

↑ 0.43%*

Ironshield Credit Fund

Long/Short Credit

December 2021

Performance Returns

*The Ironshield Credit Fund returned 0.43% for the month of December (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 recovered into the end of 2021, as November's fears around the Omicron variant of Covid-19 faded with signs that the new strain was less severe than previous versions. With economic growth remaining broad based and strong, and PMIs continuing to be in expansionary territory, we saw central banks take a coordinated approach to tightening monetary conditions with 2022 being the start of a return to more normal financing conditions compared to the ultra loose central bank policies of recent years. Towards the end of December we saw the Fed double the pace of asset tapering and acknowledge inflation as not just transitory, the Bank of England raised interest rates, whilst ECB tapering is expected to halve its net corporate bond purchases in 2022 from prior year levels.

With the risk on environment persisting, assets broadly rallied into year end, as equities finished the year near all time highs, credit spreads tightened and oil prices rebounded sharply. High yield credit had its [second] strongest performance across the year, providing some recovery for what has been a pedestrian year with pan European high yield delivering a total return of 4.2% in 2021 and spreads ending the year in the same region as they started.

Our portfolio again delivered positive performance in December, with 11 out of 12 months positive across the year, delivering both consistency of returns and significant outperformance with a net +26.2% for 2021. Specifically in December, our position in a stressed global retail company was positive as a settlement was reached with key litigants, and a plan likely to be approved in early 2022, with the increased deal certainty driving price appreciation. Our position in an oil rig operator was also positive as the company sold some of its assets, with the deal expected to close in 2Q22 paving the way for a refinancing.

Our portfolio is well positioned to take advantage of the disruption from supply chain issues, inflationary pressures and the potential for rising central bank interest rates - being insulated from the adverse effects of higher rates given its high yielding and low duration characteristics. We are now seeing the impact from supply chain issues and inflation in individual companies results and financing situations, and if we see even a partial normalisation of risk-free rates, this will further extend the opportunity set. Effectively all European high yield bonds have been issued at in a time when risk free rates have been historically low and even modest increases in rates will push some companies into stressed/distressed and event driven credit territory. This is already producing an elevated number of opportunities and we expect it to continue creating opportunities over multi-year period.

The Manager



Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly with daily indicative NAVs
Fund AUM	€88.2MM
Strategy AUM	€88.2MM
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
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	37.49%
Annualised Volatility	14.02%
Sharpe Ratio	2.67
Maximum Drawdown	-1.27%
Months to Recover	2

Portfolio Characteristics

Number of Holdings	32
Number of Issuers	23
Modified Duration	2.62
Macaulay Duration	3.37
Average Coupon	8.18%
Current Yield	9.99%
Yield to Maturity	11.41%
Yield to Worst	11.08%

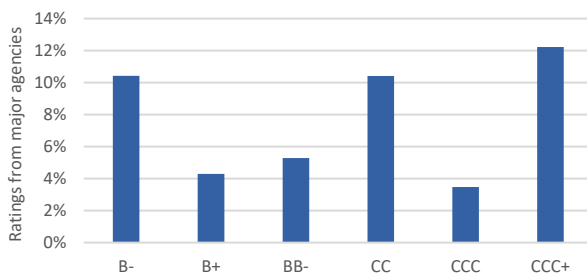
Country Exposure (% NAV)

	Short	Long	Net	Gross
United Kingdom	0.0%	24.7%	24.7%	24.7%
Luxembourg	0.0%	21.0%	21.0%	21.0%
Spain	0.0%	12.8%	12.8%	12.8%
United States	0.0%	12.1%	12.1%	12.1%
Jersey, C.I.	0.0%	9.8%	9.8%	9.8%
South Africa	0.0%	4.8%	4.8%	4.8%
Ireland	0.0%	4.6%	4.6%	4.6%
France	1.1%	4.4%	3.3%	5.6%
Cayman Islands	0.0%	4.2%	4.2%	4.2%
Austria	0.0%	3.9%	3.9%	3.9%
United Arab Emirates	0.0%	3.5%	3.5%	3.5%
Other	0.0%	4.9%	4.9%	4.9%
Grand Total	-1.1%	111.0%	109.9%	112.1%

Sector Exposure (% NAV)

	Short	Long	Net	Gross
Consumer Cyclical	1.1%	24.7%	23.6%	25.8%
Industrial	0.0%	17.9%	17.9%	17.9%
Financial	0.0%	16.0%	16.0%	16.0%
Oil & Gas	0.0%	14.3%	14.3%	14.3%
Energy	0.0%	14.2%	14.2%	14.2%
Retail	0.0%	10.0%	10.0%	10.0%
Basic Materials	0.0%	8.8%	8.8%	8.8%
Communications	0.0%	4.9%	4.9%	4.9%
Grand Total	-1.1%	111.0%	109.9%	112.1%

Ratings Exposure (% NAV)



Top Five Positions (% NAV)

Codere Finance	9.9%
Steenbok	9.9%
Aston Martin	9.8%
Waldorf	5.2%
Obrascon Huarte Lain	5.0%

Contact Details

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