

High Ridge Credit Opportunities UCITS Fund

Alternative Investment

May 2019

FACTSHEET

Performance Returns

The High Ridge Credit Opportunities UCITS Fund returned -0.20% (USD Founder Eq Acc Share) and -0.21% (USD Founder Pooled Acc Share) for the month of May.

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

The May news headlines remained focused on the political party polarization in the US and the UK. However, the markets were fixated on the US / China trade war; setting-off investor concerns as negotiations fizzled.

The S&P 500 was down -6.35% MTD (+10.73% YTD), the MSCI Europe Index was down -4.77% MTD (+11.83% YTD) and the NASDAQ Composite was down -7.78% MTD (+12.86% YTD). The 30yr UST bond finished the month yielding 2.58% (-36bps) and the UST 10yr Note finished yielding 2.14% (-36bps). High Yield closed the month at CY 6.58% (+13bps) / YTW 6.76% (+59bps) returning -1.27% MTD (7.52% YTD). Top performers this month included Liberty Mutual Group, AIG Life Holdings and Nippon Life Insurance.

The market is focused on the Fed; looking for the Fed to cut rates. It is unlikely that the Fed does anything but stand still through the end of August because: 1) the minutes showed balanced views on the policy rate and an upward skew, 2) the Jackson Hole 2019 Economic Symposium, "Challenges for Monetary Policy" is held the 3rd week of August, and 3) the average length of no action on rates after a series of rate hikes by the Fed is 8 months, which would bring us to the September meeting. The idea of an "insurance" cut may gain conviction by Fed members if financial conditions deteriorate, but equity markets would probably need to breach 2600 on the S&P 500 for that to happen. The Jackson Hole conference should be very robust and shape policy views on what tools will be used to restore inflation confidence beyond the federal funds policy rate. In the past, balance sheet tools have been useful in moving up inflation results and are likely to be repeated. This adds support to our base case that the Fed will start buying US Treasury Bills by selling notes (and bonds) to twist the yield curve; and perhaps even implement net new purchases to average down the duration of its balance sheet.

- We expect the credit environment to be constructive as the Fed remains supportive of growth with no intention of inverting the yield curve, and likely to take action to steepen it.
- The combination of contained spreads, only modestly higher longer-term US Treasury rates and attractive relative values should combine for a positive total rate of return for junior subordinated capital securities this year -- more so for the institutional sector because nominal yields and spreads are higher than in the institutional sector.
- The retail \$25 par sector appears overvalued. We expect the retail paper to come under some pressure as a modest bear-steepener develops this summer and risk of deeper equity correction amidst trade wars intensifies.
- Jr. Sub Debt and Preferreds are especially attractive, and CoCos, though wider this month, are expected to outperform because of yield, low duration, and a slowing issuance calendar.

USD Founder Eq Acc Share (MLHRUIF)

| Fund | Perf | 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% | -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% | - | - | - | - | - | - | - | 8.55% |
| | NAV | 97.05 | 98.13 | 99.81 | 101.59 | 101.39 | - | - | - | - | - | - | - | - |

USD Founder Pooled Acc Share (MLHRUPF)

| Fund | Perf | 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% | -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% | - | - | - | - | - | - | - | 8.55% |
| | NAV | 96.05 | 97.12 | 98.79 | 100.55 | 100.34 | - | - | - | - | - | - | - | - |

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
36 Years Industry Experience



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



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



Roberto Giangregorio, PM
Joined Firm in 2003
16 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 | \$10.29 million |
| Spectrum Firm AUM | \$20.32 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 |

For more information visit
www.montlakeucits.com

ML MontLake

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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 | 4.74 | 1.99 | 1.93 | Spread & Ratio Comparatives | | | |
| US Corporate | C0A0 | A- | 7.16 | 3.94 | 3.49 | 195 | 156 | 1.98 | 1.81 |
| High Ridge Fund | MLHRUFP | BBB | 4.98 | 6.51 | 4.98 | 451 | 305 | 3.26 | 2.58 |
| US High Yield | HOA4 | BB- | 3.91 | 6.20 | 6.08 | 421 | 415 | 3.11 | 3.15 |

