

MontLake Abrax Merger Arbitrage UCITS Fund

Global Merger Arbitrage

November 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 November

November proved to be a month of two halves, with a steady initial positive P/L accrual subsequently turning into a steady P/L decline. As a result, the Fund finished the month -1.73%, bringing YTD performance to +1.24%.

A broader trend has been playing out across the M&A space since the summer and specifically the failure of the WTW/AON deal. There has been a significant widening of a number of spreads without specific reasons coupled with a series of deal breaks. It is worth noting that M&A volumes remain strong, but there is clearly concern about China and the approach to M&A of the Biden government which is already proving to be less 'deal friendly' than the previous regime.

There has been a significant widening of about 10 spreads. Change Healthcare: due to US antitrust issues, the spread has widened to +25% flat, Aerojet and Sanderson Farms spreads have both widened to +19% and +8% flat respectively, for the same reasons. The Xilinx/AMD spread has been trading within a 15% to 25% flat spread range on China approval uncertainty and AMD "meme-stock" volatility. The spread of one of the largest tenders in Europe (\$8bn), Swedish Orphan Biovitrum, also widened due to a possible failure of the offer following the non-tender of the Astra Zeneca 8% stake, which is a blocking stake in case Advent does not waive the 90% threshold. We sold the position entirely. The spread widened to +6% flat on November 30th, the tender ultimately failed on December 2nd and the stock lost -24%. Hollsys Automation announced the sudden resignation of their 9-year-auditor Ernst & Young (spread widened by another -20%) – we immediately cut the position.

51JOB: the company announced a "consultation" by one member of the acquiring consortium (OceanLink) with the Chinese antitrust regulator (it is a voluntary consultation, not a review triggered by the regulator). This is probably because OceanLink has a minority stake of 7.6% in JOBS but also a minority stake of 6.6% in a competitor. This consultation could imply a delay of 1 or 2 months, however the spread widened from +18% to +38% flat, which is clearly overdone as the deal has not been called into question.

It is important to note that these M&A deals are all still in full force. Aside from Hollsys for which we have already crystallised our loss, and Swedish Orphan that we cut well before the break. We are still invested in spreads which are abnormally wide such as 51JOB (+37.78% flat), Xilinx/AMD (+15% flat), but also Ultra Electronics (+13.4% flat), Coherent/IIVI (+6.7% flat), Ferro Corp (+3%) to name a few. As with previous periods featuring abnormally wide spreads, the Fund continues to select deals carefully and is also taking advantage to build positions in attractively priced deals. The re-convergence of these spreads should yield some significant performance generation.

M&A Market Overview

November was the most active month of 2021 in terms of M&A volumes with \$551bn worth of M&A deals been announced translating in \$4.9trillions worth of M&A announced YTD, which is the highest YTD on record.

North American deals announced in November included; CyrusOne Inc/KKR & Co Inc and Global Infrastructure Management LLC (\$11,5bn), McAfee Corp/GIC & Canada Pension Plan (\$11bn), CoreSite Realty /American Tower (\$9,5bn), Vonage Holdings / Ericsson (\$5,7bn), Rogers /DuPont de Nemours (\$5,2bn), Monmouth REIT /Industrial Logistics (\$3bn), Pretium Resources /Newcrest Mining (\$2,6bn), Dicerna Pharmaceuticals /Novo Nordisk (\$2,5bn), RR Donnelley & Sons /Atlas Holdings (\$2,1bn). European deals included; Inmarsat Group Holdings /Viasat (\$7bn), Daily Mail /Rothermere Continuation (\$2bn), ICA Gruppen /AMF Pensionsforsakring (\$5,7bn), Alstria Office REIT /Brookfield Asset Management (\$5,1bn).

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%	-1.73%		1.24%
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	\$106.2 million
Fund AUM	\$65.4 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

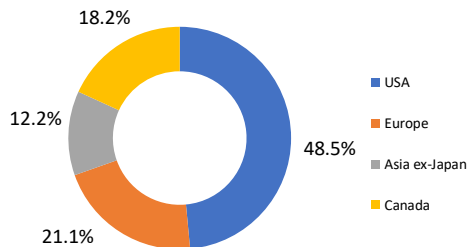
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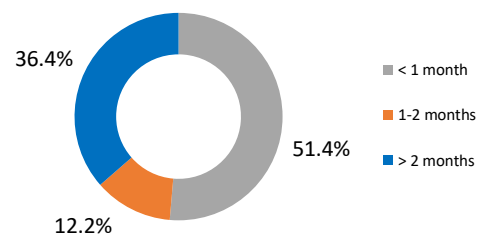
November 2021

Portfolio Exposure

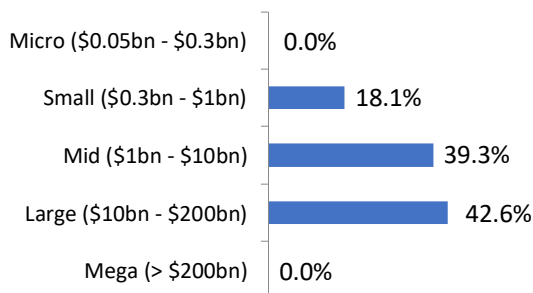
EXPOSURE BY GEOGRAPHY - TARGET



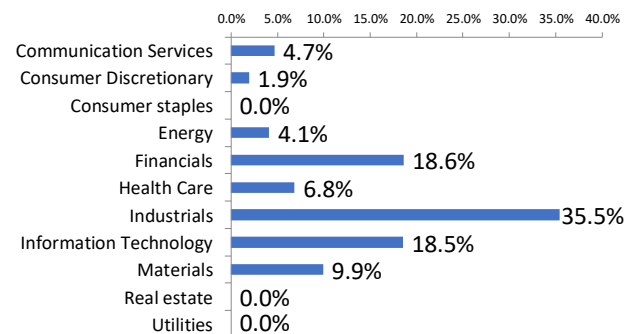
EXPOSURE BY DEAL CLOSING



EXPOSURE BY MARKET CAP



EXPOSURE BY SECTOR



CURRENT FUND POSITIONING (% of NAV)

Long	95.4%
Short	23.6%
Gross	119.0%
Net	71.8%
Leverage	1.19x

CONCENTRATION (% of gross exposure)

Top 5 long positions	18.9%
Top 10 long positions	39.5%

DIRECTION (positions)

Long	22	New situations	6
Short	5	Situations closed	4

LIQUIDITY BREAKDOWN (% of gross exposure)

< 1 day	97.4%
2-5 days	2.6%
6-10 days	0.0%
11-20 days	0.0%
> 20 days	0.0%

Contact Details

Investor Contact

Waystone Capital Solutions (UK) Ltd
2nd Floor, 20-22 Bedford Row
Holborn, London
T: +44 207 290 9493
investorrelations@waystone.com

Management Company

Waystone Fund Management (IE) Ltd
3rd Floor, 76 Baggot Street Lower
Dublin, Ireland
T: +353 1 533 7020
investorrelations@waystone.com

Investment Manager

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

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