

### FACTSHEET

#### Performance Returns

The High Ridge Credit Opportunities UCITS Fund returned -1.53% (USD Founder Eq Acc Share) and -1.52% (USD Founder Pooled Acc Share) for the month of December.

#### 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

It was the worst December for US stock prices since The Depression; a turbulent end to a difficult year. Escalated concerns regarding FED Policy and global growth spurred a broad, fast flight to quality market sell-off in both equity and credit markets. The risk-off sentiment by capitulating investors drove credit spreads to widen to levels last seen during the Greek/Eurozone drama in 2012. As of year-end, the YTW credit spread (e.g. the UST vs. Preferred / SubDebt) nearly doubled from approximately 200 bpts in Dec 2017 to 400 bpts in Dec 2018. The FED had hiked rates 4 times in 2018, the yield curve flattened, and credit spreads significantly widened; leaving equity and fixed income investors glad to say good-bye to 2018, while seeing opportunities on the horizon for 2019.

Recapping the December finale to 2018, the S&P 500 was down -9.03% MTD (-4.39% YTD), the MSCI Europe Index was down -5.50% MTD (-10.08% YTD) and the NASDAQ Composite was down -9.38% MTD (-2.81% YTD). The 30yr UST bond finished the month yielding only 3.02% (-30bps) and the UST 10yr Note finished yielding 2.69% (-33bps). High Yield closed the month at CY 6.5% (+18bp) / YTW 7.2% (+70bps) returning -1.89% MTD (-2.03% YTD).

The preferred market was a bit mixed in December. The retail-oriented \$25 par preferred market had modestly positive returns in December, while the institutional \$1000 par market had its third consecutive month of negative returns. Top portfolio performers this month included Barclays, Intesa SanPaolo and Nationwide.

As noted in prior comments, that the FED might be heading toward a more cautious approach, the events of December have given rise to Powell providing much needed clarification; whereby a hike pause is now highly likely. We now see even hawkish members of the FED Committee taking a more moderate tone and we anticipate only 1 hike in 2019, possibly in March or June. Further communication on eliminating the auto-pilot taper of the balance sheet would be very welcomed. The Fed has more to lose than gain by quantitative tightening. Any constructive implementation of the Fed tool box should improve market sentiment and spark a spread rally against the backdrop of persistent US treasury issuance that should steepen the yield curve and assist the Fed in forestalling recession fears.

Looking ahead, a reversion to tighter credit-spreads and only modestly higher longer-term US Treasury rates (i.e., with stabilized prices) should combine for a positive total rate of return for Preferreds and SubDebt; especially given that bank and insurance issuers continue to maintain record level balance sheets. Movement toward resolving the US/China Trade War, the US Wall Standoff and Theresa May's Brexit Mess would certainly help toward setting 2019 on a positive track for investors. Along with wishing our investors a Happy New Year, we conclude noting that investors should consider whether the year-end credit-spread widening presents an investment opportunity for 1Q2019.

#### 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	-

#### 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	-

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

41 Years Industry Experience



**L. Phillip Jacoby, CIO and Sr. PM**

Joined Firm in 1995

35 Years Industry Experience



**Manu Krishnan, PM**

Joined Firm in 2004

14 Years Industry Experience



**Fred Diaz, PM**

Joined Firm in 2000

25 Years Industry Experience



**Roberto Giangregorio, PM**

Joined Firm in 2003

15 Years Industry Experience



**Kevin Nugent, PM**

Joined Firm in 2012

34 Years Industry Experience



### FUND FACTS

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	\$9.93 million
Spectrum Firm AUM	\$18.5 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 / IE00BD6P9025 CHF: IE00BYYS1G00 / IE00BD6P8W79

**Fund Platform** MontLake UCITS Platform ICAV

**Fund Manager** MLC 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	2.62	2.51	Spread & Ratio Comparatives			
US Corporate	COA0	A-	6.85	4.12	4.25	151	174	1.58	1.69
High Ridge Fund	MLHRUF	BBB	5.82	6.47	6.42	385	391	2.47	2.56
US High Yield	HOA4	BB-	4.37	6.48	7.2	387	469	2.48	2.87

### Top 10 Issuer Concentrations (100%)

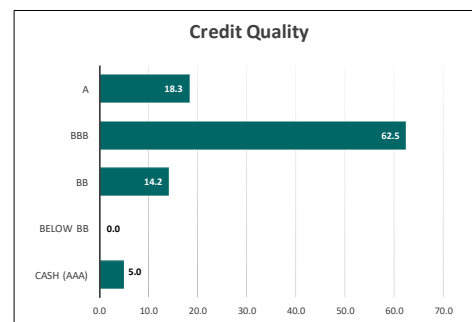
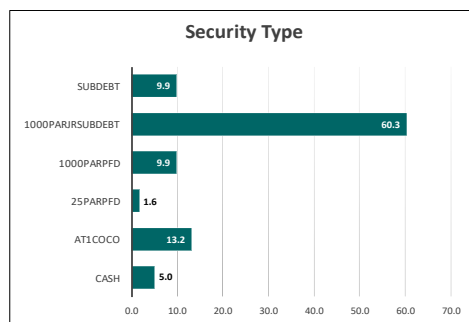
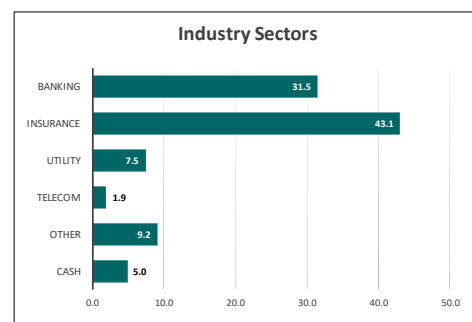
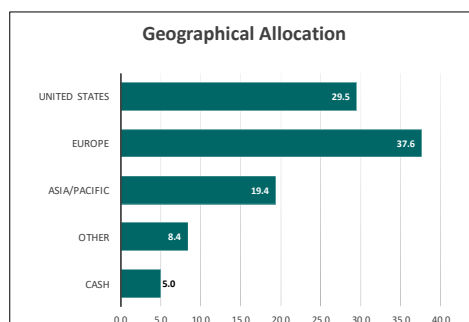
Lloyds	4.4%
HSBC	2.9%
AIG	4.1%
Zurich Insurance Group	4.0%
Swiss Re	2.0%
Societe Generale	2.9%
Royal Bank of Scotland	3.0%
Barclays	2.9%
Legal and General Group	1.8%
BHP Billiton	3.2%
<b>Total</b>	<b>31.1%</b>

### Portfolio Overview (Month End)

Number of holdings	44
Number of issuers	40
Modified Duration*	5.8
Average Dollar Price*	\$99.9
Average Coupon*	6.5%
Current Yield*	6.5%
Yield To Maturity*	7.0%
Yield To Worst*	6.4%
Average Credit Rating	BBB
Fixed to Floating	47.0%
Fixed to Variable	29.6%
Fixed Rate	12.7%
Floating	5.6%
Overlay	3.8%
Cash	5.0%

\*Excludes cash

Positions	Gross Long	Gross Short	Net
Preferred & Sub Debt	95.0%	0%	95.0%
SPY 500 Futures	2.5%	0%	2.5%
Euro Stoxx Bank Futures	1.2%	0%	1.2%
UST Note Futures	0%	0%	0%
US T Bonds Call/Put Spreads	0%	0%	0%
Cash	5.0%	0%	5.0%
<b>Total</b>	<b>103.8%</b>	<b>0.0%</b>	<b>103.8%</b>



### Contact Details

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