

FACTSHEET

Performance Returns

The Ronit Global Opportunities UCITS Fund returned +9.92% in the month of October (USD Institutional A Founder Class Pooled).

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

As we have discussed in previous letters, we believed for much of the year that risk-pricing in the general environment was unattractive given higher rates and mounting global political tensions. Conversely, we were persuaded that in Brazil the currency and the local bond and stock markets were discounting an excessively negative outcome from the presidential elections when compared with fundamental valuations. While we knew that we would have a resolution to our view on Brazilian securities in October with the Presidential vote, and anticipated a positive outcome, we cannot honestly say that we were expecting the drastic re-pricing of risk in global financial assets that occurred during the same month. The simultaneous convergence of these two convictions, which had guided the way we thought about and structured the portfolio, meant that nearly all of our strategies were positive contributors despite the market turmoil.

It has always been part of our approach to investing to hold to our views and convictions until fundamental developments compel us to change our minds. This approach does make us somewhat contrarian in many situations, though we have never made it our business to always stand against majority consensus. During 2018, this approach was a tough one to manage as the market seemed to entertain complacency in certain areas, while severely penalizing markets that were deemed riskier. As a distinct feature of contemporary financial markets, the growth in passive investing and systematic or momentum-oriented strategies only exacerbated this tendency. The Brazilian elections provide a case in point. Over the last six months, investors in Brazil have faced extraordinary turbulence, in no small part due to the markets apparent inability to weigh the relative importance of news flows. Thus, the whole risk-aspect of the market could be turned on its head by inconsequential and often unreliable bits of polling data. Against this backdrop of market uncertainty, our view has been consistent all along. We believed that the country was ready to vote for change and that, once ex-president Lula was debarred from running, the electorate would look to candidates like Jair Bolsonaro. While we saw little reason to change this view across the electoral cycle, the appearance of uncertainty was enough to obscure the positive developments in certain companies in the minds of investors. However, as the perceived electoral risk was removed, months of negativity were converted into an explosion of positivity. As happens in these situations, liquidity is never as good as expected and the consequent move in the stock prices was as strong as it was sudden. In this case, it worked very well for our positions.

Position Update

After a period of market turbulence like that of the last few weeks, it is not surprising to see some relief. That said, we continue to think that the market remains too complacent on rates, and especially on the much lower liquidity that will follow a higher rates regime. Additionally, the performance of those sectors that have often acted as reliable early warning indicators – for instance, housing or semi-conductors – warrants a certain level of caution. However, as one would expect, renewed volatility has created interesting opportunities, which can be divided into four themes:

1. Long term winners with best-of-class business models in emerging markets that have re-rated in the general market sell-off.
2. Credit relative value opportunities as the sell-off in credit creates certain inconsistencies in the shapes of sovereign and corporate credit curves.
3. The beginning of the market's reassessment of the sustainability of large multinationals with highly leveraged balance sheets and significant emerging market exposures.
4. Idiosyncratic opportunities such as the potential for actual structural reform as opposed to reform discussion in Brazil, more turmoil in Mexico, incipient recessionary dynamics in Turkey and Argentina, or the possible resolution of the sanctions impasse in Russia.

As you can imagine we remain very excited about the opportunities these themes will yield. If we are indeed still in a rising Fed Funds rate environment - and in our opinion the latest GDP deflator prints coupled with the historically low unemployment level and a large US fiscal deficit all suggest that the Fed will continue on that path - then this is not the time to make a bold call on the particular attractiveness of emerging markets as a class on either an absolute or relative basis. Rather we will seek to take advantage of further inconsistencies and volatility, concentrating on discrete opportunities with attractive risk-reward.

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%	-1.56%	2.86%	-2.75%	-0.48%	9.92%			7.19%
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 Pooled 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	\$24m
Strategy AUM	\$148 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	
CIA DE TRANSMISSAO	8.32%
TRANSMISSORA ALIANCA	5.60%
TAIWAN SEMICONDUCTOR	5.54%
JD.COM	4.34%
PLAY COMMUNICATIONS	3.77%

Top Corporate Credit Long	
PETROBRAS	8.48%
CEMIG GERACAO E TRANS	5.65%

Top 5 Equity Short	
Undisclosed – Financials (Portugal)	1.81%
Undisclosed – Tech & IT (Argentina)	1.58%
Undisclosed – Materials (Switzerland)	1.51%
Undisclosed – Tech & IT (Germany)	1.41%
Undisclosed – Industrial (Spain)	1.30%

