

# Burren Global Arbitrage UCITS Fund

## Global Event Driven

August 2021

### MARKET COMMENTARY

Two thirds into the year, it is clear that 2021 will be recognised as a golden year for capital markets. The drivers of this year's wave of M&A activity have been expanded on in previous letters and remain steadfast. Bankers, advisors, lawyers, SPAC sponsors and private equity owners are making hay while the sun continues to shine. Meanwhile, stock indices have recorded seven straight months of gains and are approaching 300 calendar days without a 5% decline. Dampened volatility combined with ultra-low fixed income yields has contributed to a supportive environment for financial activity.

However, whilst unquestionably supportive, the environment has not been without challenges for merger arbitrageurs, who necessarily participate in the public, rather than private, markets. The Biden administration and its related new regulatory appointments have caused market participants to reassess the hurdles for M&A transactions and demand a higher risk premium. Chinese regulatory scrutiny has been a bugbear for merger arbitrageurs for some time. Deals broken at the hands of the Chinese authorities, such as Qualcomm's \$46bn failed acquisition of NXP in 2018, remain etched into memory, resulting in widespread scepticism of any M&A requiring such approvals. Recent interventions to support President Xi Jinping's vision of "common prosperity", that wiped \$3 trillion off the market value of Chinese companies worldwide, have heightened concerns.

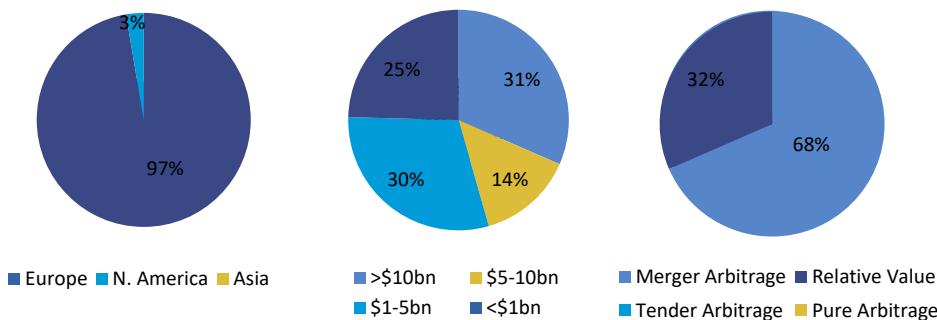
In the UK and Europe, post-Brexit nationalism has increased scrutiny of cross-border M&A, often on the grounds of national security. For investors able to see through interim hurdles and commensurate spread-widening, attractive risk-adjusted gains remain likely. Nonetheless, allocators will want to scrutinise their holdings carefully, to ensure that exposures are appropriate for their risk tolerance and objectives.

August began with the announcement of the month's largest new deal, as Vonovia made an improved €24.7bn takeover offer for German property group Deutsche Wohnen. A previous offer failed to reach 50% acceptance in July. The latest offer includes a stipulation that Vonovia will not strike a domination agreement to force the hand of any holdout shareholders for three years, in an effort to encourage short-term shareholders to tender into the offer.

Foreign interest in UK companies, that presently trade on less demanding multiples than other western bourses, was again on display, as Morrisons agreed to a £7bn takeover by US private equity firm Clayton, Dubilier & Rice, up from earlier offers of £5.5bn, £6.3bn and £6.7bn, in competition with Fortress Investment Group. US aerospace group TransDigm gatecrashed rival Parker-Hannifin's bid for UK defence contractor Meggitt by proposing an unsolicited £7.9bn cash acquisition. Separately, Cobham, (itself bought by US private equity firm Advent in 2019) agreed a £2.6bn purchase of London-listed Ultra Electronics, immediately launching a PR offensive to allay concerns over national security.

The fund initiated one new strategy during the month.

### FUND EXPOSURES



### THE MANAGER



**Andrew McGrath, CIO** founded Burren Capital Advisors Limited in 2010. Andrew obtained a European Baccalaureate in 1995 from the European School in Oxfordshire and then graduated in 1998 with a Bachelor of Commerce, Banking & Finance (Hons) from University College Dublin. After working for Morgan Stanley (1998- 2001) as an associate in the Equity Structured Products Group, Andrew moved to Cater Allen International Limited as Head of Equity Relative Value Proprietary Trading (2001-2003). Andrew then moved to Lehman Brothers International Europe where he co-founded the Special Situations portfolio within Lehman Equity Strategies. After nearly 3 years at Lehman Brothers (2003-2006), he moved to BNP Paribas and assumed the role of European Head of Special Situations & Risk Arbitrage Proprietary Trading.

