

## FACTSHEET

## Performance Returns

The MontLake Burren Global Arbitrage UCITS Fund finished up 1.30% in November.

## Market Commentary

The fund returned +1.30% net for the month of November, compared to +1.82% for the HFRX Event Driven Index, +0.49% for the HFRX Merger Arbitrage Index and +0.87% for the HFRX Global Hedge Fund Index. Geographical exposure was split approximately as follows: Europe 31% and North America 69%. The fund had no exposure to Asia in the month. The fund's volatility was 2.72% and the Sharpe remained at approximately 1.22%.

Global equity markets rallied aggressively post the shock Trump US election result with the S&P, Eurostoxx and Nikkei returning +3.42%, -0.12% and +5.07% respectively over the month. As investors tried to digest the implications and impact of "Making America Great Again", the consensus moved to embracing the pro-growth agenda coupled with the ability to execute on the strategy with a Republican majority in both houses. In a direct contrast to the expected reaction of a Trump win, the VIX fell from 17.06 to 13.33 and the US Dollar rallied strongly against the EUR, gaining +3.6%. The US Dollar gained +9.2% against the Japanese Yen over the same period. Oil also rallied with crude up more than +5% on the month. With the world facing a potentially inflationary environment, the sector rotation which resulted was startling. Financials and industrials rallied strongly against substantial falls in utilities and consumer staples.

In the month of November, 37 new deals were announced, split roughly 62% North America, 19% Europe and 19% Asia. The Top 5 deals in aggregate totalled approximately \$77 bn. With Trump dominating the news flow in the month, it is no surprise that those corporates that were on the verge of announcing deals held back whilst they digested the potential implications. Considering the uncertainties in the month we navigated the environment well, finishing the month on a very positive note.

We foresee three significant factors which could have an impact on our opportunity set going forward: lower regulation and antitrust hurdles, tax reform and pressure on foreign buyers entering the US. With lower regulation and less of a focus on antitrust enforcement, the implications can only be positive for our sector. A Republican clean sweep should allow changes at the DoJ which could potentially loosen their historical approach. A more deal friendly environment would be inevitable should this occur. Tax reform would also have a positive impact, potentially allowing trapped US earnings to be repatriated and utilised toward domestic acquisitions. The only potential negative is the regulatory effect of the change in sentiment to foreign buyers within the US, especially China. Trump has made no secret of his feelings on this matter. As such we would expect a reduction of US Chinese acquisitions going forward, especially since China has taken the stance that they themselves wish to control deal flow going forward. Overall however, we expect the net Trump effect to be positive for our space. If the regulatory winds do change as we expect, coupled with the repatriation of trapped US cash, we can only expect increased activity going forward.

Merger Arbitrage was the best performing strategy during the month of November, producing +1.41% gross. Vista's acquisition of Cvent closed producing a gross return of +0.46%. We were convinced that the regulatory complexities on this transaction were overblown, but that in the event the DoJ did move to block the transaction, other previously interested buyers could emerge, thus protecting the downside. In fact, we observed this situation as an incredibly cheap option on the successful resolution of the antitrust issues which was ultimately in fact the case. The Fund took a position in Lavendon Plc over the month when TVH Group tabled a bid. Although the bid is not currently recommended by the board, we saw potential for other bidders to emerge, as well as a strong chance of their bid being successful as a result of the limited conditionality. In the days after the initial bid a second party, Loxam, did in fact emerge sending shares in Lavendon up +7%, producing a gross return of +0.28%. We retain the position and await further information from the second bidder. Our Dell / Vmware spread also performed well, contracting post the announcement of their results as anticipated, producing a gross return of +0.15% in the month. We expect further contraction of this spread in the coming weeks and thus retain the position. There were no significant losses within Merger Arbitrage in the month of November.

## THE MANAGER



**Andrew McGrath** obtained a European Baccalaureate in 1995 from the European School in Oxfordshire and then graduated in 1998 with a Bachelor of Commerce, Banking & Finance (Hons) from University College Dublin. After working for Morgan Stanley (1998-

2001) as an associate in the Equity Structured Products Group, Andrew moved to Cater Allen International Limited as Head of Equity Relative Value Proprietary Trading (2001-2003). Andrew then moved to Lehman Brothers International Europe where he co-founded the Special Situations portfolio within Lehman Equity Strategies. After nearly 3 years at Lehman Brothers (2003-2006), he moved to BNP Paribas and assumed the role of European Head of Special Situations & Risk Arbitrage Proprietary Trading. In 2009 Andrew founded Burren Capital Advisors Limited.