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

Positive		
Strategy	%	
CIA ENERGETICA DE	Equity Long	2.61%
CIA DE TRANSMISSAO DE ENE	Equity Long	1.68%
TRANSMISSORA ALIANCA DE	Equity Long	1.32%
BANCO DO BRASIL S.A.	Equity Long	1.25%
BB SEGURIDADE PARTICIPACOES	Equity Long	0.85%

Negative		
Strategy	%	
TAIWAN SEMICONDUCTOR	Equity Long	-0.73%
PLAY COMMUNICATIONS SA	Equity Long	-0.72%
TENCENT HOLDINGS LTD	Equity Long	-0.45%
SIEMENS GAMESA RENEWABLE ENE	Equity Long	-0.42%
ALTABA INC	Equity Long	-0.16%

Exposures (% of NAV)

By Country	Exposure			
	Long	Short	Net	Gross
Brazil	30.16%	-1.81%	28.35%	31.97%
Germany	24.21%	-1.41%	22.80%	25.62%
United States	8.82%	0.00%	8.82%	8.82%
Spain	3.16%	-2.93%	0.22%	6.09%
Taiwan	5.54%	0.00%	5.54%	5.54%
China	4.34%	-1.08%	3.26%	5.41%
Italy	3.75%	-0.25%	3.49%	4.00%
Poland	3.77%	0.00%	3.77%	3.77%
Argentina	1.50%	-1.58%	-0.08%	3.09%
Russian Federation	2.16%	0.00%	2.16%	2.16%
Mexico	1.41%	-0.26%	1.15%	1.67%
Switzerland	0.00%	-1.51%	-1.51%	1.51%
Hong Kong	0.00%	-0.89%	-0.89%	0.89%
Developed Market Overlays	1.18%	-34.94%	-33.76%	36.12%
Total	90.00%	-46.67%	43.33%	136.67%

Equity Exposures By Instrument (Delta Adjusted)				
	Long	Short	Net	Gross
Equity & Single Name Options	42.19%	-13.66%	28.53%	55.85%
Option & Index Hedges	0.65%	-32.76%	-32.10%	33.41%
Total	42.85%	-46.42%	-3.57%	89.27%

Option Premium (MTM)				
	Long	Short	Net	Gross
	4 Bps	-52 Bps	-48 Bps	56 Bps

By Sector	Exposure			
	Long	Short	Net	Gross
Sovereign	32.49%	0.00%	32.49%	32.49%
Utilities	21.68%	0.00%	21.68%	21.68%
Tech & IT	11.33%	-2.99%	8.34%	14.32%
Energy	11.64%	0.00%	11.64%	11.64%
Telecommunications	8.11%	-1.63%	6.48%	9.75%
Financials	2.16%	-1.81%	0.35%	3.97%
Industrial	1.41%	-1.30%	0.11%	2.71%
Materials	0.00%	-2.40%	-2.40%	2.40%
Consumer	0.00%	-1.59%	-1.59%	1.59%
Developed Market Overlays	1.18%	-34.94%	-33.76%	36.12%
Total	90.00%	-46.67%	43.33%	136.67%

Credit Exposures	Exposure			
	Long	Short	Net	Gross
Corporate Credit	14.66%	-0.25%	14.41%	14.92%
Sovereign Credit	32.49%	0.00%	32.49%	32.49%
Total	47.15%	-0.25%	46.90%	47.41%

Sovereign Credit DV01				
	Long	Short	Net	Gross
	€1.4k	€0	€1.4k	€1.4k

Corporate Credit DV01				
	Long	Short	Net	Gross
	€3.1k	€0	€3.1k	€3.1k

CDS PV				
	Long	Short	Net	Gross
	0.54%	-0.25%	0.28%	0.79%

By Market Cap (Equities only)	Exposure			
	Long	Short	Net	Gross
> 10 Billion \$	18.43%	-44.58%	-26.14%	63.01%
5 - 10 Billion \$	3.20%	-1.58%	1.62%	4.78%
2 - 5 Billion \$	21.21%	-0.26%	20.95%	21.47%
< 2 Billion \$	0.00%	0.00%	0.00%	0.00%
Total	42.85%	-46.42%	-3.57%	89.27%

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