

MontLake Abrax Merger Arbitrage UCITS Fund

Global Merger Arbitrage

October 2019

Performance Returns

The MontLake Abrax Merger Arbitrage UCITS Fund returned 0.56% for the month of October (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

The month's positive performance of October was mainly attributed to general merger spreads tightening in most of our portfolio, driven by a number of deal closings with reinvestment proceeds dynamics and some improved visibility on outstanding regulatory processes. Overall, 65% of the Fund's positions were positive P&L contributors, whereby 4 of our positions closed during the month while initiating 6 new positions

Notable positive contributors for October were i) Mellanox, whose share price further recovered during the month not only because it was understood that the US and China were making substantial progress in their 'Phase One' Trade deal, Mellanox also reported 3Q19 record revenues well-above consensus expectations on growth across all of its major product lines ; ii) Allergan / Abbvie, the \$60bn pharma tie up which was one of the main beneficiaries of the reinvestment from recent deal closings' in conjunction of what increasingly appears to be a much less problematic FTC antitrust review process - with continued and consistent parties' guidance for early 2020 deal closing; iii) Celgene / Bristol-Myers, the other large scale pharma tie up, which following a much longer and slightly more complex timetable with the added complexity of having to divest of its main drugs, is now set for imminent deal closing ; and iv) Spark Therapeutics, a position we had only very recently initiated and whose spread tightened significantly on a positive antitrust publication report that Federal Trade Commission staff recommended the unconditional clearance of the company's \$4.8 billion deal with Roche.

Market Commentary

With about 2,600 deals worth more than \$315bn, new M&A activity remained on par with the previous month. Although we continue to observe an absence of \$10bn+ sized new deals, new deal activity remains balanced across various sectors, with both strategic and financial buyers, and most importantly continued, new significant deal activity coming back to Europe – where the proposed merger between Peugeot and Fiat Chrysler Automobiles could be telling for a renewed wave of large scale Europa focused consolidation activity, and further improved visibility on Brexit with a number of market participants looking eager to get involved again in the UK after UK target deals having dropped by more than 60% this year versus the record \$406bn worth of deals in 2015, the year before the Brexit vote.

Notable deals in North-America in October were the tie up between Liberty Property Trust and Prologis (\$12bn); Stars Group / Flutter Entertainment (\$11bn); Interxion Holding / Digital Realty Trust (\$9bn); Anixter International / Clayton Dubilier & Rice (\$4bn); Cision / Platinum Equity (\$3bn); RA Pharmaceuticals / UCB (\$2bn); Central European Media / PPF Group (\$2bn); Innophos Holdings / One Rock Capital (\$1bn); Roan Resources / Citizen Energy (\$1bn); AltaGas Canada / Alberta Teachers' Retirement Fund (\$1bn). Some of the larger firm announced deals in Europe were the unsolicited cash offer for Just Eat / Prosus (\$6bn); the newly announced offer for Osram by AMS AG (\$5bn); Sophos Group /Thoma Bravo (\$4bn) & Nordex / Acciona (\$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%			1.70%

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	\$61.8 million
Fund AUM	\$19.8 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

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

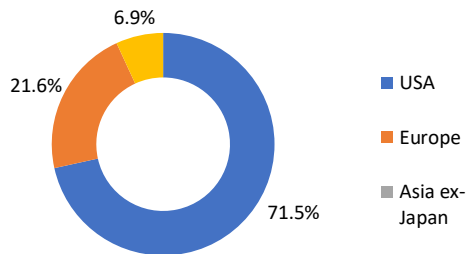
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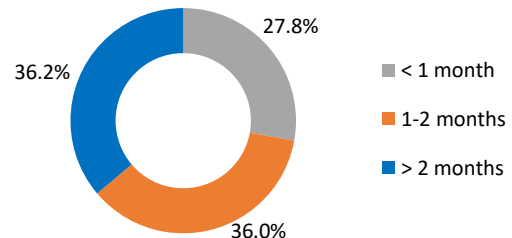
October 2019

Portfolio Exposure

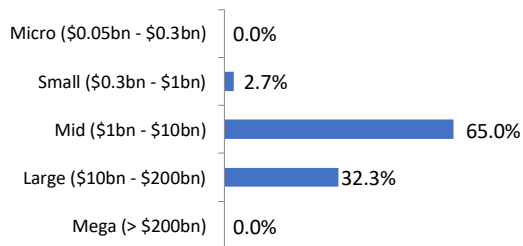
EXPOSURE BY GEOGRAPHY - TARGET



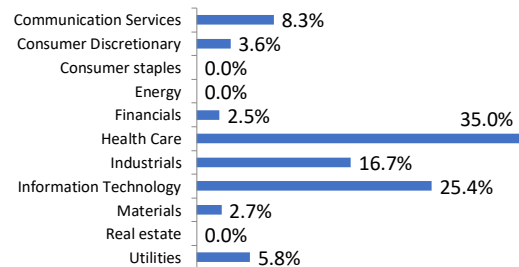
EXPOSURE BY DEAL CLOSING



EXPOSURE BY MARKET CAP



EXPOSURE BY SECTOR



CURRENT FUND POSITIONING (% of NAV)

Long	102.2%
Short	(11.4%)
Gross	113.5%
Net	90.8%
Leverage	1.14x

CONCENTRATION (% of gross exposure)

Top 5 long positions	30.5%
Top 10 long positions	51.2%

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%

DIRECTION (positions)

Long	22	New situations	6
Short	5	Situations closed	4

Contact Details

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