

### FACTSHEET

### THE MANAGER



#### Performance Returns

The Mygale Event Driven UCITS Fund USD institutional class had a positive performance of 0.02% during the month of March.

#### 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 30-50 positions with a typical net exposure of up to 50% and gross of between 150% and 250%. 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

Global stock markets settled down in March following a turbulent start to the year, as a rebound in commodity prices, especially oil, underpinned the market. Janet Yellen was also co-operative this time – in smoothening out the dot plot, her dovishness augmented the market's YTD recovery. Other monetary policy committees also played ball – the People's Bank of China cut the bank reserve requirement ratio by 50bps. While closer to home, the ECB lowered the main refinancing rate by 5bps to zero. The S&P rallied 6.6% outgaining the DAX (5.0%) and FTSE 100 (1.3%), with the latter most heavily affected by 'Brexit' concerns. Similarly, Sterling's weakness is hard to ignore and many of our peers are also cautious of the effect of this known-unknown on the likes of the LSE/DB1 merger, for example.

Chinese bidders are still very much in the spotlight following Anbang's decision to pull out of the Starwood bidding war and the failed consummation of Tsinghua's 15% investment in Western Digital. Maybe the former shouldn't be a surprise, as Anbang displayed financial discipline last year in dealing with Deutsche Pfandbriefbank. The US is still the destination of choice for the Chinese buyer – it's seen \$41bn worth of deals already in Q1 2016 (*Telegraph*). Not all of recent Chinese interest is US-centric though, with even small companies like Okmetic OYJ piquing the interest of the very selective Chinese. The face of Chinese deal-making is also evolving – private companies are now responsible for the majority of takeovers, instead of state-owned enterprise. In fact, this year's total announced overseas M&A deal value by Chinese acquirers has already exceeded last year's total

For our portfolio, March really was a month of 'what could have been'. We had a number of investments that had embedded catalyst optionality and we expected to see some of those come to fruition during the month. Unfortunately, many of these catalysts didn't materialise and the only one that did (Ansaldo STS), actually generated significantly less upside than we had thought possible! With a bid that fundamentally undervalued the STS business, and having only succeeded in securing 6.416% acceptance at the closing date, we fully expected Hitachi to react relatively quickly to try and take its shareholding through 50% (they were at 46%) to avert the possibility of another party trying to gain majority control. This played out as we expected when they swept the market at 10.5 euros, but unfortunately the price was significantly lower than where we see fair value for the company.

Contrary to much of the market, we were early investors in the Home Retail bidding situation, correctly identifying that they could be the subject of counter bidding activity. However, we were a little wrong footed this month when Steinhoff (admittedly, not our expected counter bidder at all!) decided to walk away from the contest. Fortunately however, whilst this contributed negatively to the portfolio this month, having been involved in the name prior to the Steinhoff approach means that we remain in profit on the trade overall.

Despite some people having ongoing fears around Brexit, we continue to see new merger deal activity and an attractive investing environment. As such, our portfolio continued its growth during the month, as we added a number of new investments both in the Merger Arbitrage and Catalyst space.

#### USD Institutional Share Class Performance (fees, 1.5% and 20%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y-T-D
2016	0.97%	0.47%	0.02%										1.42%

The performance figures quoted above represent the performance of the Mygale Event Driven UCITS Fund USD Institutional Share Class since launch on 6<sup>th</sup> January 2016. These performance figures refer to the past and past performance is not a guarantee of future performance or a reliable guide to future performance.

**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 six years of investment experience, having joined BofAML 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

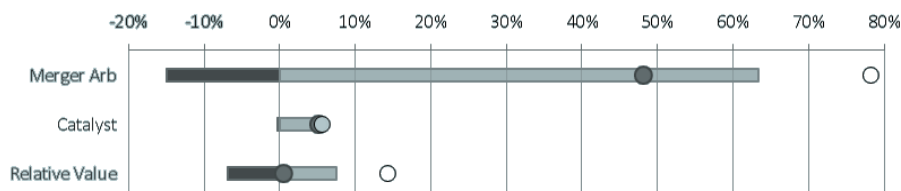
Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly
Fund AUM	\$87 million
Inception	1 <sup>st</sup> December 2015
Share Class	<b>Institutional/Institutional Pooled</b>
Currency	EUR/GBP/CHF/USD
Mgt. Fee	1.50%
Perf. Fee	20%
Min Init. Sub.	1,000,000
ISIN Codes	EUR: IE00BYRPFQ61/IE00BYRPFV15 USD: IE00BYRPF792/IE00BYRPFY46 CHF: IE00BYRPF85/IE00BYRPFX39 GBP: IE00BYRPF78/IE00BYRPFW22
Share Class	<b>Institutional Founder/Retail Pooled</b>
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

