

MontLake Abrax Merger Arbitrage UCITS Fund

Global Merger Arbitrage

January 2021

Performance Returns

The MontLake Abrax Merger Arbitrage UCITS Fund gained 2.0% for the month of January (USD Institutional Founder Class), bringing the last 12 months' performance to +8.65%. The monthly performance compares favourably to the (unleveraged) return of +2.0% MTD for the reference HFRX Merger Arbitrage Index.

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 January

January's strong performance was primarily driven by a bidding war on Tikkurila Oyj and two bumps on Siltronic from Global Wafer.

As mentioned in an earlier newsletter, we have been witnessing an un-precedent number of bidding wars & bumps, following very opportunistic takeovers for target companies whose share price is still well below pre-covid levels. Tikkurila joins a long list of bidding wars which includes G4S, Codemasters, Entra ASA, Countrywide and Signature Aviation in Europe but also Alaska Telecommunications, Cardtronics in the US, while Siltronic completes the list of bumps which includes Altice, McCarthy & Stone, Acacia, Collectors Universe so far. All these situations are bringing significant additional profit opportunities to our strategy.

Tikkurila Oyj

PPG agreed to buy the paint manufacturer Tikkurila Oyj on December 18th at €25 per share. During January Tikkurila Oyj received 2 competitive offers; one from Hempel which forced PPG to increase its original bid by 11% from €25 to €27.75 on January 5th, and another bid from a newly created Akzo Nobel/Hempel consortium on January 18th at €31.25 (a 12.6% increase from PPG's latest bid), trumping PPG bid (PPG has already raised its offer to €34 as we write our letter).

Siltronic

We also had 2 increases in the consideration from acquiror Global Wafer over Siltronic in order to secure the tender threshold. Globalwafers agreed to buy Siltronic on December 9th at €125 per share. Globalwafers raised its offer by 12% to €140 on January 22nd and by another +3.6% to €145 on January 23rd.

We also enjoyed some nice spread convergence in January including G4S (Garda World and Allied still in the race), Fitbit (which has closed after HSR approval) and Cineplex.

Given the continued increase in number of M&A opportunities, we have added 15 new situations with a strong emphasize in Europe (portfolio is currently split 60% US/40% EU), while we have also reduced our leverage through the closing of 12 positions.

We remain very optimistic about our performance prospects going forward both with the rise in the number of opportunities, but also with the higher profitability of these opportunities.

M&A Market Review for January

We continue to see strong M&A volumes with \$400bn worth of M&A announced in January, at a similar monthly level that we have seen during the volume pickup of Q4 2020. Notable approaches, which have been withdrawn since, includes Carrefour SA/Alimentation Couche-Tard Inc (\$37,2bn), DXC Technology Co/Atos SE (\$15,6bn) and Entain PLC/MGM Resorts International (\$13,6bn). Other significant transactions have been firmed up in January, including Change Healthcare Inc/UnitedHealth Group Inc (\$12,8bn), FLIR Systems Inc/Teledyne Technologies Inc (\$7,8bn), Signature Aviation PLC/Global Infrastructure Partners (\$6,8bn), Entra ASA/Castellum AB (\$6bn) and Brookfield Property Partners LP/Brookfield Asset Management Inc (\$5,8bn).

UCITS Monthly Performance (USD Institutional Founder Class)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2021	1.97%												1.97%
2020	0.49%	0.57%	-5.90%	6.00%	0.50%	-3.41%	1.66%	0.18%	-1.98%	0.54%	7.46%	0.97%	6.55%
2019	-	-	-	-	-	-	-0.05%	0.68%	0.50%	0.56%	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	\$72.0 million
Fund AUM	\$29.6 million
Inception	24 th July 2019

Share Class Institutional Class Founder / Pooled

Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.00%
Perf. Fee	10.00%
Min Init. Sub.	1,000,000

ISIN Codes	USD: IE00BZ00Y245 / IE00BGLJXS63
	GBP: IE00BZ01D866 / IE00BZ01D973
	EUR: IE00BZ00XN87 / IE00BZ00Y351
	CHF: IE00BZ00Y138 / IE00BGLJXR56

Share Class Institutional Class / Pooled

Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.50%
Perf. Fee	15.00%
Min Init. Sub.	100,000

ISIN Codes	USD: IE00BZ00XH28 / IE00BZ00XM70
	GBP: IE00BZ00XF04 / IE00BZ00XK56
	EUR: IE00BZ00XD89 / IE00BZ00XJ42
	CHF: IE00BZ00XG11 / IE00BZ00XL63

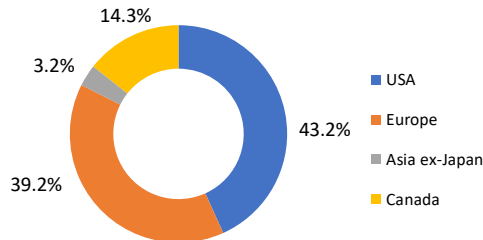
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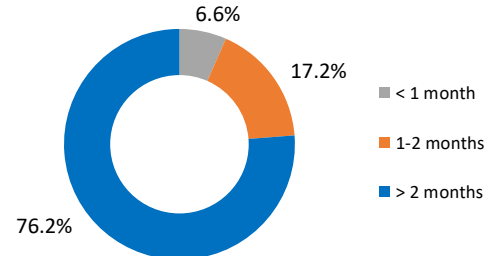
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Portfolio Exposure

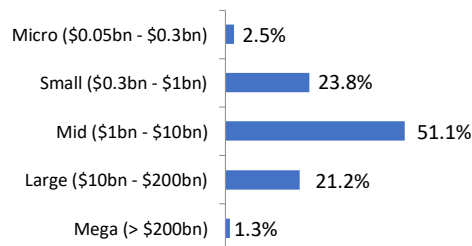
EXPOSURE BY GEOGRAPHY - TARGET



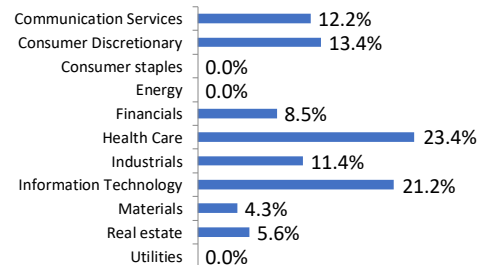
EXPOSURE BY DEAL CLOSING



EXPOSURE BY MARKET CAP



EXPOSURE BY SECTOR



CURRENT FUND POSITIONING
(% of NAV)

Long	124.2%
Short	10.3%
Gross	134.5%
Net	113.8%
Leverage	1.34x

CONCENTRATION
(% of gross exposure)

Top 5 long positions	23.9%
Top 10 long positions	40.3%

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%

DIRECTION (positions)

Long	34	New situations	15
Short	4	Situations closed	12

Contact Details

Investor Contact

MontLake Funds (UK) Ltd
2nd Floor, 20-22 Bedford Row
Holborn, London
T: +44 207 290 9493
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

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

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