

MontLake Abrax Merger Arbitrage UCITS Fund

Global Merger Arbitrage

August 2022

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 August

The MontLake Abrax Merger Arbitrage UCITS Fund generated a positive return of +0.42% in August, while markets had a sharp sell-off during the second part of August, with the S&P 500 and the EuroStoxx ending August at -4% and -6% respectively. This again highlights the true decorrelation of the Abrax strategy versus US and EU indexes, yielding a positive return in such adverse markets.

Our performance this month was mainly attributed to the approval of the Avast/NortonLifeLock transaction by the UK CMA, for which the spread was at a +47% flat level prior to this decision. Again, this shows the unprecedented dislocation of some spreads, prior to an ultimate catalyst. Avast/NortonLifeLock was trading at only a +1.2% flat spread back on 14th March 2022, a spread in which we were not invested in at the time, considering the potential UK CMA phase 2 risk.

We also made a profit on the closing of Sailpoint Technologies (this spread was trading at +10.4% flat spread on 14th June), as well as profits on the closings of Tufin Software and Vifor Pharma, respectively.

While we had reduced our leverage to circa 0.7x of NAV versus a historical leverage of circa 1.2x by taking some profits during the first part of August, spreads started to widen back with the market sell off during the second part of August.

Notably, some of our spreads for which we had reduced the sizing widened sharply, including; Rogers, Shaw Communications and Twitter, even if the sum of them has been compensated by the Avast/NortonLifeLock profit. Other spreads, such as Silicon Motion/Maxlinear, Tower Semiconductor, in which we are not yet invested, also widened significantly during the second part of August. Silicon Motion/Maxlinear is now trading at the same spread level to where it was trading prior to the announcement of the deal.

Hence merger arbitrage spreads remain very wide (the average of our invested spread universe is back at 13.5% flat vs. 15% on 15th June (widest level), while it had converged to +8.0% in mid-August). These will only reconverge upon closing or by a key catalyst being received.

We took this opportunity to gradually invest back in some of these wider spreads, like we did back in May and June. We have again built a large P/L to come, while we are now cautiously increasing our leverage again. It is worth noting that with the M&A volume drop in Europe (-35% YTD) we are now invested at more than 95% in the US, which is less affected by this M&A slowdown.

While we are still playing the volatility of merger arbitrage spreads, Abrax's invested performance still remains unprecedented and the crystallisation of our remaining spreads should have a strong impact on the Fund's performance.

M&A Market Overview

August saw a small rebound in M&A with volumes worth \$260bn, versus a fairly quiet July (\$200bn), but still below the 12-month trailing average of \$320bn. Overall, according to Bloomberg statistics, YTD M&A volumes are down -24% in the US and -36% in Europe.

US M&A deals included; Avalara/Vista Equity Partners (\$7.8bn), Global Blood Therapeutics/Pfizer (\$4.6bn), Atlas Air Worldwide/Apollo (\$4.6bn), ChemoCentryx/Amgen (\$3.4bn), Cowen/Toronto-Dominion Bank (\$2.8bn), Ping Identity/Thoma Bravo (\$2.5bn), Evo Payments/Global Payments (\$1.8bn) and iRobot/Amazon.com (\$1.6bn). Europe M&A deals included; Micro Focus/Open Text (\$5.7bn) and Mediclinic International/MSC Mediterranean Shipping (\$5bn).

UCITS Monthly Performance (USD Institutional Founder Class)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2022	-0.93%	-0.34%	0.74%	-0.77%	-1.73%	-1.36%	2.21%	0.42%					-1.80%
2021	1.96%	1.79%	0.82%	0.90%	1.15%	0.20%	-2.36%	-0.22%	-0.35%	-0.81%	-1.73%	+0.87%	2.12%
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.

This is a marketing communication.



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	\$91.1 million
Fund AUM	\$54.6 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

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

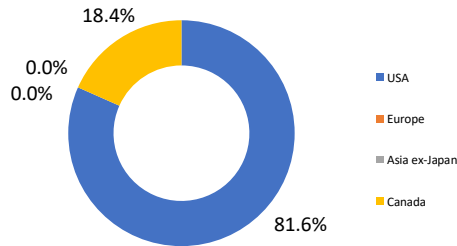
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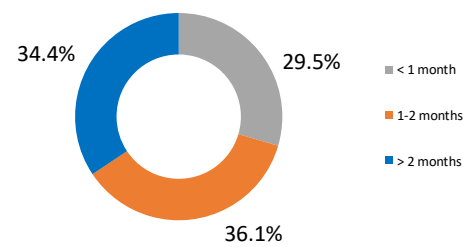
August 2022

Portfolio Exposure

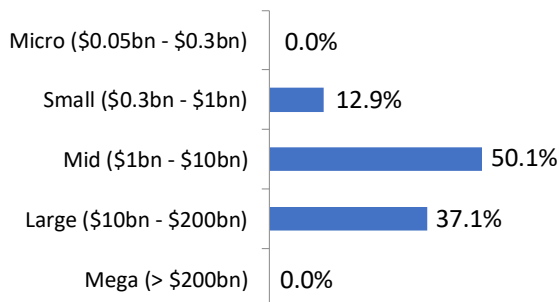
EXPOSURE BY GEOGRAPHY - TARGET



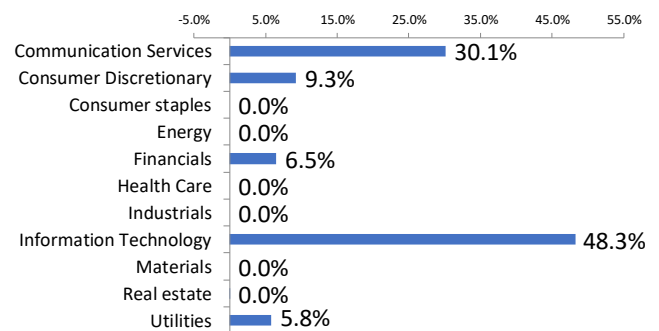
EXPOSURE BY DEAL CLOSING



EXPOSURE BY MARKET CAP



EXPOSURE BY SECTOR



CURRENT FUND POSITIONING (% of NAV)

Long	68.9%
Short	1.3%
Gross	70.1%
Net	0.0%
Leverage	0.70x

CONCENTRATION (% of gross exposure)

Top 5 long positions	43.2%
Top 10 long positions	72.3%
DIRECTION (positions)	
Long	17 New situations 2
Short	3 Situations closed 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%

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