

↑ +0.08%\*

# Mygale Event Driven UCITS Fund

## Event Driven

August 2022

### Performance Returns

\*The Mygale Event Driven UCITS Fund USD Institutional Class returned +0.08% during the month of August.

### 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

Unsurprisingly, considering what we've seen so far in 2022, market nervousness continued in August, particularly so in the second half of the month as inflationary fears continued to spook investors. With many investors more focused on lounging on the beach, volumes were noticeably lower, probably even as far back as late July, and hence, whilst the first couple of weeks were positive, once nervousness returned it didn't take much for markets to move lower. What was a little more surprising, however, was that despite negativity, new merger deal flow continued to grow and we initiated 10 new positions over the month. Clearly it feels that despite the challenges facing markets currently, both corporate and financial buyers are still seeing strong justification for taking advantage of opportunities that are being created in the current environment.

In terms of deal news, we initiated investments in some new names as well as old. The old being Karo Pharma, the speciality pharmaceutical company that was bought by private equity fund EQT back in 2019. EQT's original bid was at SEK38, a price we felt was far too cheap. As a result, we did not accept the bid and held our investment for a year or so post the bid closing, finally selling our position at a price above SEK70 where we felt full valuation potential was being realised. Fast forward to today and EQT now hold a stake of 86.4% and have launched a new bid at a price of SEK60, with the aim of delisting the company. This bid is at a premium of 17% to the pre bid price, and is conditional on achieving an ownership of 90% in an effort to enable them to delist the company and run the business more freely once off the market. The Karo board will now need to obtain a fairness opinion and revert before the close of the offer period as to whether they will recommend the bid at this price - this isn't necessarily a foregone conclusion. Only recently (March 2022) Karo completed a rights issue at a price of SEK52, and the share price has all-time highs in the mid-70s. The potential for pressure from shareholders for a higher price here is far from zero.

In Italy, Tod's founder shareholder Diego Della Valle has launched a bid to buy the remaining 25.55% stake in the company that he doesn't control, at a price of EUR40 per share. Interestingly, EUR40 per share was also the IPO price back in 2000, but over this time sales have tripled, although admittedly profits have struggled more recently, particularly over Covid. This take-private approach is similar to that behind the delisting of Bulgari, and more recently Tiffany, by LVMH, both apparently done with the motivation of avoiding market scrutiny whilst going through long-term brand repositioning - in fact, there is speculation that the Tod's delisting is happening ahead of Della Valle selling the

### Monthly Share Class Performance Breakdown

USD Ins.	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2022	-1.07%	-0.22%	0.35%	-0.54%	0.12%	-1.62%	0.28%	0.08%				
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
-2.60%
2.69%
2.30%
4.39%
3.43%
4.06%
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. This is a marketing communication.

### 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	\$497 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: IE00BYRPFPT92/IE00BYRPFY46 CHF: IE00BYRPF855/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: IE00BM98V865/IE00BM98VG11 CHF: IE00BM98VC72/IE00BM98VH28 GBP: IE00BM98V946/IE00BM98VF04



↑ +0.08%\*

# Mygale Event Driven UCITS Fund

## Event Driven

August 2022

### Commentary continued.

company to LVMH (who already hold a 10% stake). We view the bid price as not being overly generous, and whilst potential exists for pressure from shareholders for an improvement, we are not betting on this, although Della Valle from what we have seen, has a history of NOT being unfriendly and not wanting to be seen to be that way. He sees himself as a lucky entrepreneur and likes to be seen as having done something positive for the wider community, hence, should this potential shareholder pressure materialise, he may capitulate.

In the UK, the bid for cybersecurity company Avast progressed well as the CMA Phase 2 Provisional findings report found that the deal would not cause a substantial lessening of competition, as they recognised Microsoft to be an effective competitor in the marketplace. This was very much a binary outcome, carrying with it significant downside as well as significant upside, and whilst we felt there was strong logic for the CMA to clear, the large potential downside combined with the weight of hedge fund money in the name meant we maintained a cautiously sized long position. Staying in the UK, it's worth mentioning Biffa, the UK market leader for waste solutions and the subject of a confirmed bid approach from Energy Capital Partners. This is an approach that was confirmed to the market back in June, but has had a number of extensions to the PUSU deadlines to announce a firm bid. We believe that the extensions here are due to the funding markets which, whilst still open, are taking somewhat longer than usual to finalise deals.

