

# G10 Blueglen Equita Total Return Credit UCITS Fund

## Multi Strategy European Credit

October 2019

### Performance Returns

The G10 Blueglen Equita Total Return Credit UCITS Fund returned 0.47% for the month of October (EUR A2 Pooled Class) giving a net return since launch on 20th July 2018 of 5.85%.

### UCITS Performance

G10 Blueglen Equita Total Return Credit Fund- EUR Class A2 Pooled including Dividends<sup>(i)</sup>

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2018							-0.15%	-0.47%	0.77%	-0.71%	-1.78%	-1.05%	-3.34%
2019	1.26%	1.02%	1.92%	1.61%	-0.34%	1.95%	0.91%	0.78%	-0.40%	0.47%			9.53%
Estimated net class yield <sup>(ii)</sup>	4.63%												

G10 Blueglen Equita Total Return Credit Fund- USD Class C2 Pooled including Dividends<sup>(i)</sup>

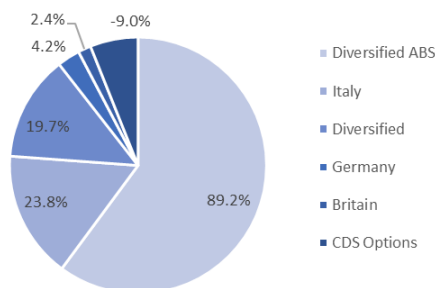
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2018							-0.05%	-0.21%	0.92%	-0.49%	-1.49%	-0.77%	-2.07%
2019	1.53%	1.24%	1.97%	1.83%	-0.09%	2.19%	1.09%	1.00%	-0.22%	0.71%			11.81%
Estimated net class yield <sup>(ii)</sup>	7.23%												

- i. The performance figures quoted above represent the performance of the G10 Blueglen Equita Total Return Credit UCITS Fund since launch on the 20<sup>th</sup> July 2018. These performance figures refer to the past and past performance is not a reliable guide to future performance. Investments other than the base currency of the fund may be subject to exchange rate fluctuations.
- ii. The EUR share class estimated net yield is calculated using a weighted average of month end yields and spreads from Bloomberg, Markit and trading counterparties for credit assets, current interest rates for cash and financing positions, as well as option premium spent amortised over the life of the Fund, further adjusted for estimated fees and expenses. This share class yield is adjusted by the interest differentials from the latest executed share class hedges to calculate the corresponding estimated USD share class yields.

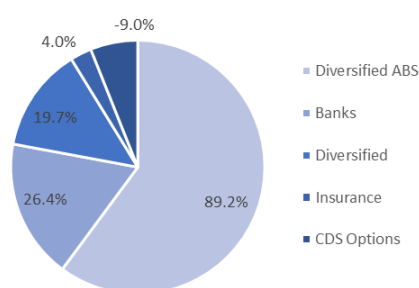
### Fund Statistics

	Fund Performance (Class C2 USD)	Fund Performance (Class A2 EUR)	CS Liquid Euro High Yield Index	Barclays Euro Aggregate Bond Index
MTD	0.71%	0.47%	-0.15%	-0.92%
YTD	11.81%	9.53%	8.36%	7.43%
ITD	9.48%	5.85%	4.87%	7.52%

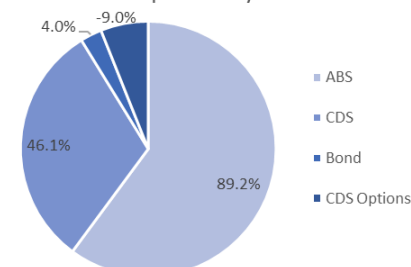
#### Credit Exposure by Country



#### Credit Exposure by Industry



#### Credit Exposure by Instrument



#### Gross Contribution by Instrument

Instrument	Contribution
ABS	0.02%
Bond	0.14%
Single Name CDS	0.26%
Index CDS	0.24%
Cash/Funding/Hedging	-0.13%

Risk Stats	% NAV
Long Credit Exposure	139.4%
Net Credit Exposure	130.4%

### The Advisor and Distributor



#### Chris Goekjian

Co-Founder and Director

Chris is considered by his peers one of the preeminent players in the financial derivatives world of the last 20 years. At 26 years old he was made a Managing Director and at 33 he was running CSFP when Allen Wheat became CEO of CS First Boston.

He went on to found Alledge Capital in 2001, an alternative asset manager focusing on fund of fund strategies, which he later sold to Cheyne Capital.

After 7 years as Chief Investment Officer of Cheyne Capital, Chris decided to retire from Cheyne in April 2016 and in late 2016 Chris decided to team up with his old colleague and close friend, Guglielmo. Together, they founded Blueglen Investment Partners Limited to focus on Alternative Credit Strategies.