### PORTFOLIO EXPOSURES

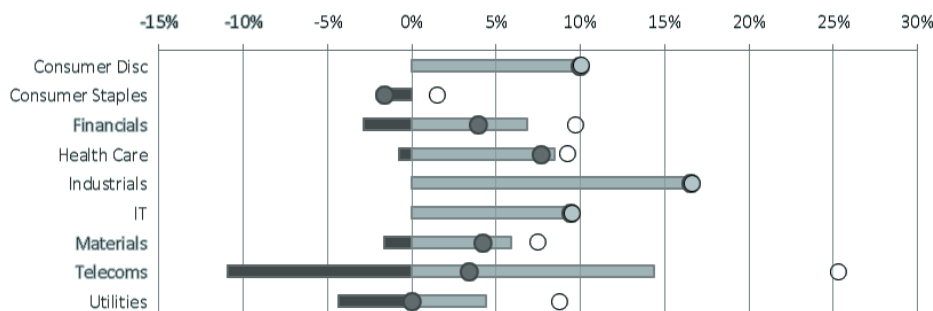
#### Risk Metrics

LONG EXPOSURE <sup>2</sup>	76.17%
SHORT EXPOSURE <sup>2</sup>	22.11%
GROSS EXPOSURE <sup>2</sup>	98.28%
NET EXPOSURE <sup>2</sup>	54.07%
SHARPE RATIO <sup>3</sup>	0.85
SORTINO RATIO <sup>3</sup>	0.89
VOLATILITY <sup>3</sup>	3.78%
DAILY VAR <sup>1,3</sup>	6.02%
NO OF POSITIONS	40

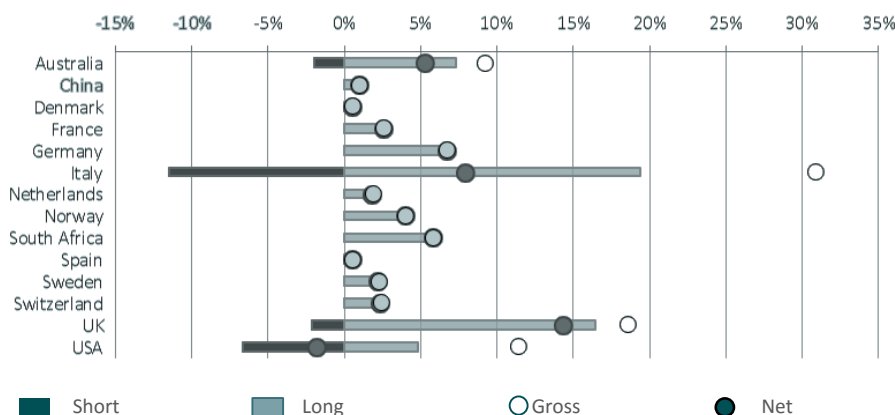
#### Exposure By Strategy<sup>2</sup>



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



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



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 daily gross portfolio performance

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#### Disclaimer

**Risk Warning:** Past performance is not a reliable indicator of future results, prices of investments and the returns from them may fall as well as rise. Investments in equities are subject to market risk and, potentially, to currency exchange risk. The Mygale Event Driven UCITS Fund (the "Fund") may use higher leverage and financial derivative instruments as part of the investment process. The distribution of this report does not constitute an offer or solicitation. Any investment in the Fund should be based on the full details contained in the Fund's Supplement Prospectus and Key Investor Information Documents which together with the Montlake UCITS Platform Prospectus may be downloaded from the MontLake website ([www.montlakeucits.com](http://www.montlakeucits.com)). Information given in this document has been obtained from, or based upon, sources believed by us to be reliable and accurate although neither ML Capital nor Tavira Securities Ltd accepts liability for the accuracy of the contents. Tavira Securities Ltd is authorised and regulated by the U.K. Financial Conduct Authority. ML Capital does not offer investment advice or make recommendations regarding investments. The Manager of the Fund is MLC Management Ltd, a company regulated by the Central Bank of Ireland. The MontLake UCITS Platform ICAV is registered and regulated as an open-ended Irish collective asset-management vehicle with segregated liability between sub-Funds formed in Ireland under the Irish Collective Asset-management Vehicles Act 2015 and authorised by the Central Bank as a UCITS pursuant to the UCITS Regulations. ML Capital Asset Management Ltd is regulated by the Central Bank of Ireland. This notice shall not be construed as an offer of sale in the Fund or in any other fund managed or advised by Tavira Securities Ltd.

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