

↑ 2.16%*

Ironshield Credit Fund

Long/Short Credit

December 2020

Performance Returns

*The Ironshield Credit Fund returned 2.16% for the month of December (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

Market sentiment remained supportive into year-end and risk assets continued to rally throughout December. From a macro perspective, the sharp rise in Covid cases, and the prospect of further lockdowns was offset by positive developments on the rollout of the vaccination programs, a long-sought stimulus agreement in the US, and a Brexit deal finalised. In credit markets, high yield once again outperformed investment grade in a continuation of November's themes, as investors sought higher yielding assets and hard-hit sectors continued to rebound.

Performance remained positive in December, closing out a strong year for the fund. Of note, we bought a primary issuance in an energy company which was issued at short notice over the holiday season when many accounts were not available to take advantage of the generous terms on offer. The credit is backed by strong company fundamentals and the bond subsequently rallied sharply in secondary trading as the value was recognized by the market. We also gained on our position in a Spanish gaming company that had been downgraded earlier in the year and subsequently sought additional financing to increase liquidity. We bought the bonds significantly below par and benefitted in December as prices continued to rise with a more favourable outlook for 2021. We continue to see attractive asymmetric opportunities in the market with select bonds offering either event driven opportunities or high yields and low loan-to-value with fundamentally attractive business models.

Thematically, throughout the fourth quarter of 2020 we have been adding more idiosyncratic event driven opportunities as some of the Covid-related recovery names have been monetised after they had benefited from the greater clarity that the covid vaccine announcement has brought. As we look forward into 2021, we expect continued accommodative governmental policy to support risk assets. At the same time, with default rates expected to rise and increased refinancing and restructuring activity, dispersion is likely to remain high in credit markets and we continue to see a compelling opportunity set for the portfolio.

The Manager



Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly with daily indicative NAVs
Fund AUM	€11.6MM
Strategy AUM	€11.6MM
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

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
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	52.39%
Annualised Volatility	19.16%
Sharpe Ratio	2.73
Maximum Drawdown	-1.27%
Months to Recover	2

Portfolio Characteristics

Number of Holdings	28
Number of Issuers	25
Modified Duration	2.47
Macaulay Duration	2.77
Average Coupon	7.03%
Current Yield	8.01%
Yield to Maturity	11.02%
Yield to Worst	10.86%

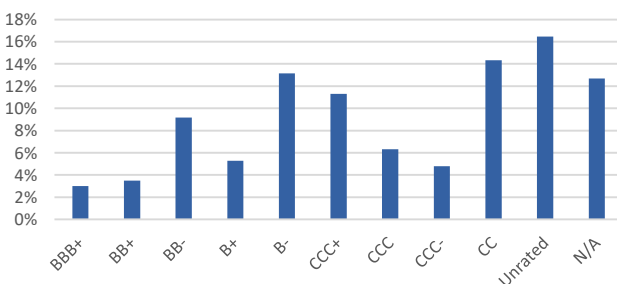
Country Exposure (% NAV)

	Short	Long	Net	Gross
United States	3.0%	19.9%	16.9%	22.9%
France	0.0%	16.4%	16.4%	16.4%
Italy	0.0%	14.6%	14.6%	14.6%
Denmark	0.0%	8.0%	8.0%	8.0%
Jersey, C.I.	0.0%	7.3%	7.3%	7.3%
Switzerland	0.0%	6.1%	6.1%	6.1%
Spain	0.0%	5.9%	5.9%	5.9%
United Kingdom	0.0%	3.2%	3.2%	3.2%
Cayman Islands	0.0%	3.1%	3.1%	3.1%
Ireland	0.0%	2.9%	2.9%	2.9%
Luxembourg	0.0%	2.5%	2.5%	2.5%
Brazil	0.0%	2.3%	2.3%	2.3%
Grand Total	-3.0%	92.3%	89.3%	95.3%

Sector Exposure (% NAV)

	Short	Long	Net	Gross
Consumer Cyclical	0.0%	27.3%	27.3%	27.3%
Energy	0.0%	16.7%	16.7%	16.7%
Communications	0.0%	14.4%	14.4%	14.4%
Consumer Non-Cyclical	0.0%	12.3%	12.3%	12.3%
Financial	0.0%	8.1%	8.1%	8.1%
Industrial	3.0%	7.7%	4.7%	10.7%
Oil & Gas	0.0%	3.1%	3.1%	3.1%
Utilities	0.0%	2.7%	2.7%	2.7%
Grand Total	-3.0%	92.3%	89.3%	95.3%

Ratings Exposure (% NAV)



Top Five Positions (% NAV)

Welltec A/S	8.0%
Vallourec SA	7.7%
Aston Martin	7.3%
Aryzta AG	6.1%
Codere Finance	5.9%

Contact Details

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