

# MontLake Abrax Merger Arbitrage UCITS Fund

## Global Merger Arbitrage

October 2022

### Investment Objective & Strategy

The MontLake Abrax Merger Arbitrage UCITS Fund is a global merger arbitrage and hard catalyst only focused investment fund managed by a highly experienced team.

Through in-depth research, judicious selection of deals, active trading and disciplined risk management, the Fund is focused on late-stage M&A situations with firm merger agreements in place. The Fund only invests in developed markets, with strong regulatory frameworks.

Through selection of the best risk/reward merger arbitrage deals and not taking exposure to special situations or pre-event deals, the MontLake Abrax Merger Arbitrage UCITS Fund has a targeted annual net return of 6 to 8%, with a strong focus on capital preservation with low correlation to the wider equity markets.

### Portfolio Commentary for October

The Montlake Abrax UCITS Fund had a robust month in October (+1.06% MTD / -2.67% YTD) following the closing of the Twitter transaction by Elon Musk and the narrowing of other spreads, as they move closer to their deal completion.

Elon Musk eventually proposed to close at the deal price of \$54.2. We won't elaborate again on this litigation, but as we have repeatedly said, this outcome shows how little leverage Elon Musk had from a legal point of view, according to the lawyers we had consulted with, in terms of demonstrating a Material Adverse Event in a Delaware Chancery court. This case was an obvious one, especially since Elon Musk didn't conduct any due diligence prior to the signing of the transaction.

We also made profits on spreads convergence such as Tenneco being acquired by Apollo (following the EU approval - a position that we have closed and for which we are now short, given the very tight level of the spread and the downside of the deal). We also made profits on First Horizon Corp/Toronto Dominion Bank, Shaw Communications/Rogers Communications and on our Cineplex hedged position.

We lost on the spreads widening on Black Night/Intercontinental and on Rogers/Dupont.

We still have a low leverage of 0.73x, given (i) the significant performance invested across the spreads universe which remains very wide and (ii) the volatility of the markets.

### M&A Market Overview

October was a quiet month in terms of M&A activity, with volume worth \$229bn (YTD at \$3tn vs \$5tn for 2022), mainly due to a significant contraction of deals size and fewer deals in Europe.

US deals included Albertsons /Kroger (\$25.4bn), Altra Industrial Motion /Regal Rexnord (\$5bn), Continental Resources / Private Investor (\$4.6bn), Archaea Energy /BP (\$3.5bn), KnowBe4 /Vista Equity Partners (\$1.7bn), ForgeRock /Thoma Bravo (\$1.7bn), Myovant Sciences /Sumitomo Pharma (\$1.2bn), UserTesting /Thoma Bravo (\$0.9bn).

Europe M&A deals included Electricite de France/French Republic (\$7.4bn) and DLTX ASA/Blockchain Moon Acquisition (\$0.7bn).

### UCITS Monthly Performance (USD Institutional Founder Class)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2022	-0.93%	-0.34%	0.74%	-0.77%	-1.73%	-1.36%	2.21%	0.42%	-1.93%	1.06%			-2.67%
2021	1.96%	1.79%	0.82%	0.90%	1.15%	0.20%	-2.36%	-0.22%	-0.35%	-0.81%	-1.73%	+0.87%	2.12%
2020	0.49%	0.57%	-5.90%	5.95%	0.54%	-3.41%	1.65%	0.18%	-1.98%	0.54%	7.46%	0.97%	6.55%
2019	-	-	-	-	-	-	-0.05%	0.68%	0.49%	0.55%	0.27%	1.08%	3.05%

The performance figures quoted above represent the performance of the MontLake Abrax Merger Arbitrage UCITS Fund, USD Inst. Founder class since launch on 24-Jul-2019. These performance figures refer to the past and past performance is not a reliable guide to future performance.

This is a marketing communication.



### Xavier Robinson

Xavier Robinson has been the Manager of the Abrax strategy since 2011. He has almost 25 years experience in M&A Investment Banking and Asset Management with senior roles at Dexia Asset Management, Lehman Brothers, Citigroup and BNP Paribas.