PERFORMANCE	MTD	ITD
BGA UCITS Fund	-0.05%	14.79%
HFRX Event Driven Index	0.62%	16.58%
HFRX Merger Arb. Index	0.93%	19.15%

### PORTFOLIO INFORMATION

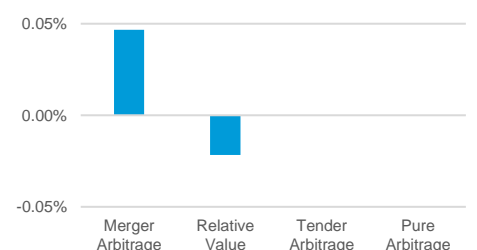
Annualised return	2.17%
Avg. month return (S&P up)	0.30%
Avg. month return (S&P down)	-0.12%
No. of positions during month	13
Positions contributing a profit	8
Positions contributing a loss	5
% of profitable positions	62%
Best performing position	0.04%
Worst performing position	-0.02%
Largest allocation	4.93%
20 Day VaR (99%)	2.36
Volatility	3%
Sharpe	0.47
Sortino	0.70

### UCITS MONTHLY PERFORMANCE\* (USD INSTITUTIONAL FOUNDER CLASS B)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2021	-0.06%	-0.32%	-0.10%	-0.01%	0.01%	-0.31%	-0.06%	-0.05%					-0.90%
2020	+0.13%	+0.07%	-3.22%	+1.29%	+0.50%	+0.67%	-0.42%	0.18%	-0.20%	-0.58%	0.93%	0.00%	-0.73%
2019	+0.61%	-0.13%	+1.18%	+0.35%	-0.10%	+0.09%	+0.76%	-0.27%	+0.20%	+0.24%	+0.16%	0.77%	+3.92%
2018	+1.07%	+1.20%	-0.52%	-0.05%	+1.84%	-0.29%	-0.87%	-0.98%	-1.37%	-0.87%	-0.11%	+0.09%	-0.92%
2017	+0.15%	+0.36%	+1.25%	+0.46%	-0.10%	+0.02%	+0.53%	+0.86%	+1.35%	+0.88%	-0.40%	+0.14%	+5.63%
2016	+0.07%	+0.89%	+0.05%	-0.08%	+0.31%	+1.03%	+0.91%	+1.18%	+0.91%	-0.99%	+1.30%	+1.47%	+7.25%
2015	-	-	-	-0.66%	+0.54%	-0.96%	+0.28%	-0.80%	-0.22%	+1.77%	-0.18%	+0.30%	+0.05%

\*The performance figures quoted above represent the performance of the Burren Global Arbitrage UCITS Fund since its launch on 7th April 2015. These performance figures refer to the past and past performance is not a reliable guide to future performance.

