

MontLake Abrax Merger Arbitrage UCITS Fund

Global Merger Arbitrage

May 2021

Performance Returns

The MontLake Abrax Merger Arbitrage UCITS Fund strives to produce a consistent, tightly managed return stream and generated another strong return of +1.15% in May making the YTD +6.79%. This was a result of several different contributions, the closing of a large number of transactions, the tightening of some of our core spreads on the back of some key approvals and one bump, on ASTM Spa.

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 May

Overall, seven of our transactions closed in May including Perspecta, Bongo Wireless, Cardtronics, Cubic, Aegion, Orange Belgium and ASTM which contributed in total +90bps of NAV.

In turn we deployed the resulting monies into ten new situations, and this perfectly highlights the strong, sustained level of current M&a activity, particularly in the US. Each of these spreads was attractively priced and this bodes well for the future performance prospects of Abrax. Our leverage currently stands at 1.53x across 43 positions and the geographical investment split is 80% US /20% Europe.

Overall, 59% of our 43 positions made a positive contribution in May; One position in particular worked out very well as ASTM contributed (+75bps of NAV) through a +9% bump on May 7th, 2021 (from €25.60 to €28 / share by its acquirer Nuova Argo Finanziaria, in order to reach the 90% delisting threshold) with the deal ultimately closing 3 weeks later.

There were not any meaningful detractors in May with the largest loss being Great Canadian Gaming (-23bps) (which is still awaiting the final approval of Canadian provinces' Gaming agencies before closing), as well as Orbcomm (-22bps) for which there has been no alternative bidder at the expiration of the 45 days go-shop period. The Orbcomm spread is now trading at a wider annualised rate of return based on the initial firm offer of \$11.50 per share from GI Partners.

M&A Market Review for May

May was in the line with the 4 previous months with M&A volumes worth \$400bn being announced (vs a LTM monthly average M&A volume of \$340bn) across 3,111 transactions.

US notable deals included Cimarex Energy /Cabot Oil & Gas (\$8,8bn), At Home Group /Hellman & Friedman (\$3,9bn), Meredith /Gray Television (\$3,7bn), Domtar /Paper Excellence Canada (\$3bn), Monmouth Real Estate Investment /Equity Commonwealth (\$2,8bn), Core-Mark Holding /Performance Food Group (\$2,7bn), Ferro Corp/PMHC II (\$2,5bn) and Harvest Health & Recreation /Trulieve Cannabis (\$1,4bn).

Europe was active with one of its largest deals YTD, Deutsche Wohnen SE/Vonovia SE (\$36,8bn). Other notable deals included UDG Healthcare /Clayton Dubilier & Rice (\$3,8bn), John Laing Group /KKR & Co (\$3bn), Spire Healthcare Group /Ramsay Health Care (\$2,9bn), Metropole Television /Television Francaise 1 (\$2,5bn), St Modwen Properties /Blackstone Group (\$2,1bn) and Adapteo /GS Infrastructure Partners (\$1,5bn).

UCITS Monthly Performance (USD Institutional Founder Class)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2021	1.96%	1.79%	0.82%	0.90%	1.15%								6.79%
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	\$116.4 million
Fund AUM	\$69.4 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

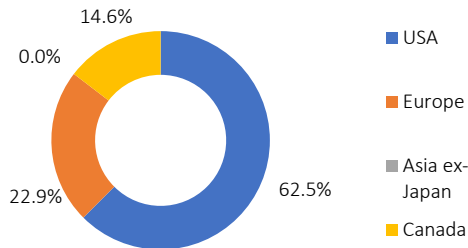
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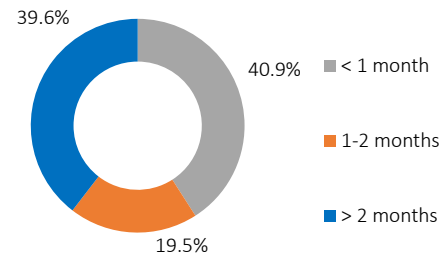
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Portfolio Exposure

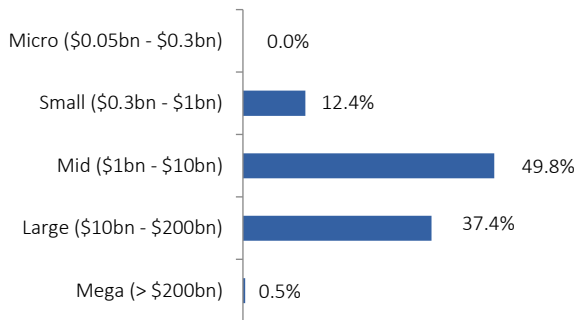
EXPOSURE BY GEOGRAPHY - TARGET



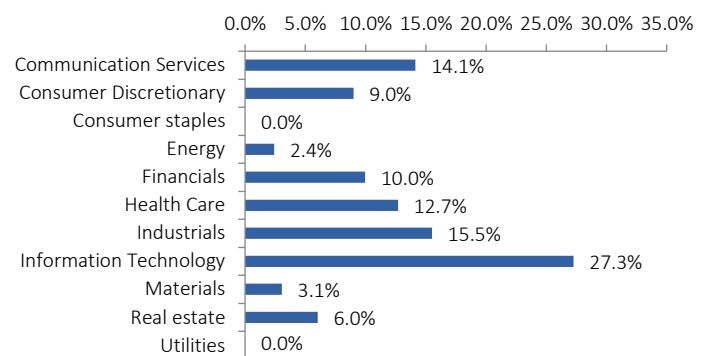
EXPOSURE BY DEAL CLOSING



EXPOSURE BY MARKET CAP



EXPOSURE BY SECTOR



CURRENT FUND POSITIONING (% of NAV)

Long	127.7%
Short	25.1%
Gross	152.8%
Net	102.6%
Leverage	1.53x

CONCENTRATION (% of gross exposure)

Top 5 long positions	23.5%
Top 10 long positions	35.8%

DIRECTION (positions)

Long	32	New situations	10
Short	10	Situations closed	7

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%

Contact Details

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