

↑ 0.25%*

Ironshield Credit Fund

Long/Short Credit

August 2022

Performance Returns

*The Ironshield Credit Fund returned +0.25% for the month of August (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 continued their year-to-date downward trajectory following the brief July respite as market participants' hopes of a reduction in the pace of monetary tightening were left disappointed by hawkish rhetoric from the Fed at Jackson Hole. The Bank of England raised rates for the 6th consecutive time with inflation hitting double digit figures - the highest level in forty years, whilst Europe looks increasingly likely to be heading for a recession with contraction in PMIs and the ongoing energy crisis as Russia shut down the Nord Stream 1 gas pipeline.

European high yield was down -1.5% for August and down -11.3% year-to-date, although it has generally been an orderly decline with little sign of forced sellers in the market yet. Issuance remains extremely light with no new high yield supply coming to market in August, and total corporate issuance this year less than a fifth of 2021 levels. A rise in default rates looks inevitable over the coming months from their record low levels, as corporate earnings and cashflow headwinds and increased costs of debt put further pressure on capital structures.

Performance in the fund was positive in August driven primarily by our short positions as the worsening outlook sent spreads wider. We expect a range of near term credit events to further exacerbate the weakness in individual corporates where we maintain these short positions. Additionally, a long position in an oil and gas company was positive following the approval of a merger by the competition commission, and we expect further upside with the bonds likely to be called at a make-whole price. Partially offsetting the resilient August performance was a position in a diamond production company that suffered from the general market weakness, although we expect a near term tender offer for the debt to provide a tail wind for the credit.

With the background of a pessimistic outlook for the European economy and financial markets, our portfolio is positioned to generate returns from both long and short credit situations. Our overall low net and low gross exposure should provide low correlation to broader markets whilst also preparing to take advantage of both the increase in opportunities and the increasing magnitude of price movements that we expect to see in the coming months. We foresee an elongated and multi-year period of increased volume in the universe of credits that we look at, with a favorable environment for our event driven credit strategy.

The Manager



Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly with daily indicative NAVs
Fund AUM	€87.2MM
Strategy AUM	€87.2MM
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%					-8.54%
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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Performance Overview

Annualised Return	21.86%
Annualised Volatility	13.58%
Sharpe Ratio	1.61
Maximum Drawdown	-8.77%
Months to Recover	N/A

Portfolio Characteristics

Number of Holdings	34
Number of Issuers	21
Modified Duration	-0.46
Macaulay Duration	-0.42
Average Coupon	3.04%
Current Yield	6.48%
Yield to Maturity	13.45%
Yield to Worst	13.36%

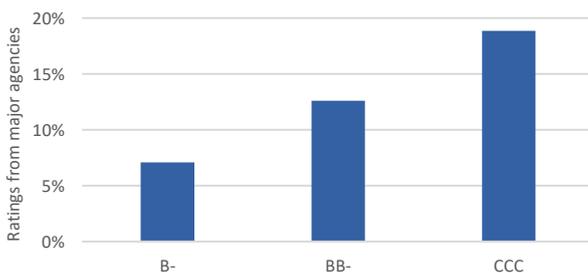
Country Exposure (% NAV)

	Short	Long	Net	Gross
United Kingdom		14.4%	14.4%	14.4%
Spain		8.0%	8.0%	8.0%
United States		5.0%	5.0%	5.0%
Cayman Islands		3.8%	3.8%	3.8%
Luxembourg	4.4%	2.5%	-1.9%	6.8%
South Africa		2.3%	2.3%	2.3%
Germany	14.6%		-14.6%	14.6%
Denmark	7.2%		-7.2%	7.2%
Netherlands	5.0%		-5.0%	5.0%
France	5.0%		-5.0%	5.0%
Grand Total	-36.1%	36.0%	-0.1%	72.1%

Sector Exposure (% NAV)

	Short	Long	Net	Gross
Real Estate	5.0%	12.0%	7.0%	17.0%
Oil & Gas		8.9%	8.9%	8.9%
Consumer Cyclical		6.1%	6.1%	6.1%
Basic Materials		4.8%	4.8%	4.8%
Energy	4.4%	4.3%	-0.1%	8.6%
Retail	9.5%		-9.5%	9.5%
Industrial	7.2%		-7.2%	7.2%
Healthcare	5.1%		-5.1%	5.1%
Auto	5.0%		-5.0%	5.0%
Grand Total	-36.1%	36.0%	-0.1%	72.1%

Ratings Exposure (% NAV)



Top Five Positions (% NAV)

ISS Global	-7.24%
Douglas	-7.08%
Stada	-5.08%
Noble	5.02%
Vonovia	-5.01%

Contact Details

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