

↑ 0.41%*

Ironshield Credit Fund

Long/Short Credit

November 2021

Performance Returns

*The Ironshield Credit Fund returned 0.41% for the month of November (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

November saw a familiar story begin to unfold: rising Covid cases particularly in Europe, exacerbated by fears of the transmissibility of the new Omicron strain, and questions over the efficacy of current vaccines leading to the reimplementing of lockdowns and travel bans. At the same time, inflation continued to soar to multi-decade highs with the Eurozone's reading of 4.9% the highest of the Euro era, while fears of accelerated monetary tightening and asset purchase tapering all contributed to a deterioration in sentiment. Despite this, there was some positive economic data with European PMIs reversing a 3-month decline - although this was driven by those countries less affected by the increase in Covid cases. Despite the initial sharp sell off, the global economy looked to be better placed to deal with the threat than in 2020.

Unsurprisingly given the macro environment, risk asset prices generally declined, and volatility spiked as investors fled for safe haven assets in the later part of the month. Global high yield moved into negative returns year-to-date; whilst European high yield outperformed the US it also had a negative total return for November. With the US leading several countries in announcing their intention to release oil reserves, oil prices fell sharply in November, and corporate credit in the energy sector subsequently weakened.

Despite broad based risk asset weakness in the month, the portfolio delivered positive returns as our selection of idiosyncratic credits continued to offer diversified credit exposure with low market beta. Of note, our position in a global retailer undergoing a liquidation was a positive contributor as the market more fully priced in the recovery in line with our thesis. Our position in a luxury UK car manufacturer continued to deliver positive returns as the company executed its business plan, whilst we also added a position in the new issuance of an oil and gas contractor which was attractively priced and subsequently performed well.

As we look forward into 2022, we remain very constructive on the outlook with a broad range of opportunities in our universe of credits from increased corporate balance sheet activity, enabling us to select positions with attractive asymmetric risk/reward profiles. Supply chain issues and increased costs are putting pressure on corporates and are leading to further opportunities. Our low duration portfolio of high yielding credits continues to offer event driven fixed income exposure with limited rates risk.

The Manager



Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly with daily indicative NAVs
Fund AUM	€88.8MM
Strategy AUM	€88.8MM
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
2021	0.59%	4.68%	5.91%	3.55%	1.71%	4.86%	0.15%	1.22%	0.99%	-0.75%	0.41%		25.62%
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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Performance Overview

Annualised Return	41.58%
Annualised Volatility	14.25%
Sharpe Ratio	2.92
Maximum Drawdown	-1.27%
Months to Recover	2

Portfolio Characteristics

Number of Holdings	28
Number of Issuers	22
Modified Duration	2.32
Macaulay Duration	3.41
Average Coupon	8.16%
Current Yield	9.84%
Yield to Maturity	25.65%
Yield to Worst	25.45%

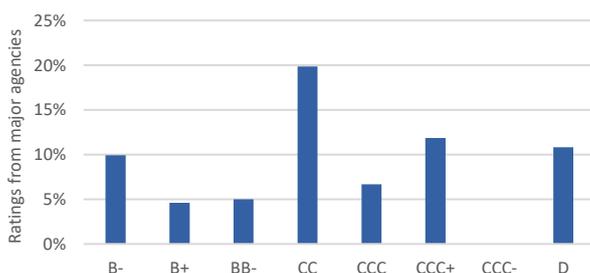
Country Exposure (% NAV)

	Short	Long	Net	Gross
Spain	0.0%	18.1%	18.1%	18.1%
Luxembourg	0.0%	17.8%	17.8%	17.8%
United Kingdom	0.0%	17.2%	17.2%	17.2%
Jersey, C.I.	0.0%	9.7%	9.7%	9.7%
United States	0.0%	6.9%	6.9%	6.9%
South Africa	0.0%	5.1%	5.1%	5.1%
Austria	0.0%	4.9%	4.9%	4.9%
Ireland	0.0%	4.6%	4.6%	4.6%
France	1.1%	4.5%	4.5%	4.5%
Cayman Islands	0.0%	4.1%	4.1%	4.1%
United Arab Emirates	0.0%	3.5%	3.5%	3.5%
Other	0.0%	5.0%	5.0%	5.0%
Grand Total	-1.1%	101.3%	100.2%	102.4%

Sector Exposure (% NAV)

	Short	Long	Net	Gross
Consumer Cyclical	1.1%	25.0%	23.9%	26.1%
Industrial	0.0%	21.7%	21.7%	21.7%
Energy	0.0%	14.2%	14.2%	14.2%
Retail	0.0%	9.5%	9.5%	9.5%
Oil & Gas	0.0%	8.8%	8.8%	8.8%
Financial	0.0%	8.6%	8.6%	8.6%
Basic Materials	0.0%	8.5%	8.5%	8.5%
Communications	0.0%	5.0%	5.0%	5.0%
Grand Total	-1.1%	101.3%	100.2%	102.4%

Ratings Exposure (% NAV)



Top Five Positions (% NAV)

Aston Martin	9.7%
Steenbok	9.5%
Obrascon Huarte Lain	7.6%
Petra Diamonds	5.1%
OI SA	5.0%

Contact Details

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