In general, with the low equity volumes seen during the month, we have continued to see a lack of rationality in many of our Catalyst and Relative Value portfolio positions. Some of these situations are now at historically high levels and whilst we remain cautious on some of the catalyst names due to market nervousness serving to delay expected catalysts, with others we are gradually increasing exposure feeling that the balance between risk and reward is now becoming more favourable.

↑ +0.08%\*

# Mygale Event Driven UCITS Fund

## Event Driven

August 2022

### Portfolio Exposures

#### Risk Metrics

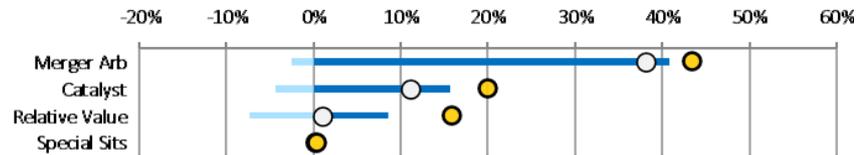
LONG EXPOSURE <sup>1</sup>	65.42%
SHORT EXPOSURE <sup>1</sup>	-14.40%
GROSS EXPOSURE <sup>1</sup>	79.81%
NET EXPOSURE <sup>1,3</sup>	14.79%
SHARPE RATIO <sup>2</sup>	1.11
SORTINO RATIO <sup>2</sup>	0.98
VOLATILITY <sup>2</sup>	2.79%
NO OF POSITIONS	44

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

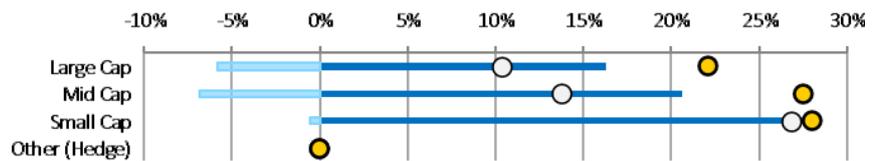
2. Based on monthly net portfolio performance

