

## FACTSHEET

## Performance Returns

The MontLake Burren Global Arbitrage UCITS Fund finished up 0.30% in December

## Market Commentary

The Burren Global Arbitrage Fund returned +0.30% net for the month of December, compared to -0.93% for the HFRX Event Driven Index and -1.33% for the HFRX Global Hedge Fund Index. Generally speaking, 2015 was an extremely difficult year to navigate with Event Driven generally underperforming as a strategy. This has enabled us to further differentiate our strategy and skill set. There were several high profile deal failures over the course of the year which we successfully avoided. Although the macro backdrop improved dramatically in 2015, there were several headwinds over the course of the year that came and went. It is the first year since the fund's inception in 2010 that we feel we are on course to eventually observe an environment in which we can demonstrate true differentiation and be able to achieve a more compelling return profile.

Equity markets ended the year under pressure with the S&P finishing the month and year down -1.75% and -0.73% respectively, the Eurostoxx also down for the month -6.81% but finishing the year marginally positive at +0.14%, the Nikkei down on the month -3.61% and positive for the year at +6.58% and the Shanghai Composite finishing the month and year in positive territory at +2.72% and +9.41% respectively. Volatility increased slightly over the month but the VIX still closed below 20% at 18.21%. Over the course of the month of December credit did not change significantly. However, high yield came further under pressure on the back of an eye watering drop in oil prices. As refinancing looms for many players across the space, we continue to keep a close eye on any contagion/fallout from the high yield credit markets. It is a concern, however we are confident that any issues should be contained within the sector rather than causing any significant pressure in other areas. WTI Crude Oil finished the month down -18.01%.

In the month of December, 29 new deals were announced split roughly 62% North America, 17% Europe and 21% Asia. The top 5 deals in aggregate amounted to \$107bn approximately, further reinforcing the continued momentum in the market. Since March 2015 every month has exceeded \$100bn in aggregate deal volume for the top 5 deals. Dow Chemical's announced \$65bn strategic acquisition of Du Pont, Newell Rubbermaid's \$18bn acquisition of Jarden and Mondelez's \$14bn acquisition of Green Mountain are all clear examples of how vibrant our space is. There is no indication that the woes in China, the prospect of the central banks tightening or any individual macro concerns are causing any impediment to corporate activity. M&A continues to flow freely with continued momentum in deal size and volume. Although certain situations have taken longer to play out than anticipated, 2016 is already proving to be an exciting time to be invested in this space.

The best performing strategy in the month was Merger Arbitrage which contributed +0.93% gross. Geographical exposure was split approximately as follows: Europe 71% and North America 29%. There was no exposure to Asia by the end of the month. The fund's volatility was 2.92%. Within Merger Arbitrage the best performers were Xchanging PLC / Computer Sciences Corp +0.35%. A competitive bid from Computer Sciences International (175 GBP vs 160 GBP) trumped Capita's bid and we realised a gain off the back of the price movement. Although Capita bowed out from the bidding Ebix is still in the game and interested in making a competing offer. We will find out in February whether they will follow through. We retain a position.

Cleco/ British Columbia Investment provided a return of +0.32% gross to the fund. There was a contraction in the spread off the back of the reporting associated with the public hearings. We have subsequently exited the position. Since exiting, the spread has widened significantly as participants are concerned that the package offered by the consortium, although substantial, will not be enough to win approval. Hellermannntyton Group / Delphi Automotive provided a return of +0.10% off the back of deal closure. There were no losses of any significance in the month within Merger Arbitrage.

Relative Value posted a -0.38% return in the month, largely due to our telecom M&A basket rebounding and providing a return of +0.07% gross to the fund off the back of the situation being clarified on Telecom Italia and end-of-the-year speculation on the Vodafone/Liberty Global transaction. Index Rebalance positions provided a return of +0.06% gross to the fund. Our FTSE100 inclusion/exclusion positions posted a profit, mainly through Meggitt and Worldpay where we still see further upside.

Within Relative Value losses were sustained by the unexpected veto from Vivendi on the Telecom Italia conversion of savings into ordinary shares. B&M European Value Retail SA provided a loss of -0.08% in the month. We exited BME given the retailer's exposure to abnormal weather conditions, and closed out our retailer takeover target basket. We took a position in Ahold as analysts have started incorporating the benefits of the Delhaize transaction and on Air Liquide which we believe has been too penalised post the announcement of the Airgas transaction. We also took a position on RSA in anticipation of a renewed takeover approach.

