

# CIGOGNE UCITS

## M&A Arbitrage

### Monthly Factsheet - July 2023



Assets Under Management : \$

91 983 565

Net Asset Value - C3 Shares : \$

1 211.29

#### 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.

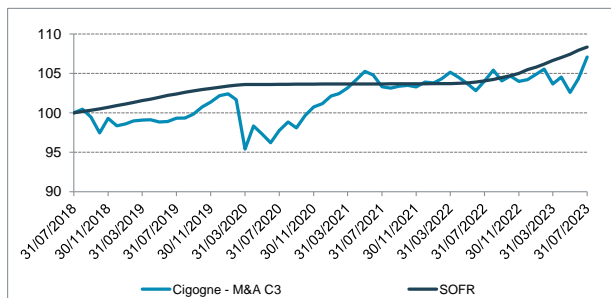
#### PERFORMANCES

|      | January | February | March  | April  | May    | June   | July   | August | September | October | November | December | YTD           |
|------|---------|----------|--------|--------|--------|--------|--------|--------|-----------|---------|----------|----------|---------------|
| 2023 | 0.67%   | 0.60%    | -1.78% | 0.85%  | -1.87% | 1.69%  | 2.65%  |        |           |         |          |          | <b>2.76%</b>  |
| 2022 | -0.10%  | 0.50%    | 0.79%  | -0.62% | -0.75% | -0.88% | 1.21%  | 1.33%  | -1.29%    | 0.59%   | -0.65%   | 0.20%    | <b>0.29%</b>  |
| 2021 | 0.95%   | 0.32%    | 0.69%  | 0.99%  | 1.04%  | -0.43% | -1.43% | -0.16% | 0.23%     | 0.10%   | -0.18%   | 0.59%    | <b>2.71%</b>  |
| 2020 | 0.25%   | -0.73%   | -6.17% | 3.07%  | -1.05% | -1.12% | 1.62%  | 1.09%  | -0.75%    | 1.60%   | 1.09%    | 0.40%    | <b>-0.98%</b> |
| 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%    | <b>3.88%</b>  |

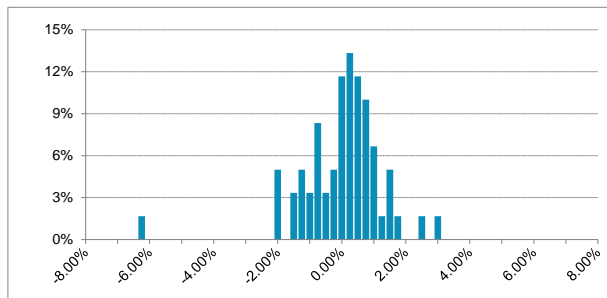
#### PORTFOLIO STATISTICS SINCE 04/04/2014

|                       | Cigogne UCITS - M&A Arbitrage |            | SOFR    |            | HFRX Global Hedge Fund USD Index |            |
|-----------------------|-------------------------------|------------|---------|------------|----------------------------------|------------|
|                       | 5 years                       | From Start | 5 years | From Start | 5 years                          | From Start |
| Cumulative Return     | 7.08%                         | 21.13%     | 8.35%   | 11.22%     | 9.28%                            | 11.62%     |
| Annualised Return     | 1.38%                         | 2.08%      | 1.61%   | 1.15%      | 1.79%                            | 1.19%      |
| Annualised Volatility | 6.10%                         | 4.78%      | 0.22%   | 0.18%      | 4.55%                            | 4.27%      |
| Sharpe Ratio          | -0.04                         | 0.19       | -       | -          | 0.04                             | 0.01       |
| Sortino Ratio         | -0.06                         | 0.29       | -       | -          | 0.05                             | 0.01       |
| Max Drawdown          | -12.32%                       | -13.40%    | -       | -          | -10.58%                          | -10.83%    |
| Time to Recovery (m)  | 10,15                         | 12,92      | -       | -          | 5,54                             | 6,92       |
| Positive Months (%)   | 65.00%                        | 68.75%     | 100.00% | 100.00%    | 65.00%                           | 64.29%     |

#### PERFORMANCE (NAV)



#### DISTRIBUTION OF MONTHLY RETURNS



#### INVESTMENT MANAGERS' COMMENTARY

The summer period started out quiet in terms of new operations. The main announcements, which were made official over the last few days of July, related to American target companies for more than \$6 billion. Investment opportunities have therefore emerged for Reata Pharmaceuticals, following the offer made by Biogen, and for New Relic, a specialist in web analysis and monitoring, as part of its privatisation plan launched by a consortium made up of Francisco Partners Management and TPG.

