

# MontLake Abrax Merger Arbitrage UCITS Fund

## Global Merger Arbitrage

September 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 September

Broader equity markets suffered a sharp sell off during September, with the S&P 500 ending the month at -9.34% and the Euro Stoxx at -5.7%. Merger arbitrage spreads were not immune from this and mechanically widened as evidenced by the Merger Arbitrage Index Index (HFRXMA), ending the month at -1.4%. Abrax finished the month at -1.93%.

The Merger Arbitrage Index, as well as the Abrax Funds were nicely positive MTD until September 22nd, after which the Merger Arbitrage Index lost 1.7% in the last 6 trading sessions of the month, following the Fed rate hike and negative comments from J. Powell.

Merger arbitrage spreads are now back at their widest level; as a result, the average of our invested spread universe is back at +15% flat, a level similar to the widest levels seen in mid-June. This period had been shortly followed by a strong recovery for the Abrax Funds from June 15th till mid-August, where the average of our invested spread universe came in at +8% flat and other deals closed (Avast/Norton). Hence Abrax should crystallise in a similar way, with some important P&L to come both from the re-tightening, and more importantly, from the closing of several key deals.

Some core spreads widened significantly during September, including:

- Tenneco down 8% (spread is at +15% flat, with an expected closing at the end of October),
- Roger lost 3.5% (spread is at +15% flat with an expected closing at the end of October as well, unless extended),
- Silicon Motion/MaxLinear down 13% (spread is at +63% flat, larger than before the deal was announced),
- Tegna (-3.4%) (spread is at 16% flat),
- Tower Semiconductor (-4.5%) (spread is at 20.6% flat).

Other spreads which we are not invested in included Activision (down 5.4% – spread is at 28.5% flat) and Spirit Airlines (down -17.0% – spread is at 60% flat).

These negative moves on almost all spreads didn't compensate for our other gains such as Twitter (spread at 24% flat) one of our largest position, Cineplex-hedged and the closing of Change Healthcare.

We continue to play the volatility of merger arbitrage spreads by gradually investing in some of the most dislocated ones, as we did back in May and June. However, our leverage remains low (0.83x) as we expect some persistent volatility until year end. Abrax invested performance still remains unprecedented and the crystallisation of our remaining spreads should have a strong impact on the Fund's performance.

### M&A Market Overview

September was another quiet month in terms of M&A, with volume worth \$200bn, down 23% vs August with YTD volume down 30% from last year's record. Again, this significant deal size contraction and relatively lower number of deals, don't impact Abrax at all, given our modest AUM size. In addition, small M&A deals raise less antitrust and/or financing concerns.

US deals included STORE Capital /GIC (\$13.8bn), Signify Health /CVS Health (\$5.3bn), Brigham Minerals /Sito Royalties (\$1.7bn), Recipe Unlimited /Fairfax Financial (\$1.7bn), Lakeland Bancorp /Provident Financial Services (\$1.7bn), BTRS Holdings /EQT (\$1.4bn), Forma Therapeutics /Novo Nordisk (\$0.6bn) and ChannelAdvisor /CommerceHub (\$0.6bn). Europe M&A deals included AVEVA /Schneider Electric (\$4.3bn), Countryside Partnerships /Vistry Group (\$1.6bn), RPS Group /Tetra Tech (\$0.7bn) and SLM Solutions /Nikon (\$0.5bn).

### 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%				-3.69%
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	\$86.6 million
Fund AUM	\$52.0 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

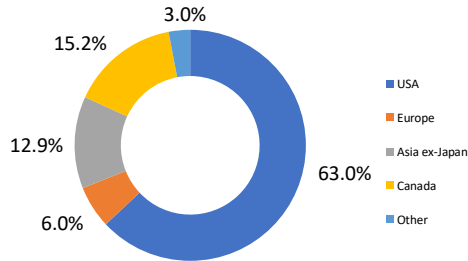
# MontLake Abrax Merger Arbitrage UCITS Fund

