-0.26%*

Mygale Event Driven UCITS Fund

Event Driven

September 2022

Performance Returns

*The Mygale Event Driven UCITS Fund USD Institutional Class returned -0.26% during the month of September.

Investment Objective & Strategy

An active trading approach to European Focused Event Driven Equity.

Following predominantly Merger Arbitrage and Catalyst Driven strategies, the fund typically has 40-60 positions, a typical net exposure of up to 50% and a gross of between 100% and 200%. The trading approach has a three-tiered methodology designed to capture additional alpha in each position. Trades are structured with the intention of embedding optionality and favourably skewing risk, with sharpened timing and market feel from our deep trading experience. 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

In what once again proved to be a volatile month for equity markets, we have continued to see a slow but sustained pick up in merger activity, particularly so in the UK where a number of new deals were announced. The long-winded approach by Energy Capital Partners (ECP) for waste management specialist Biffa, finally firmed up late in the month when the board accepted a discounted buyout offer of 410p per share. The original proposal launched back in June was at a price of 445p, but in what was a little surprising to us, ECP successfully negotiated a price cut, presumably not just on the back of a potential HMRC investigation into landfill tax, but also due in part to general market weakness and financing difficulties. We believe that Biffa have a dominant market position in the UK and have significant recycling infrastructure in place that will enable them to benefit from the continued drive towards recycling. It is an infrastructure like business with strong barriers to entry, hence, we believe the opportunity exists for other bidders to emerge.

Staying in the UK, we initiated a position in Aveva after it became apparent that Schneider was likely to make a bid for the minorities it doesn't already own. This is a deal that has been speculated on many times since Schneider bought their 59% stake back in 2017, but as they had fully integrated that stake it wasn't overly obvious that the motivation for the remainder was strong. However, with the sector derating since 2021 and the Aveva share price having almost halved over the last year or so, the opportunity obviously proved too much to miss for Schneider. Aveva is one of the leading engineering and software companies, with technology and design software that is used in some of the most strategic sectors and projects in the world, including oil & gas, power & utilities, infrastructure and marine industries. The deal will allow Schneider to be able to push forward with its strategy of producing energy efficient products for all key industries safe in the knowledge that it can now tap into Aveva's capabilities in its entirety. The bid is priced at 3100p, and whilst at a decent premium to the pre-deal trading price, on a multiple basis it doesn't look overly generous. With no meaningful irrevocables to speak of either, there is potential for shareholder pressure for a bump in terms to a level that would secure the acceptance threshold Schneider seeks.

The Relative Value portfolio delivered the strongest performer this month in the shape of Exor, the holding company of the Agnelli family. After a long period of underperformance that pushed the NAV discount to over 45%, September finally brought about a recovery. Oddly, this occurred in the run up to the deletion of the company from the FTSE MIB index mid-month, which followed the company moving its listing from Milan to Amsterdam in August. Whilst macroeconomic uncertainty has resulted in a number of holding company spreads widening, the move in Exor has been significant and unjustified, particularly so when considered in combination with the recent positive catalysts that

Monthly Share Class Performance Breakdown

USD Ins.	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2022	-1.07%	-0.22%	0.35%	-0.54%	0.12%	-1.62%	0.28%	0.08%	-0.26%				-2.85%
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%	2.69%
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 Manager

Neil Tofts has over 25 years' experience successfully running event driven portfolios and funds, and 26 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. Neil 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 12 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	$463 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

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

Commentary continued.

have seemingly gone unreflected. For example, the recent merger of FCA with Peugeot that created Stellantis, has created a strong, more globally diversified entity, thus giving an improved risk profile to the company. Also, in July this year Exor completed the sale of Partner Re to Covea for a sum of $9.3bn, and yet, as with the Stallantis merger, the market has seemingly ignored the resulting benefits, and the increased positive cashflow has not been reflected in the NAV discount of Exor. We expect the holding company relationship to remain volatile, but ultimately to continue tightening from current levels.

Looking back on Q3 as a whole, it's interesting to note that our feelings now are actually very similar to those we discussed to end our Q2 newsletter, where we concluded that valuations have moved rapidly and markedly over recent months and hence our feeling that we could see a flurry of opportunistic deal activity over the next few years. Notably, in recent weeks, press and other investors have now been saying similar things, with, for example, David Mussafer, a managing partner at Advent commenting to the Financial Times that he has asked companies in their portfolio to outline their three best acquisition ideas by their next board meeting. The factors pointing to this are continuing to play out favourably, with not only significant changes in equity valuations themselves, but also now the opportunity to exploit weakness in both euro and sterling which has delivered a double benefit to those more motivated and opportunistic foreign acquirers. US corporate balance sheets have never been so rich, and at a time when the dollar is king and valuations of European and UK companies are on the floor. It's not only US players who benefit from this of course, but a number of European based PE funds have a lot of their funds denominated in USD, so the currency benefit is stoking the fire here also. The slump in sterling is significant actually, and has already been a factor at play in some of the deals we have seen in the UK recently.

