

↓ -0.47%\*

# Mygale Event Driven UCITS Fund

## Event Driven

January 2021

### Performance Returns

\*The Mygale Event Driven UCITS Fund USD Institutional Class returned -0.47% during the month of January.

### 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.

### Monthly Commentary

Portfolio performance in January was mixed, in that we had Catalyst situations deliver positively, whilst others didn't progress in the way we had expected. Also, the market volatility late in the month seemed to hit all areas of our portfolio, with some Merger deal spreads widening, as well as negative moves in some Catalyst and Relative Value positions. This was sentiment and flow driven in the main rather than due to deal specific factors. Deal activity remained strong and we initiated over 10 new investments in the month.

### Positions of Interest

Our investment in Siltronic, a German manufacturer of wafers for silicone chips, delivered in the way we expected in January, with Global Wafers bumping the bid price not once, but twice, in a matter of days. An initial increase to €140, was followed by a further bump to €145 the very next day! This, combined with a lowering of the acceptance condition to 50% in an effort to get shareholder support clearly increases the chances of bid success but is not by any means, a foregone conclusion, particularly with wafer prices likely entering a long period of price growth – hence even 50% acceptance could prove a stumbling block!

Our investment in Tikkurila, a Finnish decorative paints company with significant presence in the Nordic and Baltic region, developed well. In early January PPG were forced to raise their bid from €25, to €27.75 in response to another, unnamed, interested party having emerged. Our analysis of the paints market in the region, led us to believe this mystery bidder could be Akzo Nobel. In late January our thesis materialised as Akzo Nobel bid €31.25 per share, a 13% premium to the PPG bid and a whopping 108% premium to the undisturbed price from December 2020! Clearly the disruptive threat of PPG to Akzo's dominance in the region as well as using Tikkurila's distribution network and brand recognition platform for further growth provided sufficient fear to trigger Akzo's move. This deal is an interesting example of the importance of strategic positioning over valuation. We remain invested with the expectation that PPG could return.

### 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%												-0.47%
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	\$308 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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### Portfolio Exposures

#### Risk Metrics

LONG EXPOSURE <sup>2</sup>	89.98%
SHORT EXPOSURE <sup>2</sup>	-22.11%
GROSS EXPOSURE <sup>2</sup>	112.08%
NET EXPOSURE <sup>2,4</sup>	18.49%
SHARPE RATIO <sup>3</sup>	1.37
SORTINO RATIO <sup>3</sup>	2.02
VOLATILITY <sup>3</sup>	2.89%
VAR <sup>1</sup>	7.77%
NO OF POSITIONS	73

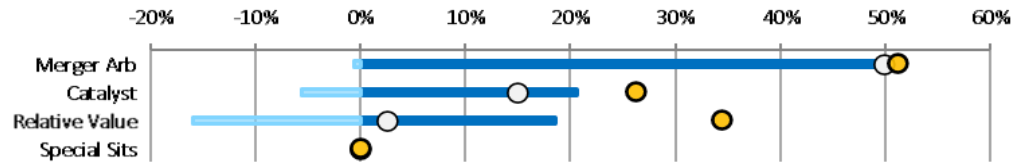
1. VaR is calculated using a confidence level of 99% and a holding period of 20 working days. The VaR model used by the Sub-Fund typically uses data from the last 200 weeks or greater, but a shorter observation period may be used in instances of recent significant changes in price volatility.

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

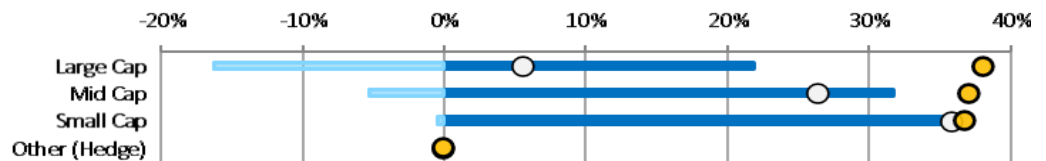
3. Based on monthly net portfolio performance

4. The net figure excludes cash merger deals.

### Exposure By Strategy<sup>2</sup>



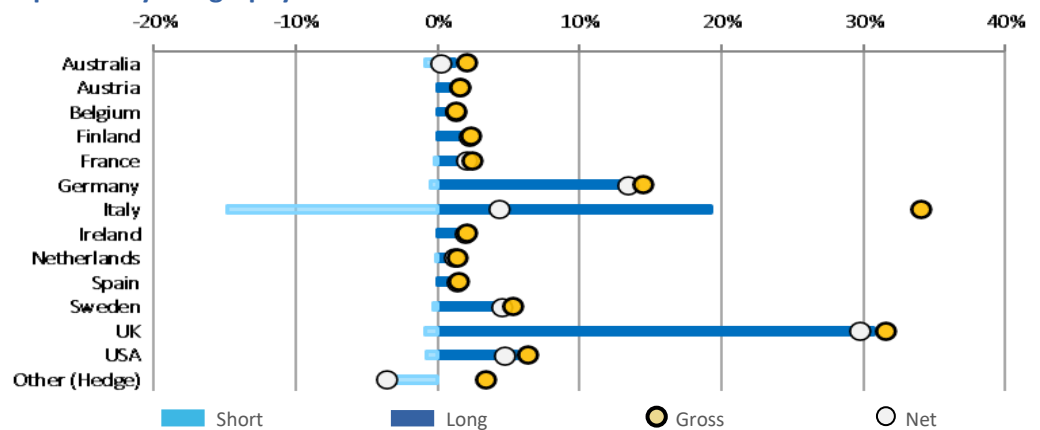
### Exposure By Market Cap<sup>2</sup>



### Exposure By Sector<sup>2</sup>



### Exposure By Geography<sup>2</sup>



■ Short      ■ Long      ● Gross      ○ Net

### Contact Details

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### Disclaimer

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