

↑ 0.10%\*

# Ironshield Credit Fund

## Long/Short Credit

September 2022

### Performance Returns

\*The Ironshield Credit Fund returned +0.10% for the month of September (EUR Institutional Class A)

### Investment Objective & Strategy

The Ironshield Credit fund is advised by Ironshield Capital Management's London-based team of traders and analysts. Ironshield was established in 2007 and manages portfolios of long and short positions with a principal focus on event-driven, stressed and distressed European corporate credit.

The investment team's objective is to achieve high absolute returns by exploiting periods of market mispricing caused by operational and capital structure changes in corporates. The team uses a probability and scenario driven approach to evaluate opportunities and assess risk. Credit selection and position sizing are based on in-depth analysis and due diligence of a select group of corporates that the team typically tracks over a multi-year period. The team also evaluates the interplay between stakeholders and jurisdictional issues that affect the outcome for investors in corporate capital structures. The portfolio is focused on actively traded bonds, credit default swaps and other corporate securities with events typically within the next 3-6 months.

### Monthly Commentary

The positive start to September proved to be fleeting as inflationary surprises to the upside reignited fears of a faster pace of monetary tightening, despite underlying economic headwinds. The ECB and the FED both hiked rates by 75 basis points, whilst the Bank of England raised by 50 basis points with interest rates moving to levels not seen since before the Global Financial Crisis. UK markets came under additional pressure following a budget announcement from the new chancellor which was ill received and led to some of the largest swings of UK government bond yields on record and pressure on pensions companies and intervention from the bank of England.

The risk off tone permeated almost all asset classes and the magnitude of the sell-off was comparable to June 2022 with high correlation across equities, rates, and credit. On equities, the S&P500 and the Eurostoxx 50 were down -9.3% and -5.7% respectively. On the fixed income side, Pan-European High Yield was down -4.1% for the month and -15.1% for the year whilst the emergence of forced sellers helped push average prices across European High yield to the low 80s - a cyclical low. So far, the default cycle is lagging price movement with no new defaults in the high yield market but this is expected to rise significantly. Unsurprisingly high yield new issuance remains extremely restricted with net issuance across all of 2022 at just €2.2bn.

Performance in the fund continues to be solid, delivering +0.10% for September despite the volatility and broad-based moves lower across European High Yield. Of note our short position in the subordinated bonds of a consumer retail company was positive with spreads moving wider in the market weakness - we consider the company to be overlevered and in need of restructuring. Another short position in a German real estate company was also positive as increasing real rates in Germany fuel concern around the stability of real estate valuations. Additionally, a long position in an oil and gas infrastructure company contributed to our outperformance with the company expected to announce significant tender awards in the final quarter of the year, showing the portfolio's ability to generate returns from both long and short positions uncorrelated to broader credit markets.

With changes in the European high yield market becoming amplified and with the emergence of forced sellers, attractive value is beginning to appear in a range of credits. We are also seeing the emergence of companies paying high fees and coupons in return for the extension of maturities. At the same time, there are many companies where the capital structure is no longer viable given the increased cost of debt, and so immediate opportunities arise on both the long and the short side of the portfolio. Our portfolio offers strong downside protection and uncorrelated return generation whilst also moving into the market environment that has an increased number of credit event opportunities.

### The Manager



### Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly with daily indicative NAVs
Fund AUM	€85.6MM
Strategy AUM	€87.4MM
Inception	10 March 2020

Share Class	Institutional Class A
Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.5%
Perf. Fee	15%
Min Init. Sub.	100,000

ISIN Codes	EUR: IE00BJBY6V60
	USD: IE00BJBY6X84
	CHF: IE00BJBY6Y91
	GBP: IE00BJBY6W77

Share Class	Institutional Class A Pooled
Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.5%
Perf. Fee	15%
Min Init. Sub.	100,000

ISIN Codes	EUR: IE00BJBY6Z09
	USD: IE00BJBY7135
	CHF: IE00BJBY7242
	GBP: IE00BJBY7028

### Management Team

#### David Nazar - CIO

David Nazar has worked in credit markets for the past 25 years and is one of the most experienced investors in European event driven, stressed and distressed credit. Prior to founding Ironshield Capital Management in 2007, David managed proprietary credit portfolios for Deutsche Bank and Bank of America.

