

FACTSHEET

Performance Returns

The Pegasus UCITS Fund returned -0.5% in March (GBP Institutional share class).

Monthly Review

The dispersion of returns this month was high both absolute and relative to the modest move in NAV. This largely reflects the volatility we expect to see around reporting season, with over half of our holdings providing some form of trading update this month, and the rest digesting or travelling into corporate news flow.

Attribution over the period is thus best explained by a bottom up review of events and our thinking on the largest contributors on both sides of the balance sheet.

In the long book, our airlines exposure continued to make a meaningful contribution to fund returns (>200bp year-to-date). A mix of better than expected revenue/seat, capacity growth and FX tailwinds helped easyJet upgrade earnings expectations, albeit some of these gains will be offset by modest negative revisions to cost guidance. As we've noted in recent investor letters, the momentum behind current trading comes despite yield headwinds from capacity growth (both competitively, and some of their own new and relatively immature slots at Gatwick). We continue to believe investors underappreciated the quality (breadth, and increasingly depth) of EZJ's network relative to other LCC's.

The strong performance and flow picture at AHL is driving the near term outlook for Man group, a relatively recent addition to the midcap book in-line with our stated aim of building out this end of the balance sheet. Notwithstanding the importance of the gearing here, we also feel Man has the capacity to consolidate further. Management have a good track record of de-emphasizing the AHL drop through by adding other products at sensible and accretive prices (on attractive, often performance contingent deal structures). Man's distribution platform is one it's best assets and remains under leveraged, we believe, and despite buying over \$20bn in AUM last year we see scope for further deals.

The losses offsetting these gains in the long book were concentrated in names where recent news flow has actually been supportive (and in most cases, the equity has since recovered and some to reflect this). We outlined our thinking - and frustration - on Dixons Carphone in the previous letter, and against a relatively quiet period of news flow it was disappointing to give back more performance here.

Similarly, although we were pleased with trading and the debt and returns granularity in another recent purchase, Regus, the shares gave back all of the gains made coming into the update. Booker was another case in point. The shares sold off aggressively into month end over deflationary concerns and Macro drag ahead of a scheduled update at the beginning of April. Cash and profits were inline, and the shares recovered.

Turning to the short book, our resources positions produced excellent alpha generation in March, and as covered elsewhere in this letter, all gains here were realised in full pre Shell's bid for BG.

This was also the case with one of our more established small cap tech (or lack thereof) positions, Monitise. The position has delivered excellent ROCE and a pleasing absolute contribution too. However, we are always mindful of thesis drift in shorts and we felt our thinking here has now largely played out to a point where the equity better (but perhaps not fully) reflects the uncertainty around audacious ARPU / subscriber targets.

Against these positive contributors we gave back some of the gains in Standard Chartered. Our thesis of increased investor (and indeed regulator) focus on improving capital ratios solving for a further tempering of asset and ultimately revenue growth is now better understood in the market. Although there are still issues with RWA procyclicality (rising risk weights), recent management changes and lack of capital raise (for now) has helped sentiment short term and we have closed the position.

GBP Institutional Share Class (PEFUCGI ID)

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Y-T-D
2010	-	-	-	-	-	-	-	-	-	0.1%	-2.2%	6.7%	4.5%
2011	-3.6%	3.1%	-1.8%	4.1%	-1.3%	2.4%	-1.5%	-4.9%	-4.7%	4.8%	-0.5%	0.5%	-3.7%
2012	-0.4%	4.4%	-1.7%	2.3%	-2.2%	-2.0%	-0.1%	1.0%	-1.5%	-0.3%	1.4%	-1.1%	-0.4%
2013	7.7%	4.8%	5.3%	0.6%	7.2%	0.5%	5.5%	-3.7%	3.8%	3.7%	1.4%	2.7%	46.8%
2014	-0.7%	5.9%	-1.9%	-9.9%	-2.3%	-4.3%	-1.3%	0.6%	-0.1%	-0.4%	-1.6%	-1.4%	-16.7%
2015	1.3%	0.5%	-0.5%										1.4%

The performance figures quoted above represent the performance of the Pegasus UCITS Fund (GBP Institutional) since its launch on 1st Oct 2010. 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

**CLAREVILLE
CAPITAL**



David Yarrow is a Partner and Fund Manager at Clareville Capital. Prior to Clareville, David spent 8 years working as an institutional stockbroker

in UK equities, both in London and New York. In 1993 he was appointed a Director of Equities at Natwest Securities where he worked until leaving to launch Clareville.



