

MontLake Abrax Merger Arbitrage UCITS Fund

Global Merger Arbitrage

February 2020

Performance Returns

The MontLake Abrax Merger Arbitrage UCITS Fund returned 0.57% for the month of February (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

Despite a very aggressive market sell-off (due to the global and accelerating outbreak of the Coronavirus), the Fund still managed to realise a positive performance. The monthly performance was mainly attributed to a positive catalyst in one of our mid-sized positions, combined with relative minor widening across the rest of our portfolio. Despite extreme market movements – with a number of superlatives in terms of volatility and accelerated market selling not seeing since the height of the credit crisis in 2008 – our portfolio remained largely shielded from the general market moves. Overall, 45% of the Fund's positions were positive P&L contributors, whereby 6 of our positions closed during the month while initiating 6 new positions.

The main positive contributors for February were: i) Sprint, the controversial and large \$40bn US telco merger situation with T-Mobile, a deal we got involved in at the beginning of the month following the favourable decision by the US District Judge to overrule a multistate challenge – despite having gone through a multitude of crucial regulatory hurdles since this 4-to-3 US telco deal was announced almost 2 years ago, the Sprint deal continued to trade at a significant spread following the US District ruling on expectations that the deal terms could be adjusted at the benefit of Sprint shareholders – nevertheless, following a swift negotiation process between Softbank (Sprint largest shareholder) and Deutsche Telekom (T-Mobile largest shareholder), parties announced the deal to proceed on the original terms to minority shareholders, which lead to significant spread tightening; ii) Interxion, a trading spread structured with target stock and bidder's put options for this data centre deal we have now exited following significant target outperformance ahead of the imminent tender closing; iii) Osram Licht, whose share price further appreciated on anticipated 2Q20 market purchases /domination agreement implementation by Austrian suitor AMS, and which share price strength we have now used to almost entirely exiting our position; & iv) Zayo Group, one of the largest recently announced LBO's, finally closed after 8 months following receipt of last regulatory approval from the California Public Utilities Commission.

Besides some minor widening of most of our portfolio on the back of the general market weakness, the two notable losses for the month were from our positions in: i) Cineplex, the largest Canadian cinema operator which is currently being bought by UK's Cineworld, its share price was weaker on the back of consensual fear of the Corona virus and its acute (if transitory) disruption to consumer habits despite a) the deal being in the latter stages with only 1 regulatory approval (i.e; Investment Canada) outstanding; b) financing has been committed and placed; and c) the merger agreement specifically carves out outbreaks of illness in its Material Adverse Clause; & ii) Mellanox, whose share price declined in sympathy with the markets, and whose price had before the recent, small correction started to price in either a required deal price increase or a positive deal break in case bidder Nvidia wouldn't been able to manage to get the crucial Chinese SAMR approval by mid-June.

With extreme market volatility due to unknown new global, parameters, the Fund has dynamically adjusted its portfolio, focusing on most late stage/ near-term deal closings, and preference for strategic versus private equity deals.

M&A Market Review & Outlook

Despite the continuing global outbreak of the Corona virus, and the inherent market correction/volatility, new M&A continued on par with recent months- with about 2,300 deals worth about \$300bn. After a brief stint of absence, in February we saw the return of the \$10+ deal in both US and Europe with the deal announcements of E*Trade in the US and Ingenico in Europe respectively. Furthermore, besides a slight resurgence of some \$1bn+ deals in Europe, new deal activity was well spread across sectors and strategic/financial buyers.

UCITS Monthly Performance (USD Institutional Founder Class)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2020	0.49%	0.57%											1.07%
2019	-	-	-	-	-	-	-0.05%	0.68%	0.50%	0.56%	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.

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	\$65.8 million
Fund AUM	\$22.1 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

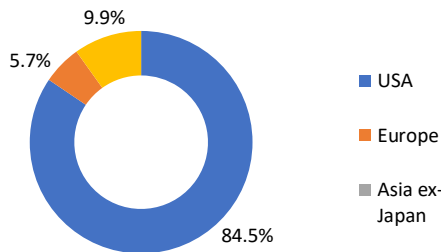
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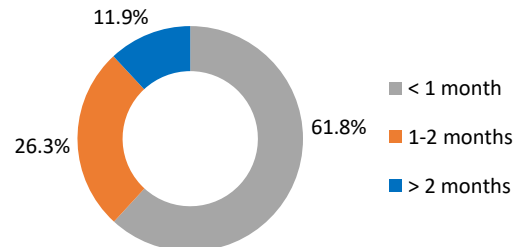
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Portfolio Exposure

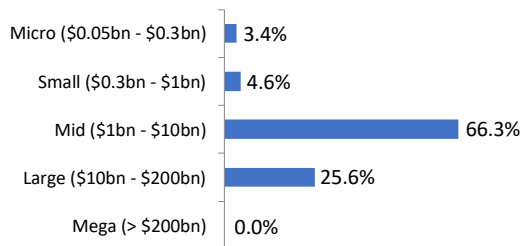
EXPOSURE BY GEOGRAPHY - TARGET



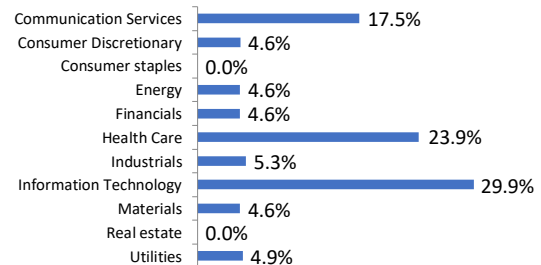
EXPOSURE BY DEAL CLOSING



EXPOSURE BY MARKET CAP



EXPOSURE BY SECTOR



CURRENT FUND POSITIONING
(% of NAV)

Long	97.7%
Short	8.3%
Gross	106.0%
Net	89.4%
Leverage	1.06x

CONCENTRATION
(% of gross exposure)

Top 5 long positions	31.8%
Top 10 long positions	54.7%

DIRECTION (positions)

Long	22	New situations	6
Short	4	Situations closed	6

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%

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