

CIGOGNE UCITS

M&A Arbitrage

Monthly Factsheet - March 2020



Assets Under Management :

214 474 248 €

Net Asset Value - C1 Shares :

1 017.48 €

INVESTMENT OBJECTIVES

The sub-fund's objective is to generate regular returns not correlated with the main market trends, in a context of risk controls. The choice of the assets is guided by an arbitration of mergers and/or acquisitions, consisting in benefiting from the price differences, which can appear at the time of takeover bids or exchange. Based on a solid and detailed analysis of the economic, legal and competitive frameworks, initiated operations are mainly held until the finalization of the offer. The portfolio only focuses on declared M&A situations. Initiated strategies consist in acquiring shares of the target company (cash offer) and selling shares of the acquirer (stock, cash and stock offer) or conversely if we expect the bid to fail. The sub-fund may also develop strategies on corporate action arbitrage such as preferential subscription rights.

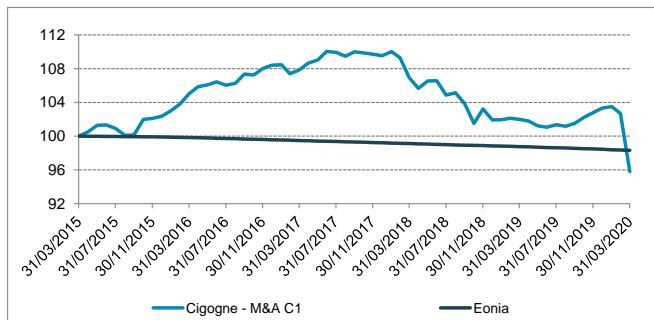
PERFORMANCES

| | January | February | March | April | May | June | July | August | September | October | November | December | YTD |
|------|---------|----------|--------|--------|--------|--------|--------|--------|-----------|---------|----------|----------|--------|
| 2020 | 0.16% | -0.78% | -6.71% | | | | | | | | | | -7.29% |
| 2019 | 0.02% | 0.17% | -0.12% | -0.20% | -0.57% | -0.16% | 0.28% | -0.17% | 0.33% | 0.71% | 0.54% | 0.54% | 1.39% |
| 2018 | 0.44% | -0.66% | -2.19% | -1.17% | 0.85% | 0.01% | -1.58% | 0.25% | -1.22% | -2.25% | 1.68% | -1.26% | -6.96% |
| 2017 | 0.03% | -0.98% | 0.43% | 0.74% | 0.35% | 0.93% | -0.09% | -0.43% | 0.49% | -0.13% | -0.15% | -0.15% | 1.04% |
| 2016 | 0.65% | 0.74% | 1.21% | 0.77% | 0.21% | 0.35% | -0.39% | 0.22% | 1.04% | -0.11% | 0.72% | 0.37% | 5.92% |

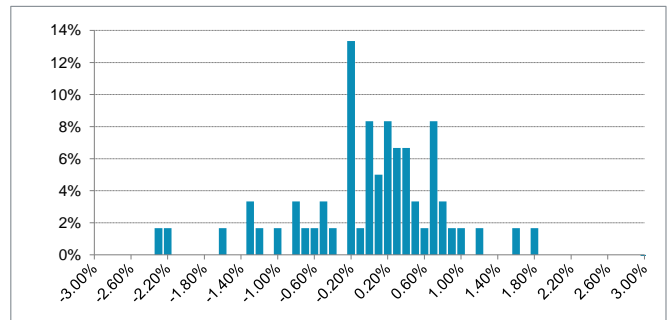
PORTFOLIO STATISTICS FOR 5 YEARS / SINCE 03/05/2013

