Mygale Event Driven UCITS Fund

Event Driven

February 2016

FACTSHEET

Performance Returns

The Mygale Event Driven UCITS Fund USD institutional class had a positive performance of 0.43% during the month of February.

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 30-50 positions with a typical net exposure of up to 50% and gross of between 200 and 250%. 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.

Market Commentary

February was a fascinating month of two halves - investors continued to de-risk their portfolios over the first two weeks, but after the 14th most fell back in love with the markets again and the European bourses rallied to finish the month almost unchanged. Unsurprisingly, the oil price chart displays a very similar pattern – crude recovered from a three week low as OPEC and non-OPEC producers alike made vague commitments to monitor supply. The G20 in Shanghai also joined in – Finance Ministers and Central Bank Governors failed to pledge joint action, instead promising to use 'all policy tools' to shore up growth and avoid competitive currency devaluation to boost exports. As for us, we dug our heels in and continued to grow our merger arb core amidst the market volatility. We were selective in taking advantage of occasional spread widening to increase sizing in our favourite deals, most of which have remained resilient throughout the month.

It is interesting to us that, despite the unpredictable volatility of SHCOMP and the market-wide concern of a hard landing domestically, Chinese buyers are persistently proving their willingness to pay what's necessary, as they look to alleviate slowing domestic growth in addition to satiating their government's desire for technology. This is evident to us slightly closer to home - Chemchina's much speculated interest in Syngenta finally manifested in a $30bn+ bid for the entire company. We are grateful for the increased activity (read: opportunity) and Bloomberg sums it up succinctly: '*including Chinese acquirers, global M&A volumes are about 20% higher YoY, but if we exclude them, it becomes a YoY decline*.' However, most of these deals are being made in the US and therefore we must tread with caution, as CFIUS concerns, whether warranted or not, keep spreads lofty. Even the target companies aren't willing to take the risk. Take Fairchild Semiconductor for example – who turned down 10% extra from a Chinese buyer to sell itself to its West Coast neighbour, ON Semiconductor. Presumably avoiding CFIUS oversight was worth more than $2/share to shareholders.

European deal flow has been kind to us throughout February, which in turn has turned out to be our most productive month so far in diversifying our portfolio. We initiated many new positions globally and are excited at our pipeline of ideas. However, we have to say goodbye to Al Noor Hospitals as it came up trumps for us once again, this month as a back-end index trade. It has been a stalwart for us during these early months and gives us confidence as we find our feet, having provided 60bps of gross return to AUM. We wish Mediclinic Int'l well as FTSE 100 entry awaits (another angle we are prepared for!) Both of our main sub strategies, merger arbitrage and catalyst driven have delivered positive returns for the second consecutive month this year. We hope to see the trend continue and are encouraged about the investment environment that March will offer.

We've also been extremely fortunate to see our AUM more than double during the month and would like to express our gratitude to our cornerstone investor who has been nothing but supportive of our efforts.

USD Institutional Share Class Performance (fees, 1.5% and 20%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y-T-D
2016	0.97%	0.43%											**1.40%**

The performance figures quoted above represent the performance of the Mygale Event Driven UCITS Fund USD Institutional Share Class since launch on 6th January 2016. These performance figures refer to the past and past performance is not a guarantee of future performance or a reliable guide to future performance.

THE MANAGER

M Y G A L E

Neil Tofts has over 19 years' experience successfully running event driven portfolios and funds, and 22 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 six years of investment experience, having joined BofAML 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

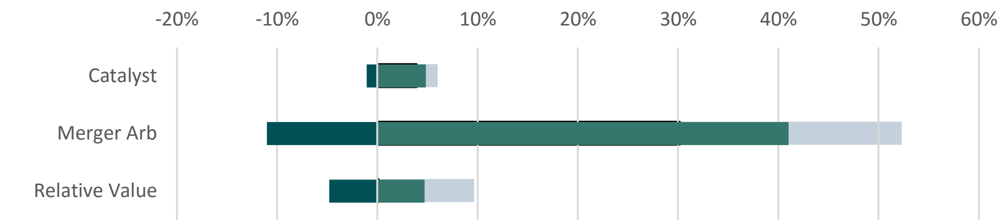
Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly
Fund AUM	$85 million
Inception	1st December 2015
Share Class	**Institutional/Institutional Pooled**
Currency	EUR/GBP/CHF/USD
Mgt. Fee	1.50%
Perf. Fee	20%
Min Init. Sub.	1,000,000
ISIN Codes	EUR: IE00BYRPFQ61/IE00BYRPFV15
	USD: IE00BYRPFT92/IE00BYRPFY46
	CHF: IE00BYRPFS85/IE00BYRPFX39
	GBP: IE00BYRPFR78/IE00BYRPFW22
Share Class	**Institutional Founder/Retail Pooled**
Currency	EUR/GBP/CHF/USD
Mgt. Fee	1.25%/2.00%
Perf. Fee	15%/20%
Min Init. Sub.	10,000,000/10,000
ISIN Codes	EUR: IE00BYRPG302/IE00BYRPFZ52
	USD: IE00BYRPG633/IE00BYRPG294
	CHF: IE00BYRPG526/IE00BYRPG187
	GBP: IE00BYRPG419/IE00BYRPG070

