

↓ 1.27%*

Ironshield Credit Fund

Long/Short Credit

September 2020

Performance Returns

*The Ironshield Credit Fund returned -1.27% 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 proved to be a more challenging month for credit following the strong performance we had seen in recent months. A combination of an acceleration in the second wave of the virus in Europe, some softer economic data and a failure to make progress on further fiscal easing in the US all weighed on sentiment. Consequently, HY spreads ended the month around 40 basis points wider. Despite the weakness it was a strong month for supply with €11bn of HY bonds priced in September, of which €9bn was rated BB with at least one rating agency.

In terms of new issuance, September continued the general theme of this year, with the year-to-date run rate now at record levels and BBs accounting for 66% of the total volume; year-to-date net surplus in supply has now risen above €80bn.

Our performance during the month was primarily driven by mark to market losses on idiosyncratic event driven long positions that weakened because of the general market selloff as the market started to price in a second Covid wave. This was partially offset by several positive idiosyncratic events such as M&A speculation in one of our positions and market reassessment of recoveries in restructuring in two other positions that we held. These positions generated value which we monetized as we took profit over the course of the month.

Whilst the broader macro environment remains volatile, the frequency of idiosyncratic events and special situations are increasing, with M&A, restructurings, capital increases, spin-offs happening more often creating a healthy pipeline of opportunities for the fund. In particular we see a large number of capital structures that have raised fresh capital and managed to weather the initial Covid related slowdown but where a return even to pre-Covid levels of business activity would leave the capital structure unsustainable. These and other situations will continue to create a lot of opportunities in our space, with many credits offering an attractive risk/reward profile.

The Manager



Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly with daily indicative NAVs
Fund AUM	€4.6MM
Strategy AUM	€4.6MM
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

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%	-1.27%				18.97%

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	27
Number of Issuers	21
Modified Duration	3.27
Macaulay Duration	3.59
Average Coupon	5.12%
Current Yield	6.26%
Yield to Maturity	7.48%
Yield to Worst	7.45%

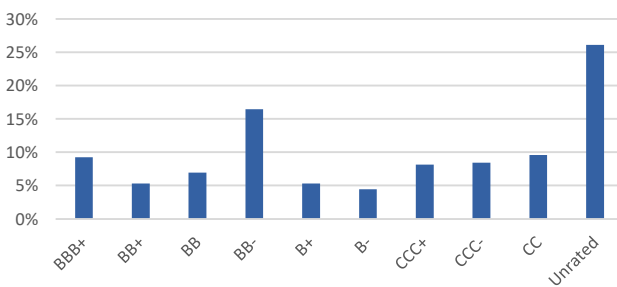
Country Exposure (% NAV)

	Short	Long	Net	Gross
United States	0.0%	23.0%	23.0%	23.0%
Italy	0.0%	18.9%	18.9%	18.9%
France	0.0%	16.2%	16.2%	16.2%
United Kingdom	0.0%	7.2%	7.2%	7.2%
Canada	0.0%	5.9%	5.9%	5.9%
Switzerland	0.0%	5.4%	5.4%	5.4%
Luxembourg	0.0%	3.8%	3.8%	3.8%
Brazil	0.0%	3.6%	3.6%	3.6%
Netherlands	0.0%	2.6%	2.6%	2.6%
Norway	1.9%	2.9%	1.0%	4.8%
Spain	0.0%	0.8%	0.8%	0.8%
Europe	32.6%	0.0%	-32.6%	32.6%
Grand Total	34.4%	90.3%	55.8%	124.7%

Sector Exposure (% NAV)

	Short	Long	Net	Gross
Consumer Cyclical	1.9%	32.2%	30.4%	30.4%
Communications	0.0%	27.3%	27.3%	27.3%
Consumer Non-Cyclical	0.0%	17.3%	17.3%	17.3%
Industrial	0.0%	8.0%	8.0%	8.0%
Utilities	0.0%	4.0%	4.0%	4.0%
Financial	0.0%	1.5%	1.5%	1.5%
Credit Default Swap - Index	32.6%	0.0%	-32.6%	32.6%
Grand Total	34.4%	90.3%	55.8%	124.7%

Ratings Exposure (% NAV)



Top Five Positions (%NAV)

Solocal Group	8.3%
Royal Caribbean Cruises Ltd	7.2%
Autostrade per l'Italia	6.5%
Cineplex, Inc.	5.9%
Telecom Italia	5.5%

Contact Details

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