

CIGOGNE UCITS

M&A Arbitrage

Monthly Factsheet - December 2019



Assets Under Management :

248 180 244 €

Net Asset Value - C2 Shares :

1 134.38 €

INVESTMENT OBJECTIVES

Mergers and Acquisitions Arbitrage (M&A Arbitrage) strategies are designed to take advantage of price differences that may occur during merger and acquisition transactions. Based on a solid and detailed analysis of the legal and economic framework as well as the competitive environment, the operations initiated are held until their effective dates. The portfolio essentially focuses on declared and friendly M&A situations and initiated strategies consist in acquiring shares of the target company (or selling them if we expect the bid to fail).

The fund may also invest on corporate action arbitrage relative to capital increase operations. This arbitrage consist in buying the right while selling the underlying.

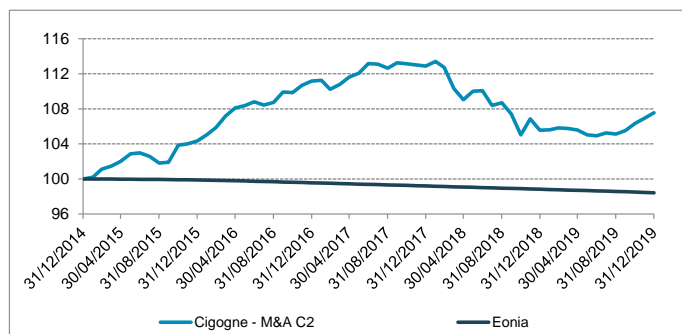
PERFORMANCES

	January	February	March	April	May	June	July	August	September	October	November	December	YTD
2019	0.06%	0.21%	-0.07%	-0.16%	-0.52%	-0.11%	0.32%	-0.12%	0.36%	0.76%	0.58%	0.59%	1.90%
2018	0.47%	-0.61%	-2.15%	-1.13%	0.89%	0.06%	-1.54%	0.30%	-1.18%	-2.22%	1.73%	-1.22%	-6.49%
2017	0.08%	-0.91%	0.50%	0.75%	0.40%	0.98%	-0.06%	-0.40%	0.53%	-0.10%	-0.12%	-0.11%	1.54%
2016	0.70%	0.79%	1.25%	0.83%	0.25%	0.41%	-0.34%	0.26%	1.10%	-0.06%	0.77%	0.42%	6.55%
2015	0.20%	0.91%	0.33%	0.54%	0.86%	0.09%	-0.37%	-0.75%	0.09%	1.90%	0.16%	0.31%	4.33%

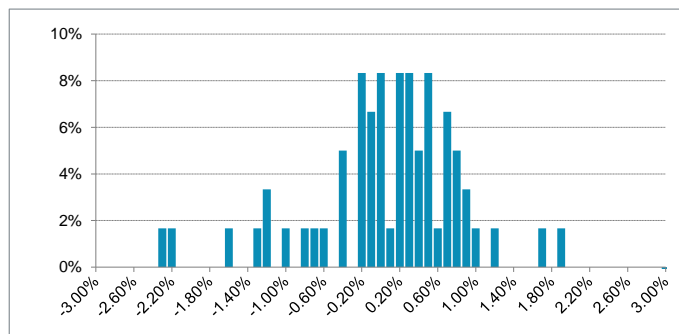
PORTFOLIO STATISTICS FOR 5 YEARS / SINCE 24/05/2013

	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	7.56%	13.44%	-1.58%	-1.42%	5.15%	10.80%	61.40%	99.14%	10.26%	19.19%
Annualised Return	1.47%	1.93%	-0.32%	-0.22%	1.01%	1.56%	10.04%	10.99%	1.97%	2.69%
Annualised Volatility	2.73%	2.54%	0.02%	0.03%	3.70%	3.82%	13.74%	13.31%	2.18%	2.14%
Sharpe Ratio	0.65	0.84	-	-	0.36	0.47	0.75	0.84	1.05	1.36
Sortino Ratio	1.03	1.32	-	-	0.54	0.71	1.19	1.35	1.71	2.19
Max Drawdown	-7.90%	-7.90%	-1.58%	-1.58%	-9.05%	-9.05%	-21.35%	-21.35%	-3.54%	-3.54%
Time to Recovery (m)	> 6,92	> 6,92	-	-	20,31	20,31	10,15	10,15	8,54	8,54
Positive Months (%)	63.33%	68.75%			65.00%	65.00%	61.67%	66.25%	53.33%	60.00%

PERFORMANCE (NAV) FOR 5 YEARS



DISTRIBUTION OF MONTHLY RETURNS FOR 5 YEARS



INVESTMENT MANAGERS' COMMENTARY

Although volumes of M&A activity in 2019 remained at similar levels to those seen in the previous financial year, they showed a disparity in activity between the US zone (+6%), Europe (-25%) and Asia (-15%). In addition, jumbo deals took place exclusively in the US and only involved US buyers. At the same time, as expected, delays surrounding Brexit and the trade war held back concentrations in Europe and limited cross-border transactions.