PORTFOLIO EXPOSURES

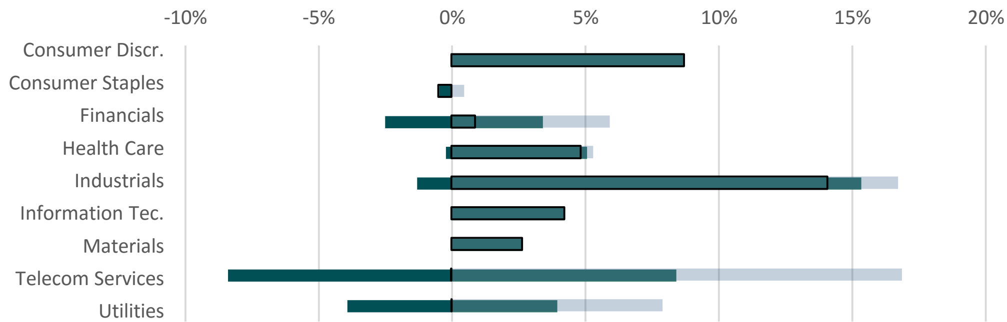
Risk Metrics

LONG EXPOSURE[2]	50.61%
SHORT EXPOSURE[2]	16.88%
GROSS EXPOSURE[2]	67.48%
NET EXPOSURE[2]	33.73%
SHARPE RATIO[3]	1.30
SORTINO RATIO[3]	1.28
VOLATILITY[3]	3.91%
DAILY VAR[1, 3]	4.34%
NO OF POSITIONS	32

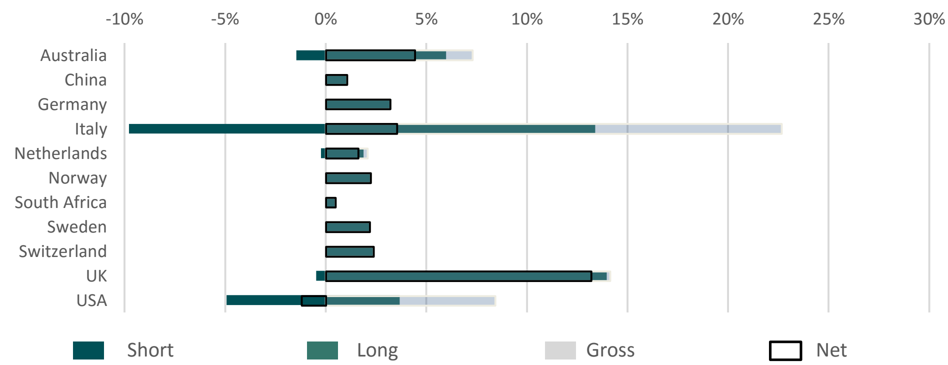
Exposure By Strategy[2]



Exposure By Sector[2]



Exposure By Geography[2]



1. VaR is calculated using a confidence level of 99% and a holding period of 20 working days. The VaR model used by the Sub-Fund typically uses data from the last 200 weeks or greater, but a shorter observation period may be used in instances of recent significant changes in price volatility.

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

3. Based on daily gross portfolio performance

Contact Details

Investor Contact
ML Capital Ltd
29 Farm Street
London, W1J 5RL, UK
T: +44 20 3709 4510
info@mlcapital.com

Investment Manager
ML Capital Asset Management Ltd
26 Fitzwilliam Street Upper
Dublin 2, Ireland
T: +353 1 535 0912
info@mlcapital.com

Sub Investment Manager
Tavira Securities
88 Wood Street
London EC2V 7DA
T: +44 20 3670 0405
LM@mygalefunds.com

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