

# MontLake Abrax Merger Arbitrage UCITS Fund

## Global Merger Arbitrage

July 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 July

The MontLake Abrax Merger Arbitrage UCITS Fund generated a strong return of +2.2% in July (vs HFRXMA Index +1.3%), thanks to the closing/key approvals of 4 deals including; Atotech/MKS Instrument, Vonage Holdings, Ultra Electronics and GTY Technology.

We also made significant profits on the spread re-tightening of Citrix, Rogers, Tenneco, Moneygram and Mandiant, which had significantly widened during the forced selling/liquidation period of June (that we had described in our previous newsletter).

This performance was largely driven by taking advantage of and investing into the spread widening of the past 3 months. Our classic investment process remains the same and simply evolves over time but the trading component of our strategy during volatile markets is also a critical part of what we do. We regard sells offs as an opportunity to shrink our leverage and to then judiciously invest into 'over done' wide spreads. We typically build a large p/l to come during these periods and 2021/22 has been no different. July was the first month in which we saw some of this pent-up return come through.

However, merger arbitrage spreads remain very wide (the average of our invested spread universe is 13.5% flat vs 15% in June) as they have not yet reconverged and will probably only reconverge upon closing or a key catalyst being received.

As a result, Abrax's invested performance remains unprecedented and the crystallisation of our remaining spreads should continue to have a strong impact on the Fund's performance.

We do however still have concerns over the considerable risks in the world and thus have a lower leverage than normal (0.69x) in case volatility returns in September or October at which point we will be ready to redeploy capital, if and when further opportunities arise.

### M&A Market Overview

July was another unusually quiet month in terms of large M&A deals, with global M&A volume of \$195bn vs the 12month trailing average of \$320bn. This equates to a 40% drop in volume, but the number of deals announced was approximately flat at circa 3000, suggesting a drastic reduction in deal size (largest M&A deal size in the US was the \$3.7bn acquisition of 1Life Healthcare by Amazon) which could be related to the broader uncertainty of the macro-outlook. As a smaller Fund we are not penalised given the number of transactions remains so elevated, despite a significant deal size contraction.

US deals in July included 1Life Healthcare /Amazon.com (\$3,7bn), ironSource /Unity Software (\$2,2bn), Shell Midstream Partners /Shell (\$2bn), Resolute Forest Products /Paper Excellence Canada Holdings (\$1,8bn), Meridian Bioscience /SD Biosensor (\$1,4bn), Hanger /Patient Square Capital (\$1,4bn), PBF Logistics /PBF Energy (\$1,1bn) and Infrastructure & Energy Alternatives /MasTec (\$1bn). Europe was active with the announcements of Electricite de France /French Republic (\$7,5bn - proposed), Euronav /Frontline (\$3,9bn), Autogrill /Dufry (\$3bn), Valora Holding /Fomento Economico Mexicano (\$2,5bn), Euromoney Institutional Investor /Astorg Asset Management & Epiris (\$2bn).

### 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%	-0.77%	-1.73%	-1.36%	2.21%						-2.21%
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.

This is a marketing communication.



### 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	\$91.6 million
Fund AUM	\$55.0 million
Inception	24 <sup>th</sup> 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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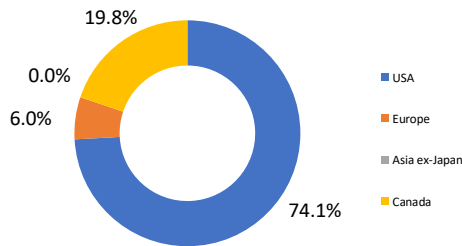
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## Global Merger Arbitrage

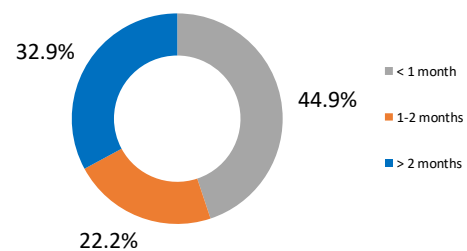
July 2022

### Portfolio Exposure

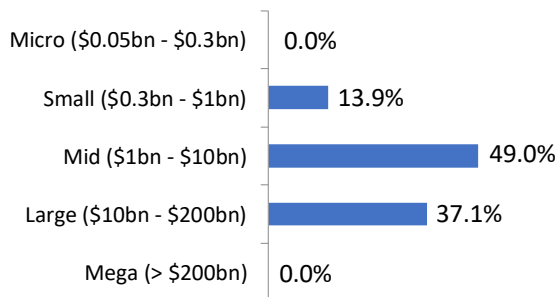
EXPOSURE BY GEOGRAPHY - TARGET



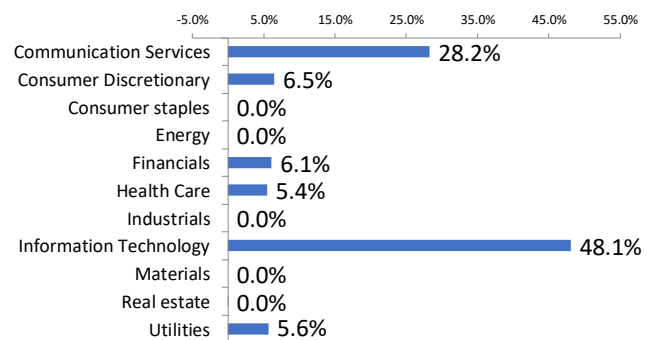
EXPOSURE BY DEAL CLOSING



EXPOSURE BY MARKET CAP



EXPOSURE BY SECTOR



CURRENT FUND POSITIONING (% of NAV)

Long	71.2%
Short	2.0%
Gross	73.3%
Net	69.2%
Leverage	0.73x

CONCENTRATION (% of gross exposure)

Top 5 long positions	43.2%
Top 10 long positions	72.3%

DIRECTION (positions)

Long	20	New situations	3
Short	2	Situations closed	8

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%

### Contact Details

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