

↓ 1.87%*

Ironshield Credit Fund

Long/Short Credit

May 2022

Performance Returns

*The Ironshield Credit Fund returned -1.87% for the month of May (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

Volatility remained high in May with increased recessionary fears combined with high inflation and tightening monetary conditions. Multi-decade inflation highs remain, with the UK seeing the highest level for 40 years whilst labour market conditions continue to tighten with Eurozone unemployment the lowest on record. Many central banks continued to raise interest rates including the Fed and the BoE in line with expectations, whilst the ECB is likely to follow suit later this year. Geopolitical tension remains high, and embargoes on Russian oil further pushed up energy prices.

Given the challenging market, issuance remains light in European high yield, with YTD corporate issuance of € 18bn vs €71bn this time last year. Performance also remains weak with European high yield having another negative month, now down over 8% for the year as of the end of May. The XOVER index of the 75 most liquid European high yield names saw spreads widen to over 500 basis points to the highest levels since the Covid crisis implying expectations of an elevated default environment.

Against this environment the fund experienced some mark to market detractors, with market dispersion low and credits selling off across the board. However, we remain confident in our fundamental theses on these positions, where we see short term event catalysts as the ultimate driver of price. We have also been dynamic in adjusting our portfolio with net exposure significantly reducing across the month as we have taken select alpha short positions.

The market environment has led to an increase in size and acceleration of the timing of the opportunity set we had expected in 2022 and beyond, particularly around expectations of recessions in the major economies. The pipeline of opportunities has improved 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	€90.3MM
Strategy AUM	€90.3MM
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%	-1.07%	+1.15%	-1.87%								-3.39%
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	29.98%
Annualised Volatility	13.55%
Sharpe Ratio	2.21
Maximum Drawdown	-3.39%
Months to Recover	N/A

Portfolio Characteristics

Number of Holdings	33
Number of Issuers	24
Modified Duration	1.10
Macaulay Duration	1.45
Average Coupon	6.85%
Current Yield	8.21%
Yield to Maturity	12.93%
Yield to Worst	12.79%

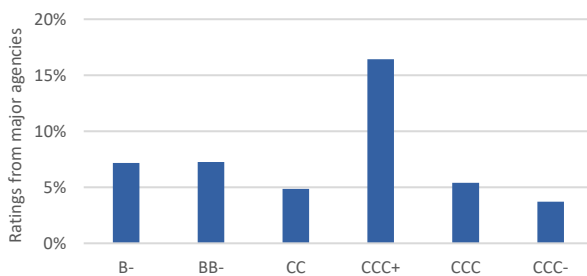
Country Exposure (% NAV)

	Short	Long	Net	Gross
United Kingdom	0.0%	25.5%	25.5%	25.5%
Spain	0.0%	16.0%	16.0%	16.0%
United States	0.0%	11.4%	11.4%	11.4%
Other	0.0%	8.5%	8.5%	8.5%
South Africa	0.0%	4.5%	4.5%	4.5%
France	5.0%	4.4%	-0.6%	9.3%
Cayman Islands	0.0%	3.4%	3.4%	3.4%
Luxembourg	0.0%	3.3%	3.3%	3.3%
Jersey, C.I.	0.0%	3.1%	3.1%	3.1%
Ireland	0.0%	0.2%	0.2%	0.2%
Denmark	7.2%	0.0%	-7.2%	7.2%
Germany	12.0%	0.0%	-12.0%	12.0%
Grand Total	-24.2%	80.2%	56.0%	104.4%

Sector Exposure (% NAV)

	Short	Long	Net	Gross
Energy	0.0%	12.4%	12.4%	12.4%
Industrial	12.2%	12.1%	-0.1%	24.2%
Real Estate	0.0%	11.3%	11.3%	11.3%
Communications	0.0%	8.5%	8.5%	8.5%
Financial	0.0%	6.4%	6.4%	6.4%
Basic Materials	0.0%	4.5%	4.5%	4.5%
Healthcare	5.0%	0.0%	-5.0%	5.0%
Retail	7.1%	0.0%	-7.1%	7.1%
Grand Total	-24.2%	80.2%	56.0%	104.4%

Ratings Exposure (% NAV)



Top Five Positions (% NAV)

OI	8.17%
Obrascon Huarte Lain	7.39%
ISS Global	-7.16%
Douglas	-7.09%
Siccar Point	5.49%

Contact Details

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