

High Ridge Credit Opportunities UCITS Fund

Alternative Investment

October 2019

Performance Returns

The High Ridge Credit Opportunities UCITS Fund returned 1.16% MTD / 15.15% YTD (USD Founder Eq Acc Share) and 1.16% MTD / 15.12% YTD (USD Founder Pooled Acc Share) for the month of October.

Investment Objective & Strategy

The Fund seeks to generate enhanced income returns as well as potential capital appreciation, whilst maintaining focus on capital preservation and volatility. The core portfolio is predominately invested in subordinated debt and preferred securities; focused on credit quality, security structure and relative value. The core portfolio may employ limited leverage up to 30%, as well as Long / Short Credit and Rate Overlays designed to mitigate volatility.

Market Commentary

As expected, the FED lowered rates by another 25bps and seems on track to buy T-Bills and Sell T-Bonds; pushing short term rates downward and nudging long end bonds higher; moderately widening the yield curve. Bottom-line, the FED and ECB are likely to maintain low rates for longer.

Brexit and US/China trade both remain a hovering concern; but appear to be inching forward and less threatening. A year-ago, markets were spooked by yield curve inversion, rising rates and the danger of recession. While global economic growth remains sluggish, we do not see an imminent threat of recession on the horizon.

The S&P 500 was up +2.17% MTD (+23.16% YTD), the MSCI Europe Index was up +0.87% MTD (+20.95% YTD) and the NASDAQ Composite was up +3.71% MTD (+26.07% YTD). The 30yr UST bond finished the month yielding 2.18% (+6bps) and the UST 10yr Note finished yielding 1.69% (+1bp). High Yield closed the month at CY 5.93% (+2bps) / YTW 5.01% (+1bp) returning 0.33% MTD (+12.58% YTD). The Fund's top performers this month included Banco Mercantil De Norte, Transcanada Trust, Barclays PLC, Emera Inc. and the Overlays.

At the end of Oct., the credit spread (Fund YTW vs. UST 5Yr.) was 284 bps, down only slightly from 287 bps from Sept. We continue to highlight that the \$25par retail segment of the market continues to look overvalued with minimal upside convexity. However, the \$1000 par institutional Jr. Sub Debt and COCOs segments look cheap. Both remain attractively valued for investors seeking yield; leaving potential for capital appreciation in a bull or modest bull/bear tightener.

The Fund continues to favor fixed-to-floating and fixed-to-variable structures with high backend structures. Of course, issuer credit quality is always key criteria to security selection, and overall, the financial sector is very well capitalized.

Our outlook for the next 12 months remains positive; especially for investors seeking yield and eager to receive steady stream of coupons payments during a prolonged period ahead of low rates.

USD Founder Eq Acc Share (MLHRUIF)

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y-T-D
2017	Perf	-	-	-	-0.06%	0.57%	0.52%	0.82%	0.17%	0.09%	0.71%	-0.28%	-0.07%	2.49%
	NAV	-	-	-	99.94	100.51	101.03	101.86	102.03	102.12	102.85	102.56	102.49	-
2018	Perf	0.51%	-1.59%	-0.97%	-0.23%	-1.56%	-0.79%	1.13%	0.39%	0.00%	-1.90%	-2.65%	-1.53%	-8.87%
	NAV	103.01	101.37	100.39	100.16	98.60	97.82	98.93	99.32	99.32	97.43	94.85	93.40	-
2019	Perf	3.91%	1.11%	1.71%	1.78%	-0.20%	2.43%	0.95%	0.62%	0.79%	1.16%			15.15%
	NAV	97.05	98.13	99.81	101.59	101.39	103.85	104.84	105.49	106.32	107.55			-

USD Founder Pooled Acc Share (MLHRUPF)

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y-T-D
2017	Perf	-	-	-	-	-	-	0.82%	0.17%	0.09%	0.72%	-0.29%	-0.08%	1.43%
	NAV	-	-	-	-	-	-	100.82	100.99	101.08	101.81	101.51	101.43	-
2018	Perf	0.52%	-1.60%	-0.97%	-0.23%	-1.55%	-0.80%	1.14%	0.40%	0.00%	-1.90%	-2.65%	-1.52%	-8.86%
	NAV	101.96	100.33	99.36	99.13	97.59	96.81	97.91	98.30	98.30	96.43	93.87	92.44	-
2019	Perf	3.91%	1.11%	1.72%	1.78%	-0.21%	2.41%	0.94%	0.62%	0.80%	1.16%			15.12%
	NAV	96.05	97.12	98.79	100.55	100.34	102.76	103.73	104.37	105.20	106.42			-

The performance figures quoted above represent the performance of the High Ridge Credit Opportunities UCITS Fund – USD Institutional Founder Share Class and the USD Institutional Founder Pooled Share Class since launch. These performance figures refer to the past and past performance is not a reliable guide to future performance.

The Manager

SPECTRUM
Asset Management

Portfolio Management Team

Mark Lieb, CEO & Founder
Founded Firm in 1987
42 Years Industry Experience



L. Phillip Jacoby, CIO and Sr. PM
Joined Firm in 1995
37 Years Industry Experience



Manu Krishnan, PM
Joined Firm in 2004
15 Years Industry Experience



Fred Diaz, PM
Joined Firm in 2000
27 Years Industry Experience



Roberto Giangregorio, PM
Joined Firm in 2003
17 Years Industry Experience



Kevin Nugent, PM
Joined Firm in 2012
35 Years Industry Experience



Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	\$10.90 million
Spectrum Firm AUM	\$22.30 billion
Inception	10th April 2017

Share Class Institutional Founder Pooled

Currency EUR/USD/CHF/GBP

Share Type Accumulation & Distributing

Mgt. Fee 0.50%

Perf. Fee 5.00%

Min Init. Sub. 2,500,000

ISIN Codes USD: IE00BYYS1N76 / IE00BD6P9132

EUR: IE00BYYS1D78 / IE00BD6P8V62

GBP: IE00BYYS1F92 / E100BD6P9025

CHF: IE00BYYS1G00 / IE00BD6P8W79

Fund Platform MontLake UCITS Platform ICAV

Fund Manager MontLake Management Ltd (Dublin)

Administrator Northern Trust International Fund Admin Services (Ireland) Limited

Depository Northern Trust Fiduciary Services (Ireland) Ltd

Legal Advisor Maples Group – Dublin

Auditor KPMG – Dublin

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Yield Comparatives

	Ticker	Credit	Mod Dur	CY	YTW	CY Spread	YTW Spread	CY Ratio	YTW Ratio
US Treasury 5 YR	GA05	AAA	4.80	1.50	1.52	Spread & Ratio Comparatives			
US Corporate	COA0	A-	7.51	3.76	2.9	226	138	2.50	1.91
High Ridge Fund	MLHRUFP	BBB	4.99	6.01	4.36	450	284	4.00	2.87
US High Yield	H0A4	BB-	3.22	5.93	5.01	443	349	3.95	3.30

Top 10 Issuer Concentrations (100%)

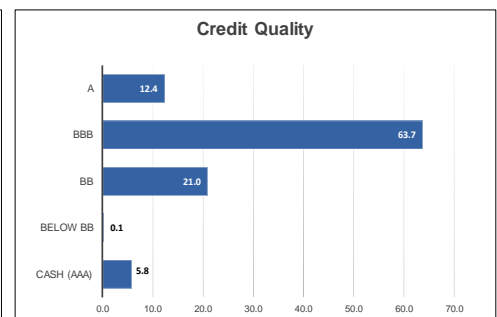
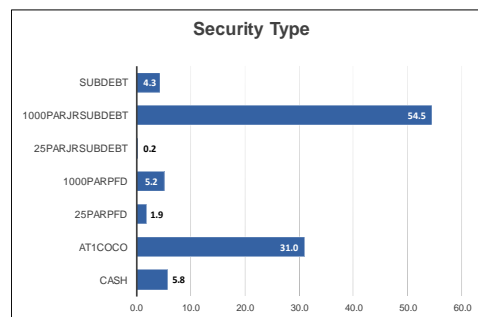
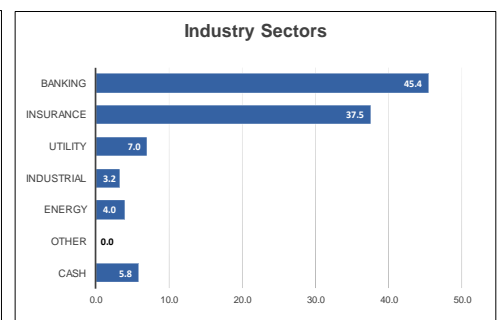
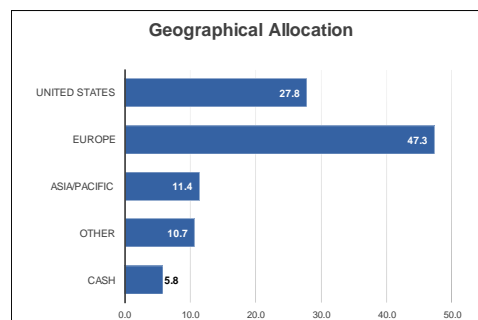
ALG	4.5%
BNP Paribas	4.3%
Zurich Insurance Group	4.1%
Barclays	4.1%
Prudential Financial	4.0%
Liberty Mutual	3.4%
HSBC	3.4%
BHP Billiton	3.2%
Societe Generale	3.2%
MetLife	3.1%
Total	37.4%

Portfolio Overview (Month End)

Number of holdings	106
Number of issuers	50
Modified Duration*	5.0
Average Dollar Price*	\$113.4
Average Coupon*	6.9%
Current Yield*	6.0%
Yield to Maturity*	5.6%
Yield To Worst*	4.4%
Average Credit Rating	BBB
Fixed to Floating	38.0%
Fixed to Variable	44.9%
Fixed Rate	12.1%
Floating	2.2%
Overlay	-2.4%
Cash	5.8%

*Excludes cash

Positions	Gross Long	Gross Short	Net
Preferred & Sub Debt	97.2%	0%	97.2%
SPY 500 Futures	0%	0%	0%
Euro Stoxx Bank Futures	0%	0%	0%
UST Note Futures	0%	2.4%	-2.4%
US T Bonds Call/Put Spreads	0%	0%	0%
Cash	5.8%	0%	5.8%
Total	103.0%	2.4%	100.6%



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