

CIGOGNE UCITS

M&A Arbitrage

Monthly Factsheet - March 2020



Assets Under Management : \$

237 122 729

Net Asset Value - C3 Shares : \$

1 079.22

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.

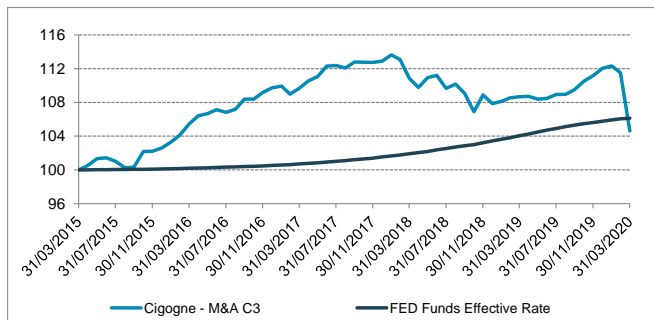
PERFORMANCES

	January	February	March	April	May	June	July	August	September	October	November	December	YTD
2020	0.25%	-0.73%	-6.17%										-6.61%
2019	0.25%	0.38%	0.12%	0.03%	-0.28%	0.07%	0.43%	0.02%	0.50%	0.92%	0.59%	0.79%	3.88%
2018	0.66%	-0.49%	-1.96%	-0.98%	1.07%	0.23%	-1.38%	0.47%	-1.01%	-1.99%	1.88%	-0.95%	-4.45%
2017	0.17%	-0.85%	0.63%	0.79%	0.48%	1.10%	0.06%	-0.25%	0.64%	-0.03%	-0.01%	0.12%	2.87%
2016	0.70%	0.78%	1.30%	0.89%	0.25%	0.44%	-0.29%	0.33%	1.14%	-0.01%	0.74%	0.50%	6.96%

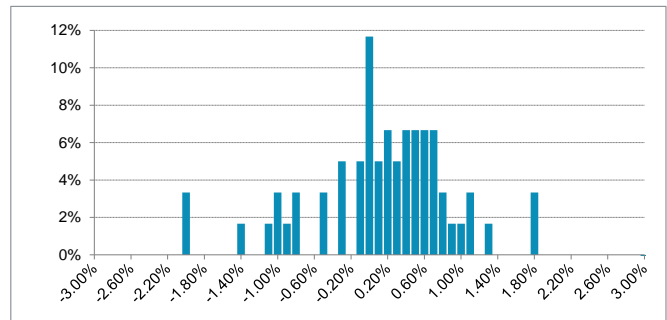
PORTFOLIO STATISTICS SINCE 04/04/2014

	Cigogne M&A Arbitrage		Fed Funds Effective Rate		HFRU Hedge Fund Composite USD Index		MSCI World AC TR USD Index		Markit iBoxx Corp. Index (USD Hedged)	
	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	4.63%	7.92%	6.17%	6.27%	1.01%	8.70%	13.44%	19.33%	10.23%	17.61%
Annualised Return	0.91%	1.28%	1.20%	1.02%	0.20%	1.40%	2.55%	3.00%	1.96%	2.75%
Annualised Volatility	5.03%	4.71%	0.11%	0.11%	4.76%	4.72%	15.35%	14.72%	3.27%	3.04%
Sharpe Ratio	-0.06	0.06	-	-	-0.21	0.08	0.09	0.13	0.23	0.57
Sortino Ratio	-0.08	0.08	-	-	-0.28	0.11	0.12	0.19	0.29	0.71
Max Drawdown	-13.40%	-13.40%	-	-	-11.05%	-11.05%	-31.39%	-31.39%	-7.77%	-7.77%
Time to Recovery (m)	> 0,23	> 0,23	-	-	> 0,23	> 0,23	> 0,23	> 0,23	> 0,23	> 0,23
Positive Months (%)	70.00%	72.22%	100.00%	100.00%	66.67%	69.44%	65.00%	63.89%	63.33%	68.06%

PERFORMANCE (NAV)



DISTRIBUTION OF MONTHLY RETURNS



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

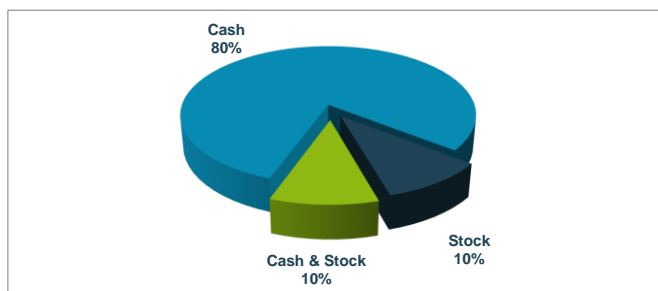
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M&A Arbitrage

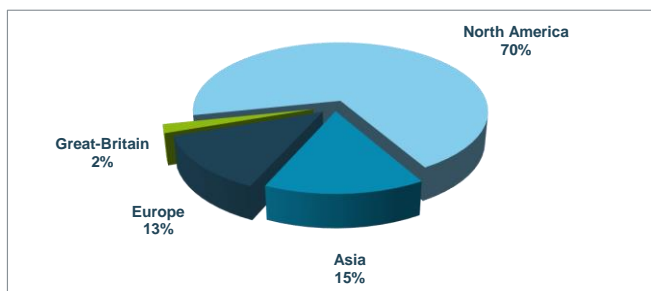
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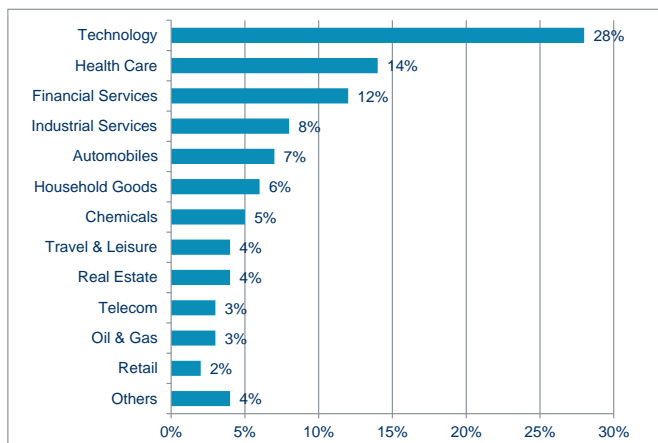
PAYMENT TYPE



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	LU0893376821
Advisor	CIC Marchés	Management Fee	1,50%
Domiciliation	Luxembourg	Outperformance Fees	20% above Fed Funds 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	USD 1.000
Liquidity	Weekly	Subsequent Subscription	USD 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

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