

MontLake Abrax Merger Arbitrage UCITS Fund

Global Merger Arbitrage

April 2021

Performance Returns

The MontLake Abrax Merger Arbitrage UCITS Fund strives to produce a consistent, tightly managed return stream and this continued in April with a steady return of +0.90% (USD Institutional Class), raising the YTD return to +5.59%. This was mainly attributed to a large number of transactions which successfully completed but was also the result of the tightening of some of our core spreads on the back of some key approvals as well as one bidding war & one bump.

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 April

The Fund has clearly been performing well but as much as the M&A backdrop remains buoyant, we remain very cautious with respect to increasing protectionism, excessive leverage in LBOs and SPACs infatuation risk (which we do not invest into). We continue to deploy money very carefully and always spend a significant amount of time on the merger agreement before building the information mosaic around the deal. We are even more vigilant about risk in this environment and continue to run a diversified portfolio with a blend of short durations. We are very positive on the short to medium term and are thrilled to see the Fund AUM ramping up nicely and new investors coming on board.

Overall, 12 transactions closed in April (Pluralsight, Nic Inc, Glu Mobile, Realpage, Inphi/Marvell, Credito Valtelli, William Hill, China Biologic, Varian Medical, Michaels Cos, Sagen Mi Canada and Ca Immobilien). This is an unprecedented number of closing transactions in one month, indeed since the launch of the Fund, but given the strong sustained level of M&A activity, particularly in the US, the resulting monies were redeployed into 11 new situations with attractive spreads and/or optionality.

Overall, 60% of our 41 positions had a positive performance; Alexion Pharmaceuticals made a nice contribution through the confirmation of US HSR approval for its combination with AstraZeneca. Other notable spread tightening contributions included Coherent, Great Canadian Gaming and Willis Tower/AON.

We also had a bidding war on Aegion Corp, between Apollo Global and New Mountain, which saw on April 14th, an 11% price increase of the deal consideration from \$27 to \$30. Also, on April 14th, Credit Agricole increased its own bid by 16% for the takeover of Credito Valtellinese SPA. The deal was then declared unconditional on April 23rd.

Our main detractor was Orange Belgium following the "final" wording of Orange with respect to its €22 offer (even if this language is not technically legally binding under Belgium Takeover code). However, we have tendered all our shares and have been paid €22 (no minimum threshold for the success of the tender). We will receive any consideration increased optionality should Orange decides to increase the offer price during the offer extension, in order to delist Orange Belgium.

M&A Market Review for April

April was in the same line as the 3 previous months, with M&A volumes worth \$434bn being announced (vs a LTM monthly average M&A volume of \$343bn). The US has again been the most active region with 5 deals above \$10bn. US notable deals included Kansas City Southern/Canadian National Railway (\$33bn – bidding war with Canadian Pacific Railway), PPD /Thermo Fisher Scientific (\$20,3bn), Nuance Communications /Microsoft Corp (\$17,2bn), VEREIT /Realty Income Corp (\$16,4bn), Proofpoint /Thoma Bravo (\$10,3bn), Brookfield Property Partners /Brookfield Asset Management (\$6,4bn), W R Grace /Standard Industries Holdings (\$6,4bn), Sterling Bancorp/ Webster Financial (\$5,9bn), Weingarten Realty Investors/Kimco Realty (\$5,6bn), Welbilt /Middleby (\$4,2bn), Cadence Bancorp/BancorpSouth (\$2,9bn), Flagstar Bancorp Inc/New York Community Bancorp Inc (\$2,6bn). European announced deals included Gamesys Group PLC/Bally's Corp (\$2,8bn), Tarkett SA/Societe d Investissement Deconinck (\$2,2bn) and Sbanken ASA/DNB ASA (\$1,3bn).

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%									5.59%
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	\$111.6 million
Fund AUM	\$66.2 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
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	EUR: IE00BZ01DB92
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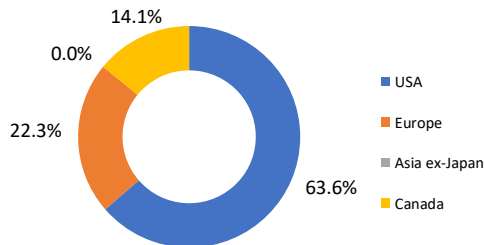
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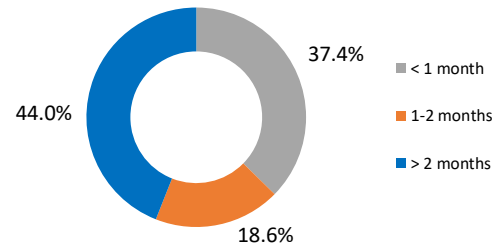
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Portfolio Exposure

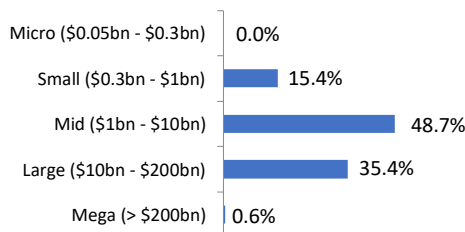
EXPOSURE BY GEOGRAPHY - TARGET



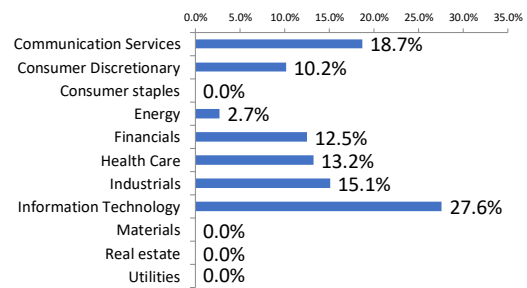
EXPOSURE BY DEAL CLOSING



EXPOSURE BY MARKET CAP



EXPOSURE BY SECTOR



CURRENT FUND POSITIONING
(% of NAV)

Long	122.7%
Short	19.8%
Gross	142.6%
Net	102.9%
Leverage	1.43x

CONCENTRATION
(% of gross exposure)

Top 5 long positions	17.6%
Top 10 long positions	33.2%

LIQUIDITY BREAKDOWN
(% of gross exposure)

< 1 day	100.0%
2-5 days	0.0%
6-10 days	0.0%
11-20 days	0.0%
> 20 days	0.0%

DIRECTION (positions)

Long	33	New situations	11
Short	8	Situations closed	17

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