EQT made a proposal to acquire Zooplus for €470 cash per share that was supported by Zooplus management. On October 7, Hellman & Friedman agreed to match EQT's bid of €470 cash per share, or about €3.4 billion, and the stock continues to trade above the deal terms in anticipation of a continuation of the bidding war. The pet-care market has surged during the pandemic as more people working from home have adopted companion pets and appreciate the convenience of shopping online, as well as the broader variety of products found at online retailers.

We realized gains on transactions that closed in September, including:

- W.R. Grace & Co. (GRA-NYSE), a specialty chemical company that makes additives and catalysts used in chemical and manufacturing applications, was acquired by Standard Industries for \$70 cash per share, or about \$6 billion.
- Translate Bio, Inc. (TBIO-NASDAQ), which develops therapies to treat diseases caused by protein or gene dysfunction, was acquired by Sanofi for \$38 cash per share, or about \$3 billion. The deal was announced August 3, and closed quickly after the tender offer expired on September 15.
- Cincinnati Bell, Inc. (CBB-NYSE), which provides telephone and internet service to customers in Ohio and Hawaii, was acquired by Macquarie Infrastructure for \$15.50 cash per share, or about \$3 billion after the California Public Utility Commission approved the transaction in August.

We continue to find attractive investment opportunities in newly announced and pipeline deals. We remain focused on investing in highly strategic, well-financed deals with an added focus on near-term catalysts. We remain upbeat about our prospect to generate absolute returns in 2021.

## DISCLOSURES

<sup>1</sup>Fee information as of December 31, 2020

<sup>1</sup>Sector Exposure includes only long positions. Source: Bloomberg. All data is in USD terms.

<sup>2</sup> Portfolio composition is reflective of the portfolio as of the date of this report, but is not necessarily indicative of the composition of the portfolio in the future which may be significantly different than that shown here. The classifications of market capitalisation, sector, and geography for the Company and indices were sourced from Factset Systems and data is believed to be reliable. For market capitalization classifications, greater than \$10 billion is considered large cap,

\$2-10 billion is mid cap, and less than \$2 billion is small cap. Market Capitalisation, sector and geographic exposures reflect that of equity investments only. Invested Capital includes all long positions (including Net Swap Positions, excludes Net Cash and US Treasuries. Short term fixed Income includes US Treasury/Money Market/Cash

<sup>3</sup>NAV performance is net of all fees and expenses and based on the initial NAV of \$9.92 on 19 July 2017.

<sup>4</sup> Market performance is based on the initial offering price of \$10.00 on 19 July 2017 and reflects changes in closing market values on the LSE.

<sup>5</sup> Inception to Date performance is from 19 July 2017.

<sup>6</sup> Source: treasury.gov, 13 Week Treasury Bill Coupon equivalent at the end of month divided by 12 (months), to represent it on a monthly basis.

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