

High Ridge Credit Opportunities UCITS Fund

Alternative Investment

December 2019

Performance Returns

The High Ridge Credit Opportunities UCITS Fund returned 0.75% MTD / 16.50% YTD (USD Founder Eq Acc Share) and 0.75% MTD / 16.46% YTD (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

Across-the-board, equity and fixed income markets posted exceptional returns for 2019. Lower rates, steady corporate earnings, modest GDP growth, trade-war de-escalation and a negotiated Brexit pathway - all contributed to the 2019 rally.

Central Bank policy stands poised to maintain low-rates for a prolonged time. Fixed-income investors are searching for yield. Looking ahead to 2020, we believe that the capital securities market remains especially attractive. While credit spreads have narrowed since the global market sell-off a year ago, the Fund's Investment Grade portfolio (i.e. Avg. Weighted Credit Rating @ BBB) is yielding CY 5.99% (YTW 4.18%). By comparison, the HOAX High Yield Index is Below Investment Grade (i.e. Avg. Weighted Credit Rating @ BB-) is yielding CY 5.80% (YTW 5.453%). Bottom-line, capital securities provide solid relative value for investors; especially given the strength of bank and insurance company regulatory balance sheet capital.

The S&P 500 was up +3.01% MTD (+31.48% YTD), the MSCI Europe Index was up +2.08% MTD (+26.82% YTD) and the NASDAQ Composite was up +3.64% MTD (+36.74% YTD). The 30yr UST bond finished the month yielding 2.38% (+18bps) and the UST 10yr Note finished yielding 1.91% (+13bps). High Yield closed the month at CY 5.80% (-10bps) / YTW 4.53% (-35bps) returning +1.62% MTD (+15.10% YTD).

The Fund's top performers this month included Lincoln National, Arch Capital Group, Banco Mercantil del Norte and Nordea Bank. It is also noted that the top performers for 2019 included AIG, Arch, Barclays, BHP Billiton, HSBC, Liberty Mutual, Macquarie, MetLife, Société General and the Overlays.

We continue to favour the Jr. Subordinated and CoCo \$1000 par institutional market over the \$25 par retail market. Active on-going credit analysis and attentive security selection is always essential. While we do not expect 2020 to repeat the performance levels achieved in 2019, our market outlook is positive and we believe that in addition to steady coupon income, there is notable room for added upside opportunity given room for credit spreads to tighten further.

USD Founder Eq Acc Share (MLHRUIF)

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y-T-D
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%	0.95%	0.62%	0.79%	1.16%	0.42%	0.75%	16.50%
	NAV	97.05	98.13	99.81	101.59	101.39	103.85	104.84	105.49	106.32	107.55	108.00	108.81	-

USD Founder Pooled Acc Share (MLHRUPF)

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y-T-D
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%	0.94%	0.62%	0.80%	1.16%	0.41%	0.75%	16.46%
	NAV	96.05	97.12	98.79	100.55	100.34	102.76	103.73	104.37	105.20	106.42	106.86	107.66	-

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
43 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
16 Years Industry Experience



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



Roberto Giangregorio, PM
Joined Firm in 2003
17 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	\$10.87 million
Spectrum Firm AUM	\$22.89 billion
Inception	10th April 2017

Share Class	Institutional Founder Pooled
Currency	EUR/USD/CHF/GBP
Share Type	Accumulation & Distributing
Mgt. Fee	0.50%
Perf. Fee	5.00%
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 Ltd (Dublin)
Administrator	Northern Trust International Fund Admin Services (Ireland) Limited
Depository	Northern Trust Fiduciary Services (Ireland) Ltd
Legal Advisor	Maples Group – Dublin
Auditor	KPMG – Dublin

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Yield Comparatives

	Ticker	Credit	Mod Dur	CY	YTW	CY Spread	YTW Spread	CY Ratio	YTW Ratio
US Treasury 5 YR	GA05	AAA	4.77	1.74	1.68	Spread & Ratio Comparatives			
US Corporate	COA0	A-	7.52	3.75	2.9	201	122	2.15	1.73
High Ridge Fund	MLHRUFP	BBB	4.95	5.99	4.18	424	250	3.43	2.49
US High Yield	HOA4	BB-	3.07	5.80	4.53	406	285	3.32	2.70