↓-0.26%*

Mygale Event Driven UCITS Fund

Event Driven

September 2022

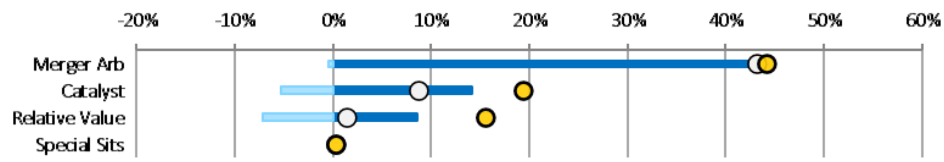
Portfolio Exposures

Risk Metrics

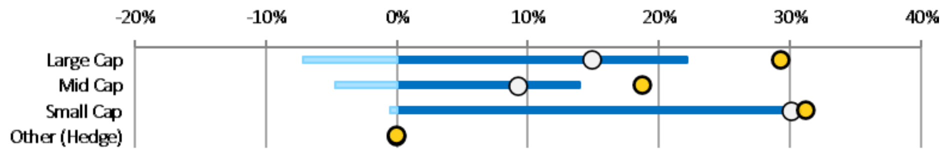
LONG EXPOSURE[1]	66.87%
SHORT EXPOSURE[1]	-12.87%
GROSS EXPOSURE[1]	79.74%
NET EXPOSURE[1, 3]	11.41%
SHARPE RATIO[2]	1.09
SORTINO RATIO[2]	0.98
VOLATILITY[2]	2.78%
NO OF POSITIONS	59

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.

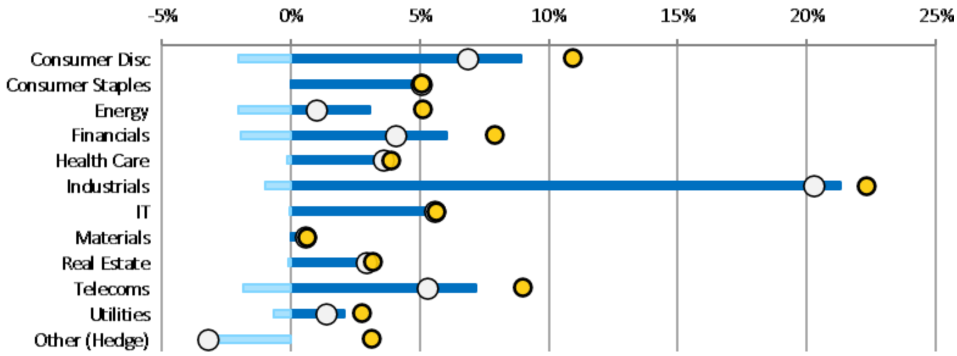
Exposure By Strategy[1]



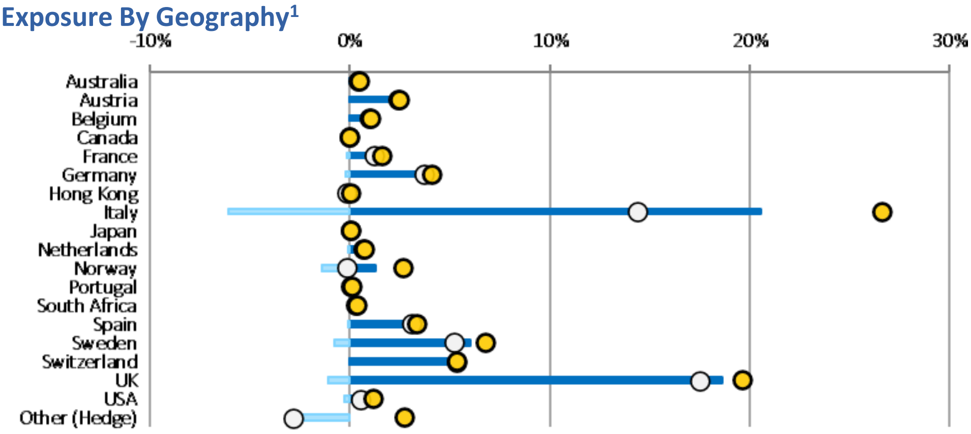
Exposure By Market Cap[1]



Exposure By Sector[1]



Exposure By Geography[1]



Short Long Gross Net

Contact Details

Investor Contact

Waystone Capital Solutions (UK) Ltd
2nd Floor, 20-22 Bedford Row
Holborn, London
T: +44 207 290 9493
investorrelations@waystone.com

Management Company

Waystone Fund Management (IE) Ltd
3rd Floor, 76 Baggot Street Lower
Dublin, Ireland
T: +353 1 533 7020
investorrelations@waystone.com

Investment Manager

Tavira Securities
88 Wood Street
London EC2V 7DA
T: +44 20 3192 1728
cp@mygalefunds.com

Disclaimer

For more information visit **www.montlakeucits.com**