

FACTSHEET

THE MANAGER



Performance Returns

The Mygale Event Driven UCITS Fund USD institutional class had a positive performance of 1.02% during the month of December.

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 30-50 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

In this final newsletter of 2016, we are pleased to have completed our first full year of operating the Mygale Event Driven UCITS fund with a return of 7.65% (GBP class) and 6.65% (USD share class - which only started part way through January). December was a strong month with a return of +0.84% (GBP class) and +1.02% (USD class).

While 2016 was certainly full of surprises for all of us, it was a buoyant year for Event Driven opportunities generally and we see this momentum continuing strongly during 2017. In December, there were many who wished the month never ended. The hotly debated *Santa Rally* resurfaced across European equities and in the US, the S&P 500 continued its strong Trump-fuelled performance. Employment rates continue to fall and consumer confidence continues to rise. Outside of stocks, we saw crude oil double from its February low to end 2016 with a big statement, still swimming in the momentum generated by Opec's decision to cut production while its industrial commodity cousins were driven by strong Chinese data. Treasury 10-year yields dropped below 1.4% in July, a level we may not see again in a long time, and finished 2016 above 2.4% - illustrative of the heightened importance of the Central Bank. The Fed and its dots also pushed the USD higher, in turn weighing on cable post-Brexit and forcing the EUR/USD towards parity.

Since the Brexit vote, Sterling weakened over 17% to year end vs. the USD and we are seeing foreign buyers taking advantage of the revaluation, eyeing and buying UK assets of all sizes. In the past month, US acquirers have been busy shopping for British bargains - the Murdochs have returned for another attempt at taking Sky private while Teledyne bid for niche tech component maker E2V Technologies, among others. We've also seen deals go in the other direction - European corporates dabbled in the more durable US economy to supplement anaemic domestic growth. British American Tobacco's approach for Reynolds American and Danone's offer for Whitewave Foods are two of the larger such deals. However, the Chinese buyer has arguably been the most topical story in 2016 with outbound M&A volume from China on par with that of the US (On 21 December, Dealogic had China at \$219.3bn and the US at \$217.7bn). This may not be sustainable for China as we enter 2017 though, as the government continues to tighten their scrutiny of capital outflows in an attempt to curb the depreciation of the yuan.

As we mentioned earlier, December was a strong month for us, with gains widely spread throughout the portfolio. We continued to profit from our investment in Lavendon, a market leader in powered access equipment. As we discussed last month, we identified very early that Lavendon is an attractive asset due to its specialised nature, and as such, built our investment with the expectation that other buyers could enter the fray. This eventually materialised in mid December when Loxam, a privately owned French based competitor, launched a recommended bid at 220p. This kick started a period of intense bidding in the run up to year end with TVH (the original bidder) and Loxam continually increasing their bids, that reached a level of 260p to close the year. Whilst this bidding war is clearly nearing its end we maintain our position in the expectation that there may still be one or two more twists in this plot remaining. Our investment in Kuka also contributed strongly during the month, as its Chinese based acquirer, Midea, gradually moved towards getting the regulatory clearances remaining. In mid December the company announced the sale of its aviation business, a prerequisite to getting the CFIUS clearance it needed, and CFIUS duly delivered this clearance at the end of the month.

We continue to see the opportunity set as being very attractive for our style of Event Driven investing and are excited for what 2017 holds in store for the fund. Thank you for your support last year and for your continued interest in Mygale.

Monthly Share Class Performance Breakdown

	2016	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y-T-D
USD Ins. S		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.		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 represent the performance of the Mygale Event Driven UCITS Fund USD Institutional Share Class since launch on 6th January 2016. These performance figures refer to the past and past performance is not a guarantee of future performance or a reliable guide to future performance.

