

↓ -0.87%*

Mygale Event Driven UCITS Fund

Event Driven

November 2021

Performance Returns

*The Mygale Event Driven UCITS Fund USD Institutional Class returned -0.87% during the month of November.

Investment Objective & Strategy

An active trading approach to European Focused Event Driven Equity.

The fund follows predominantly merger arbitrage and catalyst driven strategies. We hold 40-60 positions with a typical net exposure of up to 50% and gross of between 100% and 200%. Our trading approach has a three tiered methodology designed to capture additional alpha for every position. Trades are structured with the intention of embedding optionality and favourably skew risk, with sharpened timing and market feel from our trading background. We frequently question our investment thesis, and conduct fundamental in-house research with the understanding that company specialists may know more. We are not wedded to any positions and do not believe we have the 'information edge.' Therefore, we systematically consult the market through deep local broker relationships and industry specialists. We are constantly looking for trades with fundamental value, and situations with the possibility of counter bids and bump catalysts and try to avoid the 'home run' mentality.

Commentary

November proved a difficult month for the portfolio, driven not by any one name in particular but by broad based spread widening, particularly so post the news of what we now know to be called Omicron. Event Driven activity picked up a little during the month with interesting developments and deal announcements in a number of situations. In the Merger portfolio we saw positive progress in the contested acquisition of leading Robotic Process Automation (RPA) software company Blue Prism, as well as our investment in Playtech, which is the subject of an agreed deal to be bought by Australian based gaming company Aristocrat.

To highlight Blue Prism, a company that has reasonably unique IP, and whose software is used in over 2000 businesses; the majority of which is in the financial services sector. The initial approach came from Vista, in late August, but just ahead of the scheme meeting in mid-November, SS&C disclosed that they had made an approach of their own and were considering bidding 1200p per share. Ultimately, in an effort to ward off SS&C, Vista increased their own bid to 1250p, and made their bid full and final in the absence of a superior offer. We view SS&C, with a focus on the financial services industry, as a realistic bidder and one that is able to compete with Vista on price.

In terms of new deals, we initiated a position in fund administration and legal specialist, Intertrust, after they confirmed entering in to exclusive discussions with CVC for a bid at €18. CVC bought Dutch based peer TMF Group in 2017 and hence we can see a combination with Intertrust would produce significant synergies and create the undisputed leader in the Netherlands. The proposed price is low, at only 13x Ebita, compared to precedents of around 15-16x and hence we view the potential for other players to also show interest. Latterly, in response to press speculation, Intertrust confirmed having been approached by multiple parties with bids of up to €22 per share.

Elsewhere, the Relative Value sub-strategy delivered two positive catalysts this month, although both situations ultimately led to negative performance! After much recent market speculation, Telecom Italia disclosed that they have received a non-binding and indicative bid from KKR at a price of €0.505, for both ordinary and risparmio shares. Whilst this is a complicated situation, ultimately there is strong logic here for the Italian government to support KKR and it is clear this deal has their tacit approval. Vivendi with a 23% stake however, is the potential issue here and is in fact the reason why the risp. / ord. spread widened post the announcement with the market fearing that Vivendi may look to bid themselves, as a way of getting greater value for their stake, but just on the ordinary shares, not both classes as per the KKR deal. We have a long road ahead with this situation and expect a number of twists and turns over the coming months!

Monthly Share Class Performance Breakdown

USD Ins.	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2021	-0.47%	0.20%	0.79%	0.58%	0.64%	0.19%	0.35%	1.11%	-0.06%	0.02%	-0.87%		2.50%
2020	-0.24%	-0.24%	-3.75%	1.26%	-0.34%	0.15%	0.57%	0.75%	0.08%	0.12%	2.31%	1.73%	2.30%
2019	0.60%	0.19%	0.34%	0.51%	-0.20%	1.43%	0.67%	0.15%	0.16%	-0.11%	0.29%	0.28%	4.39%
2018	0.63%	0.96%	-0.23%	0.36%	-0.27%	0.63%	0.22%	0.06%	0.90%	-0.48%	0.42%	0.20%	3.43%
2017	0.00%	0.30%	0.47%	0.61%	0.04%	0.22%	0.46%	0.19%	0.26%	0.56%	0.16%	0.74%	4.06%
2016	0.97%	0.43%	0.02%	0.67%	0.47%	0.03%	2.83%	0.76%	0.84%	-1.56%	0.03%	1.02%	6.65%

The performance figures quoted above for the USD Share Class represents the performance of the Mygale Event Driven UCITS Fund USD Institutional Share Class since launch. These performance figures refer to the past and past performance is not a reliable guide to future performance.

The Manager



Neil Tofts has over 20 years' experience successfully running event driven portfolios and funds, and 23 years in derivatives. As Managing Director and Head of Event Driven Investments for Merrill Lynch in London, he was responsible for a European focused, Global Event Driven portfolio. From 2007 he was Head of Global Event Driven Investments at KBC Alternative Investment Management in London where he established and ran a 4 person team. Prior to this in 2000, Neil founded the London office of Deephaven Capital Management. He has also managed Event Driven investments at Paribas and NatWest Markets. He graduated with a BA (Hons) in Business Studies from Oxford Brookes University.

Ken Li Chung was previously a Vice President at Bank of America Merrill Lynch in London where, most recently, he had full responsibility for the European Event Driven trading franchise. He has over nine years of investment experience, having joined BAML in 2008 and has also been responsible for a European focused fundamental equity portfolio as well as index and portfolio trading. Ken Li graduated with a BA (Hons) in Economics from the London School of Economics and Political Science, and is a CFA Charterholder.

Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	\$558 million
Inception	1 January, 2016

Share Class	Institutional/Institutional Pooled
Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.50%
Perf. Fee	20.00%
Min Init. Sub.	1,000,000
ISIN Codes	EUR: IE00BYRPFQ61/IE00BYRPFV15 USD: IE00BYRPF792/IE00BYRPFY46 CHF: IE00BYRPF585/IE00BYRPFX39 GBP: IE00BYRPF78/IE00BYRPFW22

Share Class	Institutional F/Retail Pooled
Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.25%/2.00%
Perf. Fee	15.00%/20.00%
Min Init. Sub.	10,000,000/10,000
ISIN Codes	EUR: IE00BYRPG302/IE00BYRPFZ52 USD: IE00BYRPG633/IE00BYRPG294 CHF: IE00BYRPG526/IE00BYRPG187 GBP: IE00BYRPG419/IE00BYRPG070

Share Class	Institutional G/Institutional G Pooled
Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.00%
Perf. Fee	20.00%
Min Init. Sub.	10,000,000
ISIN Codes	EUR: IE00BM98V839/IE00BM98VD89 USD: IE00BM98V865/IE00BM98VG11 CHF: IE00BM98VC72/IE00BM98VH28 GBP: IE00BM98V946/IE00BM98VF04

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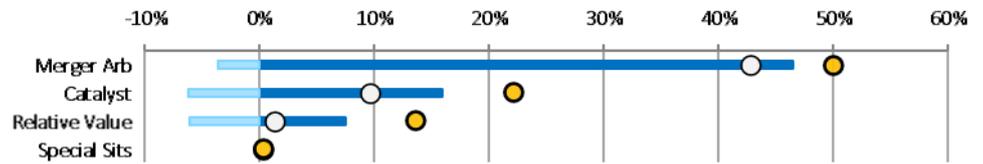
November 2021

Portfolio Exposures

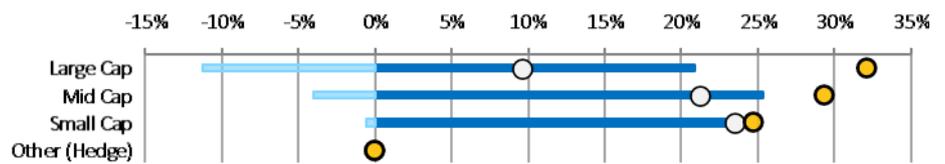
Risk Metrics

LONG EXPOSURE ¹	70.38%
SHORT EXPOSURE ¹	-15.89%
GROSS EXPOSURE ¹	86.26%
NET EXPOSURE ^{1,3}	12.35%
SHARPE RATIO ²	1.41
SORTINO RATIO ²	1.08
VOLATILITY ²	2.76%
NO OF POSITIONS	68

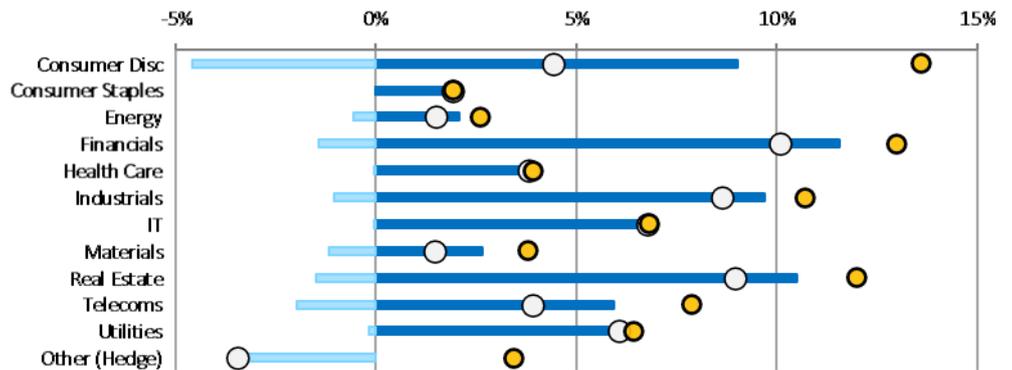
Exposure By Strategy¹



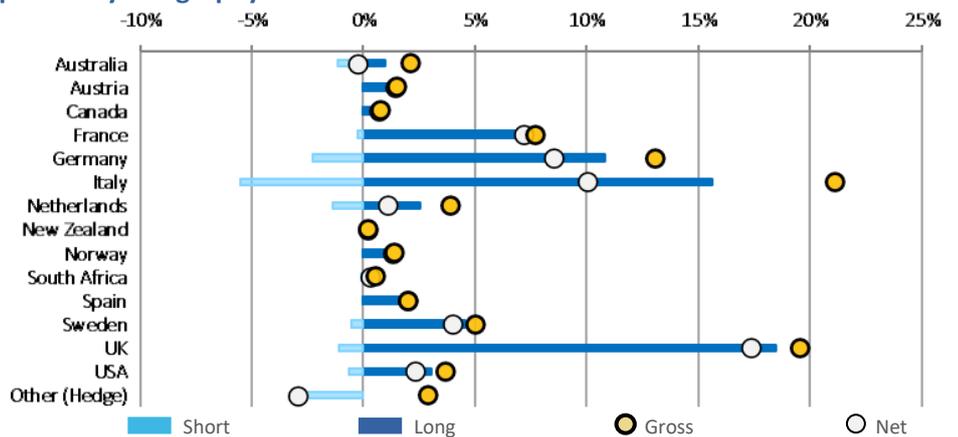
Exposure By Market Cap¹



Exposure By Sector¹



Exposure By Geography¹



1. Based on information from the administrator and as a percentage of the fund AUM in USD including currency hedge for share classes.
2. Based on monthly net portfolio performance
3. The net figure excludes cash merger deals.

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