

↓ 0.75%*

Ironshield Credit Fund

Long/Short Credit

October 2021

Performance Returns

*The Ironshield Credit Fund returned -0.75% for the month of October (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

October was another mixed month as the ongoing inflationary pressures and supply chain issues, combined with low PMI prints in the Eurozone pointed to a continued weakness in economic growth. Most central banks have increased their hawkish rhetoric as inflation appears to be less transitory than first assumed, although the ECB took a different tone keeping policy and interest rates unchanged with president Lagarde talking down the chance of rate hikes in 2022. Offsetting these pressures was a plethora of corporate earnings beating expectations, although costs are increasing particularly with the soaring energy prices across the month.

Performance across asset classes in October was also mixed with equities posting strong returns whilst pressure on credit from rates uncertainty and concerns over reaching peak growth led to negative total returns in both investment grade and high yield credit. High Yield also saw supply remaining high and remained on track to beat the full year record issuance of 2017; whilst this primary supply was well absorbed by the market it further weighed on the secondary market.

Despite broad credit market weakness, the modestly negative returns from the fund in October were driven primarily from an idiosyncratic credit position in a Spanish gaming company which had forced sellers ahead of the completion of a debt restructuring. We remain very constructive on the post-restructured outcome of the position. Partially offsetting this was positive returns from select energy companies benefitting from the rise in underlying energy prices, a stabilisation in Iron ore prices which was positive for our position in a French steel manufacturer, and ongoing execution of the business plan for our position in a UK luxury car manufacturer.

As we approach the end of 2021, we remain very constructive on the outlook for 2022, 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 profiles. 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	€85.6MM
Strategy AUM	€85.6MM
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%			25.16%
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	41.23%
Annualised Volatility	14.48%
Sharpe Ratio	2.85
Maximum Drawdown	-1.27%
Months to Recover	2

Portfolio Characteristics

Number of Holdings	28
Number of Issuers	22
Modified Duration	2.25
Macaulay Duration	3.24
Average Coupon	8.47%
Current Yield	10.39%
Yield to Maturity	20.59%
Yield to Worst	15.59%

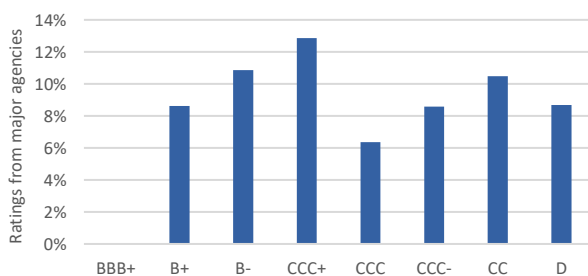
Country Exposure (% NAV)

	Short	Long	Net	Gross
Luxembourg	0.0%	17.7%	17.7%	17.7%
Spain	0.0%	16.4%	16.4%	16.4%
United Kingdom	0.0%	12.1%	12.1%	12.1%
United States	0.0%	10.1%	10.1%	10.1%
Jersey, C.I.	0.0%	10.1%	10.1%	10.1%
South Africa	0.0%	5.1%	5.1%	5.1%
Ireland	0.0%	4.7%	4.7%	4.7%
France	1.2%	4.7%	3.6%	5.9%
United Arab Emirates	0.0%	3.7%	3.7%	3.7%
Cayman Islands	0.0%	3.4%	3.4%	3.4%
Austria	0.0%	2.1%	2.1%	2.1%
Italy	0.0%	1.0%	1.0%	1.0%
Switzerland	0.0%	0.5%	0.5%	0.5%
Other	0.0%	5.0%	0.5%	0.5%
Grand Total	-1.2%	96.6%	95.4%	97.8%

Sector Exposure (% NAV)

	Short	Long	Net	Gross
Consumer Cyclical	1.2%	23.6%	22.4%	24.8%
Industrial	0.0%	19.4%	19.4%	19.4%
Energy	0.0%	12.8%	12.8%	12.8%
Retail	0.0%	9.2%	9.2%	9.2%
Basic Materials	0.0%	8.7%	8.7%	8.7%
Oil & Gas	0.0%	8.3%	8.3%	8.3%
Financial	0.0%	8.3%	8.3%	8.3%
Communications	0.0%	6.0%	6.0%	6.0%
Consumer Non-Cyclical	0.0%	0.5%	0.5%	0.5%
Grand Total	-1.2%	96.6%	95.4%	97.8%

Ratings Exposure (% NAV)



Top Five Positions (% NAV)

Aston Martin	9.9%
Steenbok	9.2%
Obrascon Huarte Lain	7.8%
Petra Diamonds	5.1%
OI SA	5.0%

Contact Details

Investor Contact

Waystone Capital Solutions (UK) Ltd
2nd Floor, 20-22 Bedford Row
Holborn, London
T: +44 207 290 9493
investorrelations@waystone.com

Management Company

Waystone Fund Management (IE) Ltd
3rd Floor, 76 Baggot Street Lower
Dublin, Ireland
T: +353 1 533 7020
investorrelations@waystone.com

Investment Manager

Ironshield Capital Management LLP
7-8 Stratford Place
London, United Kingdom, W1C 1AY
T: +44 20 3574 4202
investorrelations@ironshieldcapital.com

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