

↑ +0.64%*

Mygale Event Driven UCITS Fund

Event Driven

May 2021

Performance Returns

*The Mygale Event Driven UCITS Fund USD Institutional Class returned +0.64% during the month of May.

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

European merger activity returned with a vengeance in May following a few days of quietness, at times, during April. In all, more than 15 new investments were added to the portfolio during the month, while performance was driven by a number of existing merger and catalyst investments on the portfolio. The pace of global deal making continues unabated as the total value of pending and completed deals announced from the January-May period touched \$2.4 trillion, according to Refinitiv, an all-time record. Last month in fact, \$532.9 billion worth of deals were recorded globally, the highest on record for the month of May.

Positions of Interest

The largest positive contribution to the portfolio in May came from Italian toll road operator ASTM, where our expected catalyst of an increased bid price played out. The bidding vehicle, Nuova Argo Finanziaria, raised their offer price from €25.6 to €28 per share in order to secure enough acceptances to enable them to complete the transaction. The delisting of ASTM is part of a long term strategy by the main shareholders - the Gavio family and investment fund, Ardian, who have realised that to proceed with future investments and growth opportunities in areas such as Brazil and the US, it would be better to have the company delisted. The hurdle they faced however was one of shareholder opposition, with investors such as Lazard (a 5.5% holder) and some smaller hedge funds publicly declaring their dissatisfaction with the bid price. With only a few days left of the offer period and tender receipts low, it was clearly visible to the bidder that many shareholders shared these views on valuation, and hence our expected catalyst of a price increase was delivered.

The most significant news this month in terms of new deals was the bid for Deutsche Wohnen by Vonovia, creating a Real Estate behemoth of just under €50bn mkt.cap. There is history to this deal, with Vonovia having made a failed attempt to take over Deutsche Wohnen back in 2016 where the deal failed on price (they previously offered a combination of cash and stock with a much lower value than now), and crucially, now have the support of target company management, which they didn't have previously. Thankfully we were already involved in this situation prior to it's announcement, as we have been trading the relationship between the two companies for some time, with the strong belief that there was significant industrial logic for them to revisit the deal at some point. Our concern here however revolves around valuation - Deutsche Wohnen latest published Nav was around €52.5, and is expected to be close to €60 by the end of 2021, hence we feel concerned that Deutsche Wohnen management have recommended a price of €52 per share when historically, Vonovia have paid a premium of between 8%-21% for previous acquisitions. The potential exists for a price improvement as we near deal close, although Vonovia have set the acceptance level low at only 50%.

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%								1.74%
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



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	\$372 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: IE00BYRPF585/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

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Portfolio Exposures

Risk Metrics

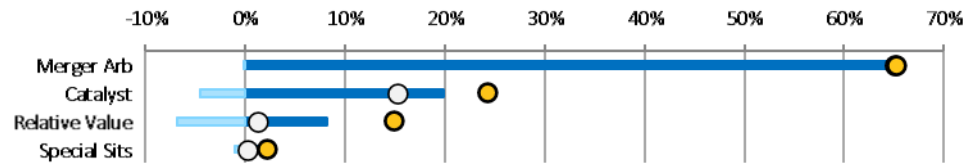
LONG EXPOSURE ¹	94.67%
SHORT EXPOSURE ¹	-12.22%
GROSS EXPOSURE ¹	106.89%
NET EXPOSURE ^{1,3}	18.56%
SHARPE RATIO ²	1.47
SORTINO RATIO ²	2.10
VOLATILITY ²	2.81%
NO OF POSITIONS	78

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

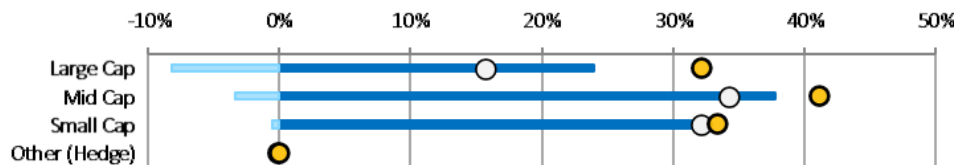
2. Based on monthly net portfolio performance

3. The net figure excludes cash merger deals.

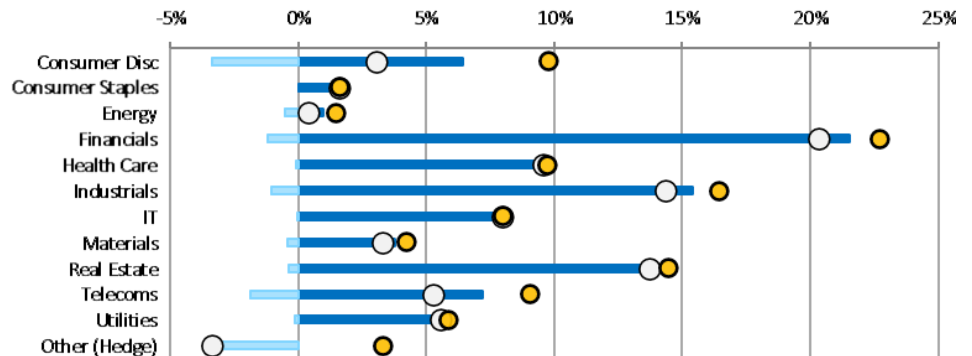
Exposure By Strategy¹



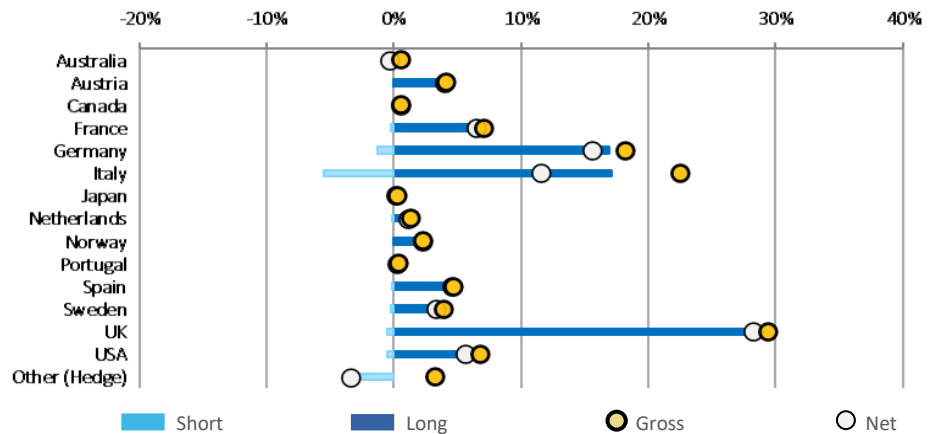
Exposure By Market Cap¹



Exposure By Sector¹



Exposure By Geography¹



Short Long Gross Net

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