

↑ +0.19%*

Mygale Event Driven UCITS Fund

Event Driven

December 2021

Performance Returns

*The Mygale Event Driven UCITS Fund USD Institutional Class returned +0.19% during the month of December.

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

This last year will go down as one of the most active environments ever seen for merger activity. At more than \$5.8 trillion, the total value of global mergers reached the highest level since records began, delivering a 64% & 54% increase over 2020 & 2019 levels respectively - while activity in Western Europe recorded a full-year value of \$1.3 trillion according to Mergermarket, the highest figure since 2007. Activity alone however is not guaranteed to translate through to performance and this year should perhaps be defined as one where we found the hit-rate of opportunities in Europe to be lower than usual. Investors will be aware that within the Merger Arbitrage and Catalyst Driven sub-strategies of our portfolio in particular, we look to identify binary, up-side catalyst events, that, over the course of any year can be a significant driver of returns. In 2021, there were a number of occasions that ultimately flattered to deceive, which, whilst not costing the portfolio in the sense that a traditional deal break could, did fail to deliver much of the upside that potentially looked to be on offer.

Bringing what was a difficult fourth quarter to a close, December, in some ways, didn't prove a great deal easier than November. The fact we ended the month positively does not actually tell the whole story as, early in the month, we suffered our first real deal break of the year (in fact the first for a few years).

We had held an investment in Swedish Orphan for a number of months, following a recommended all cash bid at SEK 207 from Advent. Swedish Orphan is a pharmaceutical company with a focus on drugs for the treatment of haemophilia, inflammation and genetic diseases - with both commercial and pipeline drugs. The company had been rumoured over recent years as a potential target for a number of strategic players, such as Pfizer, Biogen, Sanofi plus others and there was no sales process undertaken prior to the board recommending the deal with Advent. Unfortunately, whilst the deal progressed relatively quickly, the hurdle came with regards to the level of acceptance. Advent had conditioned the deal on a minimum acceptance level of 90% (relatively standard and which was waivable) and were successful in reaching 85.2% at first close. In an unusual move, Advent then waived their right to waive this 90% condition, in a tactic seemingly aimed at putting pressure on shareholders to tender, but this backfired with them only reaching 87.3% at final close and thus, the deal broke.

On the more positive side of things, our Catalyst Driven investment in CNH performed strongly in the run up to the spin-off of Iveco in January. CNH consists, on one side, of Agriculture Equipment and Construction business, and of Iveco Commercial Vehicles on the other. CNH is mainly a North American focused business and is the main competitor for industry leader Deere. Due to the conglomerate nature of the company however, many Agriculture sector investors do not follow CNH and hence our belief has been that the more efficient corporate structure post the spin-off of Iveco will unlock value for both entities, with both parts currently trading at significant discount to their peers.

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%	0.19%	2.69%
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	\$570 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: IE00BM98V872/IE00BM98VH28 GBP: IE00BM98V946/IE00BM98VF04

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Commentary continued.

There were a number of new situations added to the portfolio this month. Notably, Immofinanz, a leading German and Austrian commercial property developer and a name we've been involved in for a few years, that this month received a bid from CPI Property at a price of €21.2 per share (cum div.). CPI bought a stake of 11.4% from the CPI founders son, and also bought more shares in the market, giving them a stake of 21.4%. They have also agreed to buy a further 10.6% once antitrust approvals are received. A few days later, this triggered a partial bid from S. Immo, another Austrian property company who owns 14.2% in Immofinanz, at a price of €23 per share. The motivation here is to take their stake to 25% and, presumably, give themselves a meaningful position from which to negotiate from. Both bids are at a significant discount to Immofinanz NAV and hence we don't expect either bid to garner much support at current levels.

Moving ahead into the new year, we are as constructive on the developing opportunity set in Europe as we have been for much of the past 18 months. The tailwinds needed for elevated levels of event driven / merger activity continue to be in place and, in our view at this point, appear set to remain so over the coming quarters. Economic stability and corporate CEO confidence that are needed to develop a meaningful pipeline of mergers are both present, and while inflationary pressures persist, we view a gradual lifting of benchmark rates as a net positive for our strategy, particularly so in Europe. Being cognisant of the potential for shorter term volatility, our expectation is that should markets continue to be forward looking, the broader environment for our approach in Europe remains compelling.

