

↑ 4.68%*

Ironshield Credit Fund

Long/Short Credit

February 2021

Performance Returns

*The Ironshield Credit Fund returned 4.68% for the month of February (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

Vaccination rollouts continued to progress at pace in the UK and US and optimism remains for a wide-scale opening of economies in the second half of the year. In contrast, continental Europe remained mired in vaccination issues, with an inability to procure the required doses, with several countries extending lockdown measures. The US edged closer an agreement on a federal stimulus package, with expectations that it will come at the higher end of estimates, and strong economic data releases providing a further tailwind for risk sentiment.

It currently seems not a month can go by without a large market moving event and February was no different: following a steady rise in inflation expectations on the back of stronger economic growth and fiscal stimulus, government bond yields had been rising across the month before sharply spiking in the final week as auctions saw record low demand. This spike led equities to trade down, although they still managed to finish in positive territory for the month. Given the move higher in yields investment grade credit posted a negative return for the month, once again outperformed by high yield which was positive. 2020 was a record year for issuance in high yield and 2021 shows no signs of abating with European non-fin year-to-date issuance year to date up 20% already as companies continue to strengthen their liquidity positions.

Performance was once again strong in February as we approach the one-year track record in the fund. Our position in a French tube manufacturer performed well as a restructuring agreement was announced in early February which de-leverages the company and is viewed as a favorable outcome for bondholders. Our position in an offshore drilling contractor gained as new contracts for the rigs raised recovery prospects and oil rallied across the month. Finally, our holdings in a UK luxury car manufacturer with low loan-to-value performed well as the company issued a small add-on to the bond issuance which was well received by the market.

We remain very constructive on the opportunity set for the portfolio as the number of short to medium term credit events continue to rise creating a differentiated return stream to broader markets. With inflation expectations rising, our low duration portfolio of high yielding credits combined with an investment process built around taking advantage of mispricing on idiosyncratic opportunities creates the opportunity for uncorrelated alpha generation that isn't predicated on a directional macroeconomic view.

The Manager



Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly with daily indicative NAVs
Fund AUM	€25.9MM
Strategy AUM	€25.9MM
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%											5.30%
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	49.57%
Annualised Volatility	17.65%
Sharpe Ratio	2.81
Maximum Drawdown	-1.27%
Months to Recover	2

Portfolio Characteristics

Number of Holdings	33
Number of Issuers	28
Modified Duration	2.79
Macaulay Duration	3.04
Average Coupon	8.61%
Current Yield	9.75%
Yield to Maturity	20.44%
Yield to Worst	20.16%

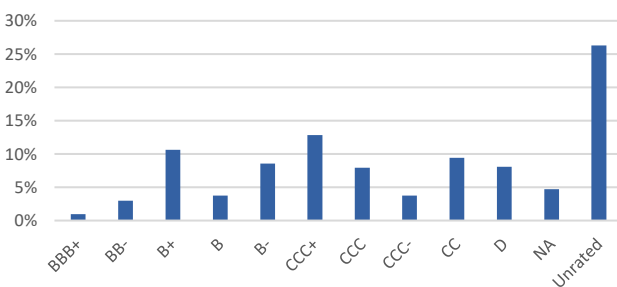
Country Exposure (% NAV)

	Short	Long	Net	Gross
United Kingdom	0.0%	21.0%	21.0%	21.0%
United States	1.3%	17.2%	15.9%	18.6%
France	0.0%	13.0%	13.0%	13.0%
Italy	0.0%	12.3%	12.3%	12.3%
Jersey, C.I.	0.0%	9.8%	9.8%	9.8%
Luxembourg	0.0%	9.6%	9.6%	9.6%
Spain	0.0%	9.0%	9.0%	9.0%
Switzerland	0.0%	8.9%	8.9%	8.9%
Cayman Islands	0.0%	4.9%	4.9%	4.9%
Greece	0.0%	4.3%	4.3%	4.3%
Denmark	0.0%	3.8%	3.8%	3.8%
Brazil	0.0%	1.0%	1.0%	1.0%
Grand Total	-1.3%	114.8%	113.5%	116.2%

Sector Exposure (% NAV)

	Short	Long	Net	Gross
Energy	0.0%	26.8%	26.8%	26.8%
Consumer Cyclical	0.0%	21.3%	21.3%	21.3%
Industrial	1.3%	17.8%	16.5%	19.2%
Communications	0.0%	14.5%	14.5%	14.5%
Financial	0.0%	12.7%	12.7%	12.7%
Consumer Non-Cyclical	0.0%	10.8%	10.8%	10.8%
Oil & Gas	0.0%	4.9%	4.9%	4.9%
Basic Materials	0.0%	4.8%	4.8%	4.8%
Utilities	0.0%	1.1%	1.1%	1.1%
Grand Total	-1.3%	114.8%	113.5%	116.2%

Ratings Exposure (% NAV)



Top Five Positions (% NAV)

Aston Martin	9.8%
Vallourec SA	9.2%
Aryzta AG	8.9%
Premier Oil	8.0%
Banco BPM SpA	5.1%

Contact Details

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