

↑ 0.99%*

Ironshield Credit Fund

Long/Short Credit

September 2021

Performance Returns

*The Ironshield Credit Fund returned 0.99% for the month of September (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

September saw momentum continuing to ease in Europe and globally; whilst PMIs remain in expansionary territory, growth is slowing. Despite this and escalating supply chain bottlenecks, central banks continue to point to a move towards normalisation with the Fed confirming it will soon begin to taper asset purchases, the Bank of England alluding to a near term rate increase, and the ECB planning to reduce its asset purchases during the final quarter of 2021. Covid vaccination rates continue to help reopening of economies, with the EU stating over 65% of its residents are fully vaccinated, but headwinds to growth look to be increasing.

Against this backdrop there was a broad risk off tone in markets in September, with the aforementioned macro factors exacerbated by the Evergrande crises in China which caused most equity and credit indices to end the month negative. Global high yield suffered its worst monthly return in a year, as investors sought higher quality assets with Europe marginally outperforming the US. After a typically slow summer, activity returned to the high yield market with total issuance year-to-date +17% versus the same point in 2020.

Despite broad market weakness, our low correlation, low duration idiosyncratic credit strategy continued to deliver strong positive returns. Of note, our position in a UK luxury car manufacturer was positive as the company continued to successfully execute on its business plan. Our position in a Spanish construction company also added to returns as first half results showed the company on track to deliver target performance along with significant contract wins, and the bonds were picked by some banks as a top trade. Also contributing was a paper company that released earnings in September with management signaling optimism on the ongoing recovery, and a mining company which confirmed production guidance for 2022 as well as benefiting from the current rise in diamond pricing.

We remain very constructive on the opportunity set as the occurrence of a large number of credit events mean we are able to enter trades with short to medium term time horizons and attractive asymmetric risk reward profiles which creates a strong and diversified return stream. Corporate activity year to date is considerably higher than the pre-covid levels and this is set to continue through the rest of 2021 and potentially beyond. 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	€84.7MM
Strategy AUM	€84.7MM
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%				26.10%
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	44.91%
Annualised Volatility	14.55%
Sharpe Ratio	3.08
Maximum Drawdown	-1.27%
Months to Recover	2

Portfolio Characteristics

Number of Holdings	31
Number of Issuers	24
Modified Duration	2.43
Macaulay Duration	3.52
Average Coupon	8.95%
Current Yield	11.26%
Yield to Maturity	18.89%
Yield to Worst	18.34%

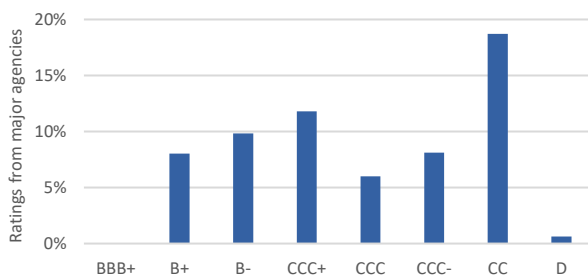
Country Exposure (% NAV)

	Short	Long	Net	Gross
Spain	0.0%	17.6%	17.6%	17.6%
Luxembourg	0.0%	17.4%	17.4%	17.4%
United Kingdom	0.0%	10.9%	10.9%	10.9%
Jersey, C.I.	0.0%	10.1%	10.1%	10.1%
United States	0.0%	10.0%	10.0%	10.0%
South Africa	0.0%	5.1%	5.1%	5.1%
Ireland	0.0%	4.8%	4.8%	4.8%
France	1.2%	4.8%	3.7%	6.0%
Brazil	0.0%	4.8%	4.8%	4.8%
Switzerland	0.0%	4.0%	4.0%	4.0%
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%	1.9%	1.9%	1.9%
Denmark	0.0%	1.3%	1.3%	1.3%
Germany	0.0%	0.7%	0.7%	0.7%
Grand Total	-1.2%	102.6%	101.4%	103.7%

Sector Exposure (% NAV)

	Short	Long	Net	Gross
Consumer Cyclical	1.2%	24.4%	23.2%	25.5%
Industrial	0.0%	19.6%	19.6%	19.6%
Energy	0.0%	13.9%	13.9%	13.9%
Retail	0.0%	9.3%	9.3%	9.3%
Basic Materials	0.0%	8.7%	8.7%	8.7%
Oil & Gas	0.0%	8.3%	8.3%	8.3%
Financial	0.0%	7.1%	7.1%	7.1%
Communications	0.0%	6.6%	6.6%	6.6%
Consumer Non-Cyclical	0.0%	4.0%	4.0%	4.0%
Index	0.0%	0.7%	0.7%	0.7%
Grand Total	-1.2%	102.6%	101.4%	103.7%

Ratings Exposure (% NAV)



Top Five Positions (% NAV)

Aston Martin	9.9%
Steenbok	9.3%
Obrascon Huarte Lain	7.9%
Petra Diamonds	5.1%
NAC Aviation	4.8%

Contact Details

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