

↑ 0.19%*

Ironshield Credit Fund

Long/Short Credit

August 2020

Performance Returns

*The Ironshield Credit Fund returned +0.19% 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

With holiday season in full force during August, the month is often characterized by lackluster performance for risk assets interspersed with the occasional large sell offs (so called "black Monday" in both 2011 and 2015). This year saw stronger performance as markets continued on the Covid recovery sentiment, with US equities in particular having a strong month. The broader switch into risk meant government bonds struggled as Bunds and Treasuries fell over a percent, and Gilts were down 3%, whilst lower quality BTPs and Spanish bonds were negative but outperformed.

In credit markets, the lower quality part of the credit spectrum also benefited as investors moved back into riskier assets, high yield outperforming investment grade credit in both Europe and the US. Within Europe, high yield credit shrugged off the rising number of virus cases to see overall positive performance with lower quality CCC outperforming.

Despite the lack of primary activity as issuance dried up in August, high yield supply remained further supported by the continued flow of fallen angels. Valeo (which was downgraded at the end of July) was joined by Accor in having their ratings cut to high yield. Within the portfolio we maintained momentum with modestly positive returns. Most of our names performed well given market conditions and a couple of event catalysts that played out in line with our expectations. Although positive, overall performance was held back by two main detractors; one in the travel space that suffered the headlines of a second wave of Covid in Europe, and the other a special situation credit that gave up part of last months gains. We maintain a high conviction on both of these credits and believe there is scope for strong performance in the coming months. Our universe remains rich in opportunities, with a robust pipeline of events. With Covid related disruption pushing select names to very attractive levels and ongoing dislocation in special situations credits we believe the risk/reward profiles of these credits remain extremely compelling for our long/short strategy.

The Manager



Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly with daily indicative NAVs
Fund AUM	€3.5MM
Strategy AUM	€3.5MM
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

Luca Moro - Portfolio Manager

Luca Moro has 14 years of investment management experience and has been a portfolio manager for the past 9 years. Before joining Ironshield Capital he worked for Numen Capital, Eyck Capital and Halcyon Capital (now Bardin Hill). He is experienced across the entire credit spectrum and has managed special situation portfolios investing across the capital structure.

MontLake Ironshield Credit Fund Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2020	-	-	0.00%	6.45%	2.03%	9.60%	1.04%	0.19%					20.51%

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	-*
Annualised Monthly Volatility	-*
Sharpe Ratio	-*
Maximum Drawdown	-*
Months to Recover	-*

* Not meaningful as a result of limited data set given recent launch of the fund

Portfolio Characteristics

Number of Holdings	25
Number of Issuers	22
Modified Duration	3.00
Macaulay Duration	2.94
Average Coupon	4.95%
Current Yield	5.66%
Yield to Maturity	7.50%
Yield to Worst	7.91%

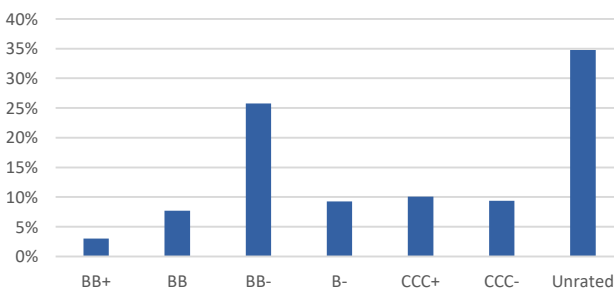
Country Exposure (% NAV)

	Short	Long	Net	Gross
Italy	0.0%	30.4%	30.4%	30.4%
United States	0.0%	20.6%	20.6%	20.6%
Switzerland	0.0%	14.0%	14.0%	14.0%
France	0.0%	6.6%	6.6%	6.6%
Norway	0.0%	6.3%	6.3%	6.3%
Luxembourg	0.0%	5.0%	5.0%	5.0%
Brazil	0.0%	4.5%	4.5%	4.5%
United Kingdom	0.0%	4.4%	4.4%	4.4%
Spain	0.0%	3.7%	3.7%	3.7%
Germany	0.0%	0.0%	0.0%	0.0%
Europe	42.4%	0.0%	-42.4%	42.4%
Grand Total	42.4%	95.6%	53.2%	138.0%

Sector Exposure (% NAV)

	Short	Long	Net	Gross
Consumer Cyclical	0.0%	36.0%	36.0%	36.0%
Consumer Non-Cyclical	0.0%	25.9%	25.9%	25.9%
Communications	0.0%	25.0%	25.0%	25.0%
Industrial	0.0%	4.5%	4.5%	4.5%
Financial	0.0%	2.1%	2.1%	2.1%
Utilities	0.0%	2.1%	2.1%	2.1%
Credit Default Swap - Index	42.4%	0.0%	-42.4%	42.4%
Grand Total	42.4%	95.6%	53.2%	138.0%

Ratings Exposure (% NAV)



Top Five Positions (%NAV)

Aryzta AG	8.4%
Royal Caribbean Cruises Ltd	6.4%
Dufry One BV	5.6%
Autostrade per l'Italia	5.6%
Telecom Italia	5.1%

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