| | Cigogne M&A Arbitrage | | Eonia | | HFRU Hedge Fund Composite Index | | MSCI World AC TR EUR Index | | Markit iBoxx EUR Index | |
|-----------------------|-----------------------|------------|----------|------------|---------------------------------|------------|----------------------------|------------|------------------------|------------|
| | For 5 Y. | From Start | For 5 Y. | From Start | For 5 Y. | From Start | For 5 Y. | From Start | For 5 Y. | From Start |
| Cumulative Return | -4.20% | 1.75% | -1.68% | -1.53% | -8.00% | 1.59% | 11.73% | 60.07% | 2.08% | 11.42% |
| Annualised Return | -0.85% | 0.25% | -0.34% | -0.22% | -1.65% | 0.23% | 2.24% | 7.05% | 0.41% | 1.58% |
| Annualised Volatility | 5.15% | 4.50% | 0.01% | 0.03% | 4.77% | 4.62% | 16.06% | 15.12% | 3.26% | 2.96% |
| Sharpe Ratio | -0.10 | 0.11 | - | - | -0.28 | 0.10 | 0.16 | 0.48 | 0.23 | 0.61 |
| Sortino Ratio | -0.13 | 0.14 | - | - | -0.35 | 0.13 | 0.23 | 0.70 | 0.28 | 0.76 |
| Max Drawdown | -18.29% | -18.29% | -1.68% | -1.69% | -14.26% | -14.26% | -30.39% | -30.39% | -8.09% | -8.09% |
| Time to Recovery (m) | > 0,23 | > 0,23 | - | - | > 0,23 | > 0,23 | > 0,23 | > 0,23 | > 0,23 | > 0,23 |
| Positive Months (%) | 60.00% | 68.67% | | 21.69% | 60.00% | 63.86% | 58.33% | 66.27% | 51.67% | 59.04% |

PERFORMANCE (NAV) FOR 5 YEARS



DISTRIBUTION OF MONTHLY RETURNS FOR 5 YEARS



INVESTMENT MANAGERS' COMMENTARY

During March, the risk-off environment associated with the spread of the Covid-19 epidemic resulted in large-scale movements on the equity markets. The M&A sphere, despite its resilience in times of market stress, was not spared the pressure to sell, as evidenced by the main indices hitting record lows. This very unusual situation is due to the phenomena of forced cuts, or even surrenders, among certain players in our segment. The market beta of M&A positions thus approached 100% mid-month, before returning to less extreme levels in the last week.

In this very complicated climate, the majority of discounts in the portfolio widened in March, although no portfolio transactions have been called into question at the moment. However, the government measures announced regarding the closure of non-essential businesses particularly impacted our strategies on the Cineplex/Cineworld cinema operators and Caesars Entertainment/Eldorado Resorts casino operators. Furthermore, the privatisation of Tallgrass Energy was disrupted by the very sharp fall in oil prices in the wake of the failed negotiations between Saudi Arabia and Russia. Having reviewed the merger agreements for each of these deals and the marked interest of the buyers in these targets, and taking into account our balanced composition, these strategies were retained.

However, as spreads widened to record levels, the M&A segment continued to make headway, as evidenced by the bids made by the insurance company Aon on its competitor Willis Towers Watson for \$31 billion or by Thermo Fischer Scientific on biotech company Qiagen for €10 billion. Moreover, progress was made on major deals during the period. Showa Denko launched its tender bid on Hitachi Chemical following approval from the competition authorities and Allergan, AbbVie and the FTC entered into a Divestiture Consent Decree to determine the divestments required for the acquisition to be finalised. These were approved by the European Commission at the beginning of March and FTC approval is now expected in the coming weeks. Over the month, the completion of significant transactions such as Aircastle, Instructure and Pattern Energy is testament to the fact that merger approval procedures are still progressing, although they may sometimes be slower. Our portfolio, primarily based on transactions with strong industrial interest and short maturities, is expected to benefit from a return of market stability and from positive news regarding the health crisis, to continue the upturn that started at the end of the month.

MAIN POSITIONS

| TARGET | ACQUIRER | WEIGHT | PAYMENT TYPE | TARGET SECTOR | GEOGRAPHICAL ZONE |
|------------------|-------------------|--------|--------------|-----------------|-------------------|
| ALLERGAN | ABBVIE | 6.03% | Cash & Stock | Health Care | North America |
| TECH DATA | PRIVATE EQUITY | 5.88% | Cash | Technology | North America |
| TIFFANY & CO | LVMH | 5.86% | Cash | Household Goods | North America |
| HITACHI CHEMICAL | SHOWA DENKO | 5.52% | Cash | Chemicals | Asia |
| WABCO HOLDINGS | ZEPPELIN-STIFTUNG | 5.29% | Cash | Automobiles | North America |

