

# Alma Platinum IV DLD Convertible Arbitrage

Data as of  
29 September 2023

Fund AUM  
\$105,412,851

Fund Launch  
16 July 2021



## Investment Strategy

- The Investment Manager seeks to generate absolute returns by utilizing a spectrum of convertible arbitrage strategies, which are designed to profit from identifying mispriced or expected return differentials that exist between a convertible security and its underlying equity.
- These strategies are not designed to capture the returns of a rising market and conversely, being uncorrelated to the markets, are not expected to decline in value as the markets fall. The returns are realized as these positions move towards their fair valuation.
- The Investment Manager combines fundamental research and statistical screens to build a portfolio of primarily shorter-duration convertible securities, hedged using equities, options and other parts of the capital structure.

## Investment Manager - DLD AM <sup>(1)</sup>

- SEC-registered New York-based independent investment advisor founded in 2013, with \$1bn in AUM.
- Portfolio is managed by Mark Friedman, founder of the firm, who worked as a director and head of US convertible at Deutsche Bank and began his career as a specialist and market maker trading at O'Connor and Associates.
- Specialised in convertible arbitrage strategies.
- Signatory to the United Nations Principles for Responsible Investment.

## Performance History (16 July 2021 - 29 September 2023) <sup>(2)</sup>



## Fund Performance Summary (I1C-U Share Class) <sup>(2)</sup>

	Return				Annualised Return		
	1M	6M	YTD	ITD	1Y	3Y	ITD
<b>DLD Convertible Arbitrage</b>	0.70%	0.45%	-0.86%	-6.29%	-1.67%	-	-2.90%

Volatility since Launch (%): 4.89%  
Absolute VaR (99%/20 day): <sup>(3)</sup> 6.76%

Please refer to our website to find performances for other shares classes.

## Alma Capital Commitments



## Monthly Fund Performance (I1C-U Share Class) <sup>(2)</sup>

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023	-0.31%	-0.74%	-0.26%	-0.04%	-0.06%	-0.03%	0.42%	-0.52%	0.70%				-0.86%
2022	-1.07%	-0.41%	-0.77%	-0.92%	-2.48%	0.04%	0.30%	-0.62%	-0.66%	-0.92%	-0.71%	0.82%	-7.19%
2021							0.01%*	0.22%	0.49%	0.32%	0.47%	0.33%	1.84%

\*Performance has been calculated since the share class launch

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(1) Represents the views of DLD Asset Management, LP. Alma Capital Investment Management does not take any responsibility for these views and does not necessarily endorse or support such views. (2) Source: Alma Capital Investment Management. The Fund's performance above is shown net of all fund fees. Past performance is not a reliable indicator of future returns. (3) Source: Alma Capital Investment Management. VaR is generated through Arkus Risk Services. The figure represents the current maximum loss anticipated with a 99% confidence level over a 20 day period. All information as of 29 September 2023 unless otherwise specified. Please refer to the disclaimers at the end of this document.

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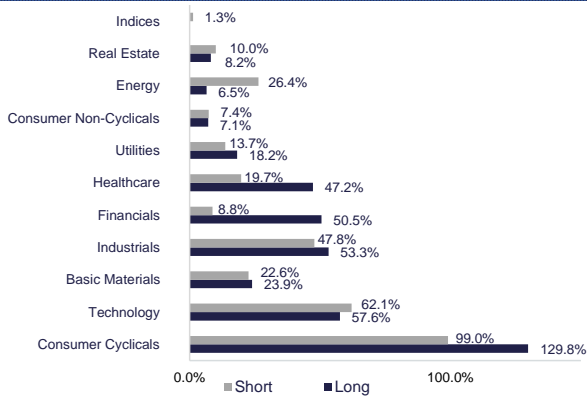
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## Fund Characteristics

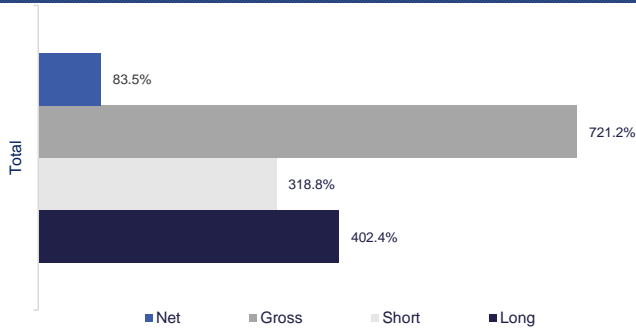
### Sector Exposure <sup>(4)</sup>



### Instrument Type Exposure (% AUM) <sup>(4)</sup>

Instrument Type	Long	Short
Convertibles	392.6%	19.1%
Corporate CDS	0.0%	15.0%
Corporate Bonds	0.0%	26.7%
Equity Single Stock	8.5%	255.4%
Equity Single Stock Options	1.3%	2.5%

