Mygale Event Driven UCITS Fund

Event Driven

May 2018

FACTSHEET

Performance Returns

The Mygale Event Driven UCITS Fund USD institutional class returned -0.27% during the month of May.

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

May started full of promise, persuading investors against adopting the much talked about "sell in May and go away" adage. The US equity market proved resoundingly resilient, with the S&P 500 closing the month 2.2% higher and the smallcap-focused Russell 2000 adding 5.9%. This strength prevailed despite the China/US trade war that continues to rumble on and threatens to draw in the EU as well. President Trump's administration confirmed the removal of Europe's tariff exemption on imported steel and aluminium which only proved to be a small speed bump in the rise of the US Dollar (DXY +2.3% in May). Emerging markets were unsurprisingly weak as a result (MSCI EM -3.8%) while the weaker Sterling (GBP -3.4% vs. USD) helped support the FTSE 100 (+2.2%). With earnings season drawing to a close, investor focus will remain squarely on macroeconomics and geopolitics. Italy's populist parties look to have finally won approval from the President to form a government right on May's closing bell, while Spain's PM Rajoy looks to have run out of time amidst a corruption scandal. This continuing uncertainty weighed heavily on European stocks throughout the last two weeks of the month (MIB -9.2%, Ibex -5.2%, SX5E -3.7%) and the Euro (-3.6% vs. USD).

With the aforementioned geopolitical concerns continuing, the Event Driven landscape proved volatile during the month, particularly so at the beginning and end, with relative stability in between! Initially, the heightening war of words between the US and China struck fear in to many Event Driven managers as one of the largest consensus holdings in our space, NXP Semiconductors, sold off aggressively. The issue here being that the trade war looked likely to result in the deal being caught up in this political mess and resultantly being blocked by China. Despite believing in the likelihood of Mofcom approval (absent the trade war) we have purposely only held a small exposure in this name due to its consensus nature and continue to do so. The pain felt by many Event Driven managers resulted in significant selling of not only NXP positions but other Event Driven names also, and it is in those names that we took the opportunity to add to position sizing opportunistically.

The broad based volatility seen in the last week of May caused our performance to turn negative, and we returned -0.27% during the month. There was no one stand out contributor to this, rather names across all four sub strategies contributed negatively, particularly so as the political issues in Italy and Spain neared a head. Also, as the month closed, there was index related technical repositioning in one of our core Relative Value positions that had a negative impact. On the positive side, one of our long held Catalyst holdings in Australia, Investa Office Fund, performed well following an unsolicited bid from Blackstone at a 17% premium to last price and a 4% premium to NTA (as of 31 Dec 17). Our thesis in Investa has been based on the positive outlook for the office market in Sydney and Melbourne, which looks likely to remain strong for the next few years, and the fact that Investa is the only large, pure play office REIT that is buyable. A degree of due diligence work is currently taking place and we expect this to take up to another 2 weeks before a formal bid is confirmed.

Monthly Share Class Performance Breakdown

USD Ins.	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y-T-D
2018	0.63%	0.96%	-0.23%	0.36%	-0.27%								**1.45%**
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**
2018	0.65%	0.97%	-0.29%	0.37%	-0.28%								**1.42%**
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 19 years' experience successfully running event driven portfolios and funds, and 22 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	Weekly
Fund AUM	$194.75 million
Inception	1st 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 Codes	EUR: IE00BYRPFQ61/IE00BYRPFV15 USD: IE00BYRPFT92/IE00BYRPFY46 CHF: IE00BYRPFS85/IE00BYRPFX39 GBP: IE00BYRPFR78/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 Codes	EUR: IE00BYRPG302/IE00BYRPFZ52 USD: IE00BYRPG633/IE00BYRPG294 CHF: IE00BYRPG526/IE00BYRPG187 GBP: IE00BYRPG419/IE00BYRPG070

