

FACTSHEET

Performance Returns

The Ronit Global Opportunities UCITS Fund returned +2.91% in the month of December (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 risk/reward and idiosyncratic risks can generate attractive returns over time and across market cycles.

Monthly Commentary

2018 was an eventful year in our investment universe, with pivotal general elections (Mexico, Brazil), the Fed hiking rates, expanded sanctions (Russia, Iran), intermittent currency crises (Turkey, Indonesia, Argentina), IMF bailouts (Argentina), trade wars (China, EU, NAFTA), and even occasional fears of hot conflicts (the Korean peninsula). As a class, emerging market assets responded poorly but in a remarkably orderly fashion. As has been the case in previous years, emerging market equities and bonds bore the brunt of the initial impact as liquidity conditions tightened, but weathered the subsequent round of market weakness somewhat more successfully than developed markets. Thus, while this has been a difficult year for emerging markets altogether, it was salutary inasmuch as it demonstrated that structural changes in these markets (e.g. moving from fixed to floating exchange rates, better liability management, etc...) over the last few decades have reduced their vulnerability to systemic risk and contagion.

From a macro point of view we have no reason to think 2019 will be any less eventful. Early state elections in India would indicate that the general election in June is still wide-open, important elections in Argentina this year are also uncertain and recent statements from President Xi suggest that Chinese irredentism (now focused on Taiwan) has not been curbed but encouraged by the Communist Party. Perhaps more importantly, we will see the effects of last year's downturn begin to ramify: initial signs point to an unsurprisingly significant slowdown in some countries (Turkey, Argentina); the economic policies of new governments in Brazil and Mexico are taking shape and may exceed or disappoint current expectations; sanctions regimes may be eased in some cases (Russia) and tightened in others (Iran); and the ongoing Sino-American trade dispute is poised on a knife-edge. The collapse in energy prices will also have consequences for countries such as Saudi Arabia (since at current prices their budget dynamics are unsustainable), and will perturb other established trends in the global economy founded on optimistic assumption about oil prices.

Position Update

All things considered, we think that the macro outlook is mixed and does not necessarily favour a strategy of material directional positioning. At the same time, since we do not believe this represents the beginning of a new financial crisis, we think a more clouded macro environment will create attractive opportunities at the micro level, with better risk-reward and less crowding. In certain areas of credit, for example, we are starting to see more pockets of attractive valuation. For our strategy, dispersion among companies and sectors creates opportunities with risk-reward profiles we favour, and we believe that these will be plentiful this year. In particular, we are currently assessing the following themes:

1. High quality emerging market companies that have corrected because of general market weakness but whose structural growth rates remain materially higher than the incremental cost of capital.
2. Structural changes in certain countries and industries that will yield interesting opportunities. For example the elections in Brazil and Mexico present two very different policy mixes, with potentially interesting micro implications. Similarly new industries are emerging across the region especially in the financial sector which we believe have not been priced adequately by financial markets.
3. The weakness across credit last year has led to some opportunities in both absolute credit spreads and in dislocations across some credit curves
4. On the short side, we think 2019 will be the year when some unsustainable business models will see their day of reckoning as they will no longer be able to get nearly free funding from investors chasing returns.

Our approach in 2019 will be to focus on these micro trends, while actively managing the risks arising from the complicated macro environment. We think this argues for maintaining a relatively low gross in the portfolio and limited long exposure. The higher levels of volatility create an additional cost for us in terms of managing dislocation risks and we think selected credit strategies could play a more prominent role than in previous years. As has been the case in the past, our performance will ultimately be driven by individual selection of securities and themes, though we will need to navigate increasingly turbulent macro currents judiciously.

