

↓ -2.25% \*

# Ronit Global Opportunities UCITS Fund

## Global Emerging Market Long/Short Strategy

August 2019

### Performance Returns

\*The Ronit Global Opportunities UCITS Fund returned -2.25% in the month of August (USD Institutional A Founder Class).

### Investment Objective & Strategy

The Ronit Global Opportunities UCITS Fund seeks long term absolute returns in global opportunities by trading a fundamental, bottom-up strategy with macro overlays, to capitalize on Global Opportunities (long-short strategy) with a focus on Emerging Markets and the European periphery. The investment strategy will only invest across a liquid capital structure and is expected to have an equity bias over time. The team believe that fundamental research coupled with a sensible understanding of risk/reward and idiosyncratic risks can generate attractive returns over time and across market cycles.

### Monthly Commentary

In financial markets, August was dominated by continuing volatility primarily driven by the continuation of the US/ China trade dispute and by the debate on the potential consequences of those developments on the global economy. Sovereign fixed income markets in developed countries rallied aggressively as participants priced a combination of fear on the outlook for the economy and potential assistance from central banks. The behaviour particularly of long term German bonds, which traded at materially negative rates, is something that will be the basis of much future academic research on asset bubbles. Buying assets at a price where you are guaranteed to lose money unless someone else buys it from you at a higher price is not behaviour we have seen before on such a wide scale. At least from our point of view, we struggle to understand that behaviour, though we do recognise the indirect effect that such activity is causing across the rest of financial markets.

We have also talked in the past about our concern that there is an absence of real liquidity across assets, which can increase the amplitude of moves in the price of securities (up and down) on news. This month we saw these dislocations in Argentina (more below), in certain emerging markets currencies and in the energy sector more generally, where the market is still struggling to price the lack of momentum in certain stocks.

On 11 August the political landscape in Argentina was upended when the leader of the Peronist opposition, Alberto Fernandez,

took a decisive victory in an important primary vote, opening the door for the return of a populist government. Fernandez captured 47 per cent of the primary - which has been a reliable predictor for final voting patterns since it was introduced in 2009 - giving him a huge lead over incumbent reformist and market favourite Mauricio Macri. The results were very surprising for those that followed the polls, the majority of which - including a few issued in the days just before the primary - pointed to a far closer race. As it was, the gulf between Fernandez and Macri was beyond anything the market had anticipated, provoking abrupt dislocations in credit markets while devastating the Merval index and the Peso. In the aftermath of the vote, Macri's finance minister resigned, short term domestic debt has been reprofiled and some capital controls were introduced to stem the flow of money out of the country.

The scale of the Peronist victory constitutes a total repudiation not only of Macri's administration, but of the reform program introduced by his government under the guidance of the IMF. Having already deployed \$44bn of the historic \$57bn bailout package agreed last year, the IMF - like everyone else involved in Argentina - will be assessing whether anything can be salvaged from the country. Argentina is an area we generally have tended to avoid due to limited liquidity conditions and its historical unpredictability but as we have written in previous letters we were recently involved given the pricing of certain securities. Prior to the preliminary vote we had structured a relative-value trade on the sovereign, going long government debt and shorting the equity of select banks which net-net performed fairly well. Separately, we went into August with a core position - Despegar - which is domiciled in Argentina but has its main business drivers in other parts of Latin America that we still remain very excited about. As things stand, we don't see Argentina's dislocation as an opportunity per se since the debt level and the currency pressures makes some sort of restructuring inevitable.

### Position Update

In general we continue to see a big discrepancy between the value in our positions, in both our long and short positions, and the current market prices. August was a month that continued to see momentum factors dominating performance. These factors can change very quickly and we believe that our positions will benefit from that reversal.

### The Manager

RONIT | CAPITAL

### Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	\$25m
Strategy AUM	\$261 million
Inception	5 <sup>th</sup> December 2016

Share Class	Institutional/Institutional Founder
Currency	EUR/USD/GBP
Mgt. Fee	1.75%/1.5%
Perf. Fee	17.50%/15%
Min Init. Sub.	1,000,000
ISIN Codes	EUR: IE00BD87RV38/IE00BD87S431 USD: IE00BD87RX51/IE00BD87S654 GBP: IE00BD87RW45/IE00BD87S548

Share Class	Institutional A Founder/ Retail Pooled
Currency	EUR/USD/GBP
Mgt. Fee	1.2%/2%
Perf. Fee	15%/20%
Min Init. Sub.	10,000,000/10,000
ISIN Codes	EUR: IE00BD88VG80/IE00BD87SM12 USD: IE00BD87RT16/IE00BD87S878 GBP: IE00BD88BVH97/IE00BD87S761

### Edward Misrahi

#### Founding Partner and CIO

Prior to starting Ronit, Edward was a founding partner of Eton Park in 2004 and subsequently managed public and private Emerging Market and European investments for the firm over the next eight years.

