

↑ 0.47%*

Ironshield Credit Fund

Long/Short Credit

October 2020

Performance Returns

*The Ironshield Credit Fund returned 0.47% for the month of October (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

October saw a further decline in risk sentiment across financial markets from the post-Covid highs of late summer, with case counts rising to unprecedented levels across Europe and the US. With partial national shutdowns announced in the two largest European economies, and further restrictions across the continent in the face of quickly rising Covid-19 cases, key European equity indices such as the German DAX had their worst month since March. The negative sentiment was partly shared on the other side of the Atlantic, with cases there reaching record highs as well, as the S&P 500 and the Nasdaq declined for a second straight month.

Global demand worries on the back of further government shutdowns also hurt energy prices with both Brent and WTI at the lowest levels since May. Sovereign bonds rallied in Europe with the risk off tone and indications that the ECB would continue and possibly expand on its bond buying programme. High yield in both Europe and US remained broadly flat helped by the move in rate markets; decompression being the main theme in a risk off environment.

Against the challenging backdrop our fund delivered positive returns during October as we saw several special situation events within our portfolio crystallise. Of note, our positions in a European directories company implementing a debt for equity swap through a restructuring and a French utility company that is spinning off part of its business were both positive. Likewise, our exposure to an Italian infrastructure company was positive as they drew closer to an agreement with the government and we took profit during October. A short position in a European airline that is facing a second restructuring, only a few months after implementing a capital increase and debt for equity swap also contributed. Partially offsetting this were positions in two idiosyncratic events that look to have been postponed for a few months. Overall, we continue to see a significant rise in the number of special situation events creating an attractive pipeline of opportunities for the fund to take advantage of.

Thematically in the portfolio we also held modest positions in Covid related names that had sold off but have enough liquidity for the next 12 months, and an underlying business model that remains viable. The rebound didn't materialise in October, but with the announcement on a vaccine drawing closer there remains a catalyst for these credits to outperform as we saw following the post-March lows.

The fund continues to perform well even in challenging months with our uncorrelated event driven approach, and we believe that the opportunity set remains incredibly attractive, with elevated volatility and plenty of catalysts for our credits to deliver performance.

The Manager



Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly with daily indicative NAVs
Fund AUM	€6.1MM
Strategy AUM	€6.1MM
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%	0.19%	-1.27%	0.47%			19.54%

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	30.70%
Annualised Volatility	12.96%
Sharpe Ratio	2.41
Maximum Drawdown	-1.27%
Months to Recover	N/A

Portfolio Characteristics

Number of Holdings	27
Number of Issuers	22
Modified Duration	2.61
Macaulay Duration	2.80
Average Coupon	5.47%
Current Yield	6.79%
Yield to Maturity	10.10%
Yield to Worst	10.08%

