

FACTSHEET

Performance Returns

The High Ridge Credit Opportunities UCITS Fund returned +1.71% (USD Founder Eq Acc Share) and +1.72% (USD Founder Pooled Acc Share) for the month of March '19.

Investment Objective & Strategy

The Fund seeks to generate enhanced income returns as well as capital appreciation, whilst maintaining focus on capital preservation and volatility. The core portfolio is predominately invested in subordinated debt and preferred securities; focused on credit quality, security structure and relative value. The core portfolio may employ limited leverage up to 30%, as well as Long / Short Credit and Rate Overlays designed to mitigate volatility.

Market Commentary

Fixed income and equity markets continued their recovery rally in March '19. The S&P 500 was up 1.94% MTD (+13.65% YTD), the MSCI Europe Index was up 2.14% MTD (+13.02% YTD) and the NASDAQ Composite was up 2.70% MTD (+16.81% YTD). The 30yr UST bond finished the month yielding 2.82% (-27bps) and the UST 10yr Note finished yielding 2.41% (-30bps). High Yield closed the month at CY 6.51% (-2bp) / YTW 6.48% (-9bps) returning 0.98% MTD (7.40% YTD). Top performers this month included Arch Capital Group, AIG and the Overlays.

Multiple Fed governor were on the road, affirming the Fed's decision to firmly pause on its rate increases. Importantly, pause carried more significance than a mere decision to do nothing, and as a result, the markets surged higher. The Fed's message was a strong pivot from being decidedly hawkish just last October. In fact, Chairman Powel voiced concern that inflation is not advancing to the Fed's desired 2% goal. Consequently, the Fed (surprisingly) took both hikes off the table this year and left room for just 1 hike in each of the next two years. It also cut its long run expectation for target federal funds to just 2.75%, down from 3.25%. The ECB is clearly aligned and presumably quite pleased to have the FED take the lead to spur global growth.

Credit spreads remain attractive. China / US trade negotiations continue to move forward. A no-deal hard Brexit seems far less likely. As rates remain steady, we can expect investors to shift allocations; reducing their low duration holdings and allocating to intermediate duration / higher yielding fixed income securities, including Preferred and SubDebt.

- We expect the credit environment to be constructive as the Fed remains supportive of growth with no intention to invert the yield curve.
- A combination of tighter spreads and only modestly higher longer-term US Treasury rates and high income should combine for a positive total rate of return for junior subordinated capital securities -- more so prospectively for institutional preferred securities product because nominal yields and spreads are higher.
- The retail \$25par market has done very well to achieve its state of being overvalued. We expect the retail sector to come under some pressure as a modest bear steepener develops this summer and the peculiar rebalancing mission from the iShares Preferred Stock ETF continues.
- We expect the CoCo sector to outperform preferred securities because of wider spreads, lower duration opportunities, low issuance and (highest) income carry.

USD Founder Eq Acc Share (MLHRUIF)

Fund		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2017	Perf	-	-	-	-0.06%	0.57%	0.52%	0.82%	0.17%	0.09%	0.71%	-0.28%	-0.07%	2.49%
	NAV	-	-	-	99.94	100.51	101.03	101.86	102.03	102.12	102.85	102.56	102.49	-
2018	Perf	0.51%	-1.59%	-0.97%	-0.23%	-1.56%	-0.79%	1.13%	0.39%	0.00%	-1.90%	-2.65%	-1.53%	-8.87%
	NAV	103.01	101.37	100.39	100.16	98.60	97.82	98.93	99.32	99.32	97.43	94.85	93.40	-
2019	Perf	3.91%	1.11%	1.71%										6.86%
	NAV	97.05	98.13	99.81										-

USD Founder Pooled Acc Share (MLHRUFP)

Fund		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2017	Perf	-	-	-	-	-	-	0.82%	0.17%	0.09%	0.72%	-0.29%	-0.08%	1.43%
	NAV	-	-	-	-	-	-	100.82	100.99	101.08	101.81	101.51	101.43	-
2018	Perf	0.52%	-1.60%	-0.97%	-0.23%	-1.55%	-0.80%	1.14%	0.40%	0.00%	-1.90%	-2.65%	-1.52%	-8.86%
	NAV	101.96	100.33	99.36	99.13	97.59	96.81	97.91	98.30	98.30	96.43	93.87	92.44	-
2019	Perf	3.91%	1.11%	1.72%										6.87%
	NAV	96.05	97.12	98.79										-

The performance figures quoted above represent the performance of the High Ridge Credit Opportunities UCITS Fund – USD Institutional Founder Share Class and the USD Institutional Founder Pooled Share Class since launch. These performance figures refer to the past and past performance is not a reliable guide to future performance.