## Global Merger Arbitrage

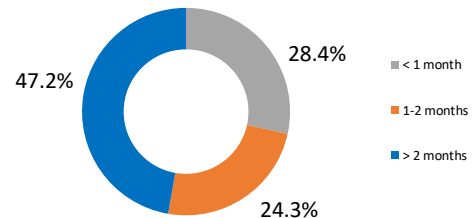
September 2022

### Portfolio Exposure

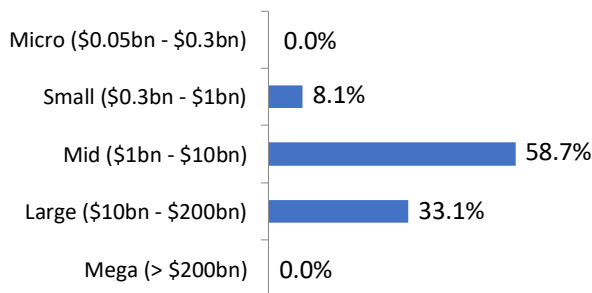
EXPOSURE BY GEOGRAPHY - TARGET



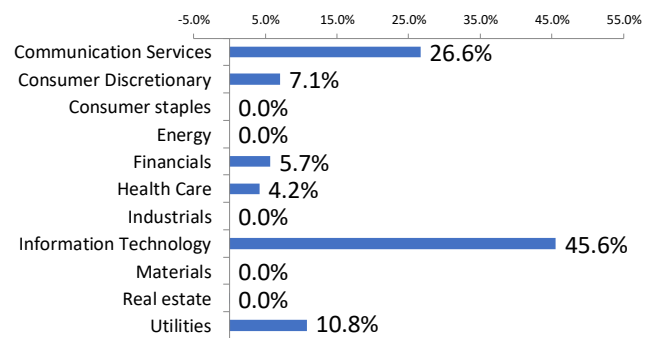
EXPOSURE BY DEAL CLOSING



EXPOSURE BY MARKET CAP



EXPOSURE BY SECTOR



CURRENT FUND POSITIONING (% of NAV)

Long	81.6%
Short	1.5%
Gross	83.1%
Net	0.0%
Leverage	0.83x

CONCENTRATION (% of gross exposure)

Top 5 long positions	39.1%
Top 10 long positions	68.8%

DIRECTION (positions)

Long	18	New situations	7
Short	2	Situations closed	4

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

#### Investor Contact

**Waystone Capital Solutions (UK) Ltd**  
2nd Floor, 20-22 Bedford Row  
Holborn, London  
T: +44 207 290 9493  
investorrelations@waystone.com

#### Management Company

**Waystone Fund Management (IE) Ltd**  
3rd Floor, 76 Baggot Street Lower  
Dublin, Ireland  
T: +353 1 533 7020  
investorrelations@waystone.com

#### Investment Manager

**AUM Asset Management Ltd**  
148/2, Tower Road  
Sliema SLM 1604, Malta  
T: +356 2713 9851  
investorrelations@aum-am.com

### 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 MontLake Abrax Merger Arbitrage 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 AUM Asset Management Ltd or Waystone Fund Management (IE) Ltd ("Waystone"). The Investment Manager expects that typical investors will be institutional investors, high net worth individuals and retail investors seeking to achieve a return on their investment in the medium to long term and who are willing to accept the risks associated with an investment of this type. 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/funds/abrax-merger-arbitrage-ucits-fund](http://www.montlakeucits.com/funds/abrax-merger-arbitrage-ucits-fund)). Information given in this document has been obtained from, or based upon, sources believed by us to be reliable and accurate although neither Waystone nor AUM Asset Management Ltd accepts liability for the accuracy of the contents. Waystone does not offer investment advice or make recommendations regarding investments. The Manager of the Fund is Waystone Fund Management (IE) Ltd, a company regulated by the Central Bank of Ireland. The Investment Manager for the fund, AUM Asset Management Ltd is authorised and regulated by the Malta Financial Services Authority. The state of the origin of the fund is Ireland. This document may only be distributed in Switzerland to qualified investors within the meaning of art. 10 para. 3, 3bis and 3ter CISA. The Representative in Switzerland is Waystone Fund Services (Switzerland) SA, Avenue Villamont 17, 1005 Lausanne, Switzerland, whilst the paying agent is NPB Neue Privat Bank AG, Limmatquai 1/am Bellevue, P.O. Box, CH-8024 Zurich. The basic documents of the fund as well as the annual and, if applicable, semi-annual report may be obtained free of charge from the representative. In respect of the units distributed in or from Switzerland, the place of performance and jurisdiction is at the registered office of the representative. Past performance is no indication of current or future performance. The performance data do not take account of the commissions and costs incurred on the issue and redemption of units. 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. The Management Company may decide to terminate the arrangements made for the marketing of the Fund in accordance with Article 93a of Directive 2009/65/EC. To view the Summary of Investor Rights, please visit the following [link](#). This is a marketing communication.

For more information visit [www.montlakeucits.com](http://www.montlakeucits.com)