

CIGOGNE UCITS

M&A Arbitrage

Monthly Factsheet - June 2022



Assets Under Management :

177 096 728 €

Net Asset Value - C1 Shares :

1 102.37 €

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.

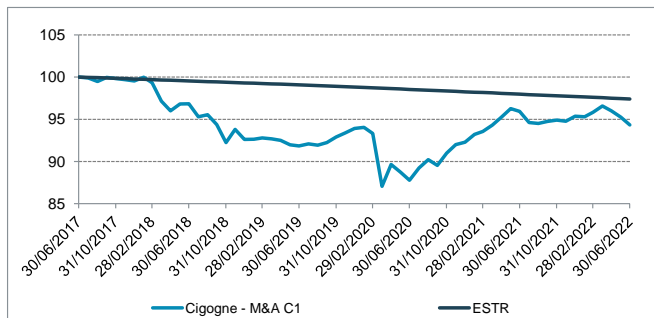
PERFORMANCES

	January	February	March	April	May	June	July	August	September	October	November	December	YTD
2022	-0.06%	0.55%	0.79%	-0.60%	-0.78%	-0.97%							-1.09%
2021	1.00%	0.37%	0.82%	0.96%	1.08%	-0.34%	-1.38%	-0.11%	0.26%	0.16%	-0.15%	0.62%	3.32%
2020	0.16%	-0.78%	-6.71%	2.97%	-1.00%	-1.09%	1.66%	1.09%	-0.76%	1.64%	1.12%	0.31%	-1.72%
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%

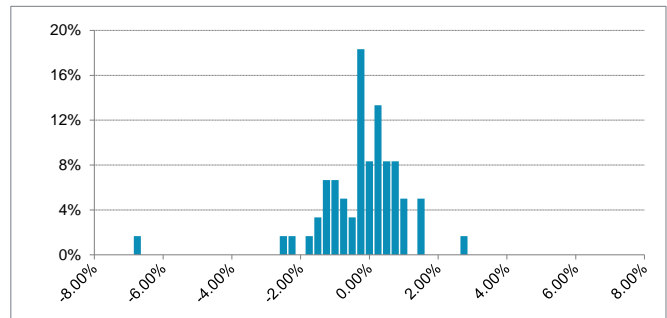
PORTFOLIO STATISTICS FOR 5 YEARS / SINCE 03/05/2013

	Cigogne M&A Arbitrage		ESTR		HFRU Hedge Fund Composite Index	
	5 years	From Start	5 years	From Start	5 years	From Start
Cumulative Return	-5.68%	19.67%	-2.60%	-3.39%	-5.21%	-6.22%
Annualised Return	-1.16%	1.98%	-0.52%	-0.38%	-1.06%	-0.70%
Annualised Volatility	5.78%	4.72%	0.01%	0.03%	5.00%	4.43%
Sharpe Ratio	-0.11	0.50	-	-	-0.11	-0.07
Sortino Ratio	-0.15	0.74	-	-	-0.14	-0.10
Max Drawdown	-18.29%	-18.29%	-2.60%	-3.46%	-19.19%	-19.68%
Time to Recovery (m)	> 27,92	> 27,92	-	-	> 27,92	> 27,92
Positive Months (%)	50.00%	66.36%		9.09%	55.00%	56.36%

PERFORMANCE (NAV) FOR 5 YEARS



DISTRIBUTION OF MONTHLY RETURNS FOR 5 YEARS



INVESTMENT MANAGERS' COMMENTARY

In an environment of rising inflation, changes in monetary policy and now fears of recession, the M&A universe saw a significant and widespread widening of haircuts. In parallel with the fall in equity markets, the prospect for more aggressive rate increases led to a revaluation of risk premiums and encouraged players in the segment to reduce their exposures, especially on longer-term strategies.

