

FACTSHEET

Performance Returns

The Ronit Global Opportunities UCITS Fund returned -2.92% in the month of May (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

Over the last few years, we have observed that market participants are displaying increasingly uniform behaviour when conditions appear to improve or deteriorate. This has been reflected by changes in our language, such as the fashion for "risk on/off" terminology to describe periods of collective risk-aversion or risk-appetite. At the same time, we've also noted that this conformity can break down under certain circumstances and, as we move from an environment marked by considerable central bank activity to one with limited intervention, we expect to see greater dispersion across markets and asset classes. Market performance this month would appear to support this view; while certain markets were impacted by developments in EM or Italy – Brazil, for instance – others continued to power ahead creating a divergence that was fairly material.

Given the abrupt shift in market performance in Brazil and the subsequent weakness in the first few days of June we thought it appropriate to provide an update on our thoughts and views on the situation there. As discussed previously we had been concerned that a higher rates regime and stronger dollar would work as a headwind for emerging markets, despite better macro fundamentals across much of the region. Incorporating this into our analysis, we have remained constructive on a selected number of idiosyncratic situations in Brazil, confident that the improving economic backdrop still provided favourable conditions for our investment theses to unfold. According to our assessment, Brazil's economic recovery, stable and lower inflation and an improving external situation outweighed oncoming election volatility and longer term concerns over structural reforms. During May a series of events would combine with a downturn in the external environment to throw the market into disorder, leading to weakness in the currency markets and, eventually, across all other asset classes.

We approached the month with a raised volatility forecast, as the main period of electoral campaigning (which runs through from July to October) was due to begin and support for pro-market candidates had waned. However, what volatility we had anticipated was exacerbated midway through the month when a loose, alliance of Brazilian trucker unions announced a strike to protest rising fuel prices. Searching for an institution to blame the price increase on, the strikers directed their attack against Petrobras, the state owned Oil Company. Despite the severe disruption that the strike created across the country, much of the Brazilian population sided with the truckers, placing the Government in a difficult bind. With unrest rising and businesses forced to suspend operations due to choked supply-chains, the Government finally reached a compromise with the truckers in order to break the strike.

Given the recent events in Turkey and Argentina, markets anticipated a crisis and priced Brazilian securities accordingly. Though that crisis has since failed to materialise, Brazilian assets have continued to trade at substantially lower prices in the first week of June. We continue to believe that the financial situation in Brazil, while not overtly positive, remains fairly robust. Although it can be argued that Brazil faces certain long-term fiscal challenges, it has a very favourable current account and reserve position when compared with Argentina or Turkey. At present currency levels, Brazil is probably running no current account deficit, foreign direct investment flows are around 3% of GDP and the foreign exchange reserve position is close to 20% of GDP. Also, Brazilian debt is primarily local and external funding needs are very limited. Thus, while one may be right to worry about the general long-term tendency of the Brazilian economy, there is no reason to believe that we have entered a period of crisis.

Position Update

In general, international equity markets struggled whereas US assets rallied, suggesting that, at least for the moment, stronger earnings have overshadowed the possible second-order impact of the dollar appreciation. We also saw the beginning of the leakage in credit, with spreads widening to reflect the growing stress placed on the European financial sector by the deterioration of sovereign credit. We believe that this trend will be reinforced as the ECB signals its plan to wind down the QE process in Europe.

Brazil suffered materially from negative domestic news and external developments. This prompted a sudden collapse of risk-tolerance among market participants, causing many of our positions to perform poorly despite positive name-specific news. We believe these moves are excessive and a result of grouping Brazil in with other stressed Emerging Markets credit. These short term correlations are not new and in our experience have represented attractive opportunities. The deterioration in Brazil was offset by strong performance in a number of short themes and overlays, which worked well during the month as credit spreads widened and the market finally started repricing sovereign credit risk in the European periphery.

