

## FACTSHEET

## THE MANAGER

## Performance Returns

The MontLake Burren Global Arbitrage UCITS Fund finished up 1.18% in August.

## Market Commentary

The fund returned 1.18% net for the month of August, compared to +1.34% for the HFRX Event Driven Index, -0.01% for the HFRX Merger Arbitrage Index and +0.16% for the HFRX Global Hedge Fund Index. Geographical exposure was split approximately as follows: Europe 51% and North America 49%. The fund had no exposure to Asia in the month. The fund's volatility was 2.55%.

With the business impact of Brexit becoming more apparent and market participants absorbing this information, August was a positive yet quiet month within the equity markets. The S&P, Eurostoxx and Nikkei moved -0.12%, +1.08% and +1.92% respectively. Metals retraced their substantial upward moves somewhat with gold, silver and platinum falling by -3.13%, -8.27% and -8.40% respectively. Oil witnessed an increase in volatility, with crude trading between \$39.51 and \$48.52 intra-month. However, as with last month, these moves had little impact on the equity markets in general with correlation being nothing like that observed in previous months. Currencies were little changed in the month of August, but of note was a lack of any real recovery in GBP which is assisting in making UK assets look relatively cheap internationally. This along with other data points supports our view that non UK acquirers will soon enter the UK market to take advantage of the opportunity - a space we are particularly excited about.

In the month of July, 29 new deals were announced, split roughly 69% North America, 17% Europe and 14% Asia. The Top 5 deals in aggregate totalled approximately \$34bn. The month suffered from the usual seasonal lull in August of newly announced transactions. Most of the month's activity was related to strategic acquisitions. Of particular note was Pfizer's \$14 bn acquisition of Medivation, a deal we will discuss further below. Tesla's formalisation of its \$5bn acquisition of SolarCity was also announced. With numerous corporate governance questions left unanswered and with sketchy strategic rationale, we have not taken a position in this deal.

Merger arbitrage was the best performing strategy in the month which contributed +1.39% gross to the fund. The best performer was Medivation / Pfizer, responsible for the majority of the Merger Arbitrage performance, +1.06% gross to performance. As noted in previous newsletters we had anticipated a successful result in the highly competitive auction process. Pfizer emerged as the winner with an \$82.50 bid and very little conditionality attached. This was a great result, clearly illustrated by the 36% gross return achieved on the position over the course of the transaction. We have subsequently exited the position.

Other winners of note in the month include EMC / Dell and ARM Holdings / SoftBank which contributed +0.23% and +0.14% gross respectively. Dell announced that all of the conditions to deal completion had been satisfied and the deal is set to close in early September. We continue to maintain the position and are intending to take advantage of the extremely wide spread the newly issued tracking shares are trading at. The move in ARM relates to the successful shareholder vote and imminent closing of the transaction. We continue to hold this position to successful deal closure.

There were some negative contributors to the Merger Arbitrage component of the portfolio in August. These included St Jude / Abbott, Kuka / Midea and Entertainment One / ITV which contributed -0.14%, -0.11% and -0.09% gross respectively. St Jude's move was related to the research released by Muddy Waters which purported to prove the pacemakers produced by St Jude should be recalled over cyber security concerns. There were many details in the report, many of which could be easily dismissed, however with such products and within this industry, facts matter little in the short term as fear can often be a driving factor. As such we exited the position incurring a marginal loss. As expected since exiting the position, the spread widened significantly, settling far wider than our exit price. We see this situation as currently un-investible. Unfortunately, ITV withdrew their proposal to acquire Entertainment One during the month, which resulted in a loss on this position.

Other news to note over the month included SAF-Holland's withdrawal from the Haldex competitive bidding process. The withdrawal actually had nominal impact on performance. The Home Retail / Sainsbury deal closed, bringing this long running saga to a close. Again SAB Miller was in the news, with the UK Courts ruling that in effect they would follow the board's recommendation and allow two votes on Anheuser-Busch's acquisition of SAB Miller. Whilst we expect little chance of the deal failing, this does introduce a small amount of deal uncertainty. As such we reduced our position somewhat as we await the anticipated noise surrounding that situation, potentially presenting several trading opportunities before the deal closes.