### P&L BY STRATEGY (GROSS)



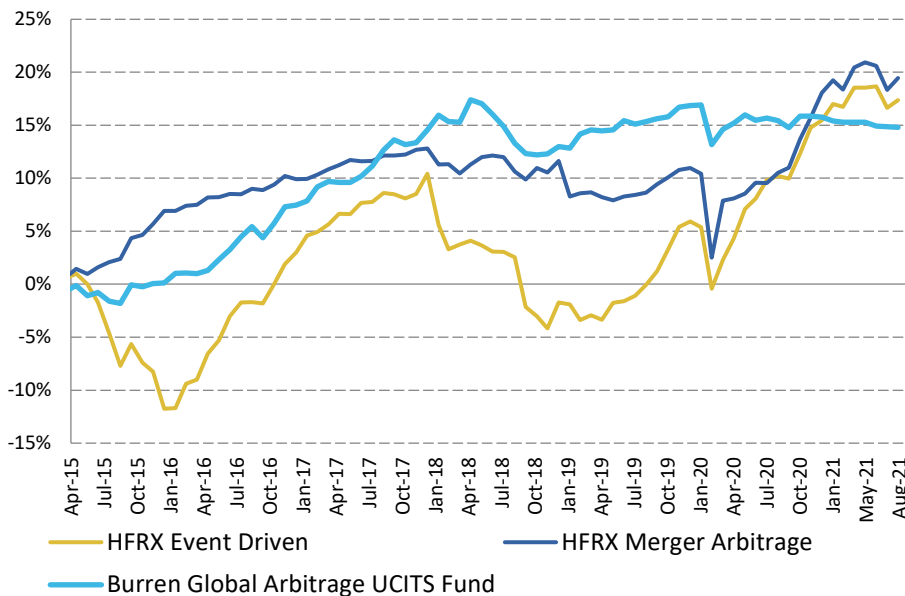
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NEW DEALS	SECTOR	COUNTRY	VALUE (USDM)
Kansas City Southern \ Canadian Pacific Railway	Industrial	USA	31,076
Deutsche Wohnen SE \ Vonovia SE	Financial	GER	29,366
Afterpay Ltd \ Square Inc	Consumer, Non-cyclical	AUS	26,598
Cboe Global Markets Inc \ CME Group Inc	Financial	USA	16,870
Wm Morrison Supermarkets PLC \ Clayton Dubilier & Rice LLC	Consumer, Non-cyclical	GBR	13,717

### BURREN GLOBAL ARBITRAGE UCITS FUND vs INDICES



### FUND FACTS

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	\$11.5 million
Strategy AUM	\$99.4 million
Inception	7 <sup>th</sup> April 2015

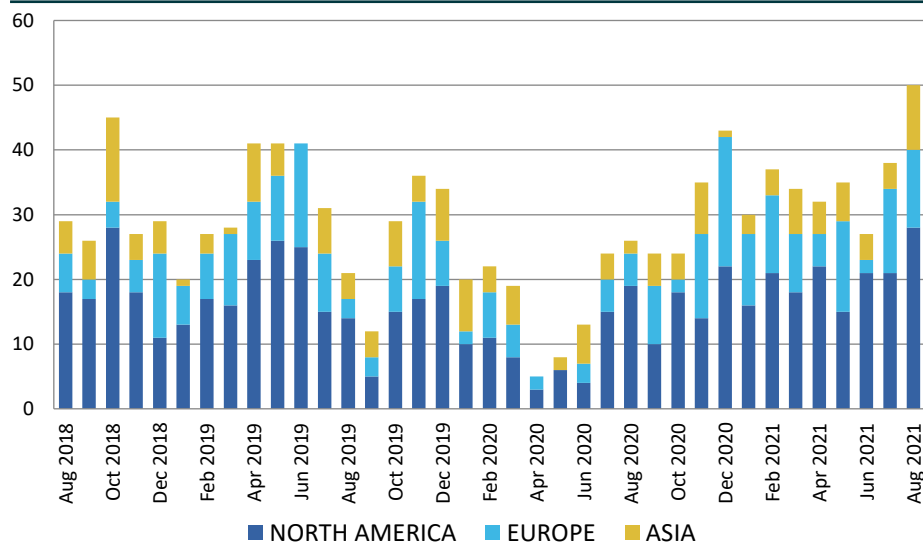
### Share Class Institutional/Institutional Pooled

Currency	EUR/GBP/CHF/USD
Mgt. Fee	1.5%
Perf. Fee	20%
Min Init. Sub.	100,000
ISIN Codes	EUR: IE00BVBV9450 / IE00BVBV9D45 USD: IE00BVBV9781 / IE00BVBV9H82 CHF: IE00BVBV9674 / IE00BVBV9G75 GBP: IE00BVBV9567 / IE00BVBV9F68

### Share Class Retail Pooled

Currency	EUR/GBP/CHF/USD
Mgt. Fee	2%
Perf. Fee	20%
Min Init. Sub.	10,000
ISIN Codes	EUR: IE00BVBV9J07 USD: IE00BVBV9M36 CHF: IE00BVBV9L29 GBP: IE00BVBV9K12

### NUMBER OF ELIGIBLE OPPORTUNITIES BY REGION / MONTH



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