

↓ -1.07%*

Mygale Event Driven UCITS Fund

Event Driven

January 2022

Performance Returns

*The Mygale Event Driven UCITS Fund USD Institutional Class returned -1.07% 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.

Commentary

As we entered 2022, hopes of an easy start to the year quickly dissipated as fears of inflation and rising interest rates led to a significant pick up in equity market volatility and capitulation. Whilst our portfolio structure normally compensates somewhat for general market volatility, in this instance, a quiet period in European deal flow over the last few months, combined with some merger specific negative news, meant that we lacked the positive portfolio diversification normally afforded by the Merger Arbitrage strategy.

Whilst the broad Catalyst portfolio suffered in the market sell off, it was the deal specific negative news in mergers such as Playtech and Siltronic that proved disappointing, although admittedly, not wholly unexpected. Looking more closely at Playtech, we had been seriously doubtful of the likely outcome for a long time and have been selling our position, opportunistically, since November, however, the potential for a counter bid kept us involved in a small way. Playtech, an online and retail gaming business, reached a recommended deal to be bought by Aristocrat of Australia, back in October 2021. Playtech's software platform is attractive not only to Aristocrat, but also to many other possible parties and hence it was not surprising to see stake building take place post the Aristocrat deal announcement. Initially we saw some Asian investors building stakes, and this continued throughout the life of the deal, at levels significantly above the 680p Aristocrat bid level. There ended up being a number of Asian parties who built a stake, which latterly amounted to them holding around 28% of the company, but seemingly no one, be it Aristocrat, Playtech themselves or other parties, were successful in speaking with these investors about their intentions. The deal also saw an approach being made by JKO Play (a financial investor headed by ex-F1 team manager Eddie Jordan), reportedly at a price of 750p per share, but JKO walked away in January having been unsuccessful in attempts to engage with the Asian investors and hence deciding their bid was unlikely to be successful. As a result of this, what could have materialised in to a counter bidding situation and delivered a higher price, ultimately led to nothing as the Scheme vote failed to get the required percentage of votes - presumably having been voted down by the Asian investors. The convoluted spiders web of these investors (many of whom can be linked through family or business connections) and the unsuccessful outcome of what could have easily delivered a positive counter bid situation has to be one of the most bizarre deals seen in my career!

We enter February with announced deal flow still looking somewhat subdued, but ultimately have a strong belief that the underlying factors that drove record levels of activity throughout 2021, such as technological change, combined with a sense of urgency and opportunity brought about by the pandemic, will return. This should, in our view, not only lead to a continuation of the heightened merger volumes we have seen, but drive opportunities across our portfolio throughout the year ahead.

Monthly Share Class Performance Breakdown

USD Ins.	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2022	-1.07%											
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
-1.07%
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	\$561 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: IE00BYRPT92/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: IE00BM98VB65/IE00BM98VG11 CHF: IE00BM98VC72/IE00BM98VH28 GBP: IE00BM98V946/IE00BM98VF04

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.

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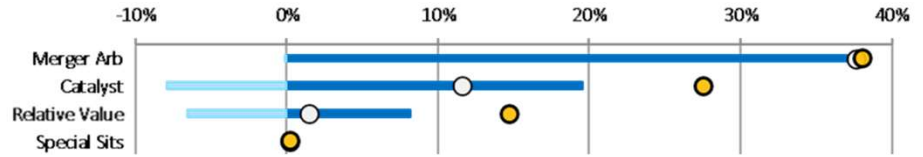
Portfolio Exposures

Risk Metrics

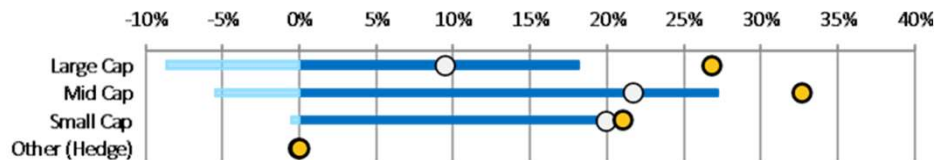
LONG EXPOSURE ¹	65.95%
SHORT EXPOSURE ¹	-14.69%
GROSS EXPOSURE ^{1,3}	80.64%
NET EXPOSURE ^{1,3}	14.37%
SHARPE RATIO ²	1.31
SORTINO RATIO ²	1.09
VOLATILITY ²	2.75%
NO OF POSITIONS	63

- Based on information from the administrator and as a percentage of the fund AUM in USD including currency hedge for share classes.
- Based on monthly net portfolio performance
- The net figure excludes cash merger deals.

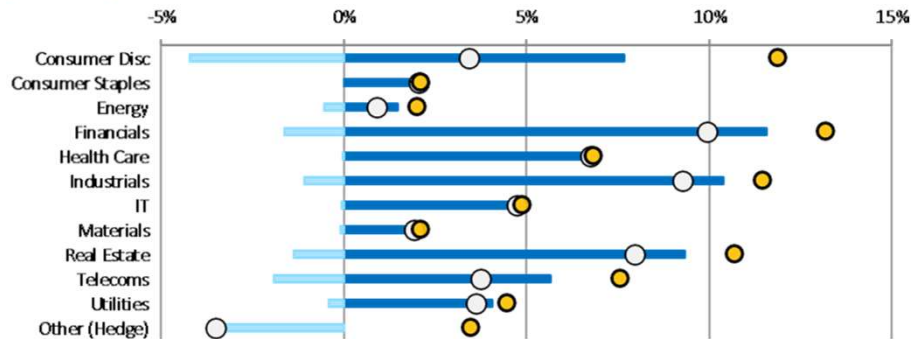
Exposure By Strategy¹



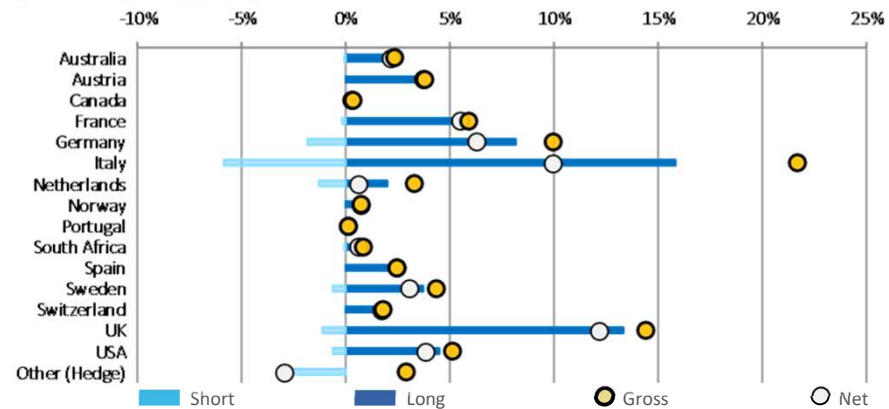
Exposure By Market Cap¹



Exposure By Sector¹



Exposure By Geography¹



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