

FACTSHEET

Performance Returns

The Ronit Global Opportunities UCITS Fund returned +4.39% in the month of January (USD Institutional A Founder Class).

Investment Objective & Strategy

The Ronit Global Opportunities UCITS Fund seeks long term absolute returns in global opportunities by trading a fundamental, bottom-up strategy with macro overlays, to capitalize on Global Opportunities (long-short strategy) with a focus on Emerging Markets and the European periphery. The investment strategy will only invest across a liquid capital structure and is expected to have an equity bias over time. The team believe that fundamental research coupled with a sensible understanding of the risk/reward and idiosyncratic risks can generate attractive returns over time and across market cycles.

Monthly Commentary

The events in financial markets during the first week of February overshadowed what had been one of the most impressive market performances in history during the month of January. It was only a few days ago that the market seemed to reach new records every day and suddenly in a very short period of time everything seems to have changed.

In our letter last month we highlighted that we were constructive on the economic outlook for this year but cautious about asset prices. One of the issues we highlighted as a concern was the fragility to the financial system of the record short volatility position in the market held by the public. We wrote:

“The short volatility position is not a fundamental issue for economies but it can have the effect of making a normal and maybe necessary adjustment in markets to accelerate to levels that might create more problems. In a way it acts as an accelerator to the downside...”

We certainly did not think then that this would unwind during the first few weeks of February, but once triggered, the violence of the move in itself did not surprise us. This is what happens when leverage and extreme positioning are combined – during the course of the unwind, liquidity is always shockingly lower than was expected and the price moves are greatly amplified.

However, despite the fireworks driven by the explosion in the volatility index and the implosion of some of the short volatility ETFs, we believe that more fundamentally we have seen the beginning of a process where markets are starting to adjust to the changing monetary policy environment. We have seen that in most developed countries interest rates have been moving higher, economic data remains robust, and some inflation data are showing more resilience. Additionally the markets still need to adjust to a changing regime of widespread market participation from central banks, as the US Fed and soon the ECB are going to be increasingly smaller factors impacting credit markets. These were the factors that led to our conclusion last month, that we were comfortable with the economic outlook, but not necessarily with asset prices.

As always happens at turning points, the market finds the weakest point to trigger the change, and the first casualty so far was the short volatility exposure. We still think there remain reasonable amounts of excess in the credit markets and in the indirect short volatility world of risk parity and systematic strategies, so we expect continued volatility but we think you need to be positioned to be able to take advantage of the opportunities this transition will yield. 2017 will probably be remembered as the year volatility bottomed – the adjustment might be painful right now but we think that it is a healthy development for markets.

Meanwhile more specifically to our area of focus, January also saw positive political developments in Brazil as the Supreme Court maintained the indictment of former President Lula, reducing significantly his chances of running in the 2018 election. Markets reacted positively to the news and we continue to be constructive as the removal of this threat will allow for more focus on the main drivers for us which are a combination of lower rates and higher corporate earnings growth.

Position Update

OHL México, S.A.B. de C.V., together with its subsidiaries, operates several toll road concessions in Mexico, and the Toluca International Airport. The company is a listed subsidiary of OHL Group a listed company in Spain controlled by Grupo Villar Mir, a closely held private company. We have been actively involved in both OHL Group and its Mexican subsidiary since we launched.

OHL group and its controlling shareholder have been under pressure for years because of an unsustainable debt situation. Even as OHL Group has raised equity for an aggregate amount of €1.3bn and raised billions more from asset disposals, including its Brazilian toll roads, its financial health remained a concern. In October 2016, IFM Investors, one of the leading Infrastructure Funds worldwide, owned by 28 Australian pension funds, confirmed that they were considering acquiring OHL Mexico from OHL Group in a public to private transaction. In June 2017, having secured the approval from the Mexican markets' regulator (CNBV), IFM launched a tender offer for 100% of OHL Mexico at MXN 27 per share. This offer resulted in IFM acquiring a 28% stake in OHL Mexico. IFM contributed this stake to Magenta, a new vehicle, to which OHL Group also contributed its 57% stake in OHL Mexico, thus Magenta ended up owning 86% of OHL Mexico.

We initiated a position at MXN 25 per share and have been accumulating up to recent price of MXN 32 per share. We believe the upside to be the book value or MXN 41, and the downside to be the price of the last tender at MXN 27 since that was the consideration offered by IFM in the tender offer of June 2017 and is the minimum that can be offered according to Mexican law. We expect the outcome to be closer to the upper end and that this situation presents a very attractive risk reward as the bidder has an incentive for a delisting, the incremental consideration is relatively small compared with the investment made so far, and they have an incentive to make sure they execute a successful transaction.

