

# Dalton Street Market Neutral Trust December 2020 Investment Update

The event-driven sub-strategy aims to exploit pricing inefficiencies around corporate activity, such as M&A and restructuring/spin-offs events. We are experiencing a high level of M&A deal activity with especially in Australia and Japan. Particularly the second half of 2020 saw the total number of deals to double (average of USD1bn in 1H, vs USD2bn in 2H). This heightened level of deal activity prompted the Fund to take active positions and to deploy capital in the Event bucket to 101% from 49% the previous month. As a result of M&A deals successfully closing and capturing attractive M&A deal spreads, the overall performance attribution was +0.5%.

Deals that closed successfully were Abano Healthcare (ABA NZ), with an annualized spread of 25% p.a., and Shimachu (8184 JP) with spread of 8% p.a. However, the biggest contributor to overall performance was WPP AUNZ Ltd (WPP AU), where WPP has received an unsolicited proposal from WPP PLC (a 61.5% majority shareholder) to acquire all shares at AUD 0.55. However, WPP PLC revised its offer to AUD 0.70.

The event-driven strategy is well positioned in this environment, and the current M&A tailwind is giving us comfort for a continued elevated M&A deal activity in 2021 to lock-in attractive deal spreads and plenty of competitive deal situations as well as shareholder activism demanding a higher take out price.

Returns	1m	3m	1y	3y (p.a.)	Inception (p.a.)	Inception
Fund	0.58%	n/a	n/a	n/a	n/a	0.12%
RBA Cash Rate	0.01%	n/a	n/a	n/a	n/a	0.05%

Net performance shown is after deduction of all fees and costs. Inception date of Mantis Funds Dalton Street Capital acting as sub-advisor is 18 October 2020. ^ Compounded return since inception. Past performance is no indicator of future performance

Alpha family	Performance	Value of investment
Assuming re-investment of distributions		
Market Neutral Equities	0%	\$1.30
Events & Special Situations	0.58%	\$1.25
Trend & miscellaneous	0%	\$1.20
About the fund		
<b>Objective</b>	Deliver absolute returns over rolling 3 year periods with low to no correlation to traditional asset classes	\$1.15
<b>APIR Code</b>	WMF0001AU	\$1.10
	<b>Damien Hatfield</b> 0400 560 240	\$1.05
<b>Contact</b>	<b>Paul Jacobs</b> 0400 166 144	\$1.00
	<a href="mailto:dmntclient@mantisfunds.com">dmntclient@mantisfunds.com</a>	

Oct-20  
Nov-20  
Dec-20

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