

↑ 1.04%*

Ironshield Credit Fund

Long/Short Credit

July 2020

Performance Returns

*The Ironshield Credit Fund returned +1.04% 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

Despite a continued rise in Covid cases around the world, July was generally another solid month for European credit. Further improvements in economic data acted as a positive tailwind for investor sentiment, whilst in the US earnings season got off to a positive start. Credit spreads continued to tighten – an additional 50 bps during July – and have now tightened more than 400 bps since the March wades, but remain more than 150 bps wider than the pre-crisis tights we saw back in February.

Broadly, high yield performance across the month was skewed to higher grade names, with BBs outperforming Bs and CCCs, with the latter negative across the month. Volatility was elevated in stressed and distressed names with travel related credits negatively impacted by the flare up in virus cases and subsequent reimplementations of quarantine rules for Spain in particular.

The new issue market remains robust with €9.5bn printed in July, taking the year-to-date supply close to €50bn. Issuance has only been higher at this point in 2014 and 2015, whilst net issuance is running at record levels. The combination of strong issuance and fallen angels has helped push the net surplus in supply to nearly €70bn. Given these high yield market dynamics we expect the market to remain dislocated for some time, creating an attractive environment for our long/short strategy.

It was a busy month for credits in our portfolio, with four different events playing out as we expected and contributing to the positive performance. This was partially offset by the weakness in travel related names, which for the most part are now back towards the March 2020 lows. We think the upside/downside continues to look incredibly attractive on these names at these levels. Given that our fundamental analysis points to the travel related names in our portfolio having ample liquidity for the next 18-24 months, these names are positioned to emerge strongly when travel levels start to improve and the market sees a path to recovery over the next 3-4 years.

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%						20.28%

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	24
Number of Issuers	21
Modified Duration	3.14
Macaulay Duration	2.98
Average Coupon	5.18%
Current Yield	6.06%
Yield to Maturity	8.80%
Yield to Worst	8.76%

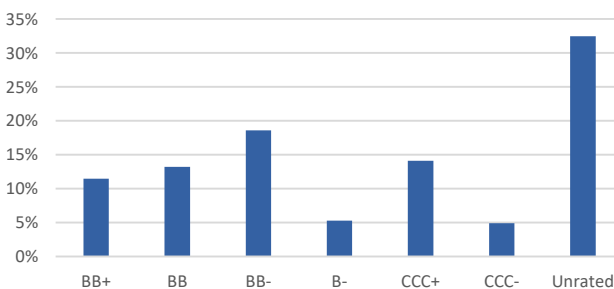
Country Exposure (% NAV)

	Short	Long	Net	Gross
United States	0.0%	26.2%	26.2%	26.2%
Italy	0.0%	24.2%	24.2%	24.2%
Switzerland	0.0%	13.8%	13.8%	13.8%
Norway	0.0%	9.1%	9.1%	9.1%
France	0.0%	6.5%	6.5%	6.5%
Brazil	0.0%	4.9%	4.9%	4.9%
Luxembourg	0.0%	4.7%	4.7%	4.7%
United Kingdom	0.0%	4.1%	4.1%	4.1%
Germany	0.0%	2.8%	2.8%	2.8%
Europe	42.4%	0.0%	-42.4%	42.4%
Grand Total	42.4%	96.2%	53.9%	138.6%

Sector Exposure (% NAV)

	Short	Long	Net	Gross
Consumer Cyclical	0.0%	41.0%	41.0%	41.0%
Consumer Non-Cyclical	0.0%	26.3%	26.3%	26.3%
Communications	0.0%	19.5%	19.5%	19.5%
Industrial	0.0%	4.5%	4.5%	4.5%
Financial	0.0%	2.8%	2.8%	2.8%
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%	96.2%	53.9%	138.6%

Ratings Exposure (% NAV)



Top Five Positions (%NAV)

Aryzta AG	8.7%
Royal Caribbean Cruises Ltd	6.2%
Autostrade per l'Italia	5.5%
Carnival Corp	5.4%
Dufry One BV	5.1%

Contact Details

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