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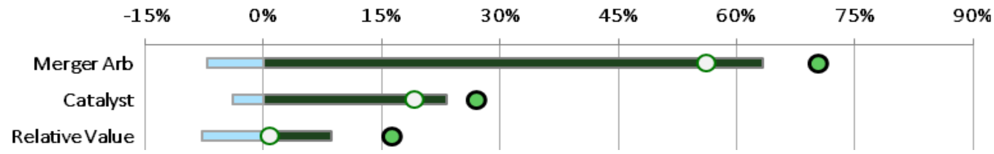
PORTFOLIO EXPOSURES

Risk Metrics

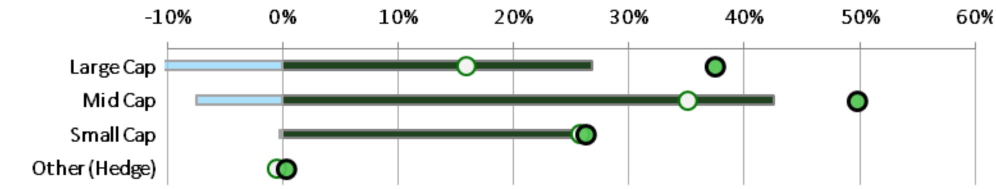
LONG EXPOSURE[2]	95.45%
SHORT EXPOSURE[2]	-18.95%
GROSS EXPOSURE[2]	114.41%
NET EXPOSURE[2, 4]	26.05%
SHARPE RATIO[3]	2.51
SORTINO RATIO[3]	4.27
VOLATILITY[3]	1.96%
VAR[1]	4.24%
NO OF POSITIONS	61

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 weekly net portfolio performance
4. The net figure excludes cash merger deals.

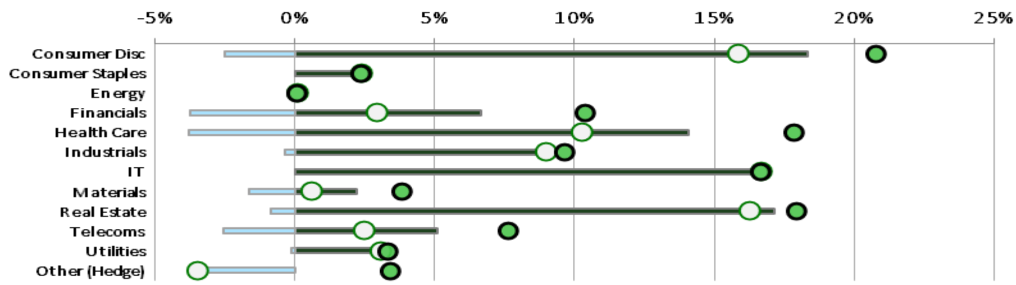
Exposure By Strategy[2]



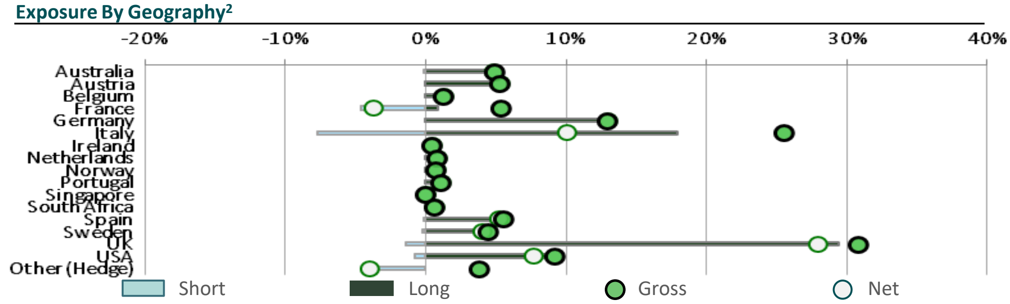
Exposure By Market Cap[2]



Exposure By Sector[2]



Exposure By Geography[2]



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