

MontLake Abrax Merger Arbitrage UCITS Fund

Global Merger Arbitrage

January 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 January

In a volatile start to the year for markets, the MontLake Abrax UCITS Fund was down -0.93% in January, in line with the Merger Arbitrage Index (HFRXMA) lost -0.9%.

Merger arbitrage spreads were not immune to January's market sell off and this coupled with an absence of catalysts, meant that none of our deals closed during the month (only Xilinx/AMD got the approval from China which is a positive for future cross border M&A).

Some merger stocks are part of indices and ETFs and are therefore also suffering from the broader market volatility, hence some spreads have remained wide even up to their last day of trading when the deal closes.

A good example of spreads trading at a very wide level is JOB51, which saw positive developments on January 12th, where the buying consortium agreed and proposed a reduced offer of \$57.25, which is a significant price cut versus the \$79 initial offer (-28%), to reflect the impact of tighter policies from the Chinese regulator. While we had increased the sizing of our position below \$55, we will still make some profit on the position, yet the spread is currently at +15%, which is very wide, while the company confirmed that the updated structure will now not trigger any new regulatory filing in China.

Some of our portfolio deal catalysts should unfold in the next few weeks, which should help to generate profits, despite the persistent market volatility.

However, through a period like this we tend to keep the leverage low and are very judicious in deal selection and we'd rather miss out on some performance by not chasing risky, short-term investments, while we have significant performance to come in our portfolio already.

We continue to do additional work on some new potential positions and are enthusiastic by the opportunity set that this market is creating.

M&A Market Overview

The M&A market was a little quieter this month on the back of January's market volatility. Volume stood at \$330bn vs 12 months historical average of \$427bn, driven by a lower number of deals. There were only 3 deals above \$10bn, including Activision Blizzard Inc/Microsoft Corp (\$67,9bn), Citrix Systems Inc/Vista Equity Partners, Elliott (\$14,5bn) and Zynga Inc/Take-Two Interactive Software Inc (\$11,2bn). We think that larger M&A activity should resume shortly led by Private-equity funds which need to deploy their \$2.3 trillion of inflows that they have recently raised.

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%												-0.93%
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.



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	\$102.3 million
Fund AUM	\$62.3 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

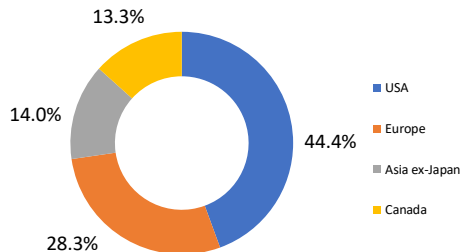
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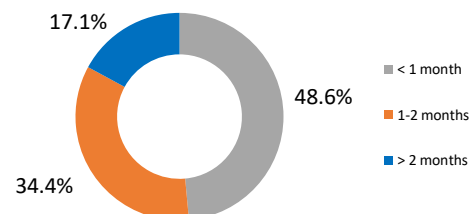
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Portfolio Exposure

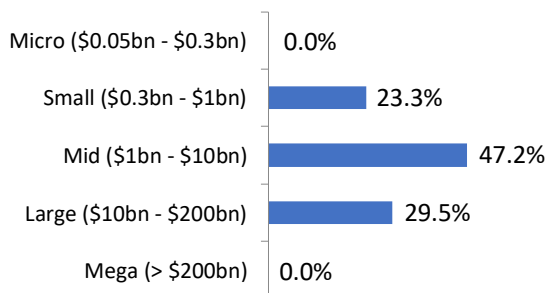
EXPOSURE BY GEOGRAPHY - TARGET



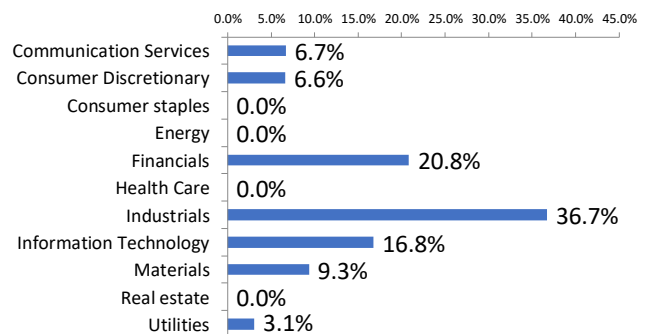
EXPOSURE BY DEAL CLOSING



EXPOSURE BY MARKET CAP



EXPOSURE BY SECTOR



CURRENT FUND POSITIONING
(% of NAV)

Long	96.1%
Short	14.8%
Gross	110.9%
Net	81.3%
Leverage	1.11x

CONCENTRATION
(% of gross exposure)

Top 5 long positions	28.9%
Top 10 long positions	51.2%

DIRECTION (positions)

Long	23	New situations	3
Short	3	Situations closed	0

LIQUIDITY BREAKDOWN
(% of gross exposure)

< 1 day	93.4%
2-5 days	6.6%
6-10 days	0.0%
11-20 days	0.0%
> 20 days	0.0%

Contact Details

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