3. The net figure excludes cash merger deals.

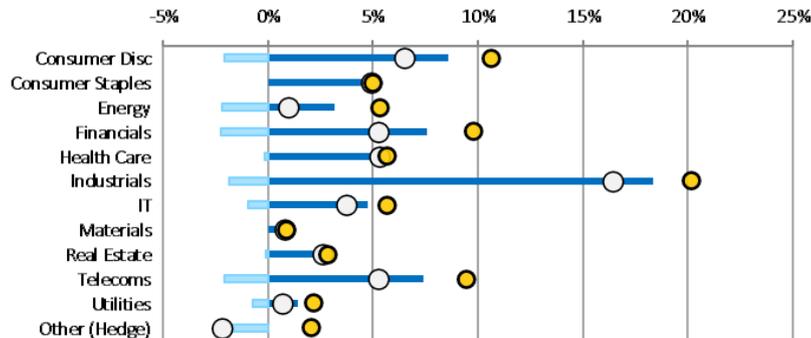
### Exposure By Strategy<sup>1</sup>



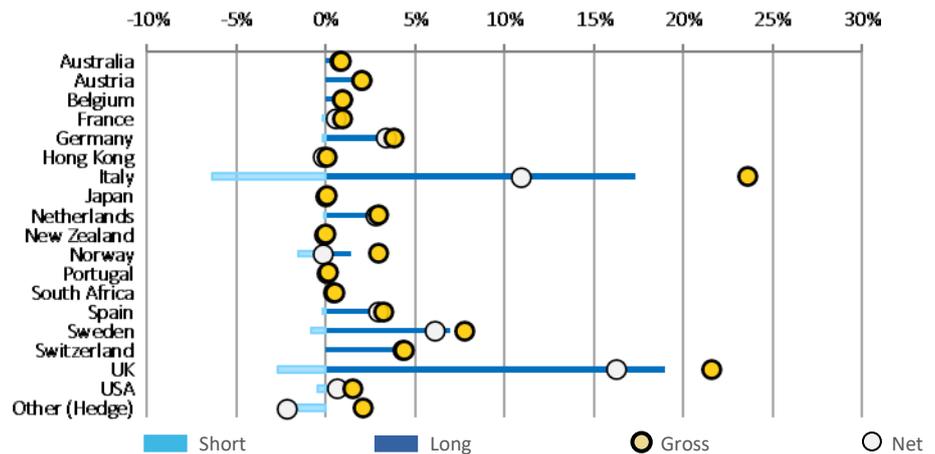
### Exposure By Market Cap<sup>1</sup>



### Exposure By Sector<sup>1</sup>



### Exposure By Geography<sup>1</sup>



### 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

**RISK WARNING:** Past performance is not a reliable indicator of future results, prices of investments and the returns from them may fall as well as rise. Investments in equities are subject to market risk. Changes in exchange rates may have an adverse effect on the value price or income of the product. The Mygale Event Driven UCITS Fund (the "Fund") may use higher leverage and financial derivative instruments as part of the investment process. The Investment Manager expects that a typical investor will be seeking to achieve a return on their investment in the medium to long term and are willing to accept the risks associated with an investment of this type, including the volatility of markets in which the Fund will be investing. The distribution of this report does not constitute an offer or solicitation and this notice shall not be construed as an offer of sale in any other fund managed or advised by Tavira Securities or Waystone Fund Management (IE) Ltd ("Waystone"). Any investment in the Fund should be based on the full details contained in the Fund's Supplement Prospectus and Key Investor Information Document which together with the MontLake UCITS Platform ICAV Prospectus may be downloaded from the MontLake website ([www.montlakeucits.com/funds/mygale-event-driven-ucits-fund](http://www.montlakeucits.com/funds/mygale-event-driven-ucits-fund)). Information given in this document has been obtained from, or based upon, sources believed by us to be reliable and accurate although neither Waystone nor Tavira Securities accepts liability for the accuracy of the contents. The state of the origin of the fund is the Republic of Ireland. This document may only be distributed in Switzerland to qualified investors within the meaning of art. 10 para. 3, 3bis and 3ter CISA. The Representative in Switzerland is Waystone Fund Services (Switzerland) SA, Avenue Villamont 17, 1005 Lausanne, Switzerland, whilst the paying agent is NPB Neue Privat Bank AG, Limmatquai 1/am Bellevue, P.O. Box, CH-8024 Zurich. The basic documents of the fund may be obtained free of charge from the representative. In respect of the units distributed in or from Switzerland, the place of performance and jurisdiction is at the registered office of the representative. Past performance is no indication of current or future performance. The performance data do not take account of the commissions and costs incurred on the issue and redemption of units. Waystone does not offer investment advice or make recommendations regarding investments. The Manager of the Fund is Waystone Fund Management (IE) Ltd, a company regulated by the Central Bank of Ireland. The Investment Manager for the fund, Tavira Securities is authorised and regulated by the Financial Conduct Authority. The MontLake UCITS Platform ICAV is registered and regulated as an open-ended Irish collective asset-management vehicle with segregated liability between sub-Funds formed in Ireland under the Irish Collective Asset Management Vehicles Act 2015 and authorised by the Central Bank as a UCITS pursuant to the UCITS Regulations. This notice shall not be construed as an offer of sale in the Fund. The state of the origin of the Fund is the Republic of Ireland. The performance data do not take account of the commissions and costs incurred on the issue and redemption of units. Authorised and Regulated by the Central Bank of Ireland. The Management Company may decide to terminate the arrangements made for the marketing of the Fund in accordance with Article 93a of Directive 2009/65/EC. To view the Summary of Investor Rights, please visit the following [link](#). This is a marketing communication.