Mygale Event Driven UCITS Fund

Event Driven

January 2018

FACTSHEET

Performance Returns

The Mygale Event Driven UCITS Fund USD institutional class had a positive performance of 0.63% 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.

Market Commentary

If 2017 finished with a bang, then 2018 most definitely started with an explosion… both in stock markets and deal activity. Equity markets were supported by global economic growth and strong earnings data, mainly out of the US. Tax reform continued to be a hot topic of debate throughout the month, which Trump closed with a State of the Union Address that was surprisingly unsurprising! The S&P 500 added a huge 5.6% over the month, but was still outperformed by the tech-heavy Nasdaq (+7.4%), as investors scrambled to add risk. Volatility remained grounded for the majority of January, but started to creep higher as the market rally took a pause for breath in the last week (VIX 13.54).

If the weakening of the USD was gradual throughout 2017, it certainly accelerated in January, as the US Treasury Secretary talked down the strength of the Greenback. The Euro appreciated 3.4% vs. the USD, while the British Pound was 5% more valuable in dollar terms. The eurozone recovery continued to gather momentum and the negotiating parties made progress in Brexit talks – the likelihood of a transition period for businesses increased. The big move in sterling proved too much of a headwind for the FTSE 100 (-2.0%) while the Eurostoxx 50 (+3.0%) shrugged off the Euro strength. Not all plain sailing from here though, with the European earnings season set to hit top gear and the Italian elections on the horizon in early March.

January was awash with merger activity, with new deal volume up over 30% YOY. The preponderance of consolidation in biotech among deals globally was notable, with established drugmakers facing increasing pressure on their top-line and cheaper unfettered access to their significant off-shore cash pools. We saw the likes of Celgene and Sanofi taking large steps into higher-growth segments. Such is their desperation that the latter gazumped Novo Nordisk's bid for haematology (and nanobody) expert Ablynx by 60% (ex-CVR). Given the need for the companies to bolster their pipelines and the wide availability of funding (external and internal), we expect the biotech sector to remain active throughout the year.

It is not just biotech though, activity really was widely spread across many sectors during January and, we had one of our busiest periods since inception, initiating 16 new investments (and closing 10). Names such as Abertis, and Sky, were significant contributors to performance this month, with both the normal new year attitude toward adding risk as well as, in Sky for example, the more positive tone on news flow contributing to strong price movements. Sky benefitted as fears around the continued regulatory review process dissipated somewhat with the CMA confirming their view that there were no concerns around broadcasting standards (media plurality remains the issue). Investors turned more to thoughts of fundamental value of Sky, as not only Disney's interest in Fox served to confirm, but strong 1H results underlined this point. We've been of the view that Murdoch was getting Sky on the cheap for a long time, and gradually this realisation seems to be coming to the fore. We expect this to play out further in the coming months.

The opportunity set is clearly incredibly attractive at the moment and we look forward to it staying that way in the months ahead!

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%												**0.63%**
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%												**0.65%**
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 guarantee of future performance or 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	$182.5 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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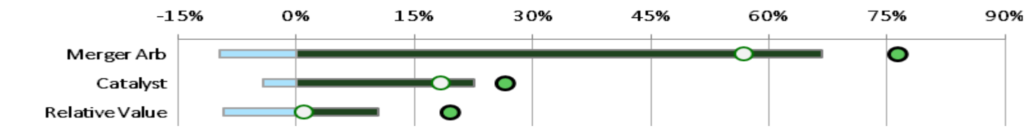
PORTFOLIO EXPOSURES

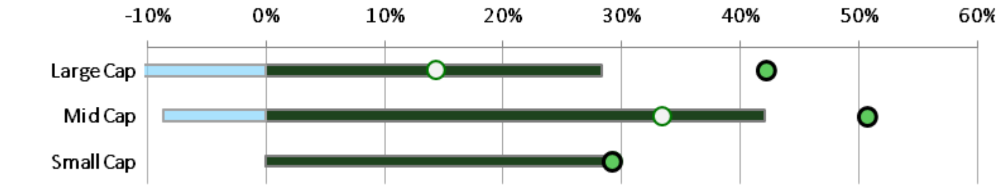
Risk Metrics

LONG EXPOSURE[2]	99.75%
SHORT EXPOSURE[2]	-23.29%
GROSS EXPOSURE[2]	123.04%
NET EXPOSURE[2, 4]	21.96%
SHARPE RATIO[3]	2.89
SORTINO RATIO[3]	4.74
VOLATILITY[3]	1.85%
VAR[1]	4.56%
NO OF POSITIONS	51

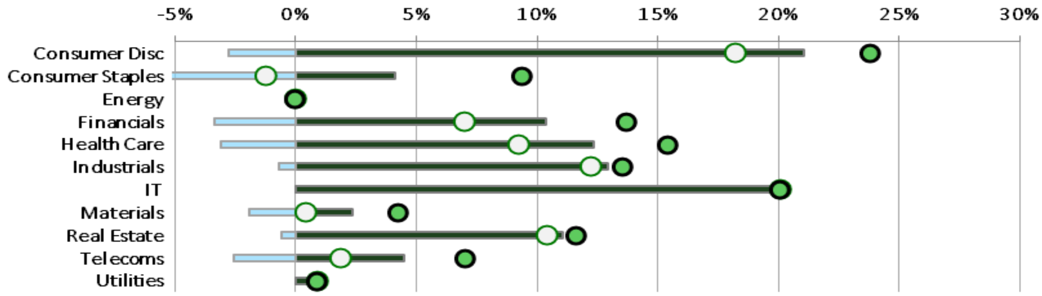
Exposure By Strategy[2]



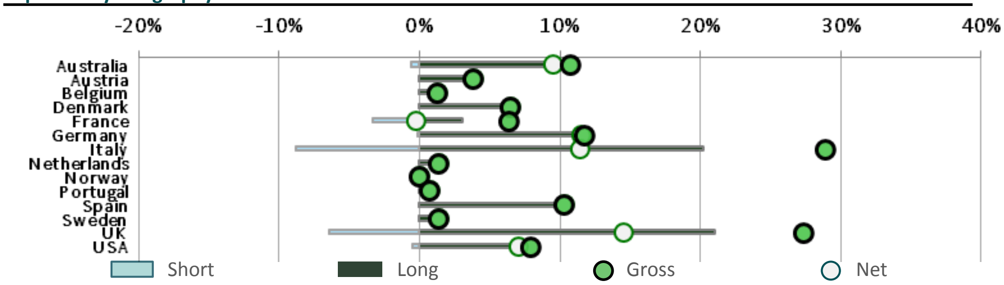
Exposure By Market Cap[2]



Exposure By Sector[2]



Exposure By Geography[2]



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.

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