Ronit Global Opportunities UCITS Fund Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2018	4.39%												4.39%
2017	0.82%	0.03%	0.00%	-0.19%	0.04%	-6.05%	3.88%	2.08%	0.52%	-1.52%	-3.08%	0.94%	-2.84%
2016												0.04%	0.04%

The performance figures quoted above represent the performance of the USD Institutional Founder A Share Class in the Ronit Global Opportunities UCITS Fund since launch on 5th December 2016. These performance figures refer to the past and past performance is not a guarantee of future performance or a reliable guide to future performance.

Ronit Global Opportunities Master Fund LTD Performance (Non-UCITS)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2016	1.06%	-3.30%	7.90%	2.08%	-4.31%	1.70%	3.53%	1.02%	-1.62%	2.29%	-2.34%		7.67%
2015	-3.81%	4.35%	-4.67%	4.68%	-2.74%	-4.60%	-1.65%	5.55%	1.17%	0.46%	2.91%	-2.25%	-1.36%
2014	-1.87%	1.17%	3.98%	2.65%	-1.22%	3.46%	4.82%	-0.97%	-0.49%	-3.39%	-0.30%	0.36%	8.13%
2013						0.2%	1.4%	-1.1%	2.1%	4.2%	-0.1%	-0.08%	6.67%

The performance figures quoted above represent the performance of the Ronit Global Opportunities Master Fund LTD since launch on 1st June 2013 and not the Ronit Global Opportunities UCITS Fund. UCITS Funds have to abide by onerous investment restrictions and consequently the performance of the Ronit Global Opportunities UCITS Fund may not be similar to that presented above. These performance figures refer to the past and past performance is not a guarantee of future performance or a reliable guide to future performance.

THE MANAGER

RONIT | CAPITAL

Edward Misrahi (Founding Partner and CIO)

Prior to starting Ronit, Edward was a founding partner of Eton Park in 2004 and subsequently managed public and private Emerging Market and European investments for the firm over the next eight years.

Edward worked for Goldman Sachs & Co., becoming a partner in 2000, where his role included Financial Analyst in Structured Finance, Member of Equities Arbitrage Group, Member of Global Emerging Markets Committee and Co-Head of Latin America for the Firm.

Luis Arenzana (Founding Partner)

Luis was Founding Partner and Portfolio Manager of Shelter Island Capital Management (2003-2013). Here he managed a European Event-Driven Strategy. From 2010 he also managed the Shelter Island Total Return Fund (a Long-Short Equity & Credit Mandate).

From 2008 onwards he also offered advisory services to institutional clients investing in Spain. Prior to founding Shelter Island, Luis was an Executive Director at Orchard Capital Advisors (2001-2003) – here he worked as a Senior Analyst for the European Long-Short Equity Strategy.

FUND FACTS

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly
Fund AUM	\$37.2m
Strategy AUM	\$239 million
Inception	5 th December 2016
Share Class	Institutional/Institutional Founder
Currency	EUR/USD/GBP
Mgt. Fee	1.75%/1.5%
Perf. Fee	17.50%/15%
Min Init. Sub.	1,000,000
ISIN Codes	EUR: IE00BD87RV38/IE00BD87S431 USD: IE00BD87RX51/IE00BD87S654 GBP: IE00BD87RW45/IE00BD87S548
Share Class	Institutional A Founder/Retail Pooled
Currency	EUR/USD/GBP
Mgt. Fee	1.2%/2%
Perf. Fee	15%/20%
Min Init. Sub.	10,000,000/10,000
ISIN Codes	EUR: IE00BD8BVG80/IE00BD87SM12 USD: IE00BD87RT16/IE00BD87S878 GBP: IE00BD8BVH97/IE00BD87S761

Top 5 Positions (Exposure as % of NAV)

Top 5 Equity Long		Top Corporate Credit Long		Top 5 Equity Short	
CIA DE TRANSMISSAO DE ENE-PF	7.23%	PETROBRAS	5.26%	Undisclosed – Financials (USA)	3.27%
BB SEGURIDADE PARTICIPACOES	6.14%	CEMIG GERACAO E TRANSM	4.35%	Undisclosed – Financials (Spain)	2.29%
BANCO DO BRASIL S.A. UBS CFD	5.25%	ITAU UNIBANCO HLDG	4.07%	Undisclosed – Financials (Poland)	2.01%
VEON LTD	4.80%			Undisclosed – Industrial (Germany)	1.94%
TRANSMISSORA ALIANCA DE-UNIT	4.79%			Undisclosed – Financials (Mexico)	1.89%

