

MontLake Abrax Merger Arbitrage UCITS Fund

Global Merger Arbitrage

October 2020

Performance Returns

The MontLake Abrax Merger Arbitrage UCITS Fund gained 0.5% for the month of October (USD Institutional Founder Class), bringing YTD performance to -1.8% (*last 12-month (LTM) performance -0.5%*). The monthly performance compares to the (unleveraged) gain of +0.43% (*YTD +0.2% /LTM +1.4%*) for the reference HFRX Merger Arbitrage Index.

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 October

This month's performance is mainly attributed to LVMH's pre-trial settlement with Tiffany for an agreed price of \$131.50, which represents a 2.5% price cut. Several other positions, which have now closed, also contributed positively to the Fund's P&L during the month.

Tiffany was one of our largest positions, given an extremely tight merger agreement and quite an obvious absence of a strong Material Adverse Clause case. Indeed, Tiffany did not perform materially worse than its peers during the lockdown in Q2, and actually did far better in its Q3 earnings. There was also no breach of the merger agreement. Not to mention the highly questionable letter from the French Government, which was somehow reflective of any orchestrated move by LVMH's Arnault.

Hence LVMH's deal termination attempt was more an approach to force Tiffany for a reduced offer price settlement. This attempted termination ended up in an early settlement, which was also the case for many case precedents including Forescout/Advent, Delphi Technologies/Borgwarner and Advance Disposal Services/Waste Management.

This month has also seen the resuming of deal closings and catalysts, through the completion of 8 of our M&A deals during October, including Central European Median Enterprises, Immunomedics, as well as Momenta, Noble Energy, Aimune Therapeutics, and IPL Plastics.

Overall 70% of our positions had a positive contribution during the month, in line with the Fund's historical average. Other pre-Covid-challenged M&A situations continue to trade at dislocated levels and remain volatile - despite Tiffany's settlement before its trial - while we remain confident of the ultimate outcomes.

Finally, we have seen an increased number of newly announced M&A situations in the US during October, which have created several investment opportunities for Abrax, enhancing further the expected return profile of the Fund.

Market commentary

With about \$520bn worth of new M&A deals, M&A activity has continued to accelerate – with a strong pick up in new \$5bn+ deals in the US, with an average deal size of circa \$12.6bn of the 8 largest deals of the month. Notable deals in October included Xilinx /Advanced Micro Devices (\$32.7bn), Concho Resources /ConocoPhillips (\$13.4bn), Dunkin' Brands Group /Inspire Brands (\$11.7bn), MyoKardia /Bristol-Myers Squibb (\$11.1bn), Inphi /Marvell Technology (\$8.9bn), Husky Energy /Cenovus Energy (\$8bn), Eaton Vance /Morgan Stanley (\$7.7bn) and PNM Resources /Iberdrola (\$7.6bn).

UCITS Monthly Performance (USD Institutional Founder Class)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2020	0.49%	0.57%	-5.90%	6.00%	0.50%	-3.41%	1.66%	0.18%	-1.98%	0.54%			-1.80%
2019	-	-	-	-	-	-	-0.05%	0.68%	0.50%	0.56%	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	\$61.6 million
Fund AUM	\$24.0 million
Inception	24 th July 2019

Share Class Institutional Class Founder / Pooled

Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.00%
Perf. Fee	10.00%
Min Init. Sub.	1,000,000

ISIN Codes	USD: IE00BZ00Y245 / IE00BGLJXS63 GBP: IE00BZ01D866 / IE00BZ01D973 EUR: IE00BZ00XN87 / IE00BZ00Y351 CHF: IE00BZ00Y138 / IE00BGLJXR56
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Share Class Institutional Class / Pooled

Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.50%
Perf. Fee	15.00%
Min Init. Sub.	100,000

ISIN Codes	USD: IE00BZ00XH28 / IE00BZ00XM70 GBP: IE00BZ00XF04 / IE00BZ00XK56 EUR: IE00BZ00XD89 / IE00BZ00XJ42 CHF: IE00BZ00XG11 / IE00BZ00XL63
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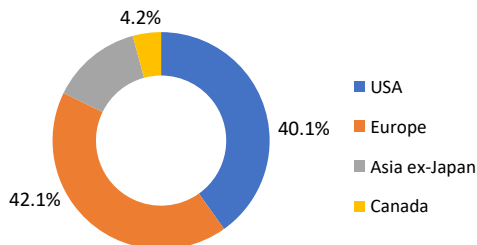
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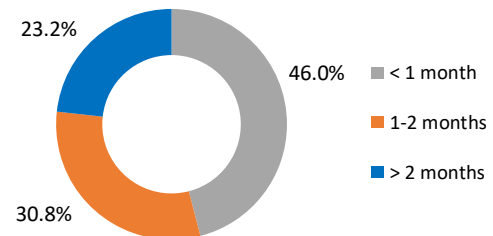
October 2020

Portfolio Exposure

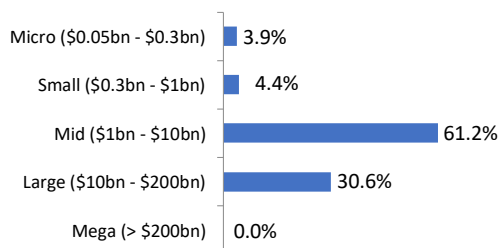
EXPOSURE BY GEOGRAPHY - TARGET



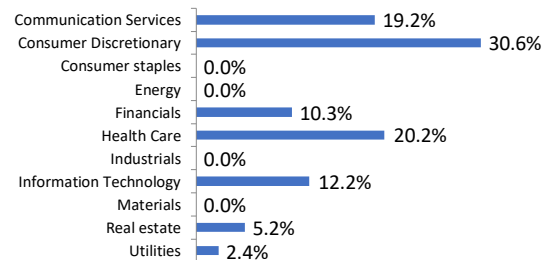
EXPOSURE BY DEAL CLOSING



EXPOSURE BY MARKET CAP



EXPOSURE BY SECTOR



CURRENT FUND POSITIONING (% of NAV)

Long	108.5%
Short	10.2%
Gross	118.7%
Net	98.3%
Leverage	1.19x

CONCENTRATION (% of gross exposure)

Top 5 long positions	32.6%
Top 10 long positions	53.0%

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%

DIRECTION (positions)

Long	24	New situations	4
Short	4	Situations closed	8

Contact Details

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