

FACTSHEET

Performance Returns

The Ronit Global Opportunities UCITS Fund returned -1.85% in the month of February (USD Institutional A Founder Class Pooled).

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

The month was characterised by the markets remaining focused on both the continuation of the Fed's dovish pivot and increased confidence on the positive resolution of the Sino-American trade talks. Markets generally continued to embrace an outlook where signs of an economic slowdown are offset by easing trade tensions and renewed assistance from materially less hawkish central banks. Additionally, we saw the end of the 1st quarter earnings period which was generally less poor than expected and filled with expectations of a rebound later in the year.

We remain unconvinced. Growth globally is decelerating but we struggle to see the stress in financial markets that would lead to a material turn around in central bank behaviour. It is true that they might be less hawkish but to anticipate a return to unconstrained accommodativeness would imply a growth environment that is clearly not reflected in equity valuations. Our general view on the impact of liquidity reductions - which should manifest itself over a longer horizon - remains and we do not think the market has fully priced it in. Additionally regarding trade, given the degree of expectation for a positive deal, we struggle to see it as a new catalyst and we worry that once China is resolved the US administration will then focus on other perceived trade imbalances that will again surprise markets.

In our previous letter we noted that investors appear to be cooling on India, which has lagged behind other key emerging markets since the turn of the year. The rupee broadly underperformed EM currencies through February and Indian assets seemed to catch less of the updraft in investor sentiment than other markets, though the SENSEX is still not far from its all-time highs and is by no means cheap.

There are many ways to explain this sluggishness, though much of it can be attributed to political uncertainty over the upcoming general election in May, which is likely to test the durability of Prime Minister Narendra Modi's governing National Democratic Alliance. Modi, who has been a market favourite since 2014, entered the latest electoral cycle at a low ebb, with his BJP party facing a deep decline in voter sentiment over the past six months having spent much of its political capital on costly policies like the banknote demonetisation scheme. Although the main opposition bloc remains as dysfunctional as ever, an average of the main national polls conducted from December to the end of February point to a hung parliament – an outcome that would have appeared highly unlikely this time last year.

While Modi has been given a new impetus by the downing of an Indian jet over Pakistan at the end of February, which boosted his standing in opinion surveys, we continue to believe that the likelihood of a hung parliament remains a material probability and are cautious on Indian assets generally. Indeed, were Modi to win we would still struggle to see much upside in India as, if anything, the noise of the election has distracted from some of the areas of stress in the Indian economy. The NBFC crisis in India is far from being resolved – NBFCs account for 18% of total system credit as of FY2018 and 38% of the incremental credit in FY2018, and any slowdown due to liquidity pressures is likely to have significant impact on credit growth. Furthermore, the Indian Central Bank (RBI) governor resigned in Dec 2018 and, under new leadership, the RBI subsequently announced its biggest ever dividend to the government. India is also sensitive to exogenous shocks - oil prices have always been a key factor for India's current account deficit (which increased to 2.33% in Q3 18 from 0.5% in Q3 16 and was at 5% in 2013 when oil was at its peak).

Position Update

The market has rapidly repriced many situations as if the liquidity constraints that have emerged over the last few years will be readjusted very quickly and with no time lag. Technical considerations arising from the consequences of de-risking at the end of last year have likely played a part too. This has happened in both equity and credit markets. We believe investors will be disappointed and that the repricing may be as abrupt as the end of last year, so we remain cautious in our positioning and will maintain limited gross exposures.

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%											0.60%
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 A 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.

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 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.

THE MANAGER

RONIT | CAPITAL

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.

FUND FACTS

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly
Fund AUM	\$26m
Strategy AUM	\$148 million
Inception	5 th 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: IE00BD8BVG80/IE00BD87SM12 USD: IE00BD87RT16/IE00BD87S878 GBP: IE00BD8BVH97/IE00BD87S761

Top 5 Positions (Exposure as % of NAV)

Top 5 Equity Long	
PLAY COMMUNICATIONS	8.04%
SIEMENS GAMESA RENEWABLE ENE	5.30%
CIA ENERGETICA DE-SPON	4.33%
JD.COM INC	4.26%
SBERBANK	3.92%

Top Corporate Credit Long	
PETROBRAS	7.95%
CEMIG GERACAO E TRANSM	7.67%
ENSCO PLC	3.73%

