



## KLS Athos Event Driven Fund



ATHOS CAPITAL

### Objective

The KLS Athos Event Driven Fund is an equity biased, event driven fund with a primary focus on short dated and liquid hard catalyst events in the Asia Pacific region and beyond. Athos Capital was founded by Matthew Moskey and Fred Schulte Hillen, two seasons event driven investors. Prior to launching Athos in 2012 both worked at large multinational asset managers and Asian focused funds. They have the unique combination of M&A banking, special situations trading, legal and operational experience. The team are based in Hong Kong from where they have built an excellent network of contacts across Asia and a very disciplined investment process to deliver good risk adjusted returns for their investors. The fund is actively managed and not managed by reference to a benchmark.

### Commentary

It's pleasing to report a positive month of performance in July with the UCITS Fund +1.32%, in line with historic expectations for our strategy. This was driven by a large number of M&A spreads, as they moved closer to closing and we realized positive performance across a range of positions. As spreads in M&A have broadly expanded over the course of the last three months in particular, in many cases beyond what the expanded risk-free rate environment should imply, the book continues to carry significant embedded spread despite a currently slightly underinvested M&A book related to trading views on the optimal timing of setting up incremental exposure. We currently expect to grow exposure to many attractive spreads over the course of this quarter and are highly constructive on the return potential in our core strategy for the remainder of the year. In addition, as has been the case over the previous two months, we were able to setup an attractive A Share placement position and book strong performance on that name.

Positive performance outside of our A Share placement strategy was broad based across our M&A spread book, as deals in our portfolio progressed and spreads reflected the proximity to and certainty of closing. In addition, we have been trading a number of share class arbitrage positions that worked out positively during the month in the A / H and ADR arbitrage space, which we expect to increase exposure to over time. Negative performance was generally muted, with one small deal break during the month in manageable size.

As we have mentioned previously, the second quarter of the year has seen M&A spreads widening generally. This has been the case internationally, primarily due to the expanded risk-free rate, and in certain jurisdictions due to emerging specific risks to deal closure, like emerging anti-trust trends in the United States and Europe, as well as the rising cost of capital to PE acquirers and other financial purchasers. In Asia, we have seen incremental spread widening beyond the risk-free rate expansion as well, although we believe this is more related to broader market underperformance and much more limited arbitrage participation, which has led to more spread volatility and more attractive risk pricing in M&A opportunities generally. This has been particularly pronounced in longer-dated spreads with less timing clarity.

While that had an effect on our portfolio during the period of spread expansion, we view the current spread environment as broadly mispriced and have been concentrating our exposure on later-stage M&A spreads in our core strategy. It's been encouraging to see this working out over the past six weeks in particular as those spreads begin to reflect diminishing risk and downside as they get closer to closing. Given the continued deal activity over the past week, this has allowed us to continue to turn the portfolio at heightened speed, while avoiding concentration to longer-dated spreads. We currently expect to maintain this posture over the coming quarter and remain highly optimistic about the return potential of the current M&A spread opportunity, as well as in producing incremental performance in our complementary share placement strategies.

### Fund Details

<b>Launch Date:</b>	15 <sup>th</sup> April 2021
<b>Fund Size:</b>	\$62m
<b>Athos AUM:</b>	\$1.1bn
<b>Fund Structure:</b>	UCITS
<b>Domicile:</b>	Ireland
<b>Min Investment:</b>	Class SI: \$50,000,000 Class I: \$1,000,000 Class R: \$10,000
<b>Currencies:</b>	USD (base); GBP, EUR, CHF (all hedged)
<b>Management Fee:</b>	Class F: 0.75% (Founders Only) Class SI: 1.00% Class I: 1.25% Class R: 1.75% Class SIF: 2.00%* *no performance fee
<b>Pricing:</b>	Daily
<b>Liquidity:</b>	Daily
<b>Performance Fee:</b>	20% above one month SOFR hurdle and high watermark
<b>Manager:</b>	KBA Consulting Management Limited
<b>Investment Manager:</b>	Kepler Partners LLP
<b>Sub Inv. Manager:</b>	Athos Capital Ltd
<b>Portfolio Managers:</b>	Fred Schulte-Hillen Matthew Moskey
<b>Inv. Universe:</b>	Global
<b>UK Reporting Status</b>	Yes
<b>Country Registrations:</b>	Ireland France Germany Spain Switzerland (QI) UK



## Performance

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2022	-0.11%	-1.67%	-2.08%	-1.14%	-1.58%	-0.31%	1.39%						-5.41%
2021				-0.29%	0.65%	-1.16%	-2.59%	2.76%	-0.93%	0.91%	0.11%	1.10%	0.47%

