

FACTSHEET

Performance Returns

The Mygale Event Driven UCITS Fund USD institutional class returned +0.67% during the month of July.

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.

Market Commentary

Global equity markets continued their march higher throughout July with many bourses forging new highs for 2019 on the back of a cautiously optimistic Q2 earnings season and accommodative central banks. Amidst solid US economic data, the S&P 500 posted a muted 1.3% return, crossing the 3,000 level in the process while the European regional indices were mostly unchanged (Stoxx 600 +0.2%, Euro Stoxx 50 -0.2%). The FTSE 100 (+2.2%) outperformed, supported by a weaker sterling as the Conservative Party elected Boris Johnson as Theresa May's replacement as the UK's PM. His steadfast dedication to delivering Brexit by the 31 October deadline has increased the probability of a no-deal outcome and caused a subsequent, and sharp, fall in the Pound, which lost 3.8% against the US Dollar and 1.7% against the Euro over the month.

Deal flow in Europe this month (USD 120bn) continued to be buoyant, with France, Germany, the Netherlands and the UK dominant. Surprisingly, EssilorLuxottica, having only recently completed their own merger, announced a deal to acquire GrandVision (of the Netherlands) for \$7.8bn. In what is seen by many as a continued quest by Leonardo del Vecchio to consolidate the eyewear industry, EssilorLuxottica will buy a 77% stake from HAL Holding via a block trade and will follow this by launching a mandatory takeover bid for the remaining free float. Considering their own merger took 14 months to complete, we expect this acquisition, with more complex regulatory issues, could take at least that!

Deal activity in the UK was also noteworthy this month, on a number of fronts. Prolonged Brexit negotiations have doubtless had a destabilising effect on UK merger activity, but, ironically, this very uncertainty has been the major contributor to the continued weakness in sterling and it is likely that this very weakness is making the UK attractive to foreign acquirers at this point in time! So much so, that in fact, the number of UK companies under offer is now at the highest level since May 2017. The biggest UK deal this month was the \$11bn all share merger of Just Eat with Takeaway.com. The combination is set to create one of the biggest food delivery providers globally, with 355m orders worth \$8bn in 2018.

In fact, the UK proved particularly fertile hunting ground for us this month, with the continued bidding battle for our long-held investment in KCOM finally reaching a conclusion. With neither USS nor Macquarie increasing its bid by the Takeover Panel imposed deadline an auction process ensued. Ultimately this 5-day process resulted in Macquarie winning the auction with a bid of 120.3p, a premium of 24% to the original bid from USS, a price squarely in the ball park of where our initial research had valued the company. Also contributing strongly to portfolio returns was our Relative Value / Catalyst investment in motorway operators ASTM / SIAS. This is a typically convoluted Italian holding company structure that we have traded for a long period of time. When the controlling Gavio family sold a stake in their holding vehicle in mid-2018 implying a significant premium to ASTM market price, we realised a conversion catalyst was likely developing. This materialised in July when the companies announced a merger at a significant premium for ASTM.

Private equity activity is again worthy of mention. A report by Bain and Company forecasts an all-time high of 212 'take private' deals this year, compared to the previous high of 192 deals in 2007! This month, not only did we see the aforementioned competitive bidding contest for KCOM by two infrastructure buyers, but amongst others, there was a \$3.8bn offer for EI Group, the UK's largest pub operator, by TDR Capital. Advent International also announced the acquisition of UK based aerospace and defence products manufacturer Cobham, for \$5bn, representing the largest deal in that sector announced year to date. We expect the current record low interest rates will continue to spur debt-fuelled company buyouts such as this.

Monthly Share Class Performance Breakdown

USD Ins.	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y-T-D
2019	0.60%	0.19%	0.34%	0.51%	-0.20%	1.43%	0.67%						3.58%
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%
GBP Ins. F	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y-T-D
2019	0.54%	0.15%	0.33%	0.48%	-0.25%	1.37%	0.67%						3.35%
2018	0.65%	0.97%	-0.29%	0.37%	-0.28%	0.59%	0.23%	0.03%	0.90%	-0.40%	0.31%	0.15%	3.26%
2017	0.01%	0.28%	0.43%	0.62%	0.07%	0.21%	0.46%	0.19%	0.25%	0.57%	0.16%	0.72%	4.03%
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 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	\$308 million
Inception	1 st 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	EUR: IE00BYRPFQ61/IE00BYRPFV15
Codes	USD: IE00BYRPFPT92/IE00BYRPFY46
	CHF: IE00BYRPFPS85/IE00BYRPFY39
	GBP: IE00BYRPF78/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	EUR: IE00BYRPG302/IE00BYRPFZ52
Codes	USD: IE00BYRPG633/IE00BYRPG294
	CHF: IE00BYRPG526/IE00BYRPG187
	GBP: IE00BYRPG419/IE00BYRPG070