Top P&L Contributors (Ex-Hedges and CDS)

Positive			Negative		
Strategy	%		Strategy	%	
BANCO DO BRASIL S.A.	Equity Long	1.31%	Undisclosed - Financials (Spain)	Equity Short	-0.30%
GERDAU SA	Equity Long	1.07%	Undisclosed – Financials (USA)	Equity Short	-0.28%
BM&FBOVESPA SA GS CFD	Equity Long	0.78%	Undisclosed - Financials (Portugal)	Equity Short	-0.26%
BB SEGURIDADE PARTICIPACOES GS CFD	Equity Long	0.67%	Undisclosed - Consumer (Hong Kong)	Equity Short	-0.18%
ASML HOLDING NV	Equity Long	0.55%	Undisclosed - Financials (Italy)	Equity Short	-0.18%

Exposures (% of NAV)

By Country					Equity Exposures By Instrument (Delta Adjusted)					Credit Exposures				
	Long	Short	Net	Gross		Long	Short	Net	Gross		Long	Short	Net	Gross
Brazil	48.11%	-0.75%	47.37%	48.86%	Equity & Single Name Options	81.19%	-50.84%	30.35%	132.04%	Corporate Credit	16.45%	-2.24%	14.21%	18.69%
Italy	2.10%	-16.73%	-14.62%	18.83%	Option & Index Hedges	9.07%	-6.57%	-2.50%	15.64%	Sovereign Credit	0.00%	-27.14%	-27.14%	27.14%
Mexico	11.58%	-1.89%	9.69%	13.47%	Total	90.26%	-57.41%	32.85%	147.67%	Total	16.45%	-29.38%	-12.93%	43.83%
Germany	0.00%	-11.62%	-11.62%	11.62%	Option Premium (MTM)	8Bps	-9Bps	-1Bp	17Bps	Corporate Credit DV01	€1.5k	€0	€1.5k	€1.5k
Spain	5.02%	-6.01%	-0.99%	11.02%	By Sector					CDS PV	0.0%	-2.24%	-2.24%	2.24%
Russian Federation	7.49%	0.00%	7.49%	7.49%		Long	Short	Net	Gross	By Market Cap (Equities only)				
United States	2.45%	-4.90%	-2.45%	7.35%	Financials	41.92%	-17.97%	23.95%	59.89%	> 10 Billion \$	43.32%	-44.46%	-1.15%	87.78%
Switzerland	1.88%	-4.53%	-2.64%	6.41%	Utilities	16.37%	-4.07%	12.30%	20.44%	5 - 10 Billion \$	20.74%	-9.27%	11.47%	30.01%
Poland	3.40%	-2.01%	1.39%	5.42%	Consumer	10.56%	-5.12%	5.44%	15.67%	2 - 5 Billion \$	19.67%	-4.89%	14.78%	24.55%
Belgium	4.55%	0.00%	4.55%	4.55%	Telecommunications	13.12%	0.00%	13.12%	13.12%	< 2 Billion \$	6.54%	-0.75%	5.80%	7.29%
Argentina	1.68%	-2.80%	-1.12%	4.47%	Energy	6.12%	-1.01%	5.11%	7.13%	Total	90.26%	-59.36%	30.90%	149.62%
Portugal	0.00%	-3.38%	-3.38%	3.38%	Tech & IT	4.57%	-1.00%	3.57%	5.57%					
India	2.35%	0.00%	2.35%	2.35%	Materials	4.31%	0.00%	4.31%	4.31%					
South Africa	2.28%	0.00%	2.28%	2.28%	Industrial	0.68%	-1.94%	-1.25%	2.62%					
Korea, Republic of	2.18%	0.00%	2.18%	2.18%	Real Estate	0.00%	-0.75%	-0.75%	0.75%					
China	1.07%	-0.75%	0.32%	1.82%	Developed Market Overlays	9.07%	-54.94%	-45.87%	64.01%					
Hong Kong	0.00%	-1.64%	-1.64%	1.64%	Total	106.71%	-86.79%	19.92%	193.50%					
Netherlands	1.49%	0.00%	1.49%	1.49%										
Colombia	0.00%	-1.01%	-1.01%	1.01%										
United Kingdom	0.00%	-1.00%	-1.00%	1.00%										
General Index Hedges	9.07%	-27.80%	-18.73%	36.87%										
Total	106.71%	-86.79%	19.92%	193.50%										

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