Edward worked for Goldman Sachs & Co., becoming a partner in 2000, where his role included Financial Analyst in Structured Finance, Member of Equities Arbitrage Group, Member of Global Emerging Markets Committee and Co-Head of Latin America for the Firm.

### Luis Arenzana

#### Founding Partner

Luis was Founding Partner and Portfolio Manager of Shelter Island Capital Management (2003-2013). Here he managed a European Event-Driven Strategy. From 2010 he also managed the Shelter Island Total Return Fund (a Long-Short Equity & Credit Mandate).

From 2008 onwards he also offered advisory services to institutional clients investing in Spain. Prior to founding Shelter Island, Luis was an Executive Director at Orchard Capital Advisors (2001-2003) - here he worked as a Senior Analyst for the European Long-Short Equity Strategy.

### Ronit Global Opportunities UCITS Fund Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2019	2.50%	-1.85%	1.28%	1.81%	-3.34%	0.60%	-2.23%	-2.25%					-3.61%
2018	4.39%	1.71%	-0.17%	-3.28%	-2.92%	-1.56%	2.86%	-2.75%	-0.48%	9.92%	2.26%	2.91%	12.80%
2017	0.82%	0.03%	0.00%	-0.19%	0.04%	-6.05%	3.88%	2.08%	0.52%	-1.52%	-3.08%	0.94%	-2.84%
2016												0.04%	0.04%

The performance figures quoted above represent the performance of the USD Institutional Founder Share Class Pooled in the Ronit Global Opportunities UCITS Fund since launch on 5th December 2016. These performance figures refer to the past and past performance is not a reliable guide to future performance. The performance from 1 January 2019 onwards represents the USD Institutional Founder A Share Class.

### Ronit Global Opportunities Master Fund LTD Performance (Non-UCITS)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2016	1.06%	-3.30%	7.90%	2.08%	-4.31%	1.70%	3.53%	1.02%	-1.62%	2.29%	-2.34%		7.67%
2015	-3.81%	4.35%	-4.67%	4.68%	-2.74%	-4.60%	-1.65%	5.55%	1.17%	0.46%	2.91%	-2.25%	-1.36%
2014	-1.87%	1.17%	3.98%	2.65%	-1.22%	3.46%	4.82%	-0.97%	-0.49%	-3.39%	-0.30%	0.36%	8.13%
2013						0.2%	1.4%	1.1%	2.1%	4.2%	-0.1%	-0.08%	6.67%

The performance figures quoted above represent the performance of the Ronit Global Opportunities Master Fund LTD since launch on 1st June 2013 and not the Ronit Global Opportunities UCITS Fund. UCITS Funds have to abide by certain investment restrictions and consequently the performance of the Ronit Global Opportunities UCITS Fund may not be similar to that presented above. These performance figures refer to the past and past performance is not a reliable guide to future performance.

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August 2019

### Top 5 Positions (Exposure as % of NAV)

Top 5 Equity Long		Top Corporate Credit Long		Top 5 Equity Short	
NASPERS	5.57%	PIRAEUS GROUP FINANCE	4.51%	UNDISCLOSED – FINANCIALS (BRAZIL)	4.04%
CEMIG	5.01%	VALARIS PLC	3.90%	UNDISCLOSED – TECH & IT (CHINA)	3.71%
DESPEGAR	4.84%	PETROLEOS MEXICANOS	3.49%	UNDISCLOSED – CONSUMER (FRANCE)	1.71%
PLAY COMMUNICATIONS	4.23%	CEMIG GERACAO E TRANSM	2.34%	UNDISCLOSED – FINANCIALS (ARGENTINA)	1.44%
BAIDU	4.22%	PETROBRAS GLOBAL FINANCE	0.68%	UNDISCLOSED – TECH & IT (CHINA)	1.33%

