

↓ 0.88%*

Ironshield Credit Fund

Long/Short Credit

February 2022

Performance Returns

*The Ironshield Credit Fund returned -0.88% for the month of February (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

2022 volatility increased further in February with heightened expectations of monetary tightening to combat rampant inflation exacerbated by the Russian invasion of Ukraine and subsequent sanctions driving up energy prices and further impacting supply chains. The response from central banks and governments to the impact of the war remains to be seen, but with European countries heavily reliant on Russian energy and with energy prices spiking, there are likely to be a number of longer term impacts. Away from these headlines, economic recovery continued in the Eurozone in February with PMIs remaining strong and inflation of 5.1% the highest level on record.

Given the risk off sentiment, risk markets unsurprisingly had another very weak month, with both equity and credit markets falling sharply: European high yield ended the month -2.8%, taking it to -4.2% for the first two months of the year, and some equity indices entered correction territory.

The portfolio remained resilient in February with our position in a Spanish construction company positive as the company tendered 9% of the total issuance at par with the cash received from successful litigation settlement. Also positive were positions in a real estate debt management company which recovered from an overly negative market reaction to a contract loss, and an energy company which benefited from the spike in oil prices as well as moving towards a previously announced merger. Offsetting this was our position in a British oilfield servicing company which weakened following a surprise profit warning from an industry peer, and a gaming company which has some underlying exposure to emerging market countries and was therefore impacted by the Russia/Ukraine conflict.

Looking forward, with the ongoing conflict between Russia and Ukraine there has been a marked increase in market volatility and a broad based repricing of credits. This has led to an increase in size and acceleration of the timing of the opportunity set we had expected in 2022, particularly around near term supply chain and inflationary issues. We now have a substantial refresh of the opportunity pipeline and we look to be entering an elongated period of increased volume in the universe of credits that we look at.

The Manager



Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly with daily indicative NAVs
Fund AUM	€96.6MM
Strategy AUM	€96.6MM
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
2022	-0.75%	-0.88%											-1.62%
2021	0.59%	4.68%	5.91%	3.55%	1.71%	4.86%	0.15%	1.22%	0.99%	-0.75%	0.41%	0.43%	26.21%
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	32.80%
Annualised Volatility	13.85%
Sharpe Ratio	2.37
Maximum Drawdown	-1.62%
Months to Recover	N/A

Portfolio Characteristics

Number of Holdings	30
Number of Issuers	23
Modified Duration	2.42
Macaulay Duration	2.97
Average Coupon	7.95%
Current Yield	9.55%
Yield to Maturity	14.10%
Yield to Worst	13.93%

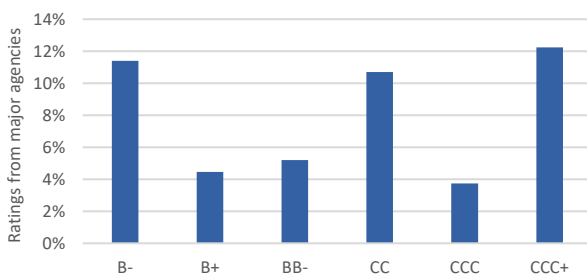
Country Exposure (% NAV)

	Short	Long	Net	Gross
United Kingdom	0.0%	23.8%	23.8%	23.8%
Spain	0.0%	18.0%	18.0%	18.0%
Luxembourg	0.0%	12.0%	12.0%	12.0%
United States	0.0%	10.9%	10.9%	10.9%
Jersey, C.I.	0.0%	8.9%	8.9%	8.9%
Other	0.0%	7.9%	7.9%	7.9%
South Africa	0.0%	4.8%	4.8%	4.8%
France	1.0%	4.0%	3.0%	5.0%
Austria	0.0%	3.5%	3.5%	3.5%
Cayman Islands	0.0%	3.1%	3.1%	3.1%
Grand Total	-1.0%	97.0%	96.0%	98.0%

Sector Exposure (% NAV)

	Short	Long	Net	Gross
Consumer Cyclical	1.0%	20.6%	19.6%	21.6%
Financial	0.0%	18.7%	18.7%	18.7%
Industrial	0.0%	16.5%	16.5%	16.5%
Oil & Gas	0.0%	11.8%	11.8%	11.8%
Energy	0.0%	10.9%	10.9%	10.9%
Basic Materials	0.0%	8.5%	8.5%	8.5%
Communications	0.0%	7.9%	7.9%	7.9%
Retail	0.0%	2.1%	2.1%	2.1%
Grand Total	-1.0%	97.0%	96.0%	98.0%

Ratings Exposure (% NAV)



Top Five Positions (% NAV)

Aston Martin	8.9%
OHL Operaciones	8.7%
OI Brazil	7.9%
Codere Finance	7.2%
Petra Diamonds	4.8%

Contact Details

Investor Contact

Waystone Capital Solutions (UK) Ltd
2nd Floor, 20-22 Bedford Row
Holborn, London
T: +44 207 290 9493
investorrelations@waystone.com

Management Company

Waystone Fund Management (IE) Ltd
3rd Floor, 76 Baggot Street Lower
Dublin, Ireland
T: +353 1 533 7020
investorrelations@waystone.com

Investment Manager

Ironshield Capital Management LLP
7-8 Stratford Place
London, United Kingdom, W1C 1AY
T: +44 20 3574 4202
investorrelations@ironshieldcapital.com

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