

↑ +0.35%*

Mygale Event Driven UCITS Fund

Event Driven

July 2021

Performance Returns

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

Commentary

July was a particularly busy month with a lot of new deals announced, as well as a number of significant developments in existing portfolio names. Overall we initiated in excess of 20 new investments and closed a similar number - this is probably a record for us! Intra month volatility was high with equity markets experiencing some degree of fatigue at points, but our portfolio activity was strong with many catalysts being delivered both in our Merger Arbitrage and Catalyst Driven sub-strategies.

Coming into the summer period, it's worth mentioning that we don't expect activity to fall off a cliff in August, as it sometimes does when half of Europe decamps to the beaches. At times in July, we definitely felt a slowing of volumes in markets generally, but there were also phases of intense Event Driven activity. We expect August to be similar and activity levels to remain more active than the seasonal norm.

Positions of Interest

Vectura was one of the main contributors to the portfolio this month following a competing bid from Philip Morris that improved on the standing offer from private equity group Carlyle. Vectura is an inhaled drug delivery specialist, with expertise in device, formulation and pharmaceutical development for complex inhaled therapies – this focus on respiratory is somewhat unique in a CDMO company of this type. We built our initial position with the view that there was significant potential for a counter bid to emerge, a thesis that delivered in early July when Philip Morris tabled their bid of 150p in cash. We feel that this is a situation where, despite the sheer size of Philip Morris, Carlyle's expertise in the CDMO field could mean they have the appetite to compete and push the price higher.

Additionally, our investment in Deutsche Wohnen continued through July and we weren't overly surprised to see the current bid fail to reach the 50% acceptance threshold (they got 47.6% acceptance). The buyer, Vonovia, held the view that hedge funds were not tendering in to the bid "for technical reasons" but we don't fully subscribe to this view. As discussed previously, we believe the offer price does not reflect full value for the company and hence feel that many other shareholders would have decided not to tender. We believe that Vonovia are fully committed to this deal, for the strategic and financial benefits it brings, and that they will need to launch a new bid on improved terms should they wish the deal to be successful. We await developments over the coming weeks.

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% | | | | | | 2.29% |
| 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 | \$450 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 |

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Event Driven

July 2021

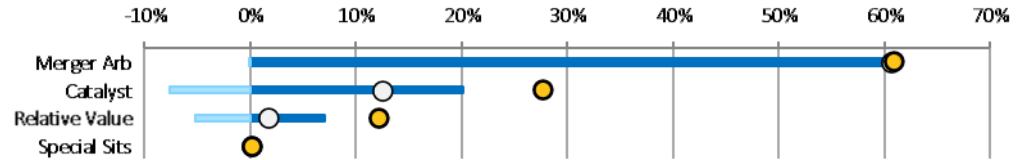
Portfolio Exposures

Risk Metrics

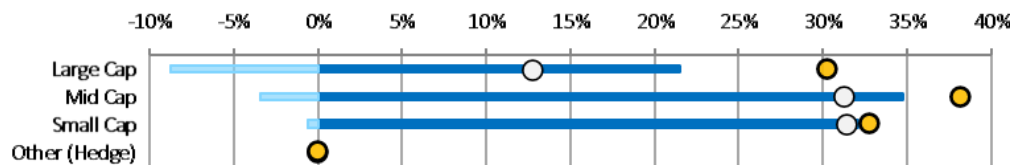
| | |
|-----------------------------|---------|
| LONG EXPOSURE ¹ | 88.40% |
| SHORT EXPOSURE ¹ | -12.81% |
| GROSS EXPOSURE ¹ | 101.21% |
| NET EXPOSURE ^{1,3} | 15.51% |
| SHARPE RATIO ² | 1.48 |
| SORTINO RATIO ² | 2.09 |
| VOLATILITY ² | 2.77% |
| NO OF POSITIONS | 77 |

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.

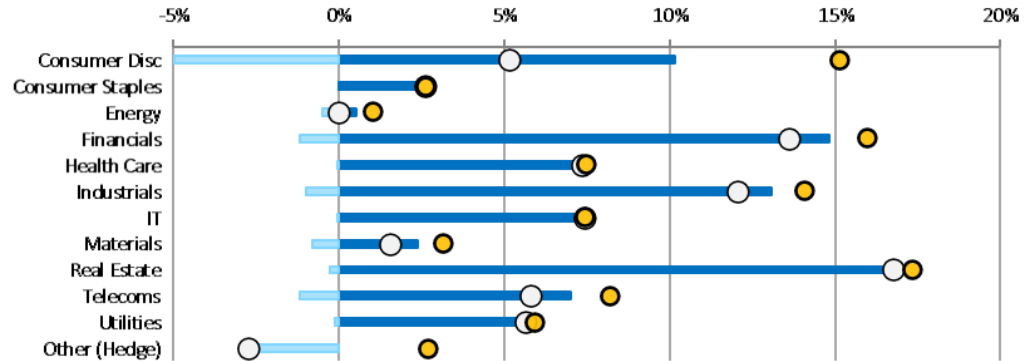
Exposure By Strategy¹



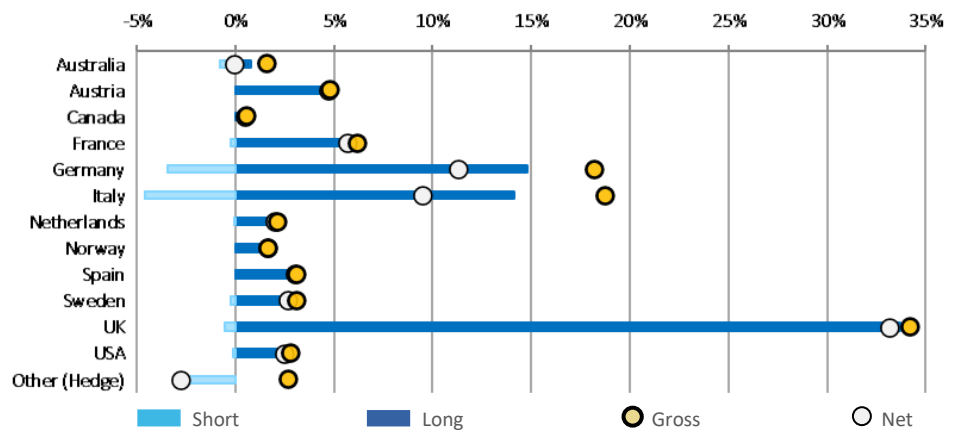
Exposure By Market Cap¹



Exposure By Sector¹



Exposure By Geography¹



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