

# MontLake Abrax Merger Arbitrage UCITS Fund

## Global Merger Arbitrage

November 2019

### Performance Returns

The MontLake Abrax Merger Arbitrage UCITS Fund returned 0.27% for the month of November (USD Institutional Founder Class).

### 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

November's positive performance was largely due to a continuation of the same dynamics from the previous month, with general tightening in our largest positions and only 1 notable negative performer. Overall, 65% of the Fund's positions were positive P&L contributors, whereby 5 of our positions closed during the month while 9 new positions were initiated.

Notable positive contributors for November were: i) Mellanox, whose share price further appreciated mainly attributable to 'constructive' commentary on the US-China 'Phase One' Trade deal – and which recent share price strength we used to partially exit our position going into the crucial and most tense final stages of the US-China trade discussions; ii) Celgene / Bristol-Myers, the first pharma blockbuster deal of the year which finally closed following conditional US FTC approval where the value of part of the deal consideration, the Contingent Value Right (CVR) came into play, and whose value/flow back held up relatively well following encouraging safety and efficacy trial test results announced for one of the deal's CVR 3 drugs; iii) Allergan / Abbvie, the other \$60bn pharma tie up's spread continued to tighten on the back of perceived Celgene deal close proceeds reinvestment dynamics; iv) Interxion, a new position in the all-share colocation/data centre tie up with Digital Realty, which have structured through stock with bidder downside options enhancing the pay-out profile for a number of upside deal scenarios for a deal which is largely understood not to have been shopped and hence has a higher chance for interloper; and v) Eland Oil & Gas, an equally new position we initiated following the sell-off of this mid-cap UK oil stock on the back of a public opposition statement by one of Eland's subsidiary partners in Nigeria, a dynamic we assessed as unproblematic for deal closing given our analysis of the subsidiary contract.

Our largest negative contributor of note for the month was Genworth Financial, one of our smaller positions, whose share price dropped following continued regulatory delays going into the next crucial end-of-year termination date, a date that almost necessarily will have to be agreed by the Chinese bidder and its Chinese financiers. Besides our loss in Genworth, the rest of our portfolio remained largely stable, without any significant negative contributors.

### Market Commentary

Although the month's M&A activity remained on par with previous months, with ~2,500 deals worth more than \$500bn, our opportunity set continued to widen again with a well-balanced mix across the board. A surge of global deals in the latter part of November has helped put M&A on track to approach and perhaps even top last year's totals. Globally, 2019 is already the sixth-best year of the past twenty, according to data compiled by Bloomberg: so far 26,321 pending and completed transactions were announced this year (totalling \$2.73 trillion), compared with 30,225 (amounting to \$3.07 trillion) in 2018. Another notable trend we continued to observe is a continued rise in European acquisitions of US targets, which we would attribute to a lowered US corporate tax rate environment, Brexit and some regulatory / macroeconomic uncertainties in Europe - recent \$1bn+ deal examples in last weeks have included the acquisition of Tiffany by LVMH; The Medicines Company by Novartis AG and Continental Building Products by Saint Gobain. Notable deals in North-America in November were the tie up between TD Ameritrade Holding and Charles Schwab (\$30bn); Tiffany / LVMH (\$18bn); Medicines Co / Novartis (\$7bn); Tech Data / Apollo Global Management (\$6bn); Pattern Energy / Canada Pension Plan Investment (\$5bn); Wright Medical / Stryker (\$5bn); Detour Gold / Kirkland Lake Gold (\$4bn); William Lyon Homes / Taylor Morrison Home (\$2bn); Aircastle / Marubeni (\$2bn); KEMET Corp : Yageo (\$2bn); Fitbit / Alphabet (\$2bn); Continental Building Products / Saint-Gobain (\$1bn); Carbonite / Open Text (\$1bn); Ladenburg Thalmann / Advisor Group (\$1bn) & Carolina Financial Corp / United Bankshares (\$1bn). Some of the larger firm announced deals in Europe were the deals of TLG Immobilien / Aroundtown (\$6bn); Hemfosa Fastigheter / Samhallsbyggnadsbolaget (\$5bn); Bolsas y Mercados Espana / SIX Group (\$3bn); Cramo / Boels Topholding (\$1bn) & Veloxis Pharmaceuticals / Asahi Kasei (\$1bn).

### UCITS Monthly Performance (USD Institutional Founder Class)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2019	-	-	-	-	-	-	-0.05%	0.68%	0.50%	0.56%	0.27%		1.97%

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.

### Peter Germonpre

Peter Germonpre has 15 years' event driven/merger arbitrage investment experience with senior roles at Halcyon Asset Management, Burren Capital Advisors, Sandell Asset Management and Silver Point Capital.

### Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Strategy AUM	\$62.5 million
Fund AUM	\$20.0 million
Inception	24 <sup>th</sup> 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

### 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

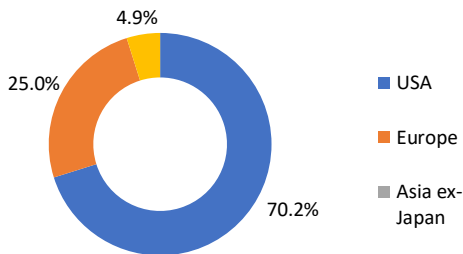
# MontLake Abrax Merger Arbitrage UCITS Fund

## Global Merger Arbitrage

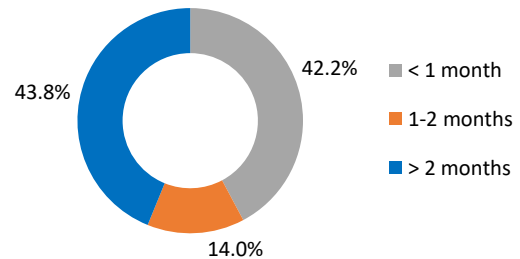
November 2019

### Portfolio Exposure

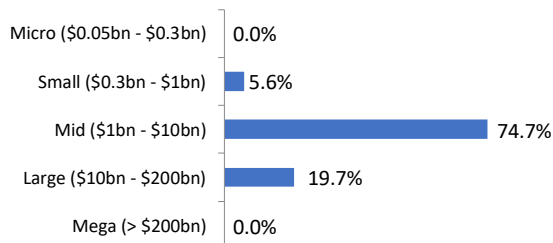
EXPOSURE BY GEOGRAPHY - TARGET



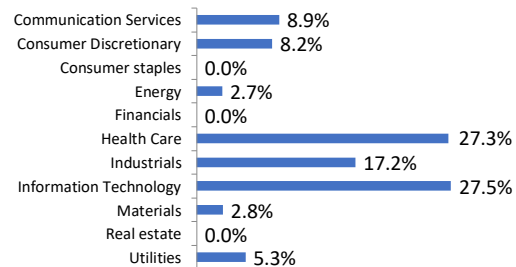
EXPOSURE BY DEAL CLOSING



EXPOSURE BY MARKET CAP



EXPOSURE BY SECTOR



#### CURRENT FUND POSITIONING (% of NAV)

Long	102.0%
Short	(4.1%)
Gross	106.1%
Net	98.0%
Leverage	1.06x

#### CONCENTRATION (% of gross exposure)

Top 5 long positions	31.4%
Top 10 long positions	53.8%

#### DIRECTION (positions)

Long	27	New situations	9
Short	2	Situations closed	5

#### LIQUIDITY BREAKDOWN (% of gross exposure)

< 1 day	100.00%
2-5 days	0.0%
6-10 days	0.0%
11-20 days	0.0%
> 20 days	0.0%

### Contact Details

#### Investor Contact

**MontLake Funds (UK) Ltd**  
Park House, 116 Park Street  
London, W1K 6AF  
T: +44 20 3709 4510  
investorrelations@montlakefunds.com

#### Management Company

**MontLake Management Ltd**  
23 St. Stephen's Green  
Dublin 2, Ireland  
T: +353 1 533 7020  
investorrelations@montlakefunds.com

#### Investment Manager

**AUM Asset Management Ltd**  
148/2, Tower Road  
Sliema SLM 1604, Malta  
T: +356 2713 9851  
investorrelations@aum-am.com

### Disclaimer

**RISK WARNING:** Past performance is not a reliable indicator of future results, prices of investments and the returns from them may fall as well as rise. Investments in equities are subject to market risk. Changes in exchange rates may have an adverse effect on the value price or income of the product. The MontLake Abrax Merger Arbitrage UCITS Fund (the "Fund") may use higher leverage and financial derivative instruments as part of the investment process. The distribution of this report does not constitute an offer or solicitation and this notice shall not be construed as an offer of sale in any other fund managed or advised by AUM Asset Management Ltd or MontLake Management Limited ("ML"). Any investment in the Fund should be based on the full details contained in the Fund's Supplement Prospectus and Key Investor Information Document which together with the MontLake UCITS Platform ICAV Prospectus may be downloaded from the MontLake website ([www.montlakeucits.com](http://www.montlakeucits.com)). Information given in this document has been obtained from, or based upon, sources believed by us to be reliable and accurate although neither ML nor AUM Asset Management Ltd accepts liability for the accuracy of the contents. ML does not offer investment advice or make recommendations regarding investments. The Manager of the Fund is MontLake Management Ltd, a company regulated by the Central Bank of Ireland. The Investment Manager for the fund, AUM Asset Management Ltd is authorised and regulated by the Malta Financial Services Authority. The state of the origin of the fund is Ireland. This document may only be distributed in Switzerland to qualified investors within the meaning of art. 10 para. 3, 3bis and 3ter CISA. In Switzerland, the representative is ACOLIN Fund Services AG, Leutschenbachstrasse 50, CH-8050 Zurich, whilst the paying agent is NPB Neue Privat Bank AG, Limmatquai 1/am Bellevue, P.O. Box, CH-8024 Zurich. The basic documents of the fund as well as the annual and, if applicable, semi-annual report may be obtained free of charge from the representative. In respect of the units distributed in or from Switzerland, the place of performance and jurisdiction is at the registered office of the representative. Past performance is no indication of current or future performance. The performance data do not take account of the commissions and costs incurred on the issue and redemption of units. The MontLake UCITS Platform ICAV is registered and regulated as an open-ended Irish collective asset-management vehicle with segregated liability between sub-Funds formed in Ireland under the Irish Collective Asset management Vehicles Act 2015 and authorised by the Central Bank as a UCITS pursuant to the UCITS Regulations. This notice shall not be construed as an offer of sale in the Fund. The state of the origin of the Fund is the Republic of Ireland. The performance data do not take account of the commissions and costs incurred on the issue and redemption of units. Authorised and Regulated by the Central Bank of Ireland.