### Gross and Net Exposure (% AUM) <sup>(4)</sup>



## Key Facts

Issuer / Manager	Alma Platinum IV / Alma Capital Investment Management			
Fund Type	Luxembourg UCITS SICAV			
Share Classes	I1C-U	I1C-E	I1C-G	I1C-C
ISIN-Code	LU2334539355	LU2334539439	LU2334539603	LU2334539785
BBG Ticker	ALDCAIU LX	ALDCICH LX	ALDCAIG LX	ALDCAIC LX
Currency	USD	EUR	GBP	CHF
Management Fee p.a. <sup>(5)</sup>	1.00%	1.00%	1.00%	1.00%
Tax d'abonnement p.a.	0.01%	0.01%	0.01%	0.01%
Performance Fee <sup>(6)</sup>	15.00%	15.00%	15.00%	15.00%
Initial Issue Price	\$100	€ 100	£100	CHF 100
Launch Date	16 July 2021	31 August 2021	22 December 2021	22 September 2021
Subscription and Redemption Cut-Off	3:00 p.m. CET (T-3)			
Transaction Day (T)	Weekly, each Wednesday, except in the last calendar week of each month, where it is the last Business Day of the month (subject to not more than one Transaction Day per week)			
NAV Publication	Daily, published on a T+2 basis			
Settlement	T+3			
Depository, Administrator, Transfer Agent	CACEIS Investor Services Bank S.A.			
Registered Countries <sup>(7)</sup>	Austria, Germany, Luxembourg, United Kingdom			
SRRI	4			

<sup>(4)</sup> Source: Alma Capital Investment Management. <sup>(5)</sup> Management Fee is payable monthly to the Management Company and is calculated on each Valuation Day on the basis of the Net Asset Value of the relevant Share Class. The Investment Manager is remunerated by the Management Company out of the Management Fee. <sup>(6)</sup> The Performance Fee is deducted from the NAVs cumulative outperformance subject to a high watermark. <sup>(7)</sup> Registered countries where at least one share of the fund is registered. All information as of 29 September 2023 unless otherwise specified. Please refer to the disclaimers at the end of this document.

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## Commentary - DLD AM - September 2023 <sup>(8)</sup>

The biggest surprise for the markets in 3Q23 was the sharp move higher for interest rates, particularly the 10-year yield, which was up 19% from 3.84% at the end of June to 4.57% at the end of September. The significant increase seems attributable to the market's belief that the Fed will keep the short rates higher for longer, likely due to a wide range of factors, including inflation expectations that have been harder to lower than previously thought, crude oil prices up 29% during the quarter, and Fitch's downgrade of US debt to AA+ from AAA in August. The VIX also rose 29% in Q3 from 13.6 to 17.5, as traders believe the equity markets will experience greater volatility due to higher interest rates. Surprisingly, given this backdrop, the S&P was only down 4%, and high yield spreads widened by just 1% in Q3. Beneath the surface, however, individual stocks are seeing outsized moves as rising interest rates affect some companies fundamentally more than others.

The current environment is benefiting DLD's style of convertible bond arbitrage in several ways:

- Strong new issue market for convertible bonds,
- Selective engagement with corporate management for convertible refinancing,
- Focus on short-dated convertibles, dynamic hedging strategies, and fundamental credit research benefits from sizeable individual stock moves caused by companies disproportionately affected by industry and market factors.

According to Bank of America (BAML), global convertible issuance totaled \$21.5B in Q3 2023, up from \$14.9B in Q3 2022 and \$19.7B in Q2 2023. Reasons for the strength include higher coupon savings for convertibles over straight debt for issuers as rates increase, an accounting change in the US for convertible bonds in 2022 that allows issuers to report a lower interest expense, and companies looking to refinance upcoming maturing debt. BAML reports nearly one-third of global high-yield debt will come due in 2025 and 2026, and 2025 bonds will become current liabilities early in 2024, suggesting CFOs may be more willing to refinance these obligations. We believe CBs will benefit as a source of new capital.

Additionally, about half of our convertible portfolio is due before the end of 2025 and 75% before the end of 2026, creating opportunities for us to be involved with corporate actions in bonds we already hold. Our team has proactively contacted many of our company holdings, and we have participated in eight exchange offers so far this year. These situations often give us the double benefit of being taken out of the existing bond at a premium and purchasing a new bond at a decent discount to theoretical value.

Finally, we are seeing large moves in single-name stocks. For example, NextEra Energy Partners (NEP) stock was down 49% during Q3 2023 due to the company's warning that they could no longer invest in new projects as higher interest rates caused their cost of capital to exceed the returns of the new projects. We owned the NEP 0% convertible bonds due 11/15/25, along with short stock and long put options. The short-dated nature of the convertible bond (less than three years) and strong credit quality led to the outperformance of the convertible bond relative to the stock. Additionally, the put options we owned anticipating a potential volatility event helped make this position one of the quarter's most profitable in our portfolio. We believe that several other positions in our book are similarly structured.

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