Top 5 Equity Short	
UNDISCLOSED – Tech & IT (Argentina)	2.18%
UNDISCLOSED – Tech & IT (Italy)	2.05%
UNDISCLOSED – Financials (Brazil)	1.93%
UNDISCLOSED – Tech & IT (Germany)	1.67%
UNDISCLOSED – Financials (Germany)	1.65%

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

Positive		
Strategy		%
JD.COM INC	Equity Long	0.46%
SIEMENS GAMESA RENEWABLE ENE	Equity Long	0.41%
UNDISCLOSED	Equity Short	0.39%
ALTABA	Equity Long	0.22%
CEMIG	Credit Long	0.16%

Negative		
Strategy		%
UNDISCLOSED	Equity Short	-0.53%
UNDISCLOSED	Equity Short	-0.34%
PLAY COMMUNICATIONS	Equity Long	-0.33%
UNDISCLOSED	Equity Short	-0.32%
BAIDU	Equity Long	-0.27%

Exposures (% of NAV)

By Country				
	Long	Short	Net	Gross
Brazil	26.87%	-2.16%	24.71%	29.04%
Italy	2.82%	-24.48%	-21.66%	27.29%
Germany	16.86%	-5.19%	11.68%	22.05%
China	11.55%	-1.73%	9.82%	13.28%
Poland	8.04%	0.00%	8.04%	8.04%
United States	6.73%	-0.68%	6.05%	7.41%
Argentina	2.85%	-4.12%	-1.26%	6.97%
Spain	5.30%	0.00%	5.30%	5.30%
Russian Federation	3.92%	-0.00%	3.92%	3.93%
Taiwan	3.75%	0.00%	3.75%	3.75%
United Kingdom	3.73%	0.00%	3.73%	3.73%
South Africa	3.45%	0.00%	3.45%	3.45%
Korea, Republic of	1.86%	0.00%	1.86%	1.86%
Mexico	1.53%	0.00%	1.53%	1.53%
India	0.00%	-1.14%	-1.14%	1.14%
Hong Kong	0.00%	-0.95%	-0.95%	0.95%
Turkey	0.00%	-0.83%	-0.83%	0.83%
Netherlands	0.00%	-0.72%	-0.72%	0.72%
Market Overlays	0.17%	-16.08%	-15.90%	16.25%
Total	99.45%	-58.06%	41.39%	157.51%

Equity Exposures By Instrument (Delta Adjusted)				
	Long	Short	Net	Gross
Equity & Single Name Options	54.24%	-35.55%	18.68%	89.79%
Option & Index Hedges	0.00%	-0.39%	-0.39%	0.39%
Total	54.24%	-35.94%	18.29%	90.18%

Option Premium (MTM)				
	0 Bps	-4 Bps	-4 Bps	4 Bps

By Sector				
	Long	Short	Net	Gross
Sovereign	25.68%	-21.93%	3.76%	47.61%
Tech & IT	12.90%	-6.78%	6.13%	19.68%
Utilities	18.92%	-0.02%	18.90%	18.94%
Energy	16.99%	0.00%	16.99%	16.99%
Financials	6.82%	-8.86%	-2.04%	15.68%
Telecommunications	12.42%	-1.55%	10.86%	13.97%
Consumer	4.02%	-1.90%	2.11%	5.92%
Industrial	1.53%	0.00%	1.53%	1.53%
Materials	0.00%	-0.95%	-0.95%	0.95%
Market Overlays	0.17%	-16.08%	-15.90%	16.25%
Total	99.45%	-58.06%	41.39%	157.51%

Credit Exposures				
	Long	Short	Net	Gross
Corporate Credit	19.53%	-0.19%	19.34%	19.73%
Sovereign Credit	25.68%	-21.93%	3.76%	47.61%
Total	45.21%	-22.12%	23.09%	67.33%

Sovereign Credit DV01	€1.3k	€0	€1.3k	€1.3k
Corporate Credit DV01	€4.1k	€0	€4.1k	€4.1k
CDS PV	0.17%	-0.20%	-0.02%	0.37%

By Market Cap (Equities only)				
	Long	Short	Net	Gross
> 10 Billion \$	27.32%	-31.00%	-3.68%	58.32%
5 - 10 Billion \$	5.30%	-4.94%	0.36%	10.24%
2 - 5 Billion \$	20.93%	0.00%	20.93%	20.93%
< 2 Billion \$	0.68%	0.00%	0.68%	0.68%
Total	54.24%	-35.94%	18.29%	90.18%

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