-0.06%*

Mygale Event Driven UCITS Fund

Event Driven

September 2021

MontLake

Performance Returns

*The Mygale Event Driven UCITS Fund USD Institutional Class returned -0.06% during the month of September.

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

September proved a little less kind than recent months, with a few negative deal developments impacting returns. We mentioned Meggitt in last months commentary and unfortunately things didn't progress as we'd hoped in September. Having been surprised in the first place when Transdigm emerged as a potential counter bidder in the middle of August, we were equally surprised when they announced their intention not to bid, only 2 weeks later, seemingly unhappy that they weren't afforded more detailed due diligence information. Our initial premise for investment here was that Meggitt could potentially see a counter bidder (Transdigm not being the name we were expecting) and there still exists that potential. Parker Hannafin have rushed through the Scheme vote, so things are in their favour here, but with a long timetable for the necessary anti-trust and National Security reviews, there still exists room for another player to show their hand.

On the positive side of things, our investment in Zooplus performed well during the month following continued competitive tension. Zooplus is the largest European online retailer of pet foods and in mid-August reached agreement to be bought by Hellman and Friedman. Our interest here lay in the potential for a counter bidder to emerge, and names such as Chewy (large US peer) or private equity (both Silverlake and EQT have existing interest in vet businesses) were on our minds. In the first few days of September this materialised, initially with Bloomberg reporting a story that EQT were considering a counter offer for Zooplus, a story that was quickly confirmed by the company themselves. A few days later, Bloomberg (again) speculated that KKR were also considering a bid. We can only assume that this competitive interest spurred Hellman and Friedman in to action, as they bumped their own bid pre-emptively to EUR460 per share. The story continued, as the month ended EQT formalised their bid - with a price of EUR470 per share, and we therefore await posting of their offer document which will likely trigger Hellman & Friedman to make a decision of whether to compete or walk away, we expect the former!

The fund has held an investment in Augean, a UK based provider of waste management services, for a number of months now. Augean is a very interesting asset, with its' main business being the disposal of hazardous wastes (primarily to landfill sites), which is a high quality, high margin business. They have a 40% market share of the hazardous landfill market in the UK and are the market leader. They also benefit from over 70% of their revenues being contracted for 3-4 years and the simple fact that no new planning permissions are being granted for hazardous waste disposal. Initially, Morgan Stanley Infrastructure Partners made a bid at a value of 300p in late July, which was followed about a month later by a counter bid from Eleia (an infrastructure consortium) at 325p in cash. This triggered a bidding war between the two that has now culminated with a formal auction process ending in September resulting in Eleia being the winner at a price of 372p per share.

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%	0.20%	0.79%	0.58%	0.64%	0.19%	0.35%	1.11%	-0.06%				3.37%
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

MYGALE

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	$512 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: IE00BYRPFT92/IE00BYRPFY46
	CHF: IE00BYRPFS85/IE00BYRPFX39
	GBP: IE00BYRPFR78/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

Commentary continued.

Looking back on the quarter as a whole, it's notable that Global M&A value hit an all-time peak of $1.52 trillion in Q3 alone, as deal flow continues to benefit from a number of favourable tail winds that are encouraging both corporate and financial buyers alike. In a clear sign that the European recovery continues to gather pace, third-quarter volumes on the continent increased 50% to $473 billion – outstripping the pick-up seen in both the United States (+32%) and Asia (+21%). In the U.K. more specifically, 2021 deal value stands at a record $342 billion, a 193% year-over-year increase and the highest total since 2000: a clear by-product of both an increase in buyer confidence and the attractiveness of prevailing valuations for domestic companies in the aftermath of Brexit. The opportunity set for our strategy in Europe remains compelling and we expect it to remain so over the next few years. We are however, always alert for potential periods of increased market nervousness, however short term they may be, and hence are ever mindful of this as we position the portfolio, and continually look to deploy capital at attractive entry points. We look forward to the final quarter of the year and the opportunities it may bring.