\*Fund performance is net return of USD F Class. Return figures are since inception on 15<sup>th</sup> April 2021. All figures as at 29<sup>th</sup> July 2022. Past performance is not necessarily a guide to future performance. The value of investments and the income from them may fall as well as rise and you may not get back the amount of your original investment

## Top 10 Positions (Long)

	COUNTRY	SECTOR	WEIGHT
OSRAM Licht	Germany	Industrials	6.6%
Brilliance China Automotive	China	Consumer Discretionary	6.0%
Toshiba	Japan	Industrials	4.5%
TSMC	Taiwan	Information Technology	4.2%
Uniti Group	Australia	Communication Services	3.8%
Vifor Pharma	Switzerland	Health Care	3.8%
Ramsay Health Care	Australia	Health Care	3.5%
Swedish Match	Sweden	Consumer Staples	3.1%
Activision Blizzard	United States	Communication Services	3.0%
Atlantia	Italy	Industrials	3.0%
<b>Total</b>			<b>41.5%</b>

## Top 10 Positions (Short)

	COUNTRY	SECTOR	WEIGHT
Banpu	Thailand	Energy	-2.6%
Lvmh Moet Hennessy Louis Vuitton	France	Consumer Discretionary	-1.9%
Postal Savings Bank of China	China	Financials	-1.9%
Rio Tinto	United Kingdom	Materials	-1.8%
Tencent Holdings	China	Communication Services	-1.2%
Japan Post Bank	Japan	Financials	-1.0%
Unimicron Technology	Taiwan	Information Technology	-0.9%
Haier Smart Home	China	Consumer Discretionary	-0.8%
Energy Technology	China	Materials	-0.7%
Vanguard International	Taiwan	Information Technology	-0.7%
<b>Total</b>			<b>-13.4%</b>



## Regional Exposure

	LONG	SHORT	NET	GROSS
Developed Asia	20.7%	-10.0%	10.7%	30.7%
Emerging Asia	42.9%	-35.8%	7.0%	78.7%
Eastern Europe	0.1%	0.0%	0.1%	0.1%
Western Europe	43.5%	-5.3%	38.1%	48.8%
North America	37.2%	-3.4%	33.8%	40.6%
Oceania	13.7%	-2.0%	11.7%	15.7%
MEA	1.4%	-0.5%	0.9%	2.0%
<b>Total</b>	<b>159.4%</b>	<b>-57.1%</b>	<b>102.4%</b>	<b>216.5%</b>

## Sector Exposure

	LONG	SHORT	NET	GROSS
Comm. Services	18.2%	-3.3%	14.8%	21.5%
Cons. Discretionary	15.5%	-5.0%	10.5%	20.5%
Consumer Staples	4.1%	-0.2%	3.9%	4.3%
Energy	4.7%	-5.7%	-1.0%	10.5%
Financials	16.4%	-5.7%	10.8%	22.1%
Health Care	23.3%	-9.0%	14.3%	32.3%
Index	0.0%	-6.8%	-6.8%	6.8%
Industrials	31.8%	-5.1%	26.6%	36.9%
IT	24.2%	-5.3%	18.9%	29.5%
Materials	13.7%	-9.8%	3.9%	23.5%
Real Estate	3.1%	-0.3%	2.7%	3.4%
Utilities	4.5%	-0.8%	3.6%	5.3%
<b>Total</b>	<b>159.4%</b>	<b>-57.1%</b>	<b>102.4%</b>	<b>216.5%</b>

\*All data as at 29<sup>th</sup> July 2022. Source: Kepler Partners LLP

## Gross Attribution Data

STRATEGY	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
AH Arb	0.1%	0.0%	-0.2%	0.2%	0.0%	0.2%	0.1%						0.3%
Announced M&A	0.5%	0.4%	1.3%	0.3%	-0.5%	0.0%	0.0%						2.0%
ECM	1.3%	-1.3%	-0.4%	-0.4%	-0.6%	1.0%	0.2%						-0.2%
Event	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%						0.0%
Global M&A	-0.5%	-0.3%	-0.3%	-0.5%	-0.4%	-0.4%	0.6%						-1.6%
Hedge	0.1%	0.0%	-0.2%	0.2%	0.0%	0.1%	-0.0%						0.1%
Partially announced M&A	0.0%	-0.1%	0.1%	0.3%	0.2%	-0.1%	0.0%						0.4%
PNL Ccy	-0.4%	-0.3%	-0.8%	-0.2%	0.3%	-0.4%	0.1%						-1.8%
Pre-bid M&A	-0.2%	-0.3%	-0.4%	-0.1%	0.0%	0.0%	0.2%						-0.8%
Relative Value	-0.6%	0.3%	-0.7%	-0.1%	-0.1%	0.5%	0.2%						-0.4%
Rights Arb	0.0%	0.0%	0.0%	-0.1%	0.0%	-0.2%	-0.1%						-0.4%
Share Class Arb	0.0%	0.4%	-0.2%	-0.5%	-0.1%	0.0%	0.2%						-0.1%
Tactical	-0.3%	-0.3%	-0.2%	0.2%	-0.1%	-0.9%	0.1%						-1.4%
<b>Total</b>	<b>-0.1%</b>	<b>-1.4%</b>	<b>-1.8%</b>	<b>-0.9%</b>	<b>-1.3%</b>	<b>-0.3%</b>	<b>1.7%</b>						<b>-4.0%</b>

