

MontLake Abrax Merger Arbitrage UCITS Fund

Global Merger Arbitrage

March 2022

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 March

The Fund gained 0.74% in March, bringing Q1 2022 and YTD performance to -0.54%.

The first quarter of 2022 was a historically rough one for stock and bond investors, with the Ukraine war and a hawkish Fed stance towards spiralling inflation fuelled by rising commodity prices, which saw the S&P 500 down 5%, the Euro Stoxx 50 down 9%, Treasuries down 5.6% and Investment grade bonds down 7.8%. The combined drop of these four categories has not been witnessed since 1980.

Since our merger arbitrage strategy is a largely decorrelated one, our portfolio proved to be resilient against a volatile market backdrop. However, spreads have not all been totally immune from the global turmoil as some merger arbitrage stocks are constituents of the main indices and ETFs and have therefore also suffered. Some spreads have therefore remained wide even up to their last day of trading prior to the deal closing.

Critically, none of our deals are being questioned or are at risk (we avoided the Avast/Norton situation in Europe which is now under the UK's CMA heavy scrutiny resulting in Avast's stock losing -12%) but overall, spreads are at their widest level since March/April 2020. We look at this as an attractive opportunity and are looking to judiciously add risk where appropriate.

Despite this market volatility, we did have some positive news flow in March, these being:

- The Sbanken acquisition by DNB received the antitrust nod of approval which had been challenged and delayed for 6 months and was the last condition for the closing of the deal.
- We also had a +6.5% increase of the consideration to be paid for the acquisition of JOBS - which was one of our largest position - by its majority shareholders from \$57.25 to \$61, as well as the long-awaited filing of the definitive proxy to the shareholders, with the vote confirmed for April 17th, paving the way for the closing of the merger shortly after, as this is the last condition.

Aside from generating performance for the fund, these deals' completion will also free up capital to be redeployed.

We are optimistic by the current opportunity set – some merger arbitrage spreads remain very wide and our invested performance to come is close at the same level as April 2020 – importantly this does not include any p/l from M&A opportunities into which we are about to invest. We are also anticipating a series of deal catalysts across our current portfolio in the coming weeks which should help to generate attractive profits, regardless of market volatility.

M&A Market Overview

While global M&A volumes remain slightly lower but stable at \$336bn (vs 12 month historic of \$400bn), we continue to see slightly lower M&A volumes in Europe where several M&A approaches (different to an M&A deal where a binding contract is signed) did not materialise due to market volatility such as Pearson PLC/Apollo Global Management Inc (\$9bn) and Oxford Instrument PLC/Spectris PLC (\$2.3bn).

The US market remains very robust with deals including Nielsen /Brookfield Asset Management, Elliott (\$15.5bn), Alleghany /Berkshire Hathaway (\$13.7bn), Anaplan /Thoma Bravo (\$9.5bn), LHC Group /UnitedHealth Group (\$6.2bn), Cornerstone Building Brands /Clayton Dubilier & Rice (\$4.6bn), Mandiant /Alphabet (\$4.3bn), Whiting Petroleum /Oasis Petroleum (\$3.2bn), Plantronics /HP (\$3.1bn), Intertape Polymer Group /Clearlake Capital (\$2.5bn) and Columbia Care /Cresco Labs (\$1.5bn)

The 3 largest deals in Europe were Boskalis Westminster/HAL Holding (\$2.4bn), Brewin Dolphin Holdings /Royal Bank of Canada (\$1.9bn) and Hibernia REIT /Brookfield Asset Management (\$1.5bn).

UCITS Monthly Performance (USD Institutional Founder Class)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2022	-0.93%	-0.34%	0.74%										-0.54%
2021	1.96%	1.79%	0.82%	0.90%	1.15%	0.20%	-2.36%	-0.22%	-0.35%	-0.81%	-1.73%	+0.87%	2.12%
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	\$102.4 million
Fund AUM	\$63.4 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

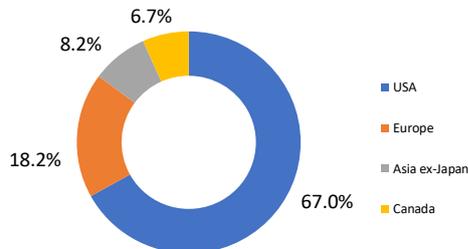
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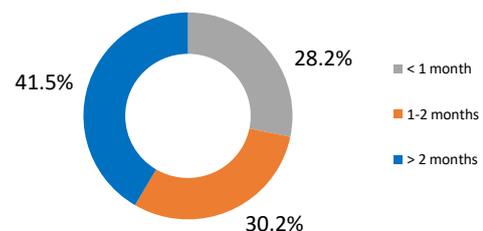
March 2022

Portfolio Exposure

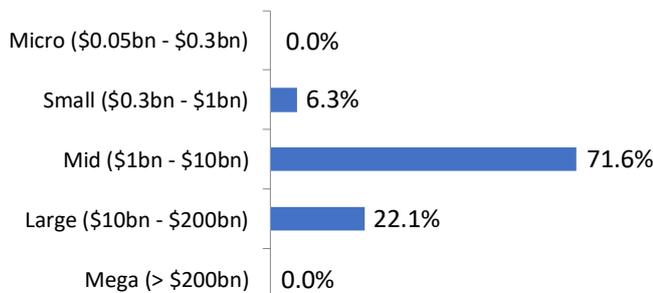
EXPOSURE BY GEOGRAPHY - TARGET



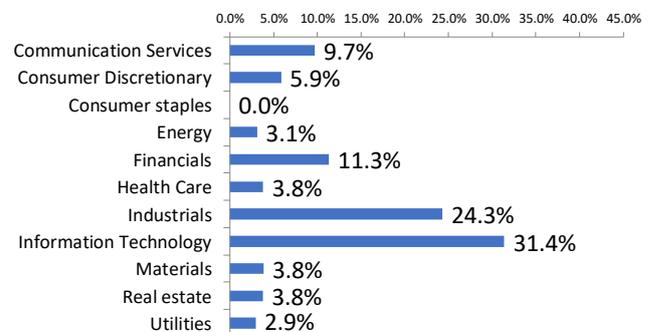
EXPOSURE BY DEAL CLOSING



EXPOSURE BY MARKET CAP



EXPOSURE BY SECTOR



CURRENT FUND POSITIONING
(% of NAV)

Long	120.9%
Short	7.2%
Gross	128.1%
Net	113.7%
Leverage	1.28x

CONCENTRATION
(% of gross exposure)

Top 5 long positions	32.1%
Top 10 long positions	47.3%

DIRECTION (positions)

Long	28	New situations	5
Short	2	Situations closed	6

LIQUIDITY BREAKDOWN
(% of gross exposure)

< 1 day	96.2%
2-5 days	3.8%
6-10 days	0.0%
11-20 days	0.0%
> 20 days	0.0%

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