**Andrew McGrath** obtained a European Baccalaureate in 1995 from the European School in Oxfordshire and then graduated in 1998 with a Bachelor of Commerce, Banking & Finance (Hons) from University College Dublin. After working for Morgan Stanley (1998-

2001) as an associate in the Equity Structured Products Group, Andrew moved to Cater Allen International Limited as Head of Equity Relative Value Proprietary Trading (2001-2003). Andrew then moved to Lehman Brothers International Europe where he co-founded the Special Situations portfolio within Lehman Equity Strategies. After nearly 3 years at Lehman Brothers (2003-2006), he moved to BNP Paribas and assumed the role of European Head of Special Situations & Risk Arbitrage Proprietary Trading. In 2009 Andrew founded Burren Capital Advisors Limited.

## FUND FACTS

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	\$10.4 million
Inception	7th April, 2015
Share Class	<b>Institutional/Institutional Pooled</b>
Currency	EUR/GBP/CHF/USD
Mgt. Fee	1.50%
Perf. Fee	20%
Min Init. Sub.	100,000
ISIN Codes	EUR: IE00BVVB9450/IE00BVVB9D45 USD: IE00BVVB9781/IE00BVVB9H82 CHF: IE00BVVB9674/IE00BVVB9G75 GBP: IE00BVVB9567/IE00BVVB9F68

Share Class	<b>Retail Pooled</b>
Currency	EUR/GBP/CHF/USD
Mgt. Fee	2.00%
Perf. Fee	20%
Min Init. Sub.	100,000
ISIN Codes	EUR: IE00BVVB9J07 USD: IE00BVVB9M36 CHF: IE00BVVB9L29 GBP: IE00BVVB9K12

## PORTFOLIO INFORMATION

No. of positions	28
Positions contributing a profit	18
Positions contributing a loss	10
% of profitable positions	64%
Best performing position	1.06%
Worst performing position	-0.14%
Largest allocation	9.97%

Carmike / AMC Entertainment news flow was also significant over the course of the month of August with the largest Carmike shareholder, Driehaus Capital coming out in favour of the deal. This reduces the voting risk almost entirely, leaving some anti-trust issues as the major hurdle to deal completion. We have spent much time on the anti-trust analysis and have concluded that it is completely manageable and as such retain the position.

Relative Value produced a small return of +0.03% during the month, with little to note. We did however begin to establish several positions related to upcoming index rebalances in Europe. Something which we are hopeful to produce positive return on over the coming weeks.

August was quiet in terms of newly announced transactions, which was to be expected. Despite this the month was a relatively successful one for the fund. We continue to maintain a very exciting portfolio with an excellent mix of upside deals coupled with a strong rate of return type of transactions. We continue to maintain a highly scrutinised arbitrage portfolio without the need to take directional exposure which continues to enable us to maintain our differentiation within the group. We look forward to many more successful months to come and a rebound in announced M&A activity in September.

### UCITS Monthly Performance\* (USD Institutional Founder Class B)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2016	+0.07%	+0.89%	+0.05%	-0.08%	+0.31%	+1.03%	+0.91%	+1.18%					+4.43%
2015	-	-	-	-0.66%	+0.54%	-0.96%	+0.28%	-0.80%	-0.22%	+1.77%	-0.18%	+0.30%	+0.05%

\*The performance figures quoted above represent the performance of the Burren Global Arbitrage UCITS Fund since its launch on 7<sup>th</sup> April 2015. These performance figures refer to the past and past performance is not a guarantee of future performance or a reliable guide to future performance.

### New Deals

	Sector	Country	Value (USDM)
Medivation Inc \ Pfizer Inc	Consumer, Non-cyclical	US	13,694.62
SolarCity Corp \ Tesla Motors Inc	Energy	US	5,319.16
CST Brands Inc \ Alimentation Couche-Tard Inc	Consumer, Cyclical	US	5,264.91
Post Properties Inc \ Mid-America Apartment Communities Inc	Financial	US	4,894.98
Rackspace Hosting Inc \ Apollo Global Management LLC	Technology	US	4,215.37

### Completed Deals

	Sector	Country	Value (USDM)
Meda AB \ Mylan NV	Consumer, Non-cyclical	SWEDEN	9,974.78
Asciano Ltd \ GIC Pte Ltd, Canada Pension Plan Investment Board	Industrial	AUSTRALIA	9,405.78
Sharp Corp/Japan \ Hon Hai Precision Industry Co Ltd	Consumer, Cyclical	JAPAN	7,526.30
First Niagara Financial Group Inc \ KeyCorp	Financial	US	3,992.36
UNY Group Holdings Co Ltd \ FamilyMart UNY Holdings Co Ltd	Consumer, Non-cyclical	JAPAN	3,963.53

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