The portfolio suffered from these effects through exposure to technology stocks such as Citrix Systems and Nielsen Holdings, which were affected by declining investor confidence in these long M&A operations. It was also impacted by price renegotiations. In Australia first of all, buyer Dye & Durham is now seeking to reduce the acquisition price of Australian trust company Link Administration Holding, after being notified of the commencement of phase 2 of the case study. An offer was made at AUD 4.30, 22% less than the original offer of AUD 5.50. The target, although still in discussion with the buyer, refused this offer. Common ground could be found at a level between these two prices. Turning to the United States, private equity group Thoma Bravo also reduced the offer price for planning software company Anaplan, owing to non-compliance with the amount of stock awards that the target was authorised to issue after the agreement was signed. However, there was no major impact on performance as a result of this announcement due to the reductions that took place in previous weeks. At the end of the month, however, antitrust agreements on several cases enabled the portfolio to resist the strong downward market trend. In this regard, the Chinese antitrust agency, SAMR, validated the merger of American semiconductor manufacturers CMC Materials and Entegris. As the transaction has now obtained all required regulatory approvals, we have strengthened our position before the transaction is concluded on 6 July 2022. The private equity group Clearlake Capital Group was then able to close the acquisition of Intertape Polymer Group following agreement from Investment Canada, the Canadian foreign investment regulator. Lastly, the option position initiated on the purchase of Spirit Airlines proved beneficial, sustained by the share volatility linked to the offers by Frontier Group Holding and JetBlue Airways.

MAIN POSITIONS

TARGET	ACQUIRER	WEIGHT	PAYMENT TYPE	TARGET SECTOR	GEOGRAPHICAL ZONE
CMC MATERIALS	ENTEGRIS	7.58%	Cash & Stock	Technology	United States
VIFOR PHARMA	CSL	4.33%	Cash	Health Care	Europe
MEGGITT	PARKER HANNIFIN	3.58%	Cash	Industrial Services	Great Britain
SANNE GROUP	APEX GROUP	3.13%	Cash	Financial Services	Great Britain
INTERTAPE POLYMER GROUP	PRIVATE EQUITY	2.76%	Cash	Industrial Services	Canada

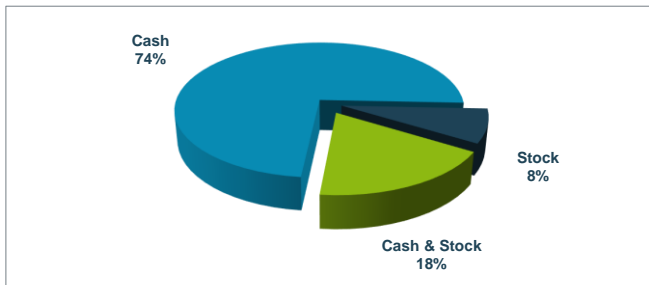
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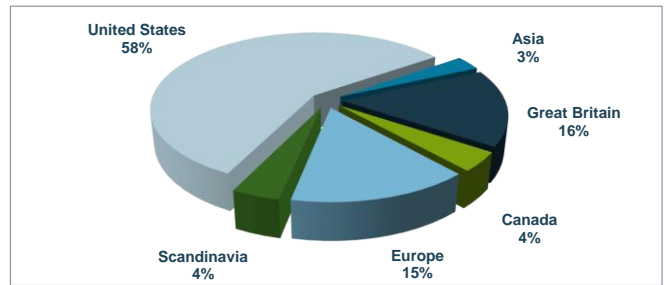
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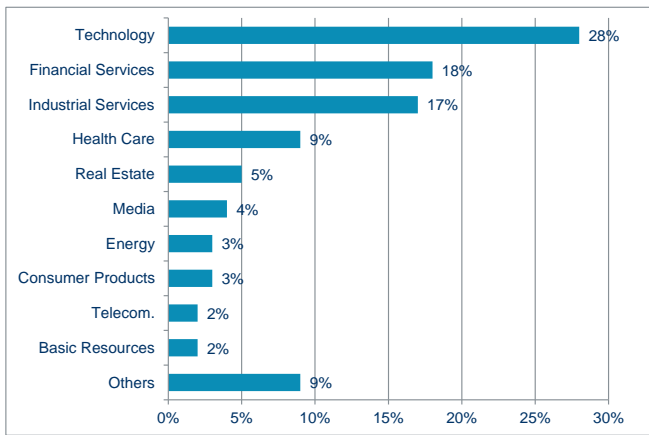
PAYMENT TYPE



GEOGRAPHICAL BREAKDOWN



SECTORIAL BREAKDOWN



PORTFOLIO STATISTICS

Number of strategies	133
New strategies	15
Closed strategies	20
Time to completion (days)	110
Small Cap (<750 MUSD)	20%
Large Cap (>750 MUSD)	80%

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	Performance Fees	20% above €STR with a High Water Mark
Fund's Inception Date	March 2013	Subscription Fee	Up to 2%
Legal Form	SICAV UCITS	Redemption Fee	None
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	KPMG Luxembourg		

DISCLAIMER

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