Mygale Event Driven UCITS Fund

Event Driven — **April 2018**

FACTSHEET

Performance Returns

The Mygale Event Driven UCITS Fund USD institutional class returned +0.36% during the month of April.

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

Corporate activity in April continued to build on the lofty levels of Q1, despite the persistence of global geopolitical tensions – the trade spat between China and the US rumbles on while escalating unease in Syria threatens to drive Russia and the West further apart. Dealogic tells us that $1.4trn of total M&A volume represents the strongest four-month start to any year on record. Interestingly, the biggest increase in deal volume globally has been in the UK, so far amounting to $334bn in value. In April alone, this has been helped along by the formalisation of numerous deals - Comcast firmed up their bid for Sky plc, showing their hand ahead of a potential bidding war against Fox, J Sainsbury plc agreed a $10bn deal to buy Asda from Walmart and CME Group took advantage of a weakening Sterling to bid for Nex Group. Clearly, it appears that acquirers are willing to look past Brexit concerns and take advantage of a cheap and weakening currency (GBP -1.8% vs. USD). Perhaps deals are being rushed out of the pipeline before BoE governor Carney and team kick-start the UK's rate rise cycle, to make financing more expensive. It is interesting that the FTSE 100 (+6.4% for April) outperformed its American (S&P 500 +2.7%) and European (DAX +4.3%, Euro Stoxx 50 +5.2%) counterparts, helped along by a strong commodity complex with crude oil especially strong (Brent +7.0%, WTI +5.6%).

We have written at length about the market's cautiousness of Chinese acquirers, especially in technologically-sensitive sectors. The lack of Chinese involvement in large deals YTD is noticeable. Deals requiring approval from MOFCOM are also getting caught in the cross-fire of trade negotiations (see NXP/Qualcomm). There are signs that China is managing to rely less on exports and more on domestic consumption to drive economic growth. The Chinese economy grew 6.8% in Q1, with domestic consumption accounting for 78% - potentially bracing for a long trade war? On the other side, US consolidation is continuing unchecked amidst a backdrop of supportive financial market conditions, thanks to the Trump administration's efforts to deregulate the financial industry. CEO confidence is at its highest level in over fifteen years, with 93% of surveyed CEOs expecting sales to increase over the next six months – according to HSBC. We have seen an "arms race" in commercial and residential property, with the likes of Blackstone, Brookfield and other PE acquirers racing to acquire assets while Fed policy remains easy. Many strategic deals now are looking vertical (as opposed to horizontal) given the concentrated nature of many industries in the US. This is starting to pique the interest of regulators, who no longer seem to be satisfied with behavioural commitments (see Time Warner/AT&T).

The busy activity seen in the M&A universe was certainly reflected in our portfolio, where we added over ten new investments during the month (and closed six) delivering a return of +36bps. We weren't just active in Merger Arbitrage though, Catalyst Driven and Special Situations were also a fruitful source of new investment opportunities. As mentioned earlier, towards the end of the month Comcast formally launched their bid for Sky, as expected, at 1250p. This confirmation of their intent, together with legally binding commitments as regards their plans for Sky News and maintaining the UK headquarters, delivered a strong share price reaction, and hence generated positive returns to the portfolio, in what continues to be one of our core investments.

The portfolio also benefitted when our investment in Victoria Park, a Swedish residential property developer, benefitted from a counterbid materialising. Vonovia of Germany bid SEK 38 in cash, trumping the earlier SEK 34 bid from Starwood Capital. We'd always viewed a counterbid as a potential scenario here, particularly as the price offered was low (just under current NAV and about 14% discount to 2019 forecast NAV) and the business model offers an interesting opportunity - under Swedish law, rents for 'luxury' apartments can be increased significantly, yet so far, only 28% of Victoria Parks apartments have been renovated to meet this criteria.

Despite this buoyant period of activity in our space at present, there remains a significant degree of nervousness in the market, mainly caused by the US / China trade tensions and the impact this has on deals. We remain cognisant of this and are accordingly slightly more cautious in our positioning at present.

