

MontLake Abrax Merger Arbitrage UCITS Fund

Global Merger Arbitrage

September 2021

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

September was a quiet month for Abrax with performance (-0.35% MTD/+3.87% YTD) largely being driven by month-end and quarter-end flows. There was little in the way of catalysts for our positions, which are almost all due to develop in October and November.

The last week of September did see a continuous spread widening trend which was further accentuated on September 30th as some investors liquidated their positions at quarter-end for reporting purposes. As a result, 55% of our positions produced a negative contribution during the month although this was almost all regained on the very first day of October.

Only three of our positions closed during September (John Laing, Great Canadian Gaming and Cincinatti Bell). This had a positive contribution, although it was not enough to offset the broader spread widening. We also made some profit on CERVED Group on the completion of the tender as well on IHS Markit/ S&P Global for post remedies being offered to the antitrust regulator. Notable mark-to-market spread widening detractors included Ferro Group, 51JOBS, Magnachip Semiconductor, as well as Stock Spirits for which an expected counter offer failed to materialise.

We gained back some profit on NAV thanks to Willis Tower/AON, which we are still holding, for now, as we let position liquidations, from funds, work their way through. Post the deal failure, Willis Tower has increased its share buy back by \$4bn (15% of the company) while activists (Elliot & StarBoard) have now initiated positions supporting the new strategic plan of Willis Tower on cost cutting and revenue increase. We will exit our position once the company has returned to more normal valuation multiples.

As we have periodically done since inception, we have also taken advantage of recent spread widening to add some situations which we believe will contribute to an enhanced p&l, when our catalysts unfold. Deleveraging in difficult markets and adding leverage when spreads are wide has proven to be a significant alpha generator for the Fund over time. We have high performance expectations for the coming months.

M&A Market Overview

In terms of M&A, we are still in a V-shaped M&A recovery with Q3 M&A volume of \$1.1Tr announced in the EU & US, which is the most active quarter since Q2 2007. YTD announced M&A stands at \$3.2tr and is on-track to surpass the all-time highs of 2007. These volumes are also driven by \$1tr of PE acquisitions. Bain's H1 report estimates total dry-powder at \$3.3tr. 40% of M&A activity YTD has been private Equity driven which is a 20 year record and deal volumes are +88% YoY.

Goldman Sachs expects the acceleration to continue due to still-solid growth, attractive funding costs, record levels of capital & elevated CEO confidence. M&A as a % of market cap (5%) is still far below the long-term average of 6% and prior cycle peaks of 8-10%.

More aggressive US antitrust enforcement teams may also serve to slow down mega-mergers in the US (no new 15bn+ deals have been announced since the end of June) with could impact the average overall deal size

US deals announced in August included; Hill-Rom Holdings /Baxter International (\$11,7bn), Acceleron Pharma /Merck & Co (\$10,4bn), Columbia Property Trust /Pacific Investment Management (\$3,5bn), Kraton /DL Holdings (\$2,4bn), Great Western Bancorp /First Interstate BancSystem (\$2bn), Kadmon Holdings /Sanofi (\$1,4bn), Echo Global Logistics /Jordan Co (\$1,4bn), GreenSky /Goldman Sachs (\$1,3bn), Sierra Income /Barings (\$0,5bn).

Europe deals included; Swedish Orphan Biovitrum /GIC & Advent International (\$8,3bn), zooplus AG/EQT Partners (\$3,9bn), MasterFlex /Avantor (\$2,7bn), Ocean Yield /KKR (\$2,2bn), Zardoya Otis /Otis Worldwide (\$1,9bn), Biotest /Grifols (\$1,9bn), Blue Prism Group /Vista Equity Partners (\$1,3bn), Avance Gas Holding /Hemen Holding (\$0,3bn).

UCITS Monthly Performance (USD Institutional Founder Class)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2021	1.96%	1.79%	0.82%	0.90%	1.15%	0.20%	-2.36%	-0.22%	-0.35%				3.87%
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.



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	\$113.3 million
Fund AUM	\$69.5 million
Inception	24 th 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
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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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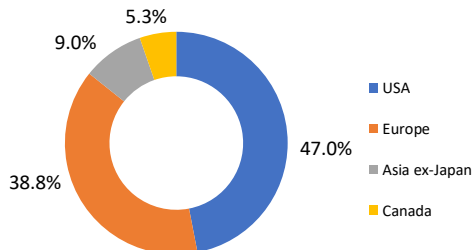
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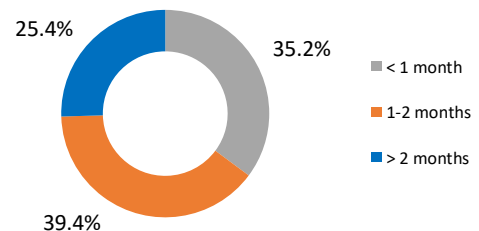
September 2021

Portfolio Exposure

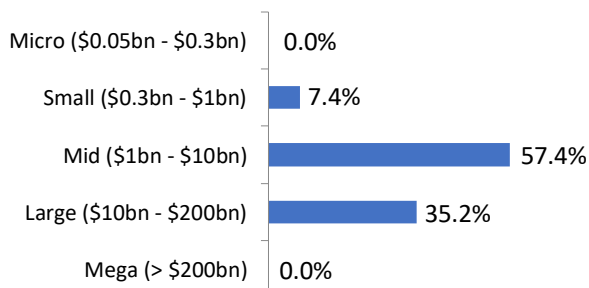
EXPOSURE BY GEOGRAPHY - TARGET



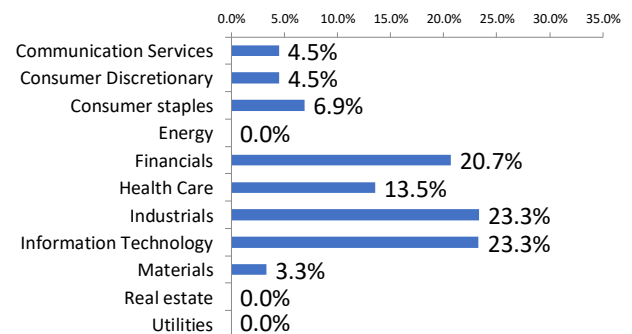
EXPOSURE BY DEAL CLOSING



EXPOSURE BY MARKET CAP



EXPOSURE BY SECTOR



CURRENT FUND POSITIONING
(% of NAV)

Long	111.2%
Short	21.0%
Gross	132.2%
Net	90.1%
Leverage	1.32x

CONCENTRATION
(% of gross exposure)

Top 5 long positions	20.3%
Top 10 long positions	37.7%

DIRECTION (positions)

Long	28	New situations	10
Short	6	Situations closed	12

LIQUIDITY BREAKDOWN
(% of gross exposure)

< 1 day	96.7%
2-5 days	3.3%
6-10 days	0.0%
11-20 days	0.0%
> 20 days	0.0%

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