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%	2.26%	2.91%	12.80%
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	\$26m
Strategy AUM	\$150 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	
PLAY COMMUNICATIONS	7.43%	CEMIG GERACAO E TRANSM	7.37%	Undisclosed – Tech & IT (Germany)	2.04%
CIA DE TRANSMISSAO	4.79%	PETROBRAS	7.27%	Undisclosed – Materials (Switzerland)	1.89%
TRANSMISSORA ALIANCA	4.44%			Undisclosed – Telecommunications (Spain)	1.58%
CIA ENERGETICA	4.26%			Undisclosed – Consumer (China)	1.29%
JD.COM INC	4.40%			Undisclosed – Tech & IT (Argentina)	1.12%

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

Positive			Negative		
Strategy	%		Strategy	%	
PLAY COMMUNICATIONS	Equity Long	1.64%	SIEMENS GAMESA RENEWABLE	Equity Long	-0.49%
CIA ENERGETICA DE	Equity Long	0.45%	ALTABA INC	Equity Long	-0.32%
Undisclosed – Tech & IT (Argentina)	Equity Short	0.36%	APPLE INC	Equity Long	-0.27%
CIA DE TRANSMISSAO	Equity Long	0.33%	SBERBANK	Equity Long	-0.23%
TRANSMISSORA ALIANCA	Equity Long	0.27%	PETROLEO BRASILEIRO	Equity Long	-0.15%

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	28.13%	0.00%	28.13%	28.13%	Equity & Single Name Options	41.25%	-10.10%	31.16%	51.35%	Corporate Credit	16.58%	-0.21%	16.37%	16.79%
Germany	25.72%	-2.04%	23.67%	27.76%	Option & Index Hedges	0.00%	-13.12%	-13.12%	13.12%	Sovereign Credit	34.42%	-21.88%	12.54%	56.30%
Italy	3.84%	-22.09%	-18.25%	25.93%	Total	41.25%	-23.22%	18.04%	64.47%	Total	51.00%	-22.09%	28.91%	73.09%
United States	11.90%	0.00%	11.90%	11.90%	Option Premium (MTM)	0 Bps	-59 Bps	-59 Bps	59 Bps	Sovereign Credit DV01	€1.5k	€0	€1.5k	€1.5k
Poland	7.43%	0.00%	7.43%	7.43%	By Sector					Corporate Credit DV01	€3.3k	€0	€3.3k	€3.3k
China	3.64%	-1.29%	2.35%	4.93%		Long	Short	Net	Gross	CDS PV	0.85%	-0.21%	0.64%	1.06%
Spain	3.27%	-1.58%	1.69%	4.85%	Sovereign	34.42%	-21.88%	12.54%	56.30%	By Market Cap (Equities only)				
Argentina	2.01%	-1.69%	0.33%	3.70%	Utilities	20.90%	0.00%	20.90%	20.90%		Long	Short	Net	Gross
Russian Federation	3.17%	0.00%	3.17%	3.17%	Telecommunications	11.07%	-1.58%	9.49%	12.65%	> 10 Billion \$	15.82%	-20.77%	-4.95%	36.59%
Switzerland	0.00%	-1.89%	-1.89%	1.89%	Energy	11.63%	0.00%	11.63%	11.63%	5 - 10 Billion \$	3.27%	-2.45%	0.82%	5.72%
Mexico	1.24%	0.00%	1.24%	1.24%	Tech & IT	5.77%	-3.73%	2.05%	9.50%	2 - 5 Billion \$	22.16%	0.00%	22.16%	22.16%
United Kingdom	1.09%	0.00%	1.09%	1.09%	Financials	6.41%	-0.76%	5.65%	7.17%	< 2 Billion \$	0.00%	0.00%	0.00%	0.00%
Hong Kong	0.00%	-0.84%	-0.84%	0.84%	Materials	0.00%	-2.73%	-2.73%	2.73%	Total	41.25%	-23.22%	18.04%	64.47%
Turkey	0.00%	-0.76%	-0.76%	0.76%	Consumer	0.00%	-1.50%	-1.50%	1.50%					
Developed Market Overlays	0.82%	-13.12%	-12.31%	13.94%	Industrial	1.24%	0.00%	1.24%	1.24%					
Total	92.26%	-45.31%	46.95%	137.56%	Developed Market Overlays	0.82%	-13.12%	-12.31%	13.94%					
					Total	92.26%	-45.31%	46.95%	137.56%					

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