July was a good month for data and our portfolio was able to benefit from important developments with several major holdings. First of all, the Black Night and Intercontinental Exchange groups have taken an important step in their \$14.1-billion merger by entering into an agreement to sell the Optimal Blue company owned by the target company. This sale simplifies the merger, as it is the second sale made by Black Night to address anti-trust concerns raised by the FTC. Although it quickly narrowed, the spread is still wide enough to maintain the position, pending future discussions between the entities and the decision-making body. In addition, as one of the largest holdings by size, the takeover of the giant VMware by Broadcom, for more than \$70 billion, obtained, within a 7-day window, provisional approval from the European Union and then from the British regulatory authority, the UK CMA. In order to do so, Broadcom has proposed interoperability solutions to certain competitors, and must now defend its operation with the FTC, as part of the second phase of the study. Finally, while a California judge authorised Microsoft to conclude its acquisition of Activision Blizzard, by overruling the FTC's argument, the giants decided to extend their merger contract by three months so that they could once again defend their merger with the CMA. While Microsoft had appealed the English regulator's initial decision to block the merger, the latter suggested that a restructured deal could address its concerns, subject to further study.

Portfolio leverage remained relatively stable in July. The closures of the Iveric Bio and VectivBio Holdings operations, but especially of several operations in the small cap segment, have been replaced by strategies relating to Reata Pharmaceuticals and New Relic, cited in the introduction, and to the British legal services provider, DWF Group.

#### MAIN POSITIONS

| TARGET               | ACQUIRER                  | WEIGHT | PAYMENT TYPE | TARGET SECTOR      | GEOGRAPHICAL ZONE |
|----------------------|---------------------------|--------|--------------|--------------------|-------------------|
| HORIZON THERAPEUTICS | AMGEN                     | 4.60%  | Cash         | Health Care        | United States     |
| DICE THERAPEUTICS    | ELI LILLY                 | 3.58%  | Cash         | Health Care        | United States     |
| ACTIVISION BLIZZARD  | MICROSOFT                 | 3.42%  | Cash         | Technology         | United States     |
| HOME CAPITAL GROUP   | SMITH FINANCIAL           | 3.00%  | Cash         | Financial Services | Canada            |
| BLACK KNIGHT         | INTERCONTINENTAL EXCHANGE | 2.84%  | Cash & Stock | Technology         | United States     |

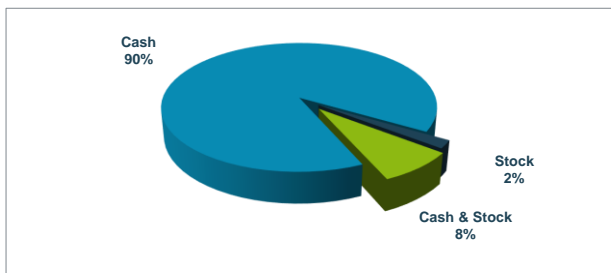
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## M&A Arbitrage

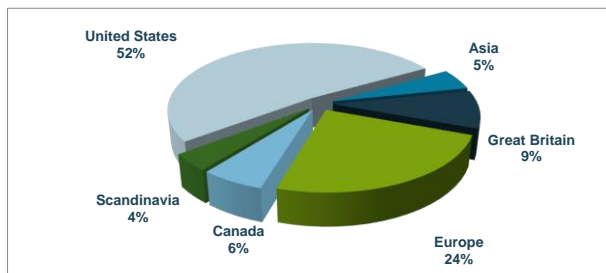
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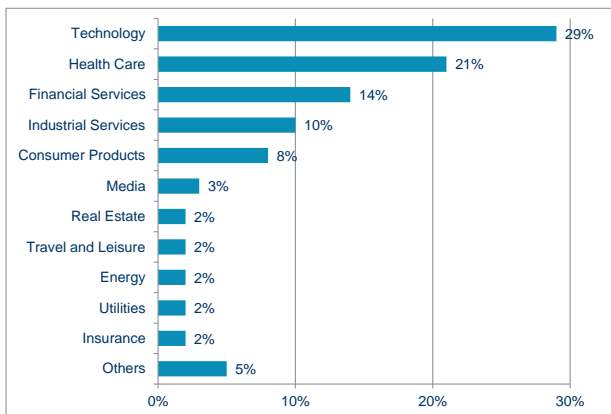
#### PAYMENT TYPE



#### GEOGRAPHICAL BREAKDOWN



#### SECTORIAL BREAKDOWN



#### PORTFOLIO STATISTICS

|                           |     |
|---------------------------|-----|
| Number of strategies      | 112 |
| New strategies            | 19  |
| Closed strategies         | 24  |
| Time to completion (days) | 94  |
| Small Cap (<750 MUSD)     | 37% |
| Large Cap (>750 MUSD)     | 63% |

#### 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 profile. 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            | Performance Fees        | 20% above SOFR 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  | UI efa                |                         |                                       |
| Auditor               | KPMG Luxembourg       |                         |                                       |

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#### CONTACTS

##### CIGOGNE MANAGEMENT S.A.

18 Boulevard Royal  
L - 2449 Luxembourg  
LUXEMBOURG

[www.cigogne-management.com](http://www.cigogne-management.com)  
[contact@cigogne-management.com](mailto:contact@cigogne-management.com)