#### Guglielmo Sartori di Borgoricco

Co-Founder and Director

After obtaining his International Economics degree from Bocconi University in Milan, Guglielmo ("G") joined Midland Montagu where he became one of the early pioneers of the swaps and derivatives markets, trading swaps and options, working in London, Madrid and Tokyo.

Upon his return to London, G was head hunted by the nascent Credit Suisse Financial Products. He went on to become Head of Southern Europe and co-head of Distribution for Credit Suisse.

In 2004 he was recruited by Bob Diamond at Barclays. G ran Global Distribution and oversaw the creation of an internal asset manager, Barclays Capital Funds Solution, that grew to USD 5 billion of AUM from institutions and SWF.

G left Barclays in 2013. In the following 3 years, focussing on investing his own capital in credit strategies. After the summer of 2016, G got together with his old colleague and close friend Chris Goekjian and founded Blueglen Investment Partners.

### Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly
Fund AUM	€40.4 million
Inception	20 <sup>th</sup> July 2018

Share Class	Base Class Shares
Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.00%
Perf. Fee	10.00%
Min Init. Sub.	100,000
ISIN Codes	EUR Class A Pooled: IE00BD93F493 GBP Class B Pooled: IE00BD93F501 USD Class C Pooled: IE00BD93F618 CHF Class D Pooled: IE00BD93F725

Share Class	Institutional Class Shares
Currency	EUR/USD/CHF/GBP
Mgt. Fee	0.75%
Perf. Fee	10.00%
Min Init. Sub.	5,000,000
ISIN Codes	EUR Class A2 Pooled: IE00BD93FD85 GBP Class B2 Pooled: IE00BD93FF00 USD Class C2 Pooled: IE00BD93FG17 CHF Class D2 Pooled: IE00BD93FH24

# G10 Blueglen Equita Total Return Credit UCITS Fund

## Multi Strategy European Credit

October 2019

### Investment Objective & Strategy

The Blueglen Equita Total Return Credit Fund "BETR" follows a fundamental research-driven investment process which identifies opportunities in European credit markets. The investment strategy is focused on harvesting excess return from European Structured Finance Markets (ABS) and European Credit (Corporate and Financials, Credit Derivatives) across their respective capital structures.

We aim to generate an initial portfolio yield of approximately 3.5% net of fees in EUR and a target return of 5-6% pa by purchasing securities as described above and enhancing the return by entering into financing transactions (repurchase agreements) with top tier global banks, such as JPMorgan, Barclays, BNP Paribas. Net credit exposure is anticipated to be in the range of 100-150%.

Our shorts will be expressed via an option program on credit indices (Main and Crossover).

### Market Commentary

In October equity markets continued on a positive track (S&P500 +2.04% and the Eurostoxx600 +0.92%) benefitting from the progress in the US-China negotiations and the Brexit discussions and the further rate cut by the Fed. Volatility has dropped again (VIX -19% to 13 from 16 in the previous month), whereas in bond markets the yield of the 10-year US Treasury has gone up by 3bps to 1.69% and the German Bund by 17bps to -0.41%. The BTP-Bund spread has dropped by a further 6 bps (to 1.33%) in spite of the defeat of the PDM-SS coalition at the regional elections in Umbria.

As expected, the Fed trimmed rates by 25 bps to 1.5-1.75%. Despite the weakness of the global manufacturing industry, the GDP growth in the US surprised to the upside in Q3 (+1.9% versus analyst expectations of 1.6%). In the Euro area, the last Draghi era ECB meeting has provided no new insight in terms of forward guidance, except for highlighting once again that the economic context is still fragile and thus supports the recent new measures in terms of monetary policy. The October level is consistent with GDP growth of 0.8% YoY.

European credit markets were more mixed as the Itraxx Europe Main index squeezed 3bps tighter to 52bps whilst Itraxx Crossover widened by 8bps to 239bps. IG spreads were supported by a combination of reduced issuance, the restart of QE and Brexit momentum. Conversely, the European HY market was impacted by an uptick in new issuance and some idiosyncratic situations. From a fund flows perspective, Euro IG funds experienced an outflow of EUR 1bn (0.5% of AUM) and Euro HY funds saw a negligible outflow of EUR 16m (0% of AUM).

