

FACTSHEET

Performance Returns

The High Ridge Credit Opportunities UCITS Fund returned 2.43% (USD Founder Eq Acc Share) and 2.41% (USD Founder Pooled Acc Share) for the month of June.

Investment Objective & Strategy

The Fund seeks to generate enhanced income returns as well as capital appreciation, whilst maintaining focus on capital preservation and volatility. The core portfolio is predominately invested in subordinated debt and preferred securities; focused on credit quality, security structure and relative value. The core portfolio may employ limited leverage up to 30%, as well as Long / Short Credit and Rate Overlays designed to mitigate volatility.

Market Commentary

The June news headlines remained heavily focused on politics; particularly the US and UK party politics. The G20 meeting provided an opportunity for renewing US/China trade negotiations; a welcomed step-forward by global markets. As previously noted, equity and fixed income investors are fixated on FED & ECB policy; looking for a rate-cut.

Reversing last months tumble, equity markets rallied. The S&P 500 was up 7.05% MTD (+18.54% YTD), the MSCI Europe Index was up 4.48% MTD (+16.83% YTD) and the NASDAQ Composite was up 7.51% MTD (+21.34% YTD). The 30yr UST bond finished the month yielding 2.53% (-5bps) and the UST 10yr Note finished yielding 2.00% (-14bps). High Yield closed the month at CY 6.07% (-12bps) / YTW 5.37% (-64bps) returning 2.59% MTD (10.36% YTD). Top performers this month included Nordea Bank, Societe Generale, HSBC Capital and the L/S Overlays.

Across the board, all segments of the capital **securities market posted solid returns in Q2 of 2019**. The ICE BofA Merrill Lynch US Investment Grade Institutional Capital Securities Index (CIPS) returned 4.09% and the \$25 par Merrill Lynch Fixed Rate Preferred Securities Index (POP2) 2.8%. The Merrill Lynch US All Capital Securities Index (IOCS) that includes below investment grade preferreds returned 3.43%. Rates decreased across the curve this period with 10s and 30s down by 40 and 28 bps respectively.

Credit Spreads on the Investment Grade Institutional Capital Securities Index (CIPS) have remained flat this quarter going from 249 bps to 252 bps.

- Spreads currently are at levels that we last saw during the commodity implosion in early Jan/Feb of 2016 and subsequently during the Brexit vote in June of 2016. Therefore, the relative value of subordination in the \$1,000 par sector continues to be attractive.
- However, the continued rally in \$25 par paper has left the sector 200 bps richer relative to \$1000 par (POP2 index vs. CIPS). On a ytd basis, spreads on CIPS have tightened by 67 bps and by 223 bps on POP2.
- CoCos tightened in by 40 bps, but at 400 bps, CoCos still offer an attractive 1.6 times subordination premium over non-Coco (NoCo) junior subordinated debt.

The Fund's portfolio is well positioned, and the market outlook remains positive as we look ahead to the 2nd half of year.

USD Founder Eq Acc Share (MLHRUIF)

Fund	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	
2017	Perf	-	-	-0.06%	0.57%	0.52%	0.82%	0.17%	0.09%	0.71%	-0.28%	-0.07%	2.49%	
	NAV	-	-	99.94	100.51	101.03	101.86	102.03	102.12	102.85	102.56	102.49	-	
2018	Perf	0.51%	-1.59%	-0.97%	-0.23%	-1.56%	-0.79%	1.13%	0.39%	0.00%	-1.90%	-2.65%	-1.53%	-8.87%
	NAV	103.01	101.37	100.39	100.16	98.60	97.82	98.93	99.32	99.32	97.43	94.85	93.40	-
2019	Perf	3.91%	1.11%	1.71%	1.78%	-0.20%	2.43%						11.19%	
	NAV	97.05	98.13	99.81	101.59	101.39	103.85						-	

USD Founder Pooled Acc Share (MLHRUPF)

Fund	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	
2017	Perf	-	-	-	-	-	0.82%	0.17%	0.09%	0.72%	-0.29%	-0.08%	1.43%	
	NAV	-	-	-	-	-	100.82	100.99	101.08	101.81	101.51	101.43	-	
2018	Perf	0.52%	-1.60%	-0.97%	-0.23%	-1.55%	-0.80%	1.14%	0.40%	0.00%	-1.90%	-2.65%	-1.52%	-8.86%
	NAV	101.96	100.33	99.36	99.13	97.59	96.81	97.91	98.30	98.30	96.43	93.87	92.44	-
2019	Perf	3.91%	1.11%	1.72%	1.78%	-0.21%	2.41%						11.16%	
	NAV	96.05	97.12	98.79	100.55	100.34	102.76						-	

The performance figures quoted above represent the performance of the High Ridge Credit Opportunities UCITS Fund – USD Institutional Founder Share Class and the USD Institutional Founder Pooled Share Class since launch. These performance figures refer to the past and past performance is not a reliable guide to future performance.