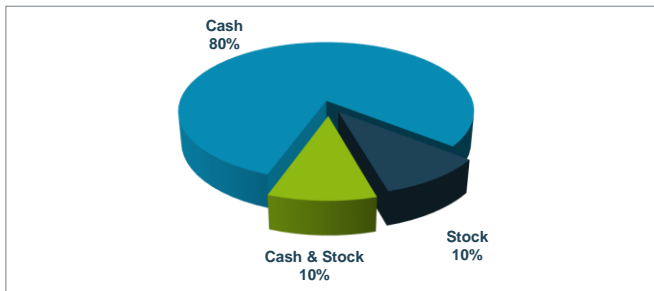
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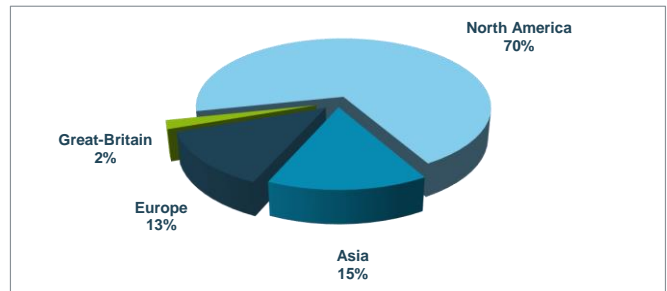
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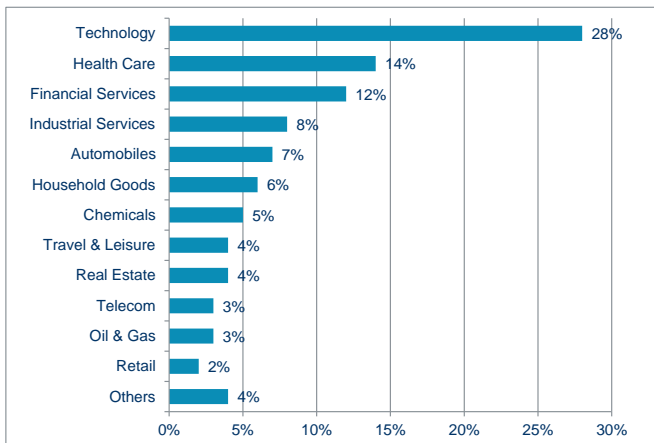
PAYMENT TYPE



GEOGRAPHICAL BREAKDOWN



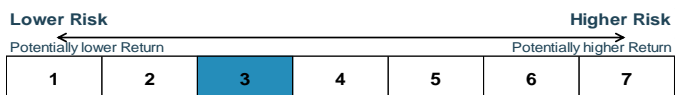
SECTORIAL BREAKDOWN



PORTFOLIO STATISTICS

| | |
|---------------------------|-----|
| Number of strategies | 84 |
| New strategies | 20 |
| Closed strategies | 11 |
| Time to completion (days) | 63 |
| Small Cap (< 500 MUSD) | 17% |
| Large Cap (>500 MUSD) | 83% |

RISK PROFILE



The risk category has been determined on the basis of historical and simulated data and may not be a reliable indication of the future risk profil. The risk and reward category shown does not necessarily remain unchanged and the categorization of the fund may shift over time.

CHARACTERISTICS

| | | | |
|-----------------------|------------------------------|-------------------------|-----------------------------|
| Management Company | Cigogne Management SA | ISIN code | LU0893376664 |
| Advisor | CIC Marchés | Management Fee | 1,50% |
| Domiciliation | Luxembourg | Outperformance Fees | 20% above Eonia capitalised |
| Fund's Inception Date | March 2013 | Subscription Fee | 4% maximum |
| Legal Form | SICAV UCITS | Redemption Fee | Not Applicable |
| Valuation | Weekly, every Friday | Minimum Subscription | EUR 1.000 |
| Liquidity | Weekly | Subsequent Subscription | EUR 1.000 |
| Cut-Off | 2 Business Days | Country of Registration | LU, FR, BE, DE |
| Depository Bank | Banque de Luxembourg | | |
| Administrative Agent | European Fund Administration | | |
| Auditor | Deloitte Luxembourg | | |

DISCLAIMER

The information contained herein is provided for information purposes only and shall only be valid at the time it is given. No guarantee can be given as to the exhaustiveness timeliness or accuracy of this information. Past performance is no indication of future returns. Any investment may generate losses or gains. The information on this document is not intended to be an offer or solicitation to invest or to provide any investment service or advice. Potentially interested persons must consult their own legal and tax advisor on the possible consequences under the laws of their country of citizenship or domicile. Any person must carefully consider the appropriateness of their investments to their specific situation and ensure that they understand the risks involved. Subscriptions to fund shares will only be accepted on the basis of the latest prospectus and the most recent annual report or semi-annual report if the latter is more recent.

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