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 six 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	\$106.2million
Inception	1 st December 2015

Share Class	Institutional/Institutional Pooled
Currency	EUR/GBP/CHF/USD
Mgt. Fee	1.50%
Perf. Fee	20%
Min Init. Sub.	1,000,000
ISIN	EUR: IE00BYRPFQ61/IE00BYRPFV15
Codes	USD: IE00BYRPF792/IE00BYRPFY46 CHF: IE00BYRPF585/IE00BYRPFX39 GBP: IE00BYRPF78/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	EUR: IE00BYRPG302/IE00BYRPFZ52
Codes	USD: IE00BYRPG633/IE00BYRPG294 CHF: IE00BYRPG526/IE00BYRPG187 GBP: IE00BYRPG419/IE00BYRPG070

PORTFOLIO EXPOSURES

Risk Metrics

LONG EXPOSURE ²	60.63%
SHORT EXPOSURE ²	10.71%
GROSS EXPOSURE ²	71.35%
NET EXPOSURE ^{2,4}	10.22%
SHARPE RATIO ³	3.43
SORTINO RATIO ³	4.39
VOLATILITY ³	2.16%
DAILY VAR ^{1,3}	2.27%
NO OF POSITIONS	42

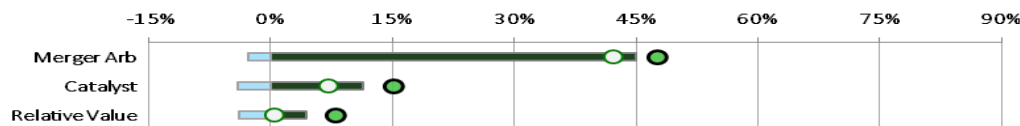
1. VaR is calculated using a confidence level of 99% and a holding period of 20 working days. The VaR model used by the Sub-Fund typically uses data from the last 200 weeks or greater, but a shorter observation period may be used in instances of recent significant changes in price volatility.

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

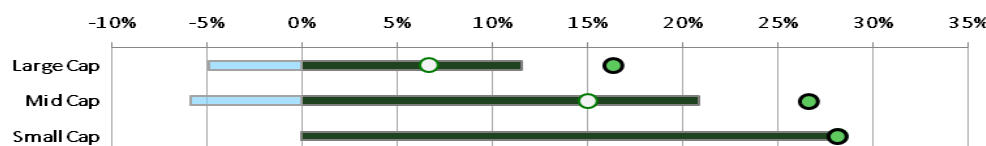
3. Based on daily gross portfolio performance

4. The net figure excludes cash merger deals.

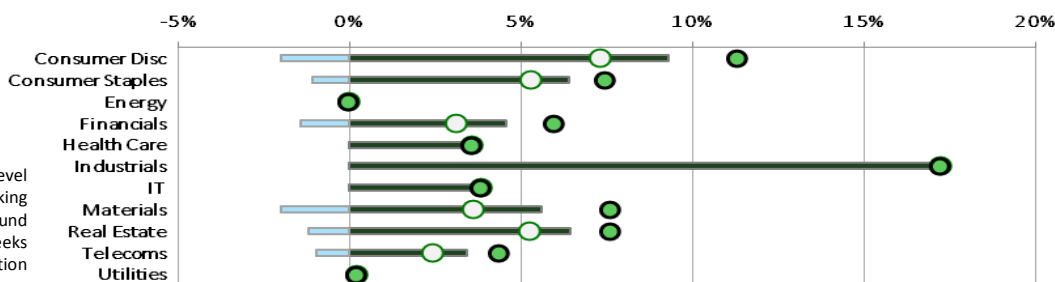
Exposure By Strategy²



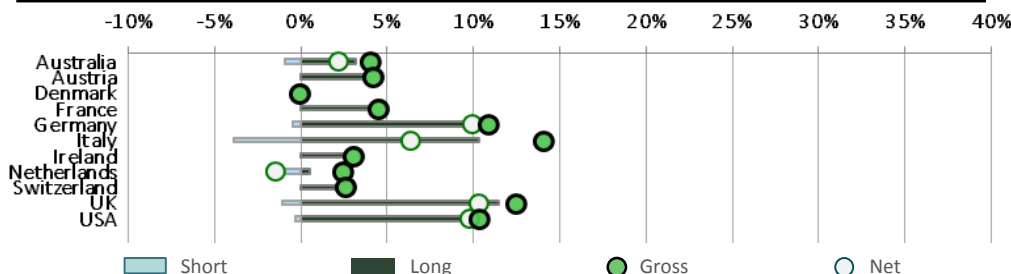
Exposure By Market Cap²



Exposure By Sector²



Exposure By Geography²



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