THE MANAGER

SPECTRUM

Asset Management

Portfolio Management Team

Mark Lieb, CEO & Founder
 Founded Firm in 1987
 42 Years Industry Experience



L. Phillip Jacoby, CIO and Sr. PM
 Joined Firm in 1995
 37 Years Industry Experience



Manu Krishnan, PM
 Joined Firm in 2004
 15 Years Industry Experience



Fred Diaz, PM
 Joined Firm in 2000
 27 Years Industry Experience



Roberto Giangregorio, PM
 Joined Firm in 2003
 16 Years Industry Experience



Kevin Nugent, PM
 Joined Firm in 2012
 35 Years Industry Experience



FUND FACTS

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	\$10.55 million
Spectrum Firm AUM	\$20.75 billion
Fund Inception	10th April 2017
Share Class	Institutional Founder
Currency	USD/EUR/CHF/GBP
Share Type	Accumulation & Distributing
Mgt. Fee	0.50%
Perf. Fee	5%
Min Init. Sub.	2,500,000

ISIN Codes	USD: IE00BYYS1N76 / IE00BD6P9132
	EUR: IE00BYYS1D78 / IE00BD6P8V62
	GBP: IE00BYYS1F92 / E100BD6P9025
	CHF: IE00BYYS1G00 / IE00BD6P8W79

Fund Platform	MontLake UCITS Platform ICAV
Fund Manager	MontLake Management Limited (Dublin)
Administrator	Northern Trust International Fund Admin Services (Ireland) Limited
Depository	Northern Trust Fiduciary Services (Ireland) Ltd
Legal Advisor	Maples & Calder – Dublin
Auditor	KPMG – Dublin

Yield Comparatives

	Ticker	Credit	Mod Dur	CY	YTW	CY Spread	YTW Spread	CY Ratio	YTW Ratio
US Treasury 5 YR	GA05	AAA	4.66	1.98	1.75	Spread & Ratio Comparatives			
US Corporate	COA0	A-	7.27	3.86	3.22	189	147	1.95	1.84
High Ridge Fund	MLHRUFP	BBB	5.04	6.34	4.69	436	294	3.21	2.68
US High Yield	HOA4	BB-	3.47	6.01	5.3	403	355	3.04	3.03

Top 10 Issuer Concentrations (100%)

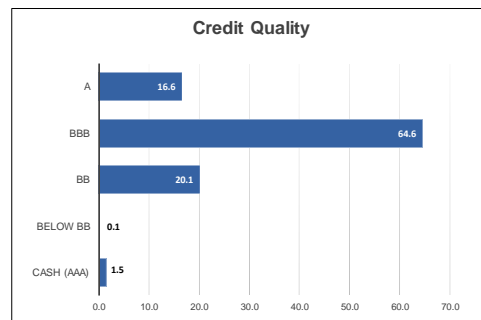
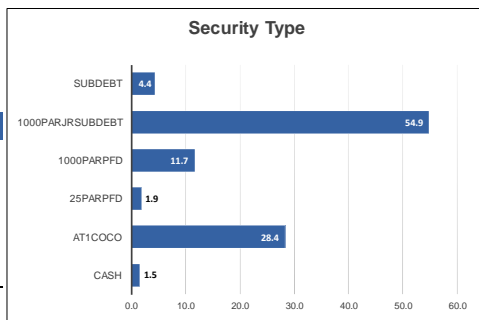
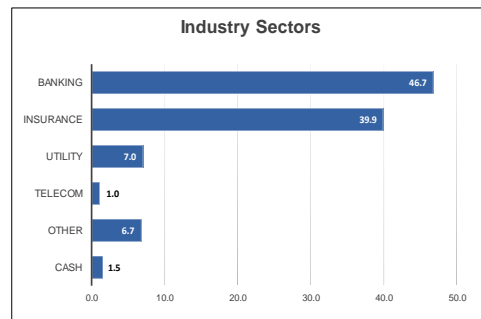
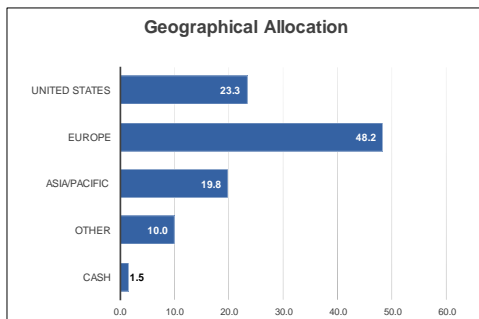
AIG	4.5%
Zurich Insurance Group	4.1%
Credit Agricole	4.1%
Liberty Mutual	3.4%
HSBC	3.3%
BHP Billiton	3.3%
Societe Generale	3.3%
Barclays	3.2%
Nordea Bank	3.1%
MetLife	3.1%
Total	35.3%

Portfolio Overview (Month End)

Number of holdings	107
Number of issuers	51
Modified Duration*	5.0
Average Dollar Price*	\$109.0
Average Coupon*	7.0%
Current Yield*	6.3%
Yield to Maturity*	6.3%
Yield To Worst*	4.7%
Average Credit Rating	BBB
Fixed to Floating	45.3%
Fixed to Variable	44.4%
Fixed Rate	9.5%
Floating	2.3%
Overlay	-3.4%
Cash	1.5%

*Excludes cash

Positions	Gross Long	Gross Short	Net
Preferred & Sub Debt	101.4%	0%	101.4%
SPY 500 Futures	1.4%	0%	1.4%
Euro Stoxx Bank Futures	0%	2.4%	-2.4%
UST Note Futures	0%	2.4%	-2.4%
UST Bonds Call/Put Spreads	0%	0%	0%
Cash	1.5%	0%	1.5%
Total	104.4%	4.8%	99.6%



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