Mygale Event Driven UCITS Fund

Event Driven **March 2017**

FACTSHEET

Performance Returns

The Mygale Event Driven UCITS Fund USD institutional class had a positive performance of 0.47% during the month of March.

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 30-50 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.

Market Commentary

As we end the first quarter of 2017, March was a month awash with political news. We had the Dutch elections where PM Mark Rutte was re-elected despite the VVD party losing some seats. We also had the first debate in the French presidential election ahead of the first round of voting in late April. Most polls have Macron being viewed as the "most convincing" in the debate, although it is Mélenchon who has the momentum behind him. Eyes are glued to Le Pen's progress though, with markets in store for a shock if she wins. Over in the UK, PM May started her stopwatch as she triggered Article 50, as promised prior to the end of March. Attention now turns to the multitude of different trade agreement possibilities as the British acclimatise to their brave new world.

However, It seems like it continues to be the US that has the most significant impact on markets globally. President Trump and the Republican Party failed to push through major reform of the country's healthcare system, leaving US investors disappointed (SPX -0.04% vs. SX5E +5.46%, MXWD +0.98% in March). Many are casting their minds forward and wondering how likely it is that any touted changes to their tax regime will pass through Congress. The Fed also raised rates by 25 bps in March and has been careful to guide the market to expect two further increases this year (USD DXY Index -0.76%).

As in February, our portfolio produced consistent gains throughout, with positive performance from Catalyst, Merger Arbitrage and Relative Value sub-strategies. Our long held catalyst driven investment in Ansaldo STS continues to grind higher as the majority of stock now sits with parties who are unlikely to sell absent a higher take out price from Hitachi. A trade not dissimilar in nature is Parmalat, where Lactalis are bidding 3 euros per share (having recently bumped from 2.80 euros) to try and reach a stage where they can delist the company. This has performed well for us this month as we correctly determined that the 2.8 bid was too low and unlikely to be successful. Lactalis reached 89.6% at first close and then reopened the offer in an effort to get greater than 90% shareholding, which would require them to launch a residual bid. If they are successful, then a residual offer could produce a higher price (the price being set by Consob, the market regulator), with some fairness opinions suggesting a price range as high as 3.58 euros. The cynic amongst us may also speculate that the chance of news on the remaining Citi litigation is encouraging Lactalis to move quickly on this. If rumours of the potential settlement are correct, then this alone could add close to 1 euro to the share price! We continue to be active here.

In summary, the first quarter of 2017 has produced many opportunities in our investment universe. We expect appetite for UK-listed companies to remain strong as corporate buyers continue to take advantage of the weakness in the pound while US buyers start to work potential corporate tax cuts into their budgets. The FT tells us that M&A deal volume in Europe is up 16% in Q1 vs. 2016, the strongest start to a year since 2008. We have seen many a private equity deal this year to date, which reminds us of another determined buyer type. As PE funds exit their investments made years ago in these buoyant market conditions, they are consistently looking for opportunities to deploy more capital. We've also seen situations where PE are bidding to buy the same asset back (eg. Shawbrook).

We look forward to Q2 and thank you for your continuing support.

Monthly Share Class Performance Breakdown

USD Ins.	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y-T-D
2017	0.00%	0.30%	0.47%										**0.77%**
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%**
GBP Ins. F	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Y-T-D**
2017	0.01%	0.28%	0.43%										**0.72%**
2016	1.25%	0.47%	0.02%	0.69%	0.57%	0.18%	2.85%	0.83%	0.86%	-1.16%	0.05%	0.84%	**7.65%**

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

THE MANAGER

M Y G A L E

Neil Tofts has over 19 years' experience successfully running event driven portfolios and funds, and 22 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 six 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	Weekly
Fund AUM	$130 million
Inception	1st January 2016

Share Class	Institutional/Institutional Pooled
Currency	EUR/GBP/CHF/USD
Mgt. Fee	1.50%
Perf. Fee	20%
Min Init. Sub.	1,000,000
ISIN Codes	EUR: IE00BYRPFQ61/IE00BYRPFV15 USD: IE00BYRPFT92/IE00BYRPFY46 CHF: IE00BYRPFS85/IE00BYRPFX39 GBP: IE00BYRPFR78/IE00BYRPFW22

