

↓ -0.22%*

Mygale Event Driven UCITS Fund

Event Driven

February 2022

Performance Returns

*The Mygale Event Driven UCITS Fund USD Institutional Class returned -0.22% 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 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

The relative quietness in European deal flow continued throughout February, but whilst we had positive news flow helping both Merger Arbitrage as well as Catalyst Driven sub-strategies, we also had negative news that impacted, in particular, our Relative Value investment in Exor, the Italian holding company. In what was totally unexpected news, Exor announced that they had agreed a €746 million settlement with the Italian tax authorities. This related to when they moved the legal entity to The Netherlands five years ago and they, apparently, had been pursued by the Italian tax agency about taxes that they claimed were due. Exor had mentioned nothing of this to investors, and hence when announced, the stock reacted particularly negatively - resulting in the holding company spread widening significantly. We see this move wider in the NAV as being very temporary, and expect the discount, currently at historically wide levels, to tighten in the coming months, firstly with the board expected to embark on a share buyback program and also with the imminent completion of the sale of Partner Re to Covea for a value of \$9 billion.

In the Merger Arb strategy, we had some new deal activity that provided interesting opportunities. Most significant of which is the cash and stock bid for Clipper Logistics by GXO Logistics. Clipper is quite unique in the field of logistics, in that it is the leader in e-fulfilment and reverse logistics, mainly for the fashion and fast moving consumer electronics sectors. Almost 70% of Clipper revenues come from e-fulfilment and returns management where they have the infrastructure to swiftly handle and process returns and clean or repair and then repack items as necessary. It is this reverse logistics and the technology behind it that is the real attraction for GXO - they currently have none of this ability, despite having an already established logistics business in Europe. The acquisition of Clipper would enable GXO to move closer to the market leader in the U.K. and also give them the technology backbone to take this returns business in to the US market. Anti-trust issues should be relatively benign - it is a highly fragmented market and the deal should complete successfully. Upside exists due to the deal structure, with consideration being a mixture of cash and stock, with flexibility for investors to elect more of one than the other should they wish, therefore offering some upside optionality. Also, the unique nature of Clipper offers a potential catalyst in the form of an interloper emerging.

As inflationary fears continued throughout the month and thoughts gradually turned to the increasing tensions in Ukraine, we adopted a cautious approach, continuing to reduce gross levels. Whilst these factors clearly make investing more challenging at present, we actually continue to see logic for merger activity to return strongly once stability returns. Even basic factors such as supply constraints, for example, will likely lead to companies looking to grow through acquisition rather than take the organic growth route, the pace of which would be more difficult in many areas due to these supply shortages.

Monthly Share Class Performance Breakdown

USD Ins.	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2022	-1.07%	-0.22%										
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
-1.29%
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	\$560 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

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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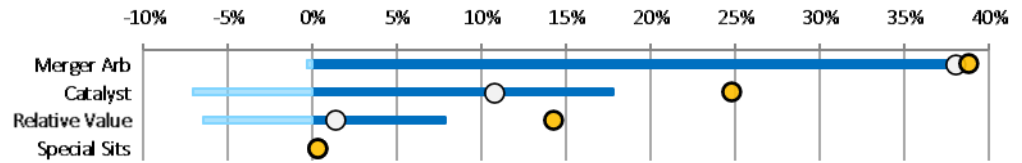
Portfolio Exposures

Risk Metrics

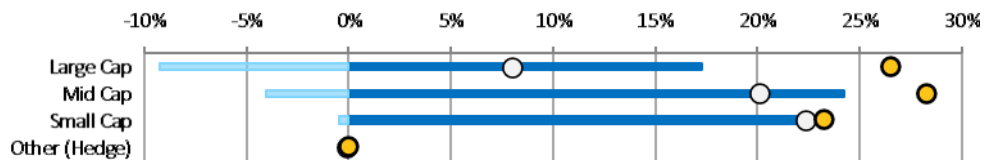
LONG EXPOSURE ¹	64.44%
SHORT EXPOSURE ¹	-13.83%
GROSS EXPOSURE ¹	78.27%
NET EXPOSURE ^{1,3}	14.57%
SHARPE RATIO ²	1.29
SORTINO RATIO ²	1.09
VOLATILITY ²	2.77%
NO OF POSITIONS	61

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.

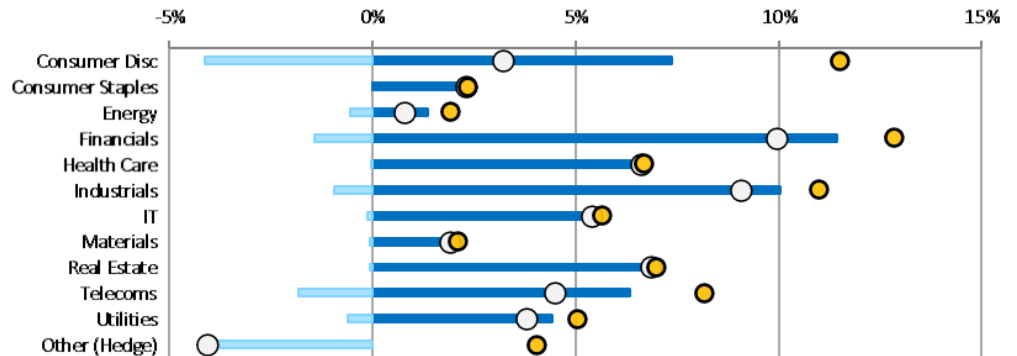
Exposure By Strategy¹



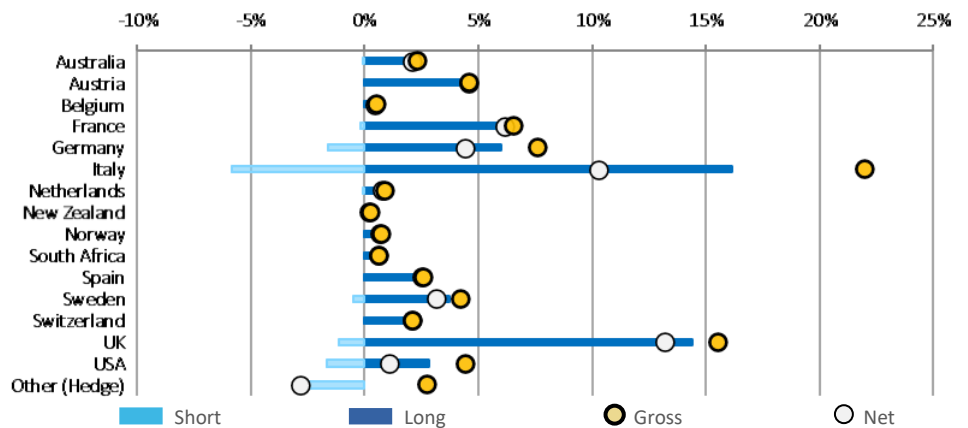
Exposure By Market Cap¹



Exposure By Sector¹



Exposure By Geography¹



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