Mygale Event Driven UCITS Fund

Event Driven

June 2018

FACTSHEET

Performance Returns

The Mygale Event Driven UCITS Fund USD Institutional Class returned 0.63% during the month of June.

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.

Market Commentary

June started strongly for global equity markets and promised to end Q2 on its highs, before President Trump reignited geopolitical tensions with further trade war rhetoric and spoilt the party. A proposal of further tariffs on China were coupled with threats of taxes on European automakers, sending investors scurrying to the safe haven of the Greenback (DXY topped 95) amidst renewed concerns of (southern) Eurozone instability. As such, June proved to be a microcosm of the second quarter, with markets see-sawing between solid underlying economic fundamentals and unpredictable political tensions. The S&P 500 kept its head above water, returning 0.5% over the month (+2.9% in Q2) leaving Europe behind (Euro Stoxx 50 -0.3% in June, +1.0% in Q2). The FTSE 100 was notably strong in Q2, as sterling weakness propelled the exporter-heavy bourse up 8.2% on the quarter.

Looking back on the first half as a whole, markets so far in 2018 have certainly been a lot more volatile than last year, in the main driven by these seemingly never-ending geopolitical trade tensions. Despite this however, the merger steam roller continues apace with H1 2018 global M&A volumes of $2.5trn, according to Thomson Reuters (up 57% on H1 2017), and the highest level seen for H1 ever, even beating 2007! Worthy of note here, is that this current wave of activity is being dominated by large and mega cap deals, such as Takeda Pharmaceutical's $80bn bid for Shire, Atlantia and ACS's joint $21bn bid for Abertis of Spain, Essilor's $32bn acquisition of Luxottica, and of course, we mustn't forget the current Comcast and Disney battle for control of both Sky ($32bn) and Fox ($50bn). In fact, there are currently over 25 mergers of companies with greater than $10bn market cap. Further, its clear that whilst US activity remains buoyant, it's Europe that continues to be the focal point for growth, with deal volume of over $1trn in H1 2018, the second highest on record. Within Europe, Germany and the Netherlands both saw particularly strong activity, but the UK is the real driving force however, with H1 2018 standing out particularly with the highest volume of deals since 2000 at over $300bn. We've commented on this in previous newsletters, but its worth mentioning again - the resurgence of the private equity buyer continues. PE investment globally was up significantly with deals totalling almost $450bn in the first half, of which, the Western Europe volume of $117bn accounted for more than a quarter of total deal flow globally - again a record high not seen since 2007.

Various factors are contributing to this continued growth in M&A volume. In the US, low interest rates and a relaxation of corporate taxes have empowered confident CEOs to consolidate their businesses and defend against disruption. This clarity on taxes has seemingly served to unclog some pent up demand and led to a significant increase in activity from US acquirers particularly. A stable world and eurozone economy, combined with continued low financing rates is also driving activity in Europe. This, combined with Brexit induced weakness in sterling, means we are seeing a number of cross border deals for UK based targets, such as Fidessa, Hogg Robinson, and of course, the previously mentioned Shire.

Our portfolio itself performed well in June, despite the continued market volatility. Both the Merger Aribtrage and Catalyst sub-strategies delivered positive returns with a small loss being suffered in the Relative Value strategy. Most notable here though was the contribution of not only our investment in Sky, but also in 21st Century Fox. Both performed very strongly this month, Fox following a $10 per share bump in terms from Disney, and Sky, on continued realisation as to the uniqueness and importance of their place in the UK and European broadcasting sector, likely leading to continued competitive bidding tension. The market is also cognisant of 'the chain principle' in the UK Takeover Code, which, following the bump in terms for Fox is likely to imply a see through price of around 1400-1450p needing to be paid for Sky.

Going forward, as we enter the send half of 2018, we expect activity to remain buoyant. Despite lingering geopolitical concerns, fears of greater protectionism and new rules governing cross-border deals, corporates are increasingly willing to acquire globally. The need to do so, is unlikely to go away any time soon, technology is disrupting many industries and is connecting companies with customers across the globe, meaning growth plans are no long country centric. Take the incredible innovation we have recently seen from behemoths like Netflix (+104% year-to-date!) as an example. This has prompted Disney to respond in a big way, hoping to pay c.$70bn (potentially more if Comcast has its way) for content assets from 21st Century Fox, but also in an attempt to gain control of Sky (another c.$35bn) and the innovative assets and access to new customers in Europe that it offers.

