

↑ +0.35%*

Mygale Event Driven UCITS Fund

Event Driven

March 2022

Performance Returns

*The Mygale Event Driven UCITS Fund USD Institutional Class returned +0.35% 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 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

With the Russian invasion of Ukraine, it is hardly surprising that March proved a difficult month for the portfolio, as I expect, it did for many in the market. The initial invasion, whilst long speculated, triggered a degree of panic and capitulation that impacted all areas of our portfolio. Thankfully, we had reduced gross exposures over recent months which most definitely helped the portfolio to a degree, and whilst in the initial days of the sell off our focus was on managing the exposures to further losses should market weakness continue, we were also able to selectively add to positions as opportunities presented themselves. What started as a month gripped with fear, turned in to one where acquirers returned to the table, and a number of new deals were announced.

With merger activity returning strongly, unsurprisingly it was a busy month in terms of new deals added to the portfolio. In the real estate space, we had Brookfield reaching a recommended deal to buy Hibernia, a Dublin City Centre focused office real estate specialist, which follows hot on the heels of another office real estate bid Brookfield made in late February, where they reached a recommended deal to buy Befimmo of Belgium. In the Netherlands, HAL Investments (who sold their Grandvision stake to Essilor last year) are putting some capital to work and buying Boskalis - a company focused on the construction and management of ports and waterways. HAL are being quite aggressive here and have set up a different entity to buy Boskalis shares in the market.

In the wealth management space, Royal Bank of Canada launched an all cash bid at 515p per share for Brewin Dolphin. The premium is high (about 60% above last) and has a relatively straightforward pathway to deal closure. Whilst optically with such a high premium it would seem unlikely for any upside catalysts to exist, the actual valuation at about 21x earnings is not significantly above where peers trade. A party already based in the UK, for example, would potentially be able to access cost savings and hence could foreseeably justify paying a higher price. Despite being in discussions since mid February, RBC has not succeeded in securing any shareholder irrevocables (other than 0.2% from Brewin directors); it will be interesting to see how the larger shareholders react. The wealth management sector has been active recently (Charles Stanley was bought by Raymond James earlier this year for example) with consolidation driven by mounting technology and compliance costs putting pressure on smaller firms to combine with others. Even if there is no further interest in Brewin Dolphin, we feel the sector as a whole will continue to be active.

Outside of Europe, Australia is also particularly busy at the moment. In the mining sector for example, there is a recommended take-over for Western Areas, Australia's largest purely nickel producer, by IGO. In the infrastructure sector, there has been a bidding war emerge for one of Australia's largest private wholesale open access broadband network companies - Uniti. PE firm Morrison, has been battling it out with Macquarie Infrastructure and Real Assets for Uniti, clearly a strategic asset with potential valuation upside.

Whilst the first quarter as a whole has been a difficult one for the portfolio with merger activity in our core geography of Europe being particularly quiet, it is pleasing to finally see deal activity pick up a pace again and, as stressed in previous months, we fully expect this to continue as the year progresses. Almost ironically, we feel that the current market, where many sectors are supply challenged, will actually lead to a thriving M&A environment as companies are forced to grow through acquisition.

Monthly Share Class Performance Breakdown

USD Ins.	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2022	-1.07%	-0.22%	0.35%									
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%
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%
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%
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%
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%
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%

Y-T-D
-0.95%
2.69%
2.30%
4.39%
3.43%
4.06%
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	\$556 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: IE00BYRPF92/IE00BYRPFY46 CHF: IE00BYRPF85/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: IE00BM98VB65/IE00BM98VG11 CHF: IE00BM98VC72/IE00BM98VH28 GBP: IE00BM98V946/IE00BM98VF04