## 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 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: IE00BVBV9450/IE00BVBV89D45<br>USD: IE00BVBV9781/IE00BVBV89H82<br>CHF: IE00BVBV9674/IE00BVBV89G75<br>GBP: IE00BVBV9567/IE00BVBV89F68 |
| 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: IE00BVBV9J07<br>USD: IE00BVBV9M36<br>CHF: IE00BVBV9L29<br>GBP: IE00BVBV9K12   |

## PORTFOLIO INFORMATION

|                                 |        |
|---------------------------------|--------|
| No. of positions                | 30     |
| Positions contributing a profit | 19     |
| Positions contributing a loss   | 11     |
| % of profitable positions       | 63%    |
| Best performing position        | 0.35%  |
| Worst performing position       | -0.33% |
| Largest allocation              | 9.86%  |

The return from Tender Arbitrage was flat in the month with Copart Inc providing a return of +0.05% off the back of a Dutch tender for \$290m shares. The final prorate was announced as 70% with a clearing price of \$39, unfortunately just above market. NCR Corporation provided a return of -0.05% to the fund off the back of a Dutch tender for \$1bn shares. The final prorate was announced as 91% with a clearing price of \$26.75, again just above market. Both trades were extremely low risk with an excellent risk reward profile. The results were well within our potential outcomes if disappointing. Even with the falls in equity markets resetting investors' expectations of the clearing price to the downside, the flat result across the two strategies was still disappointing. Control of the downside, positioning for a low cost upside scenario is one of our core competencies and we look forward to further opportunities to do so in the short term with several other similarly complex situations on our radar for the early part of 2016.

We are excited about the momentum in our space as we enter 2016. We don't anticipate any abatement in the opportunity set nor the breadth of deals in terms of jurisdiction, size and volume. We do consider the market to continue to be riddled with issues but look forward to a continued positive tone for our space and the performance of the fund as deals close over the coming months and we enter new and interesting positions that meet our rigorous selection criteria.

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

|      | Jan | Feb | Mar | Apr    | May    | Jun    | Jul    | Aug    | Sept   | Oct    | Nov    | Dec    | Y-T-D  |
|------|-----|-----|-----|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 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) |
|--|------------------------|-----------|--------------|
| El du Pont de Nemours & Co \ Dow Chemical Co/The       | Basic Materials        | US        | 65,590.62    |
| Jarden Corp \ Newell Rubbermaid Inc                    | Consumer, Non-cyclical | US        | 17,933.30    |
| Keurig Green Mountain Inc \ Mondelez International Inc | Consumer, Non-cyclical | US        | 14,065.46    |
| Neptune Orient Lines Ltd/Singapore \ CMA CGM SA        | Industrial             | SINGAPORE | 5,016.59     |
| Heartland Payment Systems Inc \ Global Payments Inc    | Consumer, Non-cyclical | US        | 4,171.04     |

#### Completed Deals

|  | Sector          | Country | Value (USDM) |
|--|-----------------|---------|--------------|
| Freescale Semiconductor Ltd \ NXP Semiconductors NV      | Technology      | US      | 15,768.70    |
| Altera Corp \ Intel Corp                                 | Technology      | US      | 14,354.62    |
| MarkWest Energy Partners LP \ MPLX LP                    | Energy          | US      | 13,687.32    |
| Cytec Industries Inc \ Solvay SA                         | Basic Materials | US      | 6,091.17     |
| Strategic Hotels & Resorts Inc \ Blackstone Group LP/The | Financial       | US      | 5,631.85     |

#### Contact Details

| Investor Contact      | Investment Manager                     | Sub Investment Manager                       |
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#### Disclaimer

**Risk Warning:** 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 exchange risk. 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 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 Investment Manager and Promoter of the MontLake UCITS Platform plc is ML Capital Asset Management Ltd, a company regulated by the Central Bank of Ireland. 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. This notice shall not be construed as an offer of sale in Burren Global Arbitrage Fund SICAV Plc or in any other fund managed or advised by Burren Capital Advisors Ltd.

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