

↑ 16.33%*

Ironshield Credit Fund

Long/Short Credit

November 2020

Performance Returns

*The Ironshield Credit Fund returned 16.33% 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

Markets rallied strongly in November as risk sentiment was buoyed by positive news on the efficacy of Covid vaccination trials as well as the resolution of the US presidential election. Whilst many questions remain in markets, from rising Covid cases, to lockdown measures and economic recovery, the initial success of the vaccination trials has allowed investors to look through the near-term fluctuations in economic conditions and take an optimistic view as we head into the end of a volatile 2020.

In credit, high yield outperformed investment grade with a reversal of October's decompression trade as investors' risk appetite intensified. This was further supported by light issuance across the month. European credit outperformed the US as the likelihood of a Republican controlled senate weighed on stimulus expectations. Equity markets saw record performances, with MSCI world and many European indices posting their best ever month, whilst the S&P 500 climbed to record highs. The prospect of a revival in travel demand also pushed oil up nearly 30% for the month.

With dispersion high in credit markets, we had positioned part of the portfolio in credits that we believed offered an attractive asymmetric risk/reward profile based on a recovery from Covid: bonds that had been badly affected by Covid but retained strong fundamentals and robust liquidity profiles, with pricing that offered attractive upsides given our expectation of a gradual return to normality over 2021. This part of our portfolio performed strongly after the major precursor to normalization, ie the vaccine announcement, happened during the month. Of note, we crystallized profit in a number of bonds of companies in the leisure industry that had issued securities in times of market stress with very attractive terms. These securities rebounded strongly given the greater clarity on the projected return to normal operations of the underlying companies.

The other part of the portfolio, which was positioned in non-Covid event driven credit, also performed well with gains in a number of names. Of note was our position in an airline restructuring where we bought the pre-restructured securities at a discount to the post restructured outcome which was monetized in during the month.

Thematically we have rotated part of the portfolio away from the Covid recovery names in November into more idiosyncratic special situations. The increased amount of event driven activity in credit markets provides a supportive backdrop for the portfolio to continue to deliver attractive returns and the opportunity set remains extremely compelling.

The Manager



Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly with daily indicative NAVs
Fund AUM	€8.5MM
Strategy AUM	€8.5MM
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

Luca Moro - Portfolio Manager

Luca Moro has 14 years of investment management experience and has been a portfolio manager for the past 9 years. Before joining Ironshield Capital he worked for Numen Capital, Eyck Capital and Halcyon Capital (now Bardin Hill). He is experienced across the entire credit spectrum and has managed special situation portfolios investing across the capital structure.

MontLake Ironshield Credit Fund Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2020	-	-	0.00%	6.45%	2.03%	9.60%	1.04%	0.19%	-1.27%	0.47%	16.33%		39.06%

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	55.20%
Annualised Volatility	20.22%
Sharpe Ratio	2.73
Maximum Drawdown	-1.27%
Months to Recover	2

Portfolio Characteristics

Number of Holdings	25
Number of Issuers	21
Modified Duration	2.23
Macaulay Duration	2.70
Average Coupon	5.74%
Current Yield	6.74%
Yield to Maturity	9.17%
Yield to Worst	8.94%

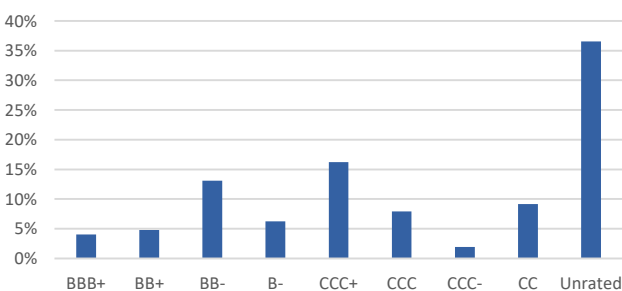
Country Exposure (% NAV)

	Short	Long	Net	Gross
Italy	0.0%	19.9%	19.9%	19.9%
France	0.0%	17.6%	17.6%	17.6%
United States	4.1%	15.9%	11.8%	20.0%
Switzerland	0.0%	8.2%	8.2%	8.2%
Spain	0.0%	7.1%	7.1%	7.1%
Canada	0.0%	5.5%	5.5%	5.5%
United Kingdom	0.0%	4.3%	4.3%	4.3%
Cayman Islands	0.0%	4.1%	4.1%	4.1%
Luxembourg	0.0%	3.3%	3.3%	3.3%
Brazil	0.0%	3.2%	3.2%	3.2%
Grand Total	-4.1%	89.1%	85.0%	93.2%

Sector Exposure (% NAV)

	Short	Long	Net	Gross
Consumer Cyclical	0.0%	31.9%	31.9%	31.9%
Communications	0.0%	19.9%	19.9%	19.9%
Consumer Non-Cyclical	0.0%	16.6%	16.6%	16.6%
Financial	0.0%	6.9%	6.9%	6.9%
Industrial	4.1%	6.2%	2.1%	10.3%
Oil & Gas	0.0%	4.1%	4.1%	4.1%
Utilities	0.0%	3.5%	3.5%	3.5%
Grand Total	-4.1%	89.1%	85.0%	93.2%

Ratings Exposure (% NAV)



Top Five Positions (% NAV)

Aryzta AG	8.2%
Codere Finance	7.1%
Vallourec SA	6.2%
Telecom Italia SpA	5.7%
Cineplex, Inc.	5.5%

Contact Details

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