Top 10 Issuer Concentrations (100%)

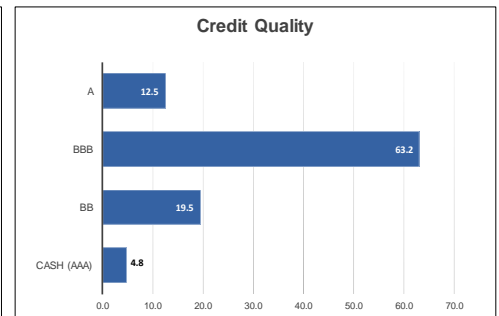
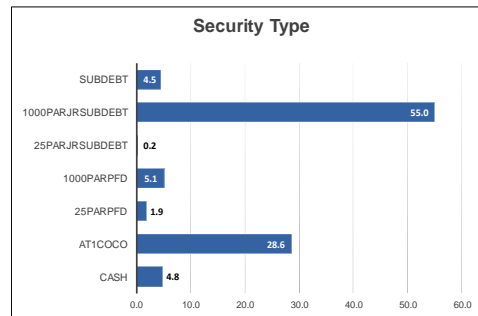
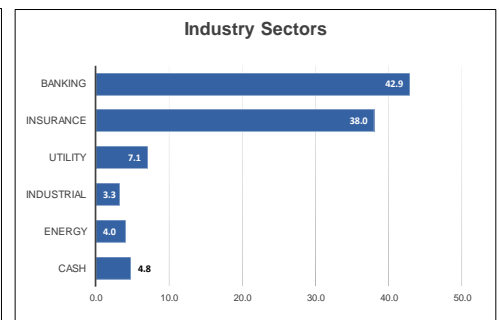
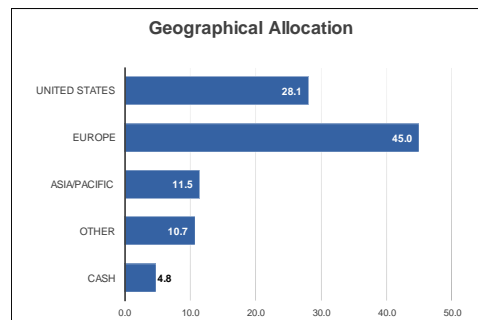
ALG	4.6%
Zurich Insurance Group	4.2%
BNP Paribas	4.1%
Barclays	4.0%
Prudential Financial	4.0%
Liberty Mutual	3.5%
BHP Billiton	3.3%
MetLife	3.2%
Nordea Bank	3.1%
Societe Generale	3.1%
Total	36.9%

Portfolio Overview (Month End)

Number of holdings	41
Number of issuers	38
Modified Duration*	5.0
Average Dollar Price*	\$115.0
Average Coupon*	6.9%
Current Yield*	6.0%
Yield to Maturity*	5.7%
Yield To Worst*	4.2%
Average Credit Rating	BBB
Fixed to Floating	38.0%
Fixed to Variable	42.7%
Fixed Rate	12.1%
Floating	2.4%
Overlay	-2.4%
Cash	4.8%

*Excludes cash

Positions	Gross Long	Gross Short	Net
Preferred & Sub Debt	95.2%	0%	95.2%
SPY 500 Futures	0%	0%	0%
Euro Stoxx Bank Futures	0%	0%	0%
UST Note Futures	0%	2.4%	-2.4%
US T Bonds Call/Put Spreads	0%	0%	0%
Cash	4.8%	0%	4.8%
Total	100.0%	2.4%	97.6%



Contact Details

Investor Contact

MontLake Funds (UK) Ltd
 Park House, 116 Park Street
 London, W1K 6AF
 T: +44 20 3709 4510
 investorrelations@montlakefunds.com

Management Company

MontLake Management Ltd
 23 St. Stephen's Green
 Dublin 2, Ireland
 T: +353 1 533 7020
 investorrelations@montlakefunds.com

Investment Manager

Spectrum Asset Management, Inc
 2 High Ridge Park,
 Stamford, CT, 06905 USA
 T: +1 203 321 1133
 ssolmonson@samipfd.com

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