## FUND FACTS

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	\$10.6 million
Inception	7 <sup>th</sup> April, 2015
Share Class	<b>Institutional/Institutional Pooled</b>
Currency	EUR/GBP/CHF/USD
Mgt. Fee	1.50%
Perf. Fee	20%
Min Init. Sub.	100,000
ISIN Codes	EUR: IE00BVVB9450/IE00BVVB9D45 USD: IE00BVVB9781/IE00BVVB9H82 CHF: IE00BVVB9674/IE00BVVB9G75 GBP: IE00BVVB9567/IE00BVVB9F68

Share Class	<b>Retail Pooled</b>
Currency	EUR/GBP/CHF/USD
Mgt. Fee	2.00%
Perf. Fee	20%
Min Init. Sub.	100,000
ISIN Codes	EUR: IE00BVVB9J07 USD: IE00BVVB9M36 CHF: IE00BVVB9L29 GBP: IE00BVVB9K12

## PORTFOLIO INFORMATION

No. of positions	32
Positions contributing a profit	24
Positions contributing a loss	8
% of profitable positions	75%
Best performing position	0.46%
Worst performing position	-0.05%
Largest allocation	9.68%

Relative Value produced a gross return of -0.04% in the month of November. Our index reshuffling strategies resulted in mixed performance. We selected the right candidates but were impacted by the market rally and were exposed to the underperforming sectors post the US elections. Similarly, our post capital increase rerating strategy ended flat, as it performed in line with the market hedge. Our telecom M&A portfolio also ended flat as a result of which we are exiting. With a strong sector rotation we experienced, the danger of any single sector exposure increased, thus we are somewhat sitting on our hands for now within the relative value space until we see more stable markets emerge.

Despite continued general macro uncertainty and geopolitical risk we continue to source interesting and non-correlated investment opportunities which we will take advantage of to continue to produce consistent high quality returns. Merger Arbitrage in particular represents as good an opportunity as it has over the past few years, with wide spreads continuing to dominate the space. The risk reward of many situations remains very compelling and we believe that this will be the case in the coming months and into 2017. We are and continue to be very excited about our environment.

#### UCITS Monthly Performance\* (USD Institutional Founder Class B)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2016	+0.07%	+0.89%	+0.05%	-0.08%	+0.31%	+1.03%	+0.91%	+1.18%	+0.91%	-0.99%	+1.30%		+5.70%
2015	-	-	-	-0.66%	+0.54%	-0.96%	+0.28%	-0.80%	-0.22%	+1.77%	-0.18%	+0.30%	+0.05%

\*The performance figures quoted above represent the performance of the Burren Global Arbitrage UCITS Fund since its launch on 7<sup>th</sup> April 2015. These performance figures refer to the past and past performance is not a guarantee of future performance or a reliable guide to future performance.

#### New Deals

	Sector	Country	Value (USDM)
Energy Transfer Partners LP \ Sunoco Logistics Partners LP	Energy	US	51,381.62
Harman International Industries Inc \ Samsung Electronics Co Ltd	Consumer, Cyclical	US	8,651.01
Equity One Inc \ Regency Centers Corp	Financial	US	5,960.20
Western Refining Inc \ Tesoro Corp	Energy	US	5,889.54
Brocade Communications Systems Inc \ Broadcom Ltd	Technology	US	5,551.41

#### Completed Deals

	Sector	Country	Value (USDM)
NetSuite Inc \ Oracle Corp	Technology	US	8,716.28
SolarCity Corp \ Tesla Motors Inc	Energy	US	5,319.16
Rackspace Hosting Inc \ Apollo Global Management LLC	Technology	US	4,215.37
Integrated Device Technology Inc \ Private Investor	Technology	US	4,058.05
Cepheid \ Danaher Corp	Consumer, Non-cyclical	US	3,896.58

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#### Disclaimer

**Risk Warning:** Past performance is not a reliable indicator of future results, prices of investments and the returns from them may fall as well as rise. Investments in equities are subject to market risk and, potentially, to currency exchange risk. The Burren Global Arbitrage UCITS Fund (the "Fund") may use higher leverage and financial derivative instruments as part of the investment process. The distribution of this report does not constitute an offer or solicitation. Any investment in the Fund should be based on the full details contained in the Fund's Supplement Prospectus and Key Investor Information Documents which together with the Montlake UCITS Platform ICAV Prospectus may be downloaded from the MontLake website ([www.montlakeucits.com](http://www.montlakeucits.com)). Information given in this document has been obtained from, or based upon, sources believed by us to be reliable and accurate although neither ML Capital nor Burren Capital Advisors Ltd accepts liability for the accuracy of the contents. Burren Capital Advisors Ltd is authorised and regulated by the Financial Services Commission (FSC). ML Capital does not offer investment advice or make recommendations regarding investments. The Manager of the Fund is MLC Management Ltd, a company regulated by the Central Bank of Ireland. The MontLake UCITS Platform ICAV is registered and regulated as an open-ended Irish collective asset-management vehicle with segregated liability between sub-Funds formed in Ireland under the Irish Collective Asset-management Vehicles Act 2015 and authorised by the Central Bank as a UCITS pursuant to the UCITS Regulations. ML Capital Asset Management Ltd is regulated by the Central Bank of Ireland. This notice shall not be construed as an offer of sale in the Fund or in any other fund managed or advised by Burren Capital Advisors Ltd.

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