PORTFOLIO EXPOSURES

Risk Metrics

LONG EXPOSURE ²	76.14%
SHORT EXPOSURE ²	-14.24%
GROSS EXPOSURE ²	90.38%
NET EXPOSURE ^{2,4}	17.14%
SHARPE RATIO ³	2.28
SORTINO RATIO ³	2.48
VOLATILITY ³	2.13%
VAR ¹	2.82%
NO OF POSITIONS	58

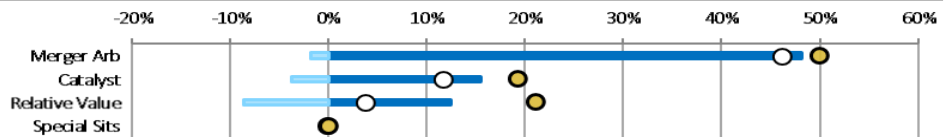
1. VaR is calculated using a confidence level of 99% and a holding period of 20 working days. The VaR model used by the Sub-Fund typically uses data from the last 200 weeks or greater, but a shorter observation period may be used in instances of recent significant changes in price volatility.

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

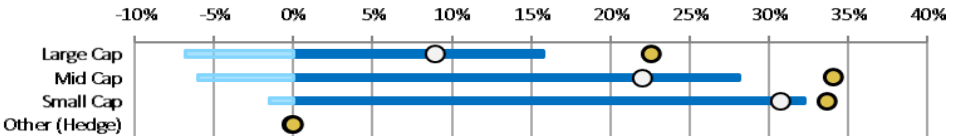
3. Based on monthly net portfolio performance

4. The net figure excludes cash merger deals.

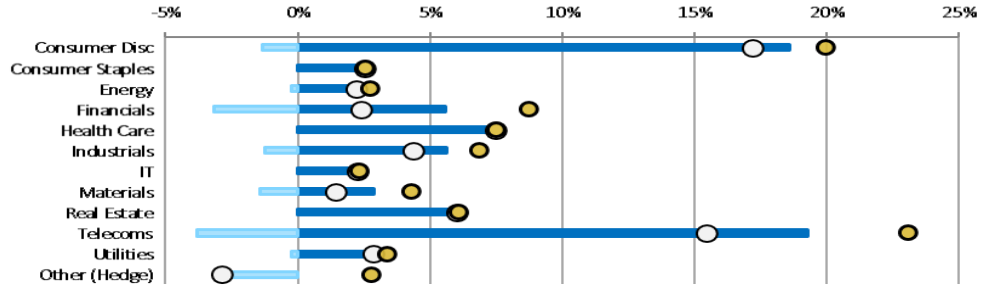
Exposure By Strategy²



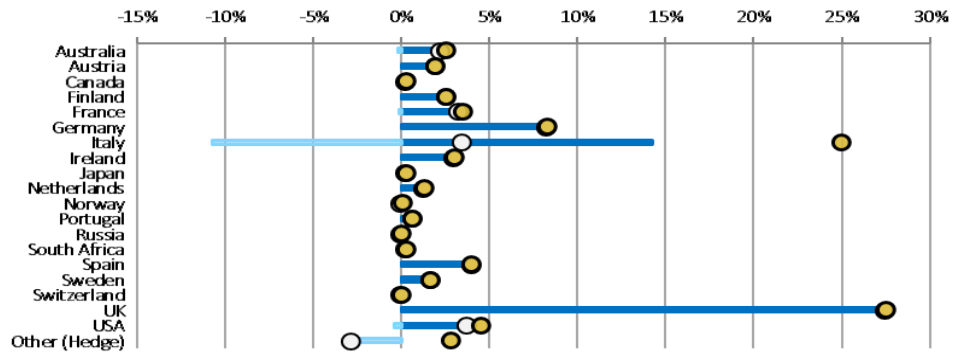
Exposure By Market Cap²



Exposure By Sector²



Exposure By Geography²



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Short Long Gross Net

Disclaimer

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