

↑ 0.15%*

Ironshield Credit Fund

Long/Short Credit

July 2021

Performance Returns

*The Ironshield Credit Fund returned 0.15% for the month of July (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

Whilst global growth remained at a high absolute level in August, fears arose that the pace of the global recovery had peaked in the second quarter of the year, with the growth of countries further along the reopening path such as the UK and US stabilising. Inflationary pressure continued during July, but central banks continue to view it as transitory, with the ECB changing guidance from below 2% to a more symmetrical target. The rapid rise of the Delta variant of Covid-19 seems to have done little to halt reopening in most developed countries where vaccination levels remain high, but concerns remain over the potential for more restrictions in emerging markets where the vaccinated population remain a minority.

Against this backdrop risk asset prices were volatile in July; whilst broad indexes eked out positive returns in both equity and credit markets. This was led by the large cap higher quality segments and masked greater dispersion beneath the surface. High yield performance lagged given the broader risk off sentiment, whilst government bond yields sharply declined. Issuance was light in July in line with historical summer performance and finally falling below €10bn for the first time in 6 months and is likely to remain subdued until market activity picks up in September.

Performance in the portfolio was modestly positive despite the cautious tone permeating credit markets. Of note our position in a Spanish construction company delivered strong returns as its new bonds repriced higher following a restructuring. The fund also gained from a UK luxury car manufacturer as the company delivered earnings in line with the growth plan. Finally on the top contributors, a position in a French steel manufacturer was positive following an uplift to 2021 guidance and an increase in projected EBITDA. Partially offsetting this was select oil and gas credits from general sector weakness across July.

During the month, the fund exited select Covid recovery themed positions that had played out and offered more limited upside going forward. The fund is now in a position to recycle the capital into new situations offering more attractive risk / reward profiles and a greater degree of potential absolute gain.

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. Defaults and restructurings year to date are 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	€66.7MM
Strategy AUM	€66.7MM
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%						23.36%
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	48.56%
Annualised Volatility	15.19%
Sharpe Ratio	3.19
Maximum Drawdown	-1.27%
Months to Recover	2

Portfolio Characteristics

Number of Holdings	35
Number of Issuers	25
Modified Duration	2.16
Macaulay Duration	3.33
Average Coupon	7.85%
Current Yield	10.67%
Yield to Maturity	18.30%
Yield to Worst	18.03%

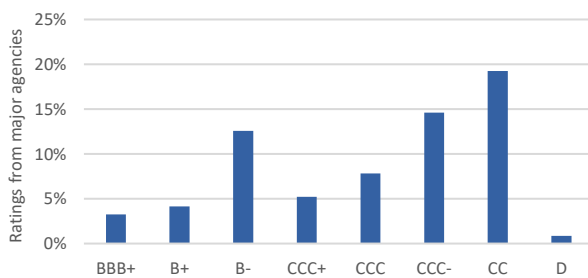
Country Exposure (% NAV)

	Short	Long	Net	Gross
Spain	0.0%	18.8%	18.8%	18.8%
Luxembourg	0.0%	12.9%	12.9%	12.9%
Jersey, C.I.	0.0%	9.3%	9.3%	9.3%
United States	0.0%	8.4%	8.4%	8.4%
United Kingdom	0.0%	8.1%	8.1%	8.1%
Cayman Islands	0.0%	5.1%	5.1%	5.1%
Switzerland	0.0%	4.9%	4.9%	4.9%
South Africa	0.0%	4.7%	4.7%	4.7%
Ireland	0.0%	4.6%	4.6%	4.6%
Italy	0.0%	3.2%	3.2%	3.2%
United Arab Emirates	0.0%	3.1%	3.1%	3.1%
Austria	0.0%	2.6%	2.6%	2.6%
Denmark	0.0%	1.5%	1.5%	1.5%
France	1.5%	2.9%	1.4%	4.4%
Brazil	0.0%	0.4%	0.4%	0.4%
Grand Total	-1.5%	90.5%	89.0%	92.0%

Sector Exposure (% NAV)

	Short	Long	Net	Gross
Consumer Cyclical	1.5%	22.2%	20.7%	23.7%
Industrial	0.0%	18.2%	18.2%	18.2%
Energy	0.0%	12.5%	12.5%	12.5%
Basic Materials	0.0%	9.1%	9.1%	9.1%
Oil & Gas	0.0%	8.8%	8.8%	8.8%
Retail	0.0%	4.8%	4.8%	4.8%
Consumer Non-Cyclical	0.0%	4.9%	4.9%	4.9%
Financial	0.0%	4.1%	4.1%	4.1%
Communications	0.0%	3.1%	3.1%	3.1%
Utilities	0.0%	2.9%	2.9%	2.9%
Grand Total	-1.5%	90.5%	89.0%	92.0%

Ratings Exposure (% NAV)



Top Five Positions (% NAV)

Obrascon Huarte Lain SA	9.6%
Aston Martin	9.3%
Codere	5.6%
Petra Diamonds	4.7%
NAC Aviation	4.6%

Contact Details

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