Lumyna Funds

Lumyna – Ramius Merger Arbitrage UCITS Fund

For institutional investors only

The views put forward in the below commentary are the views of the Investment Manager, by Cowen Investment Advisors LLC d/b/a Ramius Advisors, LLC. ("Ramius" or "Ramius Advisors, LLC").

Fund Commentary – Q2 2020

Fund Overview

Key Fund Information	
Strategy	Merger Arbitrage
Investment Manager	Ramius Advisors, LLC
Fund Inception Date	08 July 2016
Dealing Frequency	Daily
Base Currency	USD

For more detailed fund information, please refer to the monthly fact sheet.

Q2 2020 Commentary

Market Environment:

The S&P 500 finished the first quarter of 2020 up 19.95%. The HFRX Merger Arbitrage Index, an index of merger arbitrage hedge funds open to new investments, was up 5.90% for the quarter.

The second quarter of 2020 was a low point both for new M&A activity and completion of announced deals. We view M&A transaction volumes as a function of corporate confidence, however, closing deals is a complex equation of available financing, changes in target business dynamics, regulatory issues, and the relative size of both buyers and sellers, among other issues. We believe the decline in new deals and the increase in deal renegotiations or terminations over the past three months is largely a function of the unprecedented rate of increase in economic uncertainty caused by COVID and its continued persistence (in market terms, VIX). In June, Simon sought to terminate its acquisition of Taubman and the parties have begun litigation; Waste Management and Advanced Disposal agreed to proceed at an ~8% discount to the original terms; and LVMH was reported to be searching for negotiating leverage to lower the price of its Tiffany acquisition without scuttling the deal. In some ways, the volatile M&A environment underscores the disconnect between the strong financial markets and the struggling global economy.

Despite the volatility, we saw some new activity in June. Several large deals were announced or proposed, including JustEat Takeaway outbidding Uber to acquire Grubhub; a consortium of private equity firms agreed to acquire Mas Movil; and Cannae Holdings/Senator Investment made an unsolicited bid for Corelogic, among others. And, even as investors—including ourselves—have been concerned about private equity commitment to deals—Apollo completed its $6 billion acquisition of Tech Data in June with little problem syndicating the financing for the deal. This outcome is in contrast to the Forescout/Advent deal which went into litigation in May. Forescout's contract with Advent states that if the company complies with its obligations under the agreement, it has the ability to ask Advent's subsidiary to specifically perform its obligation to close the transaction and is asking Delaware court to enforce the agreement. Advent, for its part, has alleged that Forescout experienced a material adverse effect to its business, has not operated the business in the ordinary course, and would not be solvent pro forma for the deal's capital structure (all claims that Forescout disputes). If the parties do not settle, a trial is scheduled for late July with a decision expected by early August.

More broadly, we take note of several supporting factors for new deals: The high yield market has been open for issuers of almost any quality (at a price); corporates with strong balance sheets have issued equity as they build war chests for what could be future deal making; and deals announced by Special Purpose Acquisition Corporations (SPACs) are attracting investor attention and performing well.

Portfolio Discussion:

The Fund's top contributors for the quarter included

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Caesars and Fiat Chrysler and the top detractors for the quarter were Forescout and our market hedge.

The Fiat Chrysler/Peugeot spread tightened as car production resumed and Fiat secured new financing without undue restrictions on dividends, with spread still at 16.3% to terms. Caesars/Eldorado secured U.S. antitrust approval for the deal, now expected to close in July.

The most significant performance detractors this quarter were Forescout and our market hedge. Forescout closed on a low for the month as investors became increasingly skeptical of the company's ability to force Advent to complete the transaction. We see the market implied deal odds at less than 30%—and maybe less than 20%—which creates interesting, if temporary optionality for settlement heading into the late July trial.

Outlook:

We would highlight again our recent comments about the current investment environment for merger arbitrage, namely that (1) meaningful risk premium remains for pending deals that were signed prior to the COVID crisis. Spreads are wide because of uncertainty about how deals will be resolved, and that creates opportunity for research and trading to add value; and 2) new deal activity has begun picking up again.

As it relates to news deals, note the $20 billion Maxim/Analog Devices deal announced this week, the largest public target transaction announced in months, and one of several new deals signed in the past ten days. In addition, SPAC transaction activity has accelerated, and investors are taking greater interest in this space. SPAC vehicles have shifted from acquiring mature, cash flowing companies to seeking deals with growth/technology players. This evolution has opened up a much broader potential investment universe—there are more than 100 outstanding SPACs—with meaningful potential upside option value, as well as the already known downside protection from the cash in trust that SPACs must keep for investors if a deal is not completed.

Figure 1: Lumyna – Ramius Merger Arbitrage UCITS Fund: Performance & Risk Statistics since inception

Performance Analysis since inception	
Cumulative Return	12.28%
Sharpe Ratio[1]	0.21
Sortino Ratio[2]	-0.14
Percentage of Positive months	68.75%
Percentage of Negative months	31.25%
Best month	5.60%
Worst month	-9.90%

Source: Lumyna Investments Limited as at 30 June 2020

[1] Sharpe Ratio is based on daily performance returns and 90 day risk free rate. The ratio is shown once sufficient data is available.
[2] The Sortino ratio is based on daily performance returns and shown once sufficient data is available. The minimum acceptable return used for the calculation is 5% per annum.

