

↑ +0.28%*

Mygale Event Driven UCITS Fund

Event Driven

July 2022

Performance Returns

*The Mygale Event Driven UCITS Fund USD Institutional Class returned +0.28% 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

With broader equity markets staging a strong recovery from mid-July, we started to see a degree of normality return to all sub-strategies of the portfolio. Despite this, certain investments in the Event space were still challenging as investors' appetite for risk names remained somewhat lower than normal. The big mover during the month was Avast (down over 10% in July) as hedge funds continued unwinding their positions ahead of the expected CMA decision due for late July/early August. Right from the very beginning this had always been a comparatively small position for us due to the binary nature of the CMA decision as well as the sheer weight of hedge fund ownership in the name. As such, despite the weakness, it wasn't a significant drag on portfolio performance.

Furthermore, activity again in July felt stronger than in recent months. We added a number of new positions to the portfolio, mainly in announced merger situations, but also in a couple of pre-announced names as well. Euromoney, the diversified operator of financial and professional services, commodity pricing and asset management services reached agreement to be bought by a private equity consortium of Astorg and Epiris at a price of 1461p in cash. This is an interesting business that hasn't fully recovered from the effects of Covid, and hence should see significant upside over the coming years as revenues normalise. We therefore feel that the current bid, at approx. 11x 2024 Ebitda is somewhat opportunistic. We also invested in Valora, a convenience retailer based in Switzerland, who reached an agreement on CHF 260 cash bid from Femsas, the largest player in Mexico. Femsas have no real business to speak of in Europe and hence want to use this acquisition to gain a foothold in the region. Not only was there no strategic process run, but also the price being paid is not overly generous, hence the potential exists for shareholders to push for an improvement in terms. On the pre-announced side of things we were active in Mediclinic, the South African based private hospital operator, the subject of a 504p bid from 45% shareholder Remgro in partnership with Italian shipping company MSC. Remgro have a deadline of 4 August to present their formal bid (we view this as likely) and hence with an elongated regulatory timetable (primarily due to the speed at which the South African process moves) combined with a valuation at the low end of precedent deals, there exists a possibility for stake building and shareholder pressure for a higher price.

Monthly Share Class Performance Breakdown

USD Ins.	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2022	-1.07%	-0.22%	0.35%	-0.54%	0.12%	-1.62%	0.28%					
2021	-0.47%	0.20%	0.79%	0.58%	0.64%	0.19%	0.35%	1.11%	-0.06%	0.02%	-0.87%	0.19%
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%
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%
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%
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%
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%

Y-T-D
-2.69%
2.69%
2.30%
4.39%
3.43%
4.06%
6.65%

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	\$510 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

Share Class	Institutional G/Institutional G Pooled
Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.00%
Perf. Fee	20.00%
Min Init. Sub.	10,000,000
ISIN Codes	EUR: IE00BM98V839/IE00BM98VD89 USD: IE00BM98V865/IE00BM98VG11 CHF: IE00BM98VC72/IE00BM98VH28 GBP: IE00BM98V946/IE00BM98VF04

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Portfolio Exposures

Risk Metrics

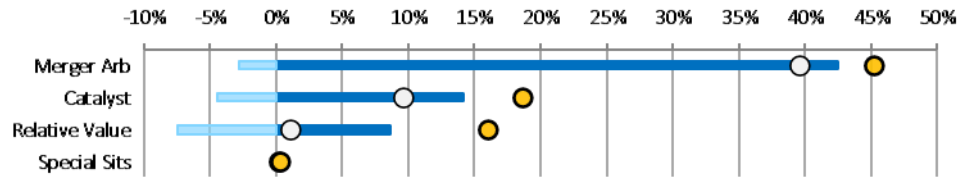
LONG EXPOSURE ¹	65.68%
SHORT EXPOSURE ¹	-14.69%
GROSS EXPOSURE ¹	80.37%
NET EXPOSURE ^{1,3}	11.83%
SHARPE RATIO ²	1.11
SORTINO RATIO ²	0.99
VOLATILITY ²	2.80%
NO OF POSITIONS	51

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

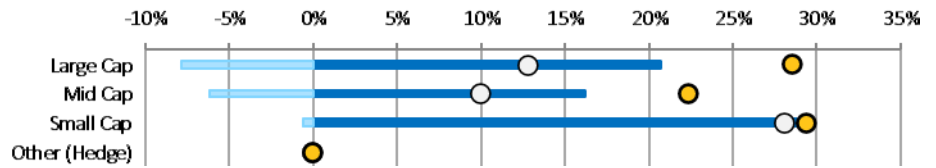
2. Based on monthly net portfolio performance

3. The net figure excludes cash merger deals.

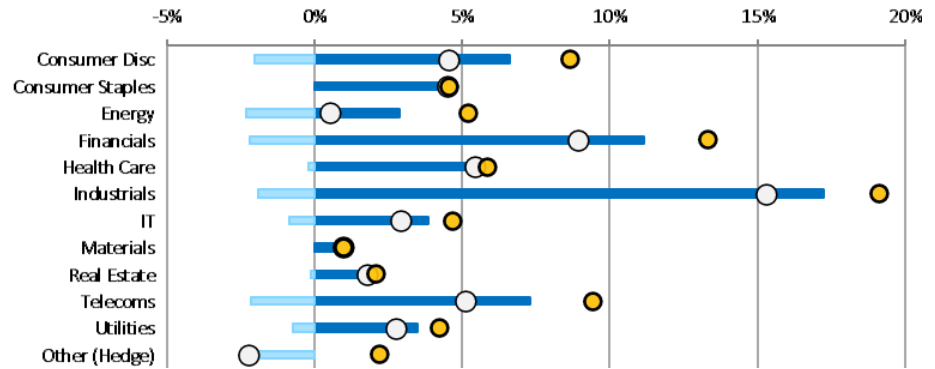
Exposure By Strategy¹



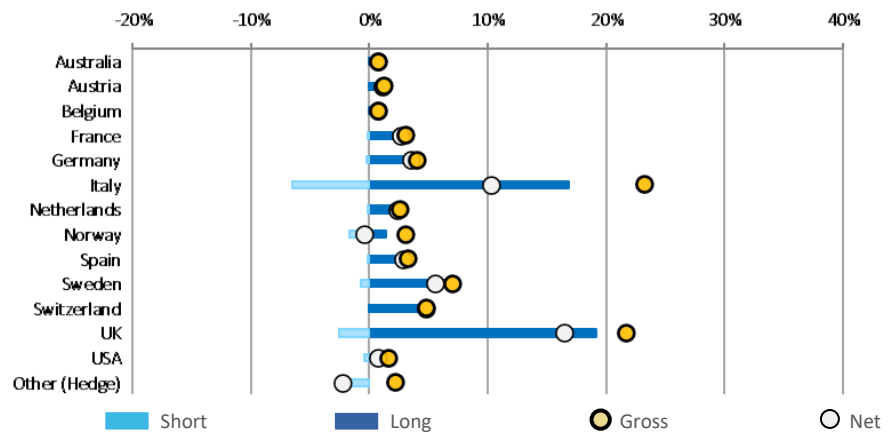
Exposure By Market Cap¹



Exposure By Sector¹



Exposure By Geography¹



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