Monthly Share Class Performance Breakdown

USD Ins.	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y-T-D
2018	0.63%	0.96%	-0.23%	0.36%	-0.27%	0.63%							**2.09%**
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%**
GBP Ins. F	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Y-T-D**
2018	0.65%	0.97%	-0.29%	0.37%	-0.28%	0.59%							**2.02%**
2017	0.01%	0.28%	0.43%	0.62%	0.07%	0.21%	0.46%	0.19%	0.25%	0.57%	0.16%	0.72%	**4.03%**
2016	1.25%	0.47%	0.02%	0.69%	0.57%	0.18%	2.85%	0.83%	0.86%	-1.16%	0.05%	0.84%	**7.65%**

Note: The performance figures quoted above for the USD Share Class represents the performance of the Mygale Event Driven UCITS Fund USD Institutional Share Class and the GBP Share Class represents the performance of the GBP Institutional Class A Founder Share Class since launch. These performance figures refer to the past and past performance is not 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 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	Weekly
Fund AUM	$194.89 million
Inception	1st January 2016

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

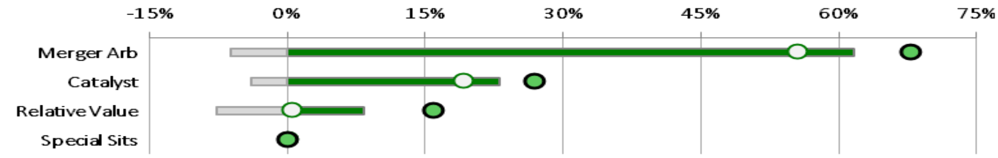
PORTFOLIO EXPOSURES

Risk Metrics

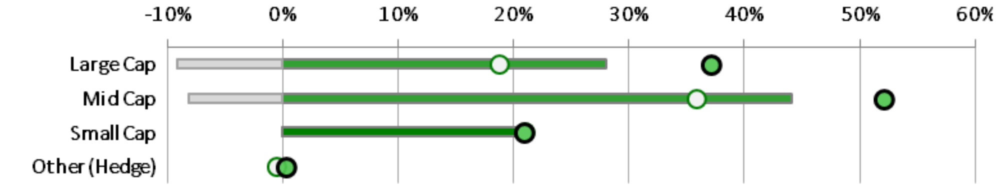
LONG EXPOSURE[2]	93.24%
SHORT EXPOSURE[2]	-17.81%
GROSS EXPOSURE[2]	111.05%
NET EXPOSURE[2, 4]	24.35%
SHARPE RATIO[3]	2.57
SORTINO RATIO[3]	4.41
VOLATILITY[3]	1.96%
VAR[1]	5.38%
NO OF POSITIONS	57

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 weekly net portfolio performance
4. The net figure excludes cash merger deals.

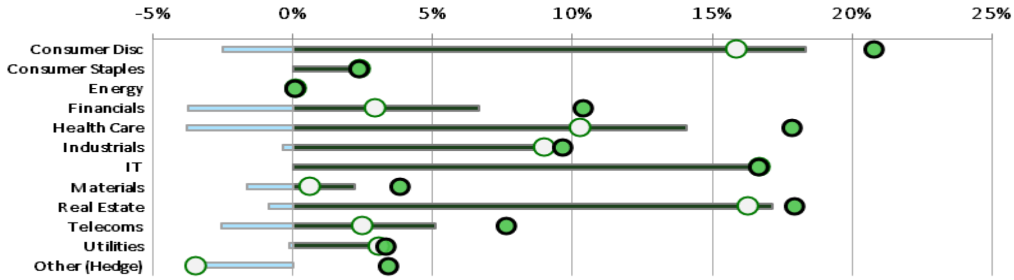
Exposure By Strategy[2]



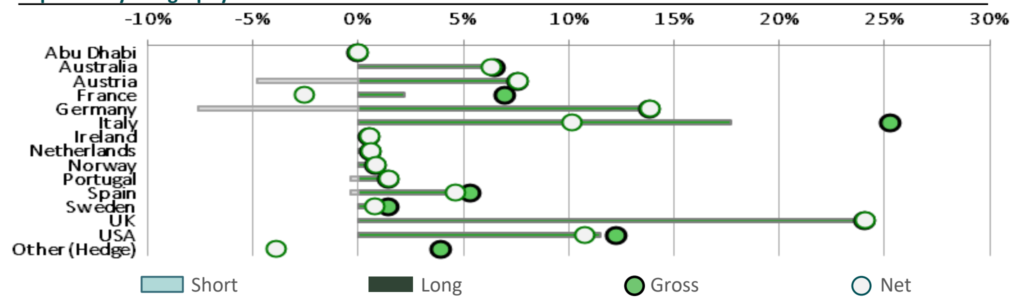
Exposure By Market Cap[2]



Exposure By Sector[2]



Exposure By Geography[2]



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