

### FACTSHEET

#### Performance Returns

The High Ridge Credit Opportunities UCITS Fund returned -1.90% (USD Founder Eq Acc Share) and -1.90% (USD Founder Pooled Acc Share) for the month of October.

#### Investment Objective & Strategy

The Fund seeks to generate enhanced income returns as well as 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, October market news was especially focused on the roll-out of 3Q earnings. Of the 456 companies in the S&P 500 that have reported earnings to date for Q3 2018, 77.6% have reported earnings above analyst expectations. This is above the long-term average of 64% and in-line with the prior four quarter average of 77%. Top US bank earnings reflected strong y/y growth, robust capital and strong credit quality. Yet, in mid-October, markets tumbled. Pundits quickly concluded the good US economic news was a harbinger for FED hikes which could move toward adopting a restrictive policy, One must ask, will the FED overstep. What about concerns regarding global economic slowdowns, as well as the on-going concerns about, Brexit, and US-China-Europe trade. Add the flip of the US House to Democratic party control and Saudi-Iran-Turkey geopolitics to the mix. It is not really surprising the markets have been volatile.

The S&P 500 was down sharply by -6.84% MTD (+3.00% YTD), the MSCI Europe Index was down -5.30% MTD (-4.04% YTD) and the NASDAQ Composite was down -9.16% MTD (+6.73% YTD). The 30yr UST bond finished the month yielding 3.40% (+20bps) and the UST 10yr Note finished yielding 3.16% (+10bps). High Yield closed the month at CY 6.25% (+13bp) / YTW 6.33% (+55bps) returning -1.47% MTD (+0.41% YTD). Top performers this month included AIG, RBS and Barclays.

At this point, global YTD 2018 returns are disappointing for both equities and fixed-income. EMG, European and US equities have all sustained a major set-back. YTD, the UST 10Y is down -4.32% and the Barclays Aggregate Corporate index is down -3.47%. While notably out-performing high-grade credit, Preferreds and High Yield credit market have nonetheless under-performed expectations.

We had expected that FED rate hikes would have prompted a faster paced acceleration of bank and other financial issuer earnings. While Techs dominated the equity markets, the financial sector equity indices languished downward. The basic premise that higher rates will benefit financials remains in tact. However, it now seems that this flow-through is slower than expected and shifted to 2019. Attention should be given to bank earning reports, looking for net-interest-margins growth.

As 2019 approaches, analyst and investors alike are looking at the FED DOT charts and trying to access how near or far we maybe to a FED pause. Janney's FI analyst, Guy LeBlass, sees FED rates peaking in 1Q19 at or near levels already largely priced into the market. He predicts rates to move down to 2.25 to 2.50 by 4Q19. Phil Jacoby, Spectrum's CIO, and others see a pause on the horizon, but more likely in 2Q or 3Q19. In either case, markets timing is never easy, and markets generally trade 2 steps ahead of the news. Whether one cautiously navigated their allocations in 2018, or simply chose to stand-on-the sides, the results were probably much the same, i.e. "disappointing". We expect 1Q and 2Q 2019 to be quite different. While we cannot provide the perfect timing for allocations, we see opportunities ahead and suggest setting target points for allocation. In that regard, we suggest considering incremental points of entry.

#### USD Founder Eq Acc Share (MLHRUIF)

Fund	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
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%	-	-	-4.94%
NAV	103.01	101.37	100.39	100.16	98.60	97.82	98.93	99.32	99.32	97.43	-	-	-

#### USD Founder Pooled Acc Share (MLHRUPF)

Fund	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
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%	-	-	-4.93%
NAV	101.96	100.33	99.36	99.13	97.59	96.81	97.91	98.30	98.30	96.43	-	-	-

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

41 Years Industry Experience



**L. Phillip Jacoby, CIO and Sr. PM**

Joined Firm in 1995

35 Years Industry Experience



**Manu Krishnan, PM**

Joined Firm in 2004

14 Years Industry Experience



**Fred Diaz, PM**

Joined Firm in 2000

25 Years Industry Experience



**Roberto Giangregorio, PM**

Joined Firm in 2003

15 Years Industry Experience



**Kevin Nugent, PM**

Joined Firm in 2012

34 Years Industry Experience



### FUND FACTS

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	\$11.24 million
Spectrum Firm AUM	\$20.3 billion
Fund Inception	10th April 2017
Share Class	Institutional Founder
Currency	USD/EUR/CHF/GBP
Share Type	Accumulation & Distributing
Mgt. Fee	0.50%
Perf. Fee	5%
Min Init. Sub.	2,500,000
ISIN Codes	USD: IE00BYYS1N76 / IE00BD6P9132 EUR: IE00BYYS1D78 / IE00BD6P8V62 GBP: IE00BYYS1F92 / IE00BD6P9025 CHF: IE00BYYS1G00 / IE00BD6P8W79

Fund Platform	MontLake UCITS Platform ICAV
Fund Manager	MLC Management Limited (Dublin)
Administrator	Northern Trust International Fund Admin Services (Ireland) Limited
Depository	Northern Trust Fiduciary Services (Ireland) Ltd
Legal Advisor	Maples & Calder – Dublin
Auditor	KPMG – Dublin