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Portfolio Exposures

Risk Metrics

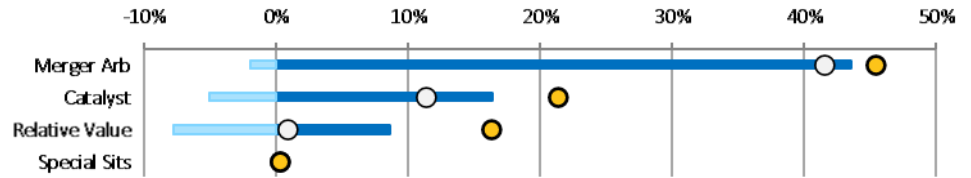
LONG EXPOSURE ¹	69.02%
SHORT EXPOSURE ¹	-14.61%
GROSS EXPOSURE ¹	83.63%
NET EXPOSURE ^{1,3}	12.54%
SHARPE RATIO ²	1.30
SORTINO RATIO ²	1.09
VOLATILITY ²	2.75%
NO OF POSITIONS	63

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

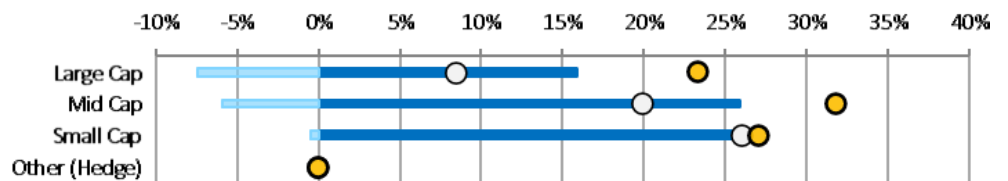
2. Based on monthly net portfolio performance

3. The net figure excludes cash merger deals.

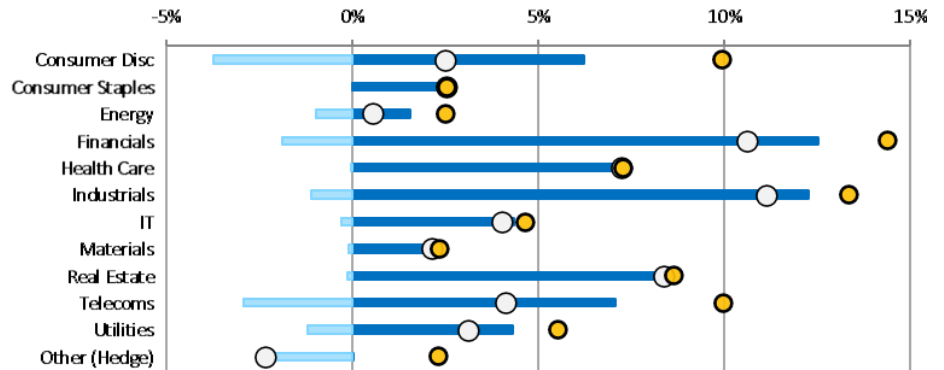
Exposure By Strategy¹



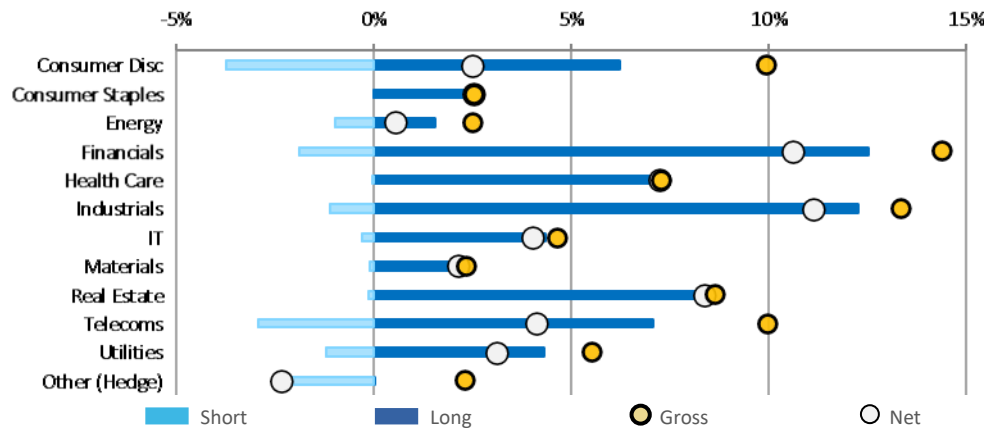
Exposure By Market Cap¹



Exposure By Sector¹



Exposure By Geography¹



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