Top 10 Issuer Concentrations (100%)

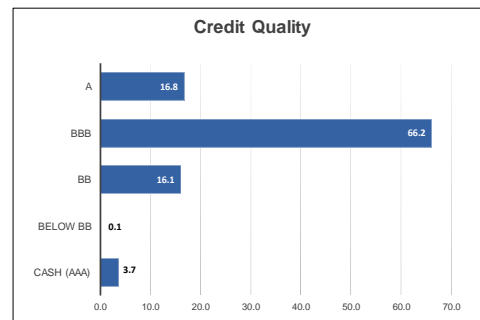
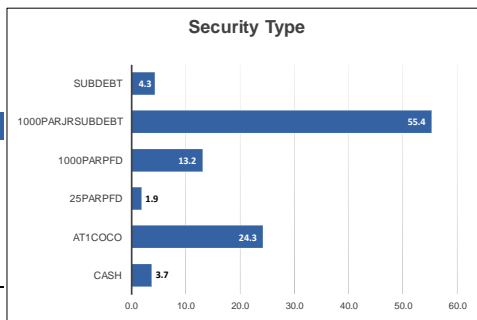
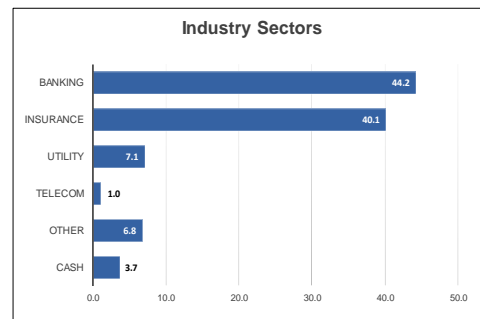
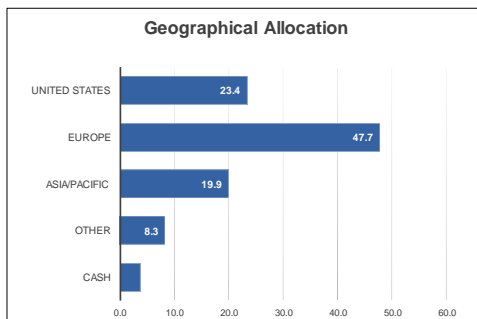
| | |
|------------------------|--------------|
| AIG | 4.5% |
| Zurich Insurance Group | 4.2% |
| Credit Agricole | 4.2% |
| Liberty Mutual | 3.4% |
| HSBC | 3.3% |
| BHP Billiton | 3.3% |
| Societe Generale | 3.2% |
| Barclays | 3.2% |
| Nippon Life Insurance | 3.1% |
| MetLife | 3.1% |
| Total | 35.6% |

Portfolio Overview (Month End)

| | |
|-----------------------|---------|
| Number of holdings | 105 |
| Number of issuers | 50 |
| Modified Duration* | 5.0 |
| Average Dollar Price* | \$106.9 |
| Average Coupon* | 7.1% |
| Current Yield* | 6.5% |
| Yield to Maturity* | 6.3% |
| Yield To Worst* | 5.0% |
| Average Credit Rating | BBB |
| Fixed to Floating | 47.1% |
| Fixed to Variable | 40.3% |
| Fixed Rate | 9.5% |
| Floating | 2.3% |
| Overlay | 0.5% |
| Cash | 3.7% |

*Excludes cash

| Positions | Gross Long | Gross Short | Net |
|-----------------------------|---------------|-------------|---------------|
| Preferred & Sub Debt | 99.3% | 0% | 99.3% |
| SPY 500 Futures | 13% | 0% | 13% |
| Euro Stoxx Bank Futures | 16% | 0% | 16% |
| UST Note Futures | 0% | 2.5% | -2.5% |
| US T Bonds Call/Put Spreads | 0% | 0% | 0% |
| Cash | 3.7% | 0% | 3.7% |
| Total | 105.9% | 2.5% | 103.5% |



Contact Details

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