\*Gross attribution data as at 29<sup>th</sup> July 2022, taken from the F-USD share class. Fees, costs and the categorisations can lead to variations in the attribution data and this should only be used as a guide. Past performance is not a guide to the future.



## Share Classes\*

	NAV PER SHARE	ISIN	INCEPTION DATE
Class F USD	95.04	IE00BN7J4Q47	15/04/2021
Class F GBP	94.60	IE00BN7J4S60	15/04/2021
Class F EUR	93.35	IE00BN7J4R53	15/04/2021
Class SIF USD	93.68	IE00BMQC6P09	15/04/2021
Class I CHF	93.07	IE00BN7J4Y21	04/05/2021
Class I EUR	94.73	IE00BN7J4W07	07/10/2021
Class SI USD	101.84	IE00BN7J5383	07/06/2022

\*As at 29<sup>th</sup> July 2022. Source: Kepler Partners LLP

## Disclaimer

This factsheet is produced by the Investment Manager for marketing purposes only and does not constitute an offer or solicitation to subscribe for shares in the KLS Athos Event Driven Fund (the "Fund"). For more information on the risks associated with the Fund, please refer to the sections entitled Risk Factors in the prospectus. Full details regarding the Fund are set out in the key investor information document (the "KIID"), the prospectus, the instrument of incorporation and the latest financial statements published for the Fund (the "Fund Documents"). Before any subscription, you should read the Fund Documents. The information provided in the Fund Documents should not be considered a recommendation to purchase or sell any particular security. Any securities or sectors referred to in this factsheet must not be taken as an investment recommendation or indication that investments in the same will be profitable. The price and value of investments can go down as well as up. Income may fluctuate reflecting changes in market conditions, currency movement and taxation liabilities. Investment in the sub-fund described in this factsheet carries a substantial degree of risk. You may not get back the original amount invested.

The Fund documents may be obtained by contacting Kepler Partners LLP. If you are uncertain as to the suitability of an investment in this Fund you should obtain further information and request professional advice before making an investment. The distribution of this factsheet may be restricted by law. This factsheet may not be issued or used in any jurisdiction except in full compliance with any applicable laws and regulations. Persons to whom this factsheet is communicated should inform themselves about and observe any such restrictions. The Fund is not offered or sold to "U.S. Persons" as defined in Regulation S of the U.S. Securities Act of 1933. This factsheet is reserved for professional clients as defined by the European Directive 2004/39/EC and is not for retail distribution. Any entity responsible for forwarding this material to other entities takes responsibility for ensuring compliance with applicable financial promotion rules. This factsheet is a confidential communication solely for the use of the persons to whom it is distributed to by Kepler Partners LLP.

Kepler Partners LLP is regulated by the Financial Conduct Authority in the United Kingdom.

**Swiss Disclosure:** The distribution of Shares in Switzerland in relation to KLS Athos Event Driven Fund will be exclusively made to, and directed at, qualified investors (the "Qualified Investors"), as defined in the Swiss Collective Investment Schemes Act of 23 June 2006, as amended ("CISA") and its implementing ordinance (the "Swiss Distribution Rules"). Accordingly, the Funds have not been and will not be registered with the Swiss Financial Market Supervisory Authority (FINMA). The representative in Switzerland is FundRock Switzerland SA (formerly ARM Swiss Representatives SA), Route de Cité-Ouest 2, 1196 Gland, Switzerland. The paying agent in Switzerland is Banque Cantonale de Genève, Quai de l'Île 17, 1204 Geneva, Switzerland. The Prospectus (and any supplement thereto), the Instruments of Incorporation, KIIDs and annual financial statements can be obtained free of charge from the representative in Switzerland. The place of performance and jurisdiction is the registered office of the representative in Switzerland with regards to the Shares distributed in and from Switzerland.