Ronit Global Opportunities UCITS Fund Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2018	4.39%	1.71%	-0.17%	-3.28%	-2.92%								-0.48%
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 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 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 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	\$24.5m
Strategy AUM	\$189 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	8.97%	PETROBRAS	9.23%	Undisclosed – Financials (United States)	4.44%
TRANSMISSORA ALIANCA	6.10%	CEMIG GERACAO E TRANSM	6.66%	Undisclosed – Financials (Poland)	2.27%
BB SEGURIDADE PARTICIPACOES	5.68%	ITAU UNIBANCO HLDG	4.30%	Undisclosed – Financials (Portugal)	2.20%
BAIDU INC	4.43%			Undisclosed – Energy (Colombia)	1.74%
SIEMENS GAMESA RENEWABLE	4.39%			Undisclosed – Consumer (United Kingdom)	1.64%

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

Positive			Negative		
Strategy	%		Strategy	%	
PETROLEO BRASILEIRO	Equity Long	0.52%	BANCO DO BRASIL S.A.	Equity Long	-0.90%
ALTABA INC	Equity Long	0.35%	CIA DE TRANSMISSAO DE ENE	Equity Long	-0.89%
BHP BILLITON PLC	Equity Long	0.34%	BB SEGURIDADE PARTICIPACOES	Equity Long	-0.59%
Undisclosed – Financials (Portugal)	Equity Short	0.23%	VEON LTD	Equity Long	-0.58%
Undisclosed – Financials (Argentina)	Equity Short	0.22%	TRANSMISSORA ALIANCA	Equity Long	-0.58%

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	58.74%	0.00%	58.74%	58.74%	Equity & Single Name Options	74.95%	-32.07%	42.89%	107.02%	Corporate Credit	23.34%	-2.68%	20.67%	26.02%
United States	6.19%	-5.79%	0.40%	11.98%	Option & Index Hedges	0.09%	-25.67%	-25.58%	25.75%	Total	23.34%	-2.68%	20.67%	26.02%
Mexico	8.41%	-0.71%	7.70%	9.12%	Total	75.04%	-57.73%	17.31%	132.77%	Corporate Credit DV01	€3.4k	€0	€3.4k	€3.4k
China	8.06%	0.00%	8.06%	8.06%	Option Premium (MTM)	0 Bps	-18 Bps	-18 Bps	18 Bps	CDS PV	0.78%	-2.68%	-1.90%	3.45%
Spain	5.67%	-0.69%	4.98%	6.37%	By Sector					By Market Cap (Equities only)				
Poland	3.70%	-2.27%	1.43%	5.97%	Financials	30.25%	-13.96%	16.30%	44.21%	> 10 Billion \$	23.94%	-53.28%	-29.34%	77.23%
Russian Federation	3.94%	0.00%	3.94%	3.94%	Utilities	29.12%	0.00%	29.12%	29.12%	5 - 10 Billion \$	14.12%	-2.55%	11.57%	16.66%
Italy	0.00%	-2.76%	-2.76%	2.76%	Energy	14.83%	-1.74%	13.09%	16.58%	2 - 5 Billion \$	31.45%	-1.90%	29.54%	33.35%
Portugal	0.00%	-2.20%	-2.20%	2.20%	Telecommunications	11.27%	0.00%	11.27%	11.27%	< 2 Billion \$	5.54%	0.00%	5.54%	5.54%
Colombia	0.00%	-1.74%	-1.74%	1.74%	Tech & IT	6.10%	0.00%	6.10%	6.10%	Total	75.04%	-57.73%	17.31%	132.77%
Korea, Republic of	1.67%	0.00%	1.67%	1.67%	Consumer	1.28%	-3.94%	-2.66%	5.22%					
Argentina	0.00%	-0.98%	-0.98%	0.98%	Materials	2.15%	0.00%	2.15%	2.15%					
United Kingdom	0.00%	-0.92%	-0.92%	0.92%	Industrial	1.37%	0.00%	1.37%	1.37%					
Hong Kong	0.00%	-0.81%	-0.81%	0.81%	Developed Market Overlays	2.00%	-40.77%	-38.77%	42.77%					
Germany	0.00%	-0.76%	-0.76%	0.76%	Total	98.38%	-60.41%	37.98%	158.79%					
General Hedges	2.00%	-40.77%	-38.77%	42.77%										
Total	98.38%	-60.41%	37.98%	158.79%										

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