Share Class	Institutional Founder/Retail Pooled
Currency	EUR/GBP/CHF/USD
Mgt. Fee	1.25%/2.00%
Perf. Fee	15%/20%
Min Init. Sub.	10,000,000/10,000
ISIN Codes	EUR: IE00BYRPG302/IE00BYRPFZ52 USD: IE00BYRPG633/IE00BYRPG294 CHF: IE00BYRPG526/IE00BYRPG187 GBP: IE00BYRPG419/IE00BYRPG070

PORTFOLIO EXPOSURES

Risk Metrics

LONG EXPOSURE[2]	63.13%
SHORT EXPOSURE[2]	-16.55%
GROSS EXPOSURE[2]	79.68%
NET EXPOSURE[2, 4]	15.41%
SHARPE RATIO[3]	2.63
SORTINO RATIO[3]	4.46
VOLATILITY[3]	2.20%
DAILY VAR[1, 3]	2.67%
NO OF POSITIONS	59

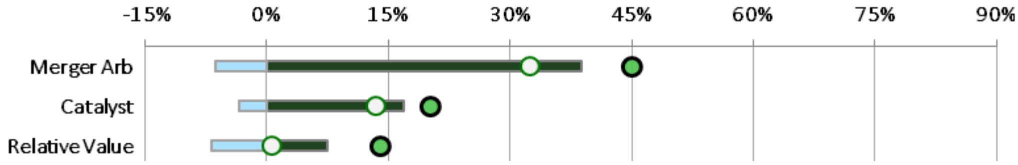
1. VaR is calculated using a confidence level of 99% and a holding period of 20 working days. The VaR model used by the Sub-Fund typically uses data from the last 200 weeks or greater, but a shorter observation period may be used in instances of recent significant changes in price volatility.

2. Based on information from the administrator and as a percentage of the fund AUM in USD including currency hedge for share classes.

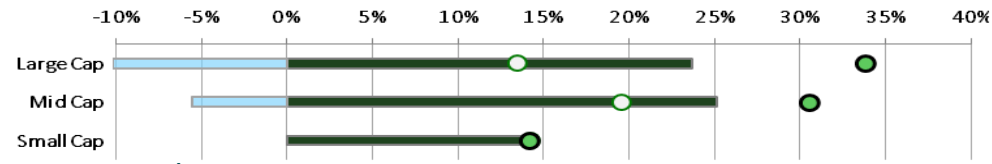
3. Based on daily gross portfolio performance

4. The net figure excludes cash merger deals.

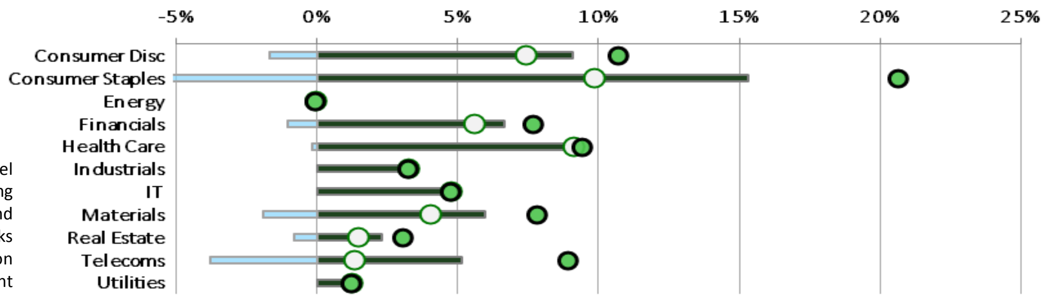
Exposure By Strategy[2]



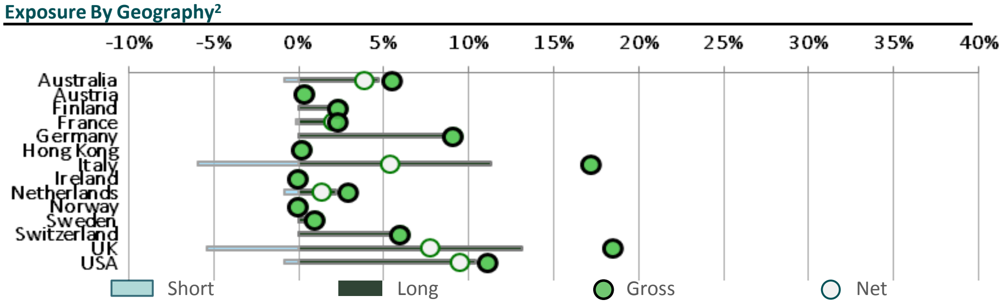
Exposure By Market Cap[2]



Exposure By Sector[2]



Exposure By Geography[2]



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