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%									**1.72%**
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%									**1.71%**
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	$199 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

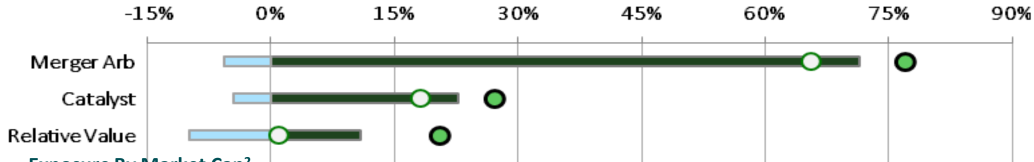
PORTFOLIO EXPOSURES

Risk Metrics

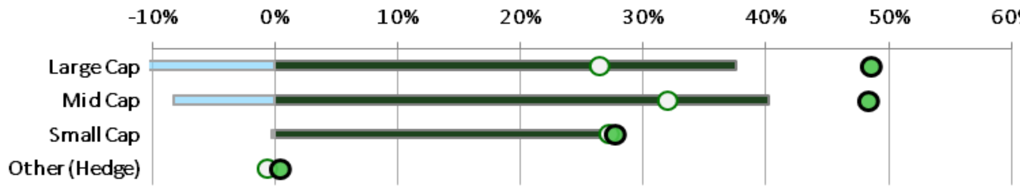
LONG EXPOSURE[2]	105.47%
SHORT EXPOSURE[2]	-20.96%
GROSS EXPOSURE[2]	129.14%
NET EXPOSURE[2, 4]	24.08%
SHARPE RATIO[3]	2.68
SORTINO RATIO[3]	4.78
VOLATILITY[3]	1.95%
VAR[1]	4.44%
NO OF POSITIONS	61

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.

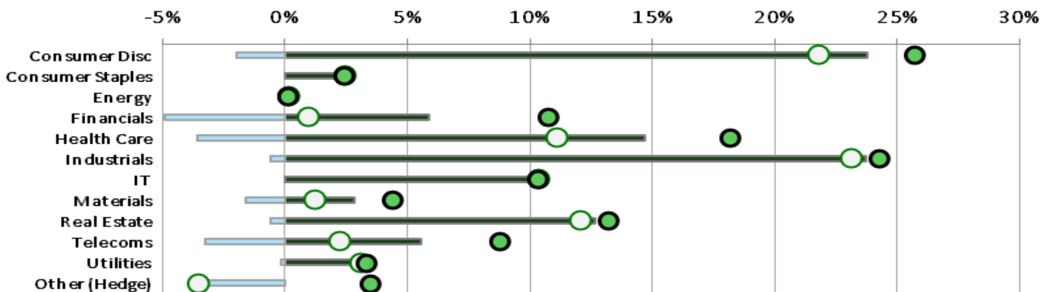
Exposure By Strategy[2]



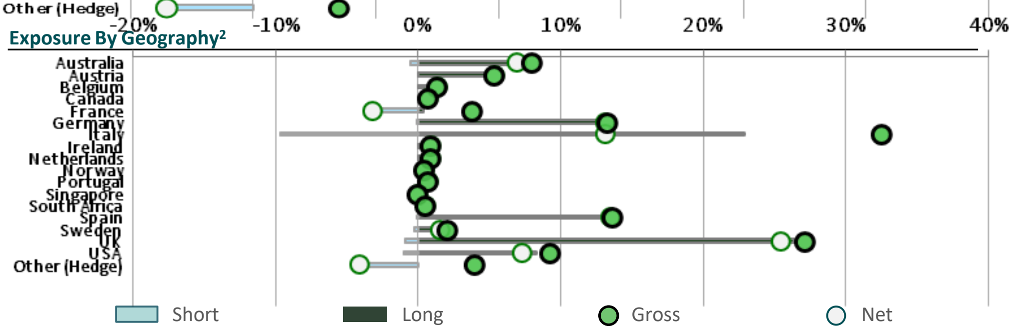
Exposure By Market Cap[2]



Exposure By Sector[2]



Exposure By Geography[2]



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