In contrast with equities and the Euro IG credit market, the European CLO market softened in October in sympathy with the US Leveraged Loan/CLO markets which weakened during the month. The US Leveraged Loan market was approximately 1% lower on the month, predominantly driven by the underperformance of the Energy sector and significant ETF fund outflows, some of which were shifting to HY bonds. This widening of spreads has changed the relative value between the US and Europe and resulted in some CLO investors shifting their focus from Europe to the US. In contrast to the US, European loan markets benefit from substantially lower exposure to Energy names and much less retail investor involvement meaning the markets are more stable. In addition, par subordination levels are higher in Europe and so we continue to believe European CLOs offer better value at current levels. During the month, Credit Suisse Research forecast a 12 month forward looking par default rate of 0.7% for European loans, which would continue the trend of low European default rates since the end of 2014.

In terms of the Fund's portfolio, Financial CDS and bonds outperformed on the month, on the back of the accommodative ECB policies. Similarly, the UK Financial CDS positions rallied strongly when it became clear that there wasn't going to be a hard Brexit on 31 October. Our subordinated Index positions also performed strongly in line with the move in the Itraxx Europe main index. Finally, the CLO positions made a positive contribution on the month, with the interest on the portfolio more than offsetting a mark down in prices.

The Fund's EUR A2 share class up 0.47% on the month while the USD share class was up 0.71% with a corresponding 4.63% net yield in Euros and 7.23% net in USD. Long exposure is at 139% with net exposure at 130% with the options program.

Share Class	Type	ISIN	NAV*	MTD%*	Estimated Class Yield %
Class A EUR	Distributing	IE00BD93F493	103.20	0.45%	4.41%
Class A2 EUR	Distributing	IE00BD93FD85	103.35	0.47%	4.63%
Class B2 GBP	Distributing	IE00BD93FF00	104.80	0.55%	5.82%
Class C2 USD	Distributing	IE00BD93FG17	106.94	0.71%	7.23%
Class A3 EUR	Accumulating	IE00BD93FJ48	105.51	0.45%	4.41%
Class D3 CHF	Accumulating	IE00BD93FM76	105.22	0.43%	3.90%

\*NAV figures above are shown after dividends have been paid on Distributing Share Classes (currently 239c inception to date). MTD% performance figures are adjusted for dividend payments.

### Contact Details

#### Investor Contact

**MontLake Funds (UK) Ltd**  
Park House, 116 Park Street  
London, W1K 6AF  
T: +44 20 3709 4510  
investorrelations@montlakefunds.com

#### Management Company

**MontLake Management Ltd**  
23 St. Stephen's Green  
Dublin 2, Ireland  
T: +353 1 533 7020  
investorrelations@montlakefunds.com

#### Investment Manager

**G10 Capital Limited**  
134 Buckingham Palace Rd  
London, SW1W 9SA  
T: +44 207 305 5810  
london@lawsonconner.com

#### Investment Advisor/Distributor

**Blueglen Investment Partners Ltd**  
2nd Floor- Berkeley Square House  
Berkeley Square, London, W1J 6BD  
T: +44 203 327 2380  
info@blueglen.co.uk

#### Distributor

**Equita SIM S.p.A.**  
Via Turati 9, 20121  
Milan, Italy  
T: +39 02 62041  
equita@equitasim.it

### Disclaimer

**RISK WARNING:** Past performance is not a reliable indicator of future results, prices of investments and the returns from them may fall as well as rise. Investments in equities are subject to market risk. Changes in exchange rates may have an adverse effect on the value price or income of the product. The G10 Blueglen Equita Total Return Credit UCITS Fund (the "Fund") may use higher leverage and financial derivative instruments as part of the investment process. The distribution of this report does not constitute an offer or solicitation and this notice shall not be construed as an offer of sale in any other fund managed or advised by G10 Capital Limited or MontLake Management Limited ("ML"). Any investment in the Fund should be based on the full details contained in the Fund's Supplement Prospectus and Key Investor Information Document which together with the MontLake UCITS Platform ICAV Prospectus may be downloaded from the MontLake website ([www.montlakeucits.com](http://www.montlakeucits.com)). Information given in this document has been obtained from, or based upon, sources believed by us to be reliable and accurate although neither ML nor G10 Capital Limited accepts liability for the accuracy of the contents. ML does not offer investment advice or make recommendations regarding investments. The Manager of the Fund is MontLake Management Ltd, a company regulated by the Central Bank of Ireland. The Investment Manager for the fund, G10 Capital Limited is authorised and regulated by the U.K. Financial Conduct Authority. The MontLake UCITS Platform ICAV is registered and regulated as an open-ended Irish collective asset-management vehicle with segregated liability between sub-Funds formed in Ireland under the Irish Collective Asset management Vehicles Act 2015 and authorised by the Central Bank as a UCITS pursuant to the UCITS Regulations. This notice shall not be construed as an offer of sale in the Fund. The state of the origin of the Fund is the Republic of Ireland. The performance data do not take account of the commissions and costs incurred on the issue and redemption of units. Authorised and Regulated by the Central Bank of Ireland