Angus Donaldson is a Partner and Fund Manager at Clareville Capital, whom he joined in September 2008.

Prior to Clareville, Angus was a founding partner and Fund Manager at Corin Capital - a UK long short equity hedge fund. Previously, he was Managing Director and Head of UK Equity Sales at Dresdner Kleinwort Wasserstein.

FUND FACTS

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
AUM	\$12.9m
Share Class	Institutional
Currency	EUR/GBP/CHF/USD
Mgt. Fee	1.75%
Perf. Fee	20%
Min Initial Subsc.	100,000
Date of Inception	01.10.2010
ISIN Codes	EUR: IE00B3QL113 USD: IE00B3QZNH75 CHF: IE00B3MBJQ07 GBP: IE00B68Z1V62
	Pooled GBP: IE00B3RTD232
Share Class	Retail
Currency	EUR/GBP/CHF/USD
Mgt. Fee	2%
Perf. Fee	20%
Min Initial Subsc.	1000
ISIN Codes	EUR: IE00B3N9LL24 USD: IE00B3SGTD66 CHF: IE00B3SLGP29 GBP: IE00B3YLLZ14
	Pooled GBP: IE00B4M22S36

COMPOSITION OF FUND

Top long holdings

	%
Dixons Carphone Plc	9.3
Wood Group Plc	4.7
Regus Plc	4.0
Booker Plc	3.3
Howden Joinery Plc	2.5
Allied Minds Plc	1.9
Petrofac Plc	1.8
LSE Plc	1.7

Sector Breakdown

	Long (%)	Short (%)
Automobiles and Parts	0	0
Banks	0	-1.1
Basic Resources	0	-1.8
Chemicals	0	0
Construction & Materials	0	0
Financial Services	0	0
Food and Beverage	0	0
Health Care	0	0
Industrial Goods & Services	6.1	0
Insurance	0	0
Media	0	0
Oil & Gas	2.9	-3.0
Personal & Household Goods	0	0
Real Estate	0	0
Retail	20.4	-0.6
Technology	0	0
Telecommunications	13.9	-0.2
Travel & Leisure	29.1	0
Utilities	0	0

Top positive stock contributors

	Contribution (%)
Tullow Plc	0.59
easyJet Plc	0.33
BG Group Plc	0.29
Allied Minds Plc	0.28
Man Group Plc	0.27

Top negative stock contributors

	Contribution (%)
Dixons Carphone Plc	-0.63
Regus Plc	-0.35
Standard Chartered Plc	-0.31
Booker Plc	-0.29
Ashtead Plc	-0.28

Exposures

Long	72.4%
Short	6.7%
Net	65.7%
Gross	79.1%
Total number of long positions	18
Total number of short positions	6

Contact Details

Investor Contact

ML Capital Ltd
30 St James's Square
London, SW1Y 4AL
T: +44 20 7925 2748
info@mlcapital.com

Investment Manager

ML Capital Asset Management Ltd
26 Fitzwilliam Street Upper
Dublin 2, Ireland
T: +353 1 535 0912
info@mlcapital.com

Sub Investment Manager

Clareville Capital LLP
121 Sloane Street,
London SW1X 9BW, UK
T: +44 20 7811 3800
info@clarevillecapital.com

Disclaimer

Risk Warnings: Past performance is not a reliable indicator of future results, prices of investments and the income from them may fall as well as rise. Investments in equities are subject to market risk and, potentially, to currency exchange rate risk. The Pegasus UCITS Fund (the "fund") may use financial derivative instruments as a 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 Prospectus may be downloaded from the MontLake website (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 ML Capital does not accept liability for the accuracy of the contents. Clareville Capital Partners LLP is authorised and regulated by the U.K. Financial Services Authority. The Pegasus Fund is not a UCITS Fund and the performance may not always be the same as the Pegasus UCITS Fund. ML Capital does not offer investment advice or make recommendations regarding investments. The Investment Manager and Promoter of the Fund is ML Capital Asset Management Ltd, a company regulated by the Central Bank of Ireland. The MontLake UCITS Platform plc. is registered and regulated in Ireland as an open ended investment company with variable share capital and segregated liability between sub funds. This notice shall not be construed as an offer of sale in the Fund.

Issued and approved by ML Capital Asset Management Ltd. Authorised and Regulated by the Central Bank of Ireland