Past Performance is not a guarantee or reliable indicator of future results.

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Performance Snapshot – USD B (Acc.)

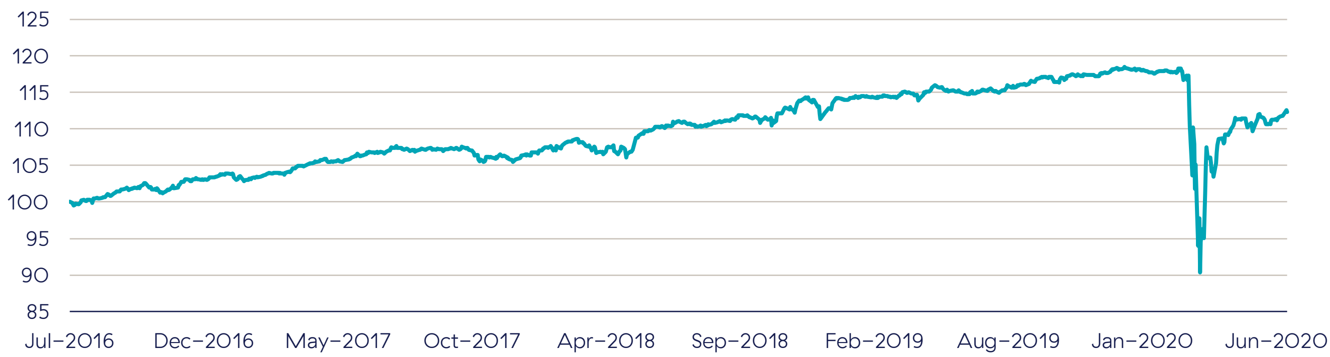
Q2 2020	YTD	Annualised Return	Annualised Volatility[1]
6.54%	-5.04%	2.95%	11.10%

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2020	-0.28%	-0.75%	-9.94%	5.56%	0.42%	0.50%							**-5.04%**
2019	1.43%	-0.14%	0.68%	0.09%	0.02%	-0.13%	0.54%	0.80%	-0.12%	0.93%	0.19%	0.45%	**4.81%**
2018	1.03%	0.87%	-1.48%	0.52%	2.27%	0.86%	-0.23%	0.61%	0.38%	0.47%	1.70%	-1.07%	**6.03%**
2017	-0.49%	0.83%	0.70%	0.90%	0.13%	1.13%	0.56%	-0.20%	-0.03%	-0.16%	-0.96%	0.37%	**2.79%**
2016							0.28%	1.00%	0.86%	-0.67%	1.33%	0.66%	**3.50%**

Source: Lumyna Investments Limited as at 30 June 2020.

[1]Volatility is calculated using daily returns

Figure 2: Lumyna – Ramius Merger Arbitrage UCITS Fund Performance since inception



Source: Lumyna Investments Limited as at 30 June 2020.

The performance figures contained herein are net of fees. The returns shown are based on share class USD B (acc) and therefore such historical information does not represent actual returns that an investor in share classes other than USD B (acc) may receive but is for information purposes to illustrate the performance of the Fund and should be interpreted accordingly. Past performance is not an indication of future performance or actual realised returns on an investment in the Fund (which may be affected by a number of factors including, but not limited to, applicable fees and the timing of subscriptions and redemptions in the Fund).

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Investors should note that the Fund is authorised to invest up to 100% of its net assets in transferable securities and money market instruments issued or guaranteed by an EU Member State or its local authorities, by another OECD Member State, or by public international organisations in which one or more EU Member States are members.

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The key investor information document, Prospectus, articles and latest annual and half-yearly reports are freely available upon request from Société Générale 29, boulevard Haussmann, 75009 Paris, the centralising agent of the Company in France. The Prospectus, the articles and the latest annual and half-yearly reports are only available in English. The information below is for general guidance only and further information is available in the Prospectus.

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The Fund may be registered for public distribution in other jurisdictions in the future. For an up-to-date list of those jurisdictions contact your distributor.

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Investment in the Fund carries substantial risk. There can be no assurance that the investment objectives of the Fund will be achieved and investment results may vary substantially over time. Investment in the Fund is not intended to be a complete investment programme for any investor. Investment in the Fund is intended for experienced investors who are able to understand and accept the risks involved.

A prospective investor should appreciate that the value of any investment, and any income from any investment, may go down as well as up and that an investor's capital is at risk and the investor may not receive back the amount invested. Past performance is not necessarily indicative of future results.

Persons considering investing in the Fund should have regard to, among other matters, the considerations described under the heading "RISK FACTORS" in this Prospectus and the statements set out under the heading "RISK PROFILE" and "SPECIFIC RISK WARNINGS" in the relevant Supplement.

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