

Mygale Event Driven UCITS Fund

Event Driven

Performance Returns

*The Mygale Event Driven UCITS Fund USD Institutional Class returned +0.18% during the month of January.

Investment Objective & Strategy

The Mygale Event Driven Fund is advised by a London-based team with extensive experience in European Focused Global Event Driven Equity including Merger Arbitrage, Catalyst Driven, Relative Value and Special Situations.

Mygale continues the successful strategy employed by Neil Tofts for over 25 years at firms including Deephaven Capital, KBC Alternative Investment Management and Merrill Lynch. The team employs a differentiated investment approach built on sceptical research, disciplined position selection and active trading to capture additional alpha in every position. Investments are challenged and considered from multiple angles with fundamental in-house research that is complemented by systematic consulting of the market through deep local broker relationships and industry specialists. Trades are structured with the intention of embedding optionality and favourably skewing risk, with a preference for situations that have a fundamental value underpinning, a clear rationale and the possibility of bump catalysts or counter bids. The team dislikes crowded trades and binary outcomes with heavy downsides, and avoids the 'home run' mentality.

Monthly Commentary

In our December note we mentioned our expectation that 2024 would see a much greater number of competitive bidding situations. Already in January we see evidence of this! Firstly Pagero, a Swedish e-invoicing and document exchange security company, who in December received a bid at SEK36 per share from tax solutions specialist Vertex. Despite securing soft irrevocables from just over 40% of shareholders, we felt the company was likely to be attractive to other buyers, particularly so in the US where e-invoicing is in its infancy. Also, especially in Europe, countries are moving towards real-time digital tax regimes that will force tax compliance specialists to incorporate e-invoicing functionality. The Vertex deal was quite aggressive on timing, even more so with it being over the Christmas period when markets were quiet, so any counter bidder would have needed to react quickly. Hence, we weren't overly surprised when Thomson Reuters bid SEK40 per share on 11th January to kick start what turned out to be a rapid-fire bidding contest. Another one of our 'possible' acquirers, Avalara, backed by Vista Equity, quickly reacted by launching its own bid at SEK45 per share the very next day, and disclosed it had built a c.14% stake in the company. Thomson Reuters again wasted no time in increasing its bid to SEK50 per share and secured acceptance from the very same shareholders who had given 40% irrevocables to Vertex, plus shares bought in the market to take their total holding to 53%, and marked their bid as being unconditional.

We also saw a long-expected bidding war finally kick off in Applus, the Spanish based global laboratory testing, inspection and certification business. Early in January, Apollo tried to steal a march on competitor consortium made up of TDR and I Squared Capital, by reaching an agreement to buy a 21.85% stake from a number of shareholders and raising their bid from €9.5 to €10.65 per share, significantly higher than the competing bid of €9.75. Interestingly, Applus is a long-held Catalyst investment of ours and one that was significantly undervalued by the market when we first invested a couple of years ago, with the expectation of it being an attractive takeover target somewhere between €10 and €12 per share. Competitive bidding situations, such as this one, that are expected to fully deliver on our estimated catalyst upsides, are what the portfolio lacked in 2023. Broadly, acquirers have faced minimal

Monthly Performance – Mygale Event Driven UCITS Fund

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sept | Oct | Nov | Dec | Y-T-D |
|------|--------|--------|--------|--------|--------|--------|-------|-------|--------|--------|--------|--------|--------|
| 2024 | 0.18% | | | | | | | | | | | | 0.18% |
| 2023 | 0.97% | 0.64% | -1.13% | 0.24% | -0.78% | -0.27% | 0.88% | 0.12% | 0.35% | -1.20% | -0.17% | 1.67% | 1.27% |
| 2022 | -1.07% | -0.22% | 0.35% | -0.54% | 0.12% | -1.62% | 0.28% | 0.08% | -0.26% | -0.05% | 1.40% | -0.62% | -2.16% |
| 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% | 2.69% |
| 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% | 2.30% |
| 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% | 4.39% |
| 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% | 3.43% |
| 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% |

The Manager



Neil Tofts has over 25 years' experience successfully running event driven portfolios and funds, and 26 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. Neil 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 12 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 |
| Valuation | Daily |
| Fund AUM | \$254 million |
| Inception | 1 January, 2016 |
| Share Class | Institutional Pooled |
| Currency | EUR/USD/CHF/GBP |
| Mgt. Fee | 1.50% |
| Perf. Fee | 20.00% |
| Min Init. Sub. | 1,000,000 |
| ISIN Codes | EUR: IE00BYRPFV15 |
| | USD: IE00BYRPFY46 |
| | CHF: IE00BYRPFX39 |
| | GBP: IE00BYRPFW22 |
| Share Class | Institutional F Pooled/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: IE00BJJPVZ02/IE00BYRPFZ52 |
| | USD: IE00BJJPW240/IE00BYRPG294 |
| | CHF: IE00BJJPW133/IE00BYRPG187 |
| | GBP: IE00BJJPW026/IE00BYRPG070 |
| Share Class | 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: IE00BM98VD89 |
| | USD: IE00BM98VG11 |
| | CHF: IE00BM98VH28 |
| | GBP: IE00BM98VF04 |

The performance figures quoted in the table are 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.

