

↑ 4.86%*

Ironshield Credit Fund

Long/Short Credit

June 2021

Performance Returns

*The Ironshield Credit Fund returned 4.86% for the month of June (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

As we approached the midpoint of the year, and the traditionally quieter summer months, the economic rebound from the covid crisis continued, with the Eurozone in particular catching up from its slow start as countries moved towards a broader based reopening. The UK and the US continue to lead the way, despite fears of the highly contagious delta variant of the coronavirus, as pent-up demand and forward looking economic indicators point to an ongoing recovery. Central banks remain broadly supportive of economic growth with the view that spiking inflation will remain transitory; although in the US it required chair Powell to talk down what was initially seen as more hawkish Fed minutes.

Whilst markets exhibited some volatility in June, risk-on sentiment overall drove positive returns across risk assets as equities continued to reach all-time highs and credit spreads tightened. High yield had a positive month with a combination of investors' ongoing hunt for yield, coupled with strong economic performance which provided a strong tailwind; although year to date total returns remain somewhat subdued. Issuance remains at record levels with June seeing a record month in European High Yield issuance, as well as Q2 being a record quarter.

The fund posted the second strongest monthly return year-to-date outperforming pan-European high yield by 19.6% during the first half of the year. Positive performance remains broad based in the portfolio but of note in June our position in a Spanish gaming company performed well as it announced the partial sale of its online business. Additionally, our positions in a European retailer contributed significantly with a price uplift driven by an IPO of one of the underlying business. Finally, our position in an energy company was positive following the listing of the equity of the company post restructuring.

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	€59.4MM
Strategy AUM	€59.4MM
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%							23.17%
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	52.13%
Annualised Volatility	15.39%
Sharpe Ratio	3.39
Maximum Drawdown	-1.27%
Months to Recover	2

Portfolio Characteristics

Number of Holdings	44
Number of Issuers	32
Modified Duration	3.05
Macaulay Duration	4.07
Average Coupon	10.90%
Current Yield	13.14%
Yield to Maturity	27.01%
Yield to Worst	25.76%

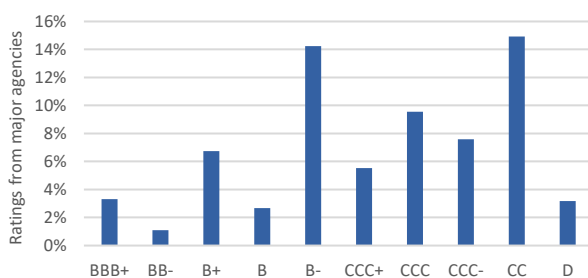
Country Exposure (% NAV)

	Short	Long	Net	Gross
Luxembourg	0.0%	20.4%	20.4%	20.4%
Spain	0.0%	16.8%	16.8%	16.8%
United States	0.0%	15.0%	15.0%	15.0%
United Kingdom	0.0%	14.7%	14.7%	14.7%
Cayman Islands	0.0%	10.0%	10.0%	10.0%
Jersey, C.I.	0.0%	10.0%	10.0%	10.0%
Italy	0.0%	9.4%	9.4%	9.4%
France	1.7%	8.7%	7.0%	10.4%
Switzerland	0.0%	5.4%	5.4%	5.4%
South Africa	0.0%	5.0%	5.0%	5.0%
Ghana	0.0%	4.7%	4.7%	4.7%
Greece	0.0%	3.7%	3.7%	3.7%
Austria	0.0%	3.6%	3.6%	3.6%
United Arab Emirates	0.0%	3.5%	3.5%	3.5%
Ireland	0.0%	3.1%	3.1%	3.1%
Denmark	0.0%	1.8%	1.8%	1.8%
Brazil	0.0%	0.5%	0.5%	0.5%
Grand Total	-1.7%	136.1%	134.5%	137.8%

Sector Exposure (% NAV)

	Short	Long	Net	Gross
Consumer Cyclical	1.7%	27.7%	26.0%	29.4%
Energy	0.0%	25.6%	25.6%	25.6%
Industrial	0.0%	24.0%	24.0%	24.0%
Oil & Gas	0.0%	11.0%	11.0%	11.0%
Financial	0.0%	10.3%	10.3%	10.3%
Basic Materials	0.0%	9.7%	9.7%	9.7%
Communications	0.0%	9.7%	9.7%	9.7%
Retail	0.0%	8.2%	8.2%	8.2%
Consumer Non-Cyclical	0.0%	5.4%	5.4%	5.4%
Utilities	0.0%	4.4%	4.4%	4.4%
Grand Total	-1.7%	136.1%	134.5%	137.8%

Ratings Exposure (% NAV)



Top Five Positions (% NAV)

Aston Martin	10.0%
Codere	6.3%
Obrascon Huarte Lain SA	6.2%
Petra Diamonds	5.0%
Paper Industries	4.8%

Contact Details

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