I would like to take this opportunity to thank investors for their continued support of the Mygale business and wish you all the best for what I am sure will be an interesting year ahead.

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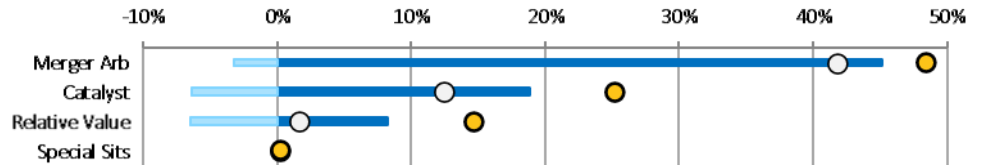
Portfolio Exposures

Risk Metrics

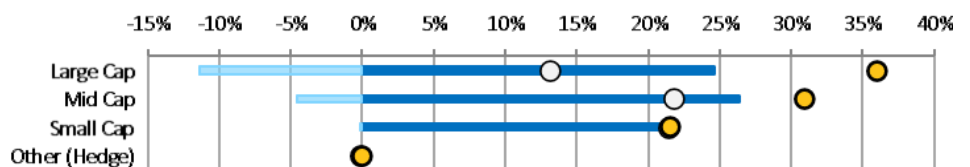
LONG EXPOSURE ¹	72.58%
SHORT EXPOSURE ¹	-16.06%
GROSS EXPOSURE ¹	88.64%
NET EXPOSURE ^{1,3}	15.28%
SHARPE RATIO ²	1.41
SORTINO RATIO ²	1.12
VOLATILITY ²	2.75%
NO OF POSITIONS	68

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

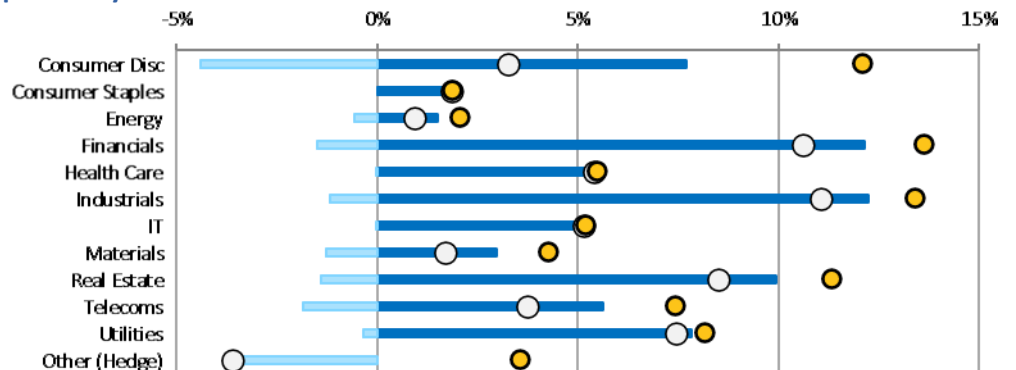
Exposure By Strategy¹



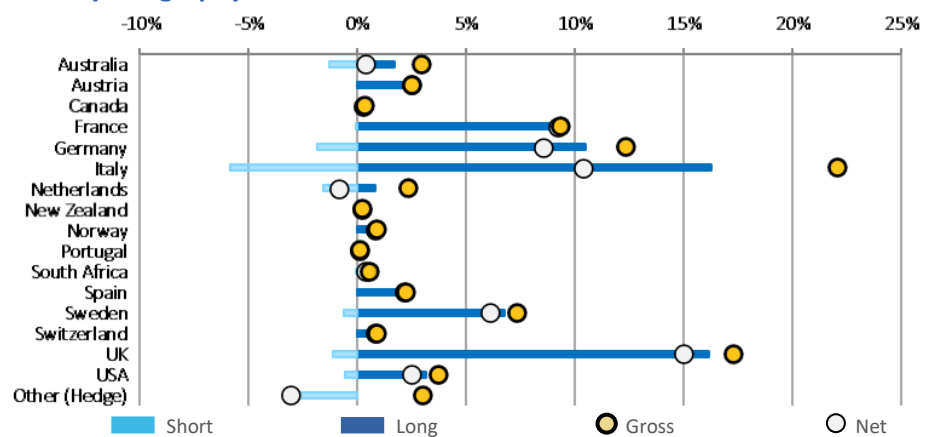
Exposure By Market Cap¹



Exposure By Sector¹



Exposure By Geography¹



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