THE MANAGER

SPECTRUM

Asset Management

Portfolio Management Team

Mark Lieb, CEO & Founder

Founded Firm in 1987

42 Years Industry Experience



L. Phillip Jacoby, CIO and Sr. PM

Joined Firm in 1995

36 Years Industry Experience



Manu Krishnan, PM

Joined Firm in 2004

15 Years Industry Experience



Fred Diaz, PM

Joined Firm in 2000

26 Years Industry Experience



Roberto Giangregorio, PM

Joined Firm in 2003

16 Years Industry Experience



Kevin Nugent, PM

Joined Firm in 2012

35 Years Industry Experience



FUND FACTS

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	\$9.75 million
Spectrum Firm AUM	\$20.03 billion
Fund Inception	10th April 2017
Share Class	Institutional Founder
Currency	USD/EUR/CHF/GBP
Share Type	Accumulation & Distributing
Mgt. Fee	0.50%
Perf. Fee	5%
Min Init. Sub.	2,500,000
ISIN Codes	USD: IE00BYYS1N76 / IE00BD6P9132 EUR: IE00BYYS1D78 / IE00BD6P8V62 GBP: IE00BYYS1F92 / IE00BD6P9025 CHF: IE00BYYS1G00 / IE00BD6P8W79
Fund Platform	MontLake UCITS Platform ICAV
Fund Manager	MLC Management Limited (Dublin)
Administrator	Northern Trust International Fund Admin Services (Ireland) Limited
Depository	Northern Trust Fiduciary Services (Ireland) Ltd
Legal Advisor	Maples & Calder – Dublin
Auditor	KPMG – Dublin

Yield Comparatives

Ticker	Credit	Mod Dur	CY	YTW	CY Spread	YTW Spread	CY Ratio	YTW Ratio	
US Treasury 5 YR	GA05	AAA	4.61	2.36	2.23	Spread & Ratio Comparatives			
US Corporate	COA0	A-	7.09	3.99	3.69	163	146	1.69	1.65
High Ridge Fund	MLHRUF	BBB	5.62	6.17	5.55	380	332	2.61	2.49
US High Yield	HOA4	BB-	3.75	6.12	5.77	376	354	2.59	2.59

Top 10 Issuer Concentrations (100%)

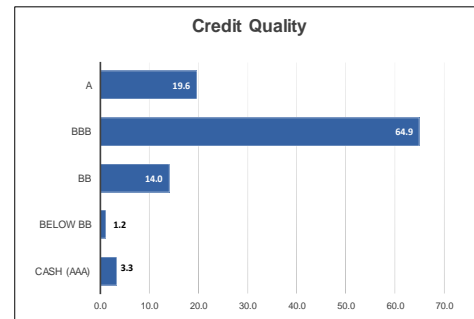
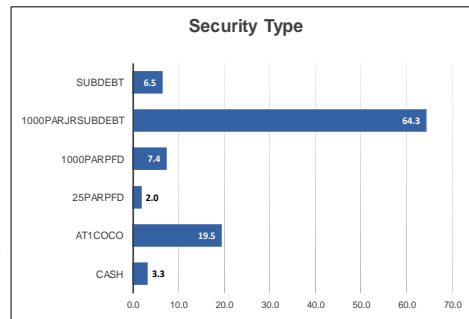
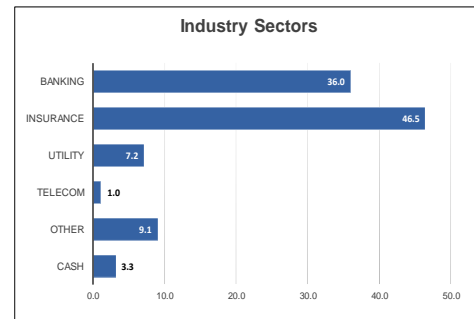
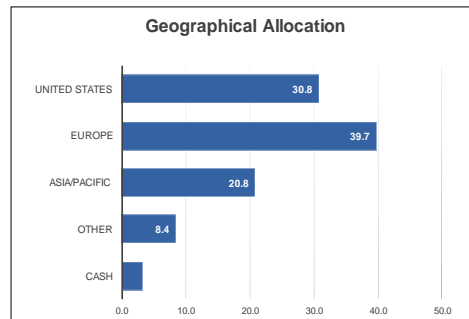
Lloyds	4.8%
AIG	4.7%
Zurich Insurance Group	4.4%
BHP Billiton	3.5%
Societe Generale	3.5%
HSBC	3.4%
Liberty Mutual	3.3%
Nippon Life Insurance	3.3%
Barclays	3.3%
Sompo Japan Insurance	3.2%
Total	37.3%

Portfolio Overview (Month End)

Number of holdings	103
Number of issuers	53
Modified Duration*	5.6
Average Dollar Price*	\$104.9
Average Coupon*	6.6%
Current Yield*	6.2%
Yield to Maturity*	6.3%
Yield To Worst*	5.5%
Average Credit Rating	BBB
Fixed to Floating	44.3%
Fixed to Variable	38.4%
Fixed Rate	11.8%
Floating	5.2%
Overlay	1.5%
Cash	3.3%

*Excludes cash

Positions	Gross Long	Gross Short	Net
Preferred & Sub Debt	99.8%	0%	99.8%
SPY 500 Futures	15%	0%	15%
Euro Stoxx Bank Futures	0%	0%	0%
UST Note Futures	0%	0%	0%
US T Bonds Call/Put Spreads	0%	0%	0%
Cash	3.3%	0%	3.3%
Total	104.5%	0.0%	104.5%



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