#### Ironshield Investment Team

The London based Ironshield investment team is comprised of senior credit analysts and finance professionals with decades of experience in credit investment and a deep understanding of financial markets.

### MontLake Ironshield Credit Fund Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2022	-0.75%	-0.88%	-1.07%	+1.15%	-1.87%	-3.20%	-2.45%	+0.25%	+0.10%				-8.44%
2021	0.59%	4.68%	5.91%	3.55%	1.71%	4.86%	0.15%	1.22%	0.99%	-0.75%	0.41%	0.43%	26.21%
2020	-	-	0.00%	6.45%	2.03%	9.60%	1.04%	0.19%	-1.27%	0.47%	16.33%	2.16%	42.06%

The performance figures quoted above represent the performance of the MontLake Ironshield Credit Fund, EUR Inst. Class A since launch on 10 March 2020. These performance figures refer to the past and past performance is not a reliable guide to future performance.

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September 2022

### Performance Overview

Annualised Return	21.14%
Annualised Volatility	13.40%
Sharpe Ratio	1.58
Maximum Drawdown	-8.77%
Months to Recover	N/A

### Portfolio Characteristics

Number of Holdings	28
Number of Issuers	21
Modified Duration	1.99
Macaulay Duration	2.76
Average Coupon	2.18%
Current Yield	6.04%
Yield to Maturity	16.43%
Yield to Worst	22.19%

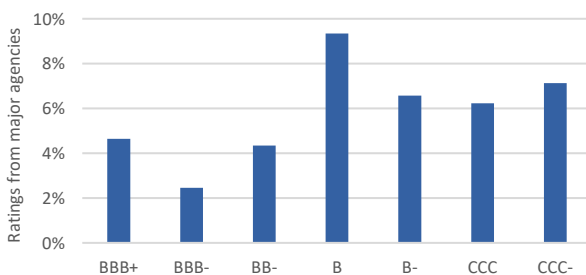
### Country Exposure (% NAV)

	Short	Long	Net	Gross
United Kingdom		12.1%	12.1%	12.1%
Spain		7.6%	7.6%	7.6%
United States		5.2%	5.2%	5.2%
Cayman Islands		4.0%	4.0%	4.0%
Luxembourg	4.3%	2.4%	-1.9%	6.8%
Germany	14.0%		-14.0%	14.0%
Netherlands	4.6%		-4.6%	4.6%
France	4.4%		-4.4%	4.4%
<b>Grand Total</b>	<b>-27.4%</b>	<b>31.2%</b>	<b>3.8%</b>	<b>58.5%</b>

### Sector Exposure (% NAV)

	Short	Long	Net	Gross
Real Estate	4.6%	10.4%	5.7%	15.0%
Oil & Gas		9.1%	9.1%	9.1%
Consumer Cyclical		5.6%	5.6%	5.6%
Energy	4.3%	3.6%	-0.7%	8.0%
Basic Materials		2.4%	2.4%	2.4%
Retail	9.0%		-9.0%	9.0%
Healthcare	5.0%		-5.0%	5.0%
Communications	4.4%		-4.4%	4.4%
<b>Grand Total</b>	<b>-27.4%</b>	<b>31.2%</b>	<b>3.8%</b>	<b>58.5%</b>

### Ratings Exposure (% NAV)



### Top Five Positions (% NAV)

Douglas	-6.57%
Noble Energy	5.10%
Stada	-4.99%
Vonovia	-4.64%
Altice	-4.36%

### Contact Details

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