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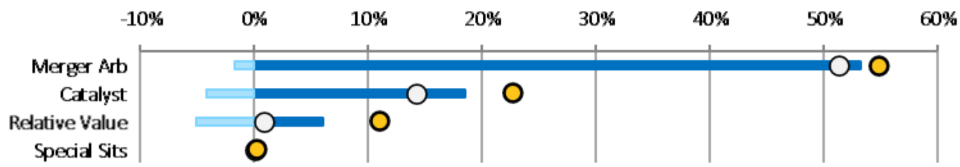
Portfolio Exposures

Risk Metrics

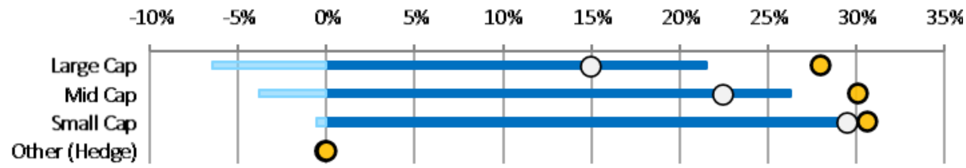
LONG EXPOSURE[1]	77.97%
SHORT EXPOSURE[1]	-10.94%
GROSS EXPOSURE[1]	88.91%
NET EXPOSURE[1, 3]	16.98%
SHARPE RATIO[2]	1.51
SORTINO RATIO[2]	2.15
VOLATILITY[2]	2.76%
NO OF POSITIONS	80

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.

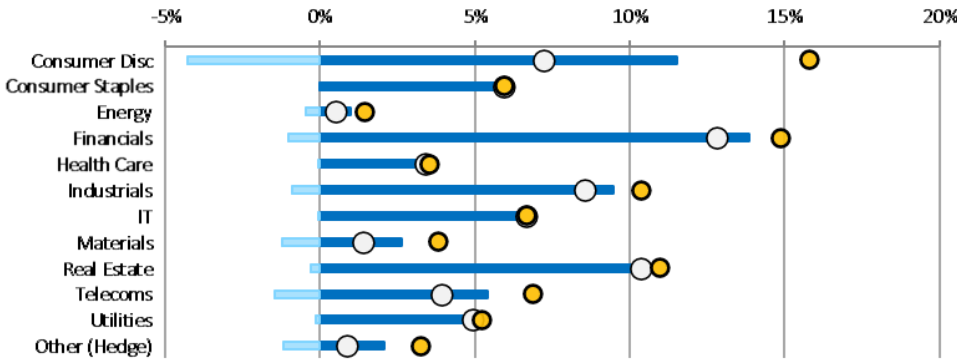
Exposure By Strategy[1]



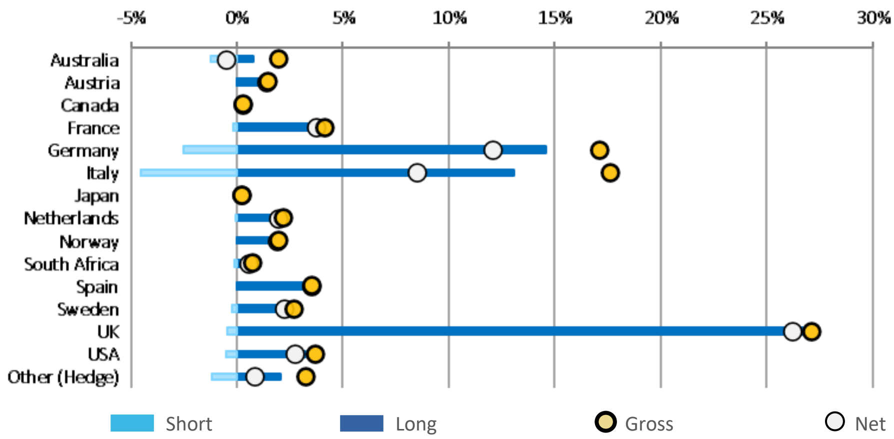
Exposure By Market Cap[1]



Exposure By Sector[1]



Exposure By Geography[1]



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