### Top P&L Contributors (Ex-Hedges and CDS)

Positive			Negative		
	Strategy	%		Strategy	%
PLAY COMMUNICATIONS	Equity Long	0.32%	DESPEGAR	Equity Long	-0.70%
UNDISCLOSED – TECH&IT (BELGIUM)	Equity Short	0.30%	VALARIS PLC	Equity Long	-0.69%
ALEATICA	Equity Long	0.29%	VALARIS PLC	Corporate Credit Long	-0.62%
AFYA	Equity Long	0.19%	SCHLUMBERGER	Equity Long	-0.55%
PETROLEOS MEXICANOS	Corporate Credit Long	0.14%	EMBRAER	Equity Long	-0.53%

### Exposures (% of NAV)

Equity Exposures By Instrument (Delta Adjusted)				
	Long	Short	Net	Gross
Equity & Single Name Options	49.01%	-22.40%	26.61%	71.40%
Option & Index Hedges	2.79%	-17.89%	-15.10%	20.69%
<b>Total</b>	<b>51.80%</b>	<b>-40.29%</b>	<b>11.51%</b>	<b>92.09%</b>
Option Premium (MTM)	11 Bps	-26 Bps	-15 Bps	37 Bps

  

Credit Exposures				
	Long	Short	Net	Gross
Corporate Credit	14.22%	-0.05%	14.17%	14.27%
Sovereign Credit	26.83%	-5.05%	21.78%	31.89%
<b>Total</b>	<b>41.05%</b>	<b>-5.10%</b>	<b>35.95%</b>	<b>46.15%</b>
Sovereign Credit DV01	€0.4k	€0	€0.4k	€0.4k
Corporate Credit DV01	€2.3k	€0	€2.3k	€2.3k
CDS PV	0.00%	-0.07%	-0.7%	0.07%

  

By Market Cap (Equities only)				
	Long	Short	Net	Gross
> 10 Billion \$	24.19%	-17.90%	6.30%	42.09%
5 - 10 Billion \$	0.00%	-1.44%	-1.44%	1.44%
2 - 5 Billion \$	15.09%	-3.01%	12.08%	18.10%
< 2 Billion \$	9.72%	-0.05%	9.67%	9.77%
<b>Total</b>	<b>49.01%</b>	<b>-22.40%</b>	<b>26.61%</b>	<b>71.40%</b>

  

By Sector				
	Long	Short	Net	Gross
Sovereign	26.83%	-5.05%	21.78%	31.89%
Tech & IT	11.50%	-12.92%	-1.42%	24.42%
Consumer	13.50%	-3.03%	10.47%	16.53%
Energy	12.81%	0.00%	12.81%	12.81%
Financials	8.06%	-4.09%	3.97%	12.14%
Utilities	10.82%	-0.05%	10.77%	10.87%
Telecommunications	4.23%	-1.58%	2.65%	5.81%
Industrial	2.31%	0.00%	2.31%	2.31%
Materials	0.00%	-0.78%	-0.78%	0.78%
Option & Index Hedges	2.79%	-17.89%	-15.10%	20.69%
<b>Total</b>	<b>92.85%</b>	<b>-45.39%</b>	<b>47.46%</b>	<b>138.24%</b>

  

By Country				
	Long	Short	Net	Gross
Germany	25.67%	-2.87%	22.79%	28.54%
Brazil	19.07%	-4.04%	15.03%	23.11%
China	8.26%	-8.94%	-0.68%	17.20%
South Africa	8.66%	0.00%	8.66%	8.66%
Argentina	4.84%	-1.44%	3.40%	6.28%
Italy	1.17%	-5.08%	-3.91%	6.25%
United Kingdom	5.32%	0.00%	5.32%	5.32%
Mexico	5.09%	0.00%	5.09%	5.09%
Greece	4.51%	-0.05%	4.46%	4.56%
Poland	4.23%	0.00%	4.23%	4.23%
Korea, Republic of	3.24%	0.00%	3.24%	3.24%
United States	0.00%	-2.57%	-2.57%	2.57%
France	0.00%	-1.71%	-1.71%	1.71%
Hong Kong	0.00%	-0.78%	-0.78%	0.78%
Russian Federation	0.00%	-0.02%	-0.02%	0.02%
Option & Index Hedges	2.79%	-17.89%	-15.10%	20.69%
<b>Total</b>	<b>92.85%</b>	<b>-45.39%</b>	<b>47.46%</b>	<b>138.24%</b>

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