### Olivier Baccam

Olivier Baccam has 15 years' event driven/merger arbitrage investment experience at Candriam (Dexia Asset Management) where he was Senior Portfolio Manager, Senior Investment Analyst as well as Management Committee member.

### Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Strategy AUM	\$87.1 million
Fund AUM	\$51.3 million
Inception	24 <sup>th</sup> July 2019

Share Class	Institutional Class
Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.50%
Perf. Fee	15.00%
Min Init. Sub.	100,000
ISIN Codes	USD: IE00BZ00XM70 GBP: IE00BZ00XK56 EUR: IE00BZ00XJ42 CHF: IE00BZ00XL63

Share Class	Retail Class
Currency	EUR/USD/CHF/GBP
Mgt. Fee	2.00%
Perf. Fee	20.00%
Min Init. Sub.	10,000

ISIN Codes	USD: IE00BZ01DF31 GBP: IE00BZ01DC00 EUR: IE00BZ01DB92 CHF: IE00BZ01DD17
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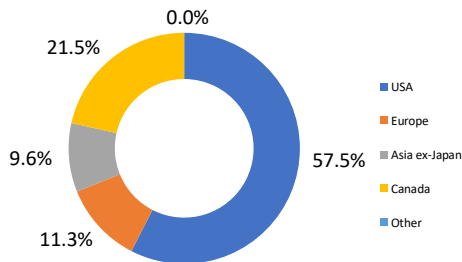
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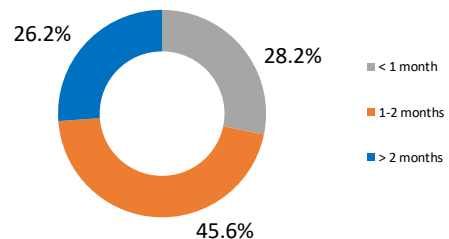
October 2022

### Portfolio Exposure

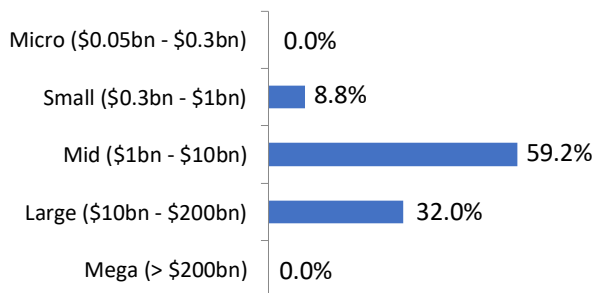
EXPOSURE BY GEOGRAPHY - TARGET



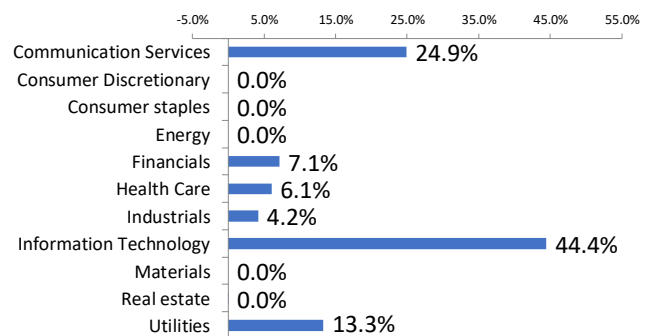
EXPOSURE BY DEAL CLOSING



EXPOSURE BY MARKET CAP



EXPOSURE BY SECTOR



CURRENT FUND POSITIONING (% of NAV)

Long	71.7%
Short	0.9%
Gross	72.6%
Net	0.0%
Leverage	0.73x

CONCENTRATION (% of gross exposure)

Top 5 long positions	52.4%
Top 10 long positions	85.5%

DIRECTION (positions)

Long	13	New situations	2
Short	1	Situations closed	7

LIQUIDITY BREAKDOWN (% of gross exposure)

< 1 day	100.0%
2-5 days	0.0%
6-10 days	0.0%
11-20 days	0.0%
> 20 days	0.0%

### Contact Details

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