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Commentary continued.

opposition in recent years from what has been a rather toothless shareholder base. As a result, many have been able to get away with stealing companies on the cheap. We continue to view Applus as a unique asset that is valued at the lower end of our takeout pricing range, and believe we could see the bidding battle continue over coming weeks.

Unfortunately, not all merger catalysts delivered in the way we had hoped. We discussed our excitement about Smart Metering Systems in our previous note, and whilst we felt there was strong potential for a counter bid from another infrastructure type buyer, and that KKR needed to improve the terms to get the required level of shareholder support, neither case materialised. Despite opposition from company founders and Primestone, who hold c.18% of shares, that would have made it difficult for KKR to get the required vote at the Scheme meeting, KKR played hardball and switched the deal structure to a tender offer with 50% acceptance. With the threat of delisting, it is now likely most shareholders will tender into this, in the absence of a last gasp counter bidder.

A couple of Relative Value names were the main detractors from performance this month, with no strong reason for the moves, more just due to market flows. Our investment in the Telecom Italia share class spread continues to be volatile and, at times unloved by the market, with frequent speculation around Vivendi and their approach to their holding in the company. The next event here is most likely going to be the FY 2023 results due to be released on 14th February, which we expect to be positive.

Portfolio Exposures

Risk Metrics

| | |
|------------------------------|---------|
| LONG EXPOSURE ¹ | 82.25% |
| SHORT EXPOSURE ¹ | -34.06% |
| GROSS EXPOSURE ¹ | 116.32% |
| NET EXPOSURE ^{1, 3} | 17.31% |
| SHARPE RATIO ² | *0.39 |
| SORTINO RATIO ² | *0.41 |
| VOLATILITY ² | 2.77% |
| NO OF POSITIONS | 49 |

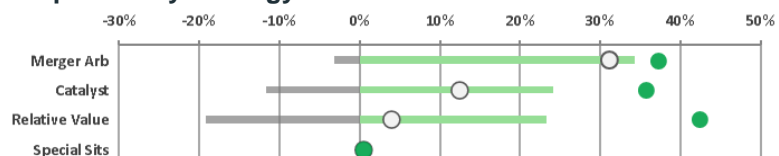
*Calculated using ICE BofA US Dollar 1 Month Deposit Offered Rate Constant Maturity (Bloomberg ticker LUS1)

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

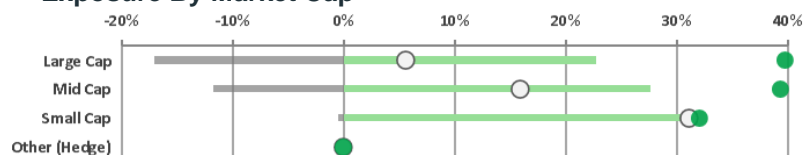
2. Based on monthly net portfolio performance.

3. The net figure excludes cash merger deals.

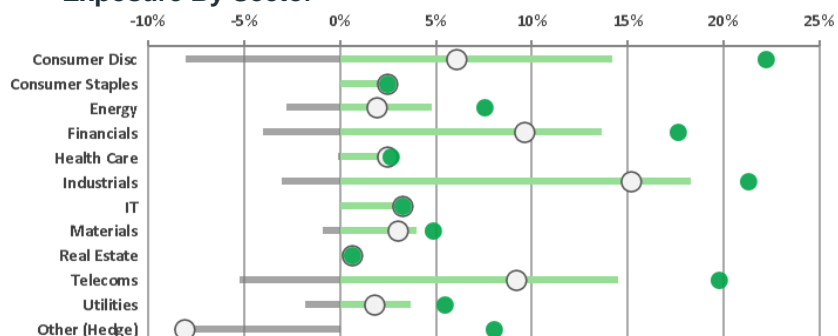
Exposure By Strategy¹



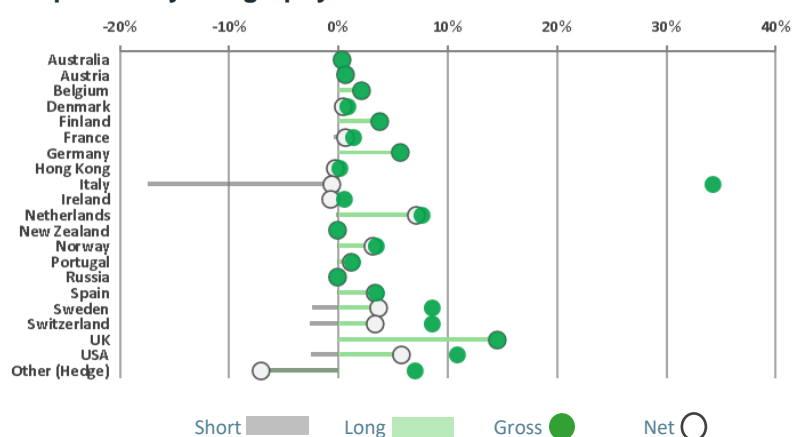
Exposure By Market Cap¹



Exposure By Sector¹



Exposure By Geography¹



Short  Long  Gross  Net 

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