Carrying on from an intense November, December also contributed to strengthening our investment universe. The expected concentration in the automotive sector through the merger of the national giants Peugeot and Fiat Chrysler Automobiles was finally formalised on 18 December. On the same day, the Japanese industrial giant Hitachi accepted the offer of approximately \$8 billion from its compatriot Showa Denko for its Hitachi Chemical subsidiary.

The main contributor to performance for the month was Tallgrass Energy, a company specialising in the transportation and storage of oil and natural gas. In fact, the new price offered by a Blackstone Group-led consortium pushed the company's share price up by more than 20%. With its risk-reward ratio now losing its attractiveness, we exited the position. The sub-fund also benefited from the increase in offer prices on the Scandinavian companies Hoivatilat and Opus Group in the small-cap segment. In addition, the private equity group Onex finalised the acquisition of the WestJet airline following approval by the Canadian Transportation Agency. The rapid payment of the transaction resulted in a net capital gain during the month. Finally, the discount on the privatisation of Cobham by Advent International was greatly reduced. The outcome of the UK elections and the resulting large majority of Conservative MPs in the House of Commons greatly reduced the risk of political disturbance on this security and increased visibility on the timing of the transaction. At the end of the year, a significant number of strategies were settled, boosting the sub-fund's performance in 2019. Exposures to Cineplex and Interxion/Digital Realty in particular were initiated as replacements.

MAIN POSITIONS

TARGET	ACQUIRER	WEIGHT	PAYMENT TYPE	TARGET SECTOR	GEOGRAPHICAL ZONE
COBHAM	PRIVATE EQUITY	9.87%	Cash	Industrial Services	Europe
ZAYO GROUP	PRIVATE EQUITY	4.94%	Cash	Telecom	North America
WABCO HOLDINGS	ZEPPELIN-STIFTUNG	4.49%	Cash	Automobiles	North America
ALLERGAN	ABBVIE	3.65%	Cash & Stock	Health Care	North America
mitsubishi tanabe pharma	mitsubishi chemical	3.33%	Cash	Health Care	Asia

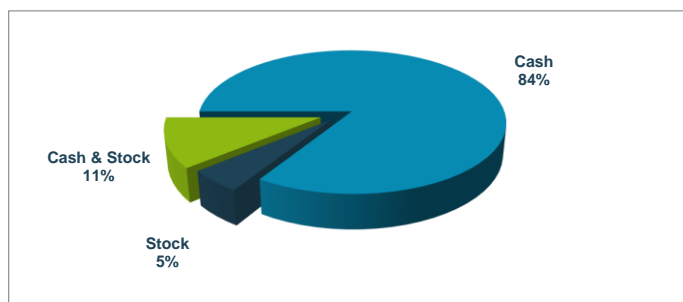
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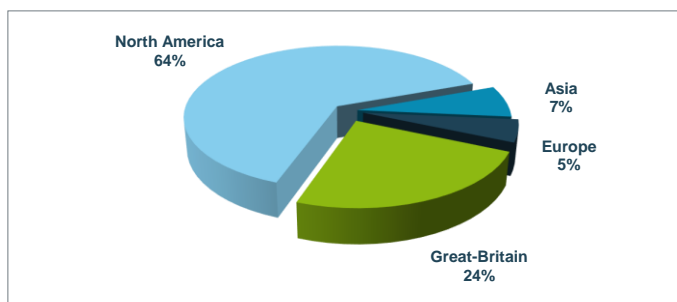
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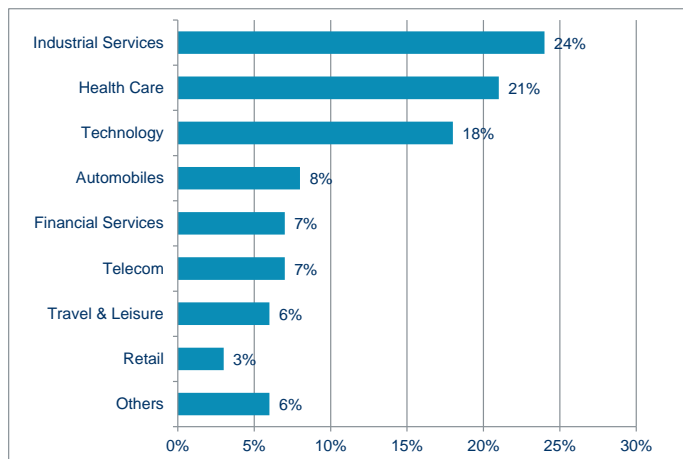
PAYMENT TYPE



GEOGRAPHICAL BREAKDOWN



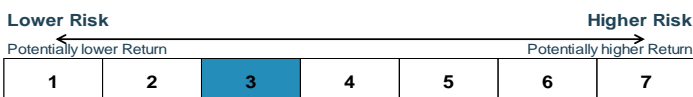
SECTORIAL BREAKDOWN



PORTFOLIO STATISTICS

Number of strategies	71
New strategies	10
Closed strategies	35
Time to completion (days)	70
Small Cap (< 500 MUSD)	19%
Large Cap (>500 MUSD)	81%

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	LU0893376748
Advisor	CIC	Management Fee	1,00%
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 500.000
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

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