

MontLake Abrax Merger Arbitrage UCITS Fund

Global Merger Arbitrage

October 2021

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

October was an odd month with very little in the way of catalysts. As a result we barely traded and performance moved around in a tight range. The Fund went from being positive early in the month to a loss in the final days (-0.81% MTD / +3% YTD).

Whilst the broader market remains volatile, we have opportunistically invested in selective deals where we feel the spread widening is overdone.

Although the completion of some of our deals has been slightly delayed with a slowdown in approvals, it has led to a build up in the invested performance to come. This is now at one of the highest levels since inception. We continue to rotate capital but are being patient in doing so, whilst also keeping leverage at a moderate level.

In terms of specific detractors in October, 51job Inc's spread widened as the definitive proxy has not been filed yet. This transaction is a delisting out of the US by 51job Inc's largest stakeholder; Japanese listed Recruit and 51job Inc's founder, who are both rolling over their stakes, in order to re-list in Asia. Nervousness around this deal is clearly overdone as this delisting deal plays out in favor of the Chinese regulator, which has recently been cracking down on Chinese internet companies wishing to list in the US, exposing themselves to potential Chinese data access by the US regulator.

IHS Market/S&P Global spread also widened as the US Department of Justice has yet to clear the transaction despite the provision of substantial, additional remedies in order to get the US antitrust approval. The EU has already cleared the deal in phase I. The XLINX/AMD spread has also seen very volatile trading across a 15% to 25% flat range.

Lastly, the widely anticipated auction between Fortress and Clayton Dubilier & Rice for WM Morrison Plc ended in a very disappointing auction price of £2.87 with no premium vs the latest £2.85 offer (0.7% improvement). The market was anticipating a +4 to +5% price increase, based on the average premium paid in previous auctions in the UK. This auction was therefore a waste of everyone's time with no clear winner or loser, as CD&R's best and final bid was £2.87 against Fortress' £2.86.

While the M&A market frenzy is not abating, with volumes and the number of deals reaching unprecedented record levels, the average deal size has considerably shrunk. We highlighted this in our September newsletter, there have been no new deals above \$15bn in the US since the abandoned Willis Towers Watson/AON \$31bn merger. Yet, the CEO of Goldman Sachs David Solomon commented 3 weeks ago that "we are seeing extraordinarily robust levels of M&A at the moment. I think you're going to continue, based on our backlog, which is usually a relatively good indicator of forward activity. You're going to see these activity levels run high in terms of revenue accruing for a period of time".

The current spreads universe also remains very attractive with some spreads at record levels (increased nervousness with respect to tougher US antitrust stance, US/China tensions persisting, etc.), yet they remain very volatile.

M&A Market Overview

M&A volumes remain very active, with \$425bn worth of deals announced in October, reaching \$4.2 trillions worth announced YTD, which is the highest YTD on record.

US deals announced in October included; Aspen Technology Inc/Emerson Electric Co (\$8,6bn), Southwest Gas Holdings /Icahn Enterprises (\$7,3bn), Umpqua Holdings /Columbia Banking System (\$4,8bn), Cominar REIT/Koch Industries (\$4,6bn), Teekay LNG Partners (\$4,1bn), Momentive Global /Zendesk (\$4bn), PAE Inc/Amentum Government Services LLC (\$1,9bn), Oasis Midstream /Crestwood (\$1,8bn). Europe deals included; Entra /Fastighets AB (\$5,8bn), Playtech /Aristocrat Leisure (\$3,5bn), Falck Renewables /JP Morgan IM (\$2,6bn), VFS Global Investments /Blackstone (\$2bn).

UCITS Monthly Performance (USD Institutional Founder Class)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2021	1.96%	1.79%	0.82%	0.90%	1.15%	0.20%	-2.36%	-0.22%	-0.35%	-0.81%			3.02%
2020	0.49%	0.57%	-5.90%	5.95%	0.54%	-3.41%	1.65%	0.18%	-1.98%	0.54%	7.46%	0.97%	6.55%
2019	-	-	-	-	-	-	-0.05%	0.68%	0.49%	0.55%	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	\$113.2 million
Fund AUM	\$70.4 million
Inception	24 th July 2019

Share Class	Institutional Class
Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.50%
Perf. Fee	15.00%
Min Init. Sub.	100,000
ISIN Codes	USD: IE00BZ00XM70 GBP: IE00BZ00XK56 EUR: IE00BZ00XJ42 CHF: IE00BZ00XL63

Share Class	Retail Class
Currency	EUR/USD/CHF/GBP
Mgt. Fee	2.00%
Perf. Fee	20.00%
Min Init. Sub.	10,000

ISIN Codes	USD: IE00BZ01DF31 GBP: IE00BZ01DC00 EUR: IE00BZ01DB92 CHF: IE00BZ01DD17
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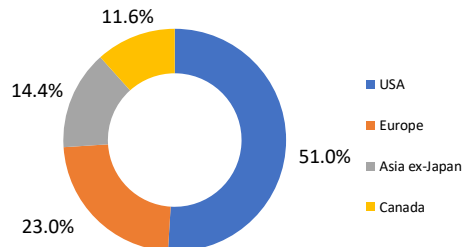
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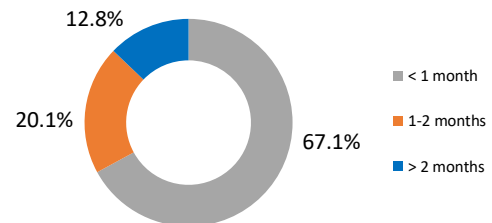
October 2021

Portfolio Exposure

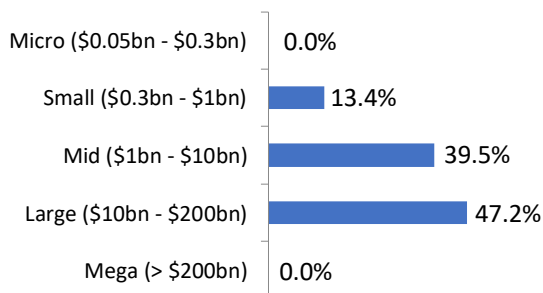
EXPOSURE BY GEOGRAPHY - TARGET



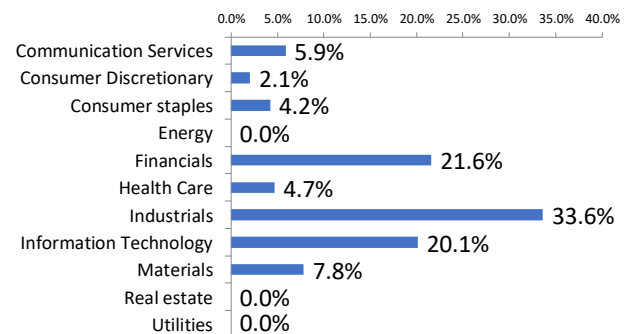
EXPOSURE BY DEAL CLOSING



EXPOSURE BY MARKET CAP



EXPOSURE BY SECTOR



CURRENT FUND POSITIONING
(% of NAV)

Long	83.0%
Short	20.1%
Gross	103.1%
Net	62.9%
Leverage	1.03x

CONCENTRATION
(% of gross exposure)

Top 5 long positions	25.2%
Top 10 long positions	42.9%

DIRECTION (positions)

Long	21	New situations	3
Short	6	Situations closed	8

LIQUIDITY BREAKDOWN
(% of gross exposure)

< 1 day	96.9%
2-5 days	3.1%
6-10 days	0.0%
11-20 days	0.0%
> 20 days	0.0%

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