### Yield Comparatives

	Ticker	Credit	Mod Dur	CY	YTW	CY	YTW	CY	YTW
						Spread	Spread	Ratio	Ratio
US Treasury 5 YR	GA05	AAA	4.62	2.90	2.99	Spread & Ratio Comparatives			
US Corporate	COA0	A-	6.86	4.13	4.33	124	134	1.43	1.45
High Ridge Fund	MLHRUFP	BBB	5.79	6.21	5.88	332	289	2.15	1.97
US High Yield	HOA4	BB-	4.3	6.25	6.33	336	334	2.16	2.12

### Top 10 Issuer Concentrations (100%)

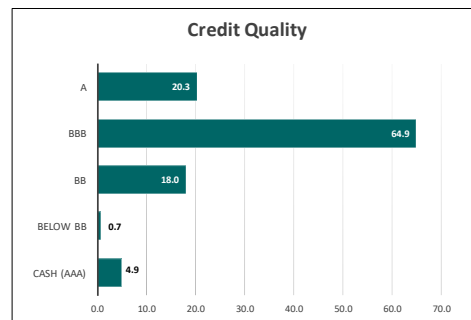
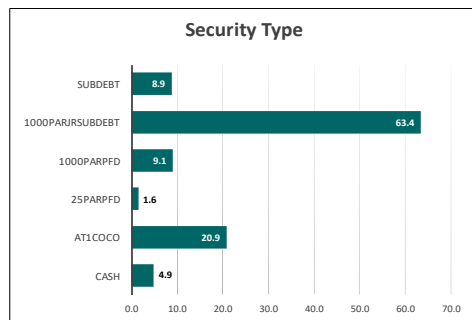
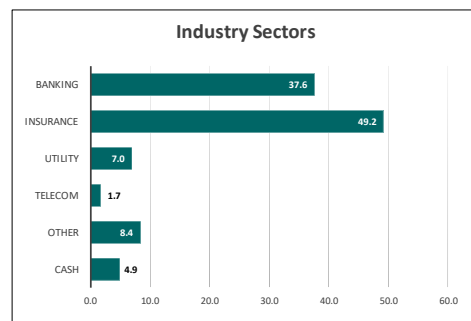
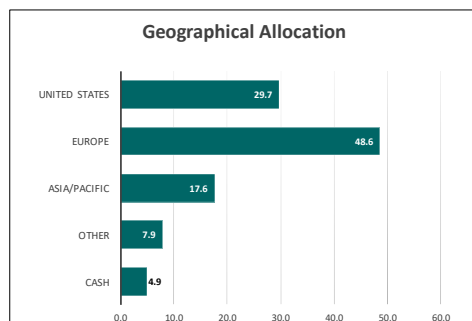
Lloyds	4.2%
AIG	3.9%
HSBC	3.8%
Zurich Insurance Group	3.6%
Swiss Re	3.5%
Societe Generale	3.5%
Barclays	3.5%
Legal and General Group	3.3%
Royal Bank of Scotland	3.3%
BHP Billiton	2.9%
<b>Total</b>	<b>35.5%</b>

### Portfolio Overview (Month End)

Number of holdings	105
Number of issuers	56
Modified Duration*	5.8
Average Dollar Price*	\$102.9
Average Coupon*	6.7%
Current Yield*	6.2%
Yield to Maturity*	6.6%
Yield To Worst*	5.9%
Average Credit Rating	BBB
Fixed to Floating	44.8%
Fixed to Variable	38.9%
Fixed Rate	14.4%
Floating	5.7%
Overlay	2.2%
Cash	4.9%

\*Excludes cash

Positions	Gross Long	Gross Short	Net
Preferred & Sub Debt	103.9%	0%	103.9%
SPY 500 Futures	2.4%	0%	2.4%
Euro Stoxx Bank Futures	0%	1%	-1.2%
UST Note Futures	1.1%	0%	1.1%
US T Bonds Call/Put Spreads	0%	0%	0%
Cash	4.9%	0%	4.9%
<b>Total</b>	<b>112.2%</b>	<b>1.2%</b>	<b>111.0%</b>



### Contact Details

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### 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 and, potentially, to currency exchange risk. The High Ridge Credit Opportunities 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. 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](http://www.montlakeucits.com)). Information given in this document has been obtained from, or based upon, sources believed by us to be reliable and accurate although neither ML Capital nor Spectrum Asset Management, Inc accepts liability for the accuracy of the contents. Spectrum Asset Management, Inc is authorised and regulated by the Securities Exchange Commission (the "SEC"). Funds regulated under UCITS must abide by investment restrictions. ML Capital does not offer investment advice or make recommendations regarding investments. The Manager of the Fund is MLC Management Ltd, a company regulated by the Central Bank of Ireland. 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 origin of the Fund is the Republic of Ireland. Issued and approved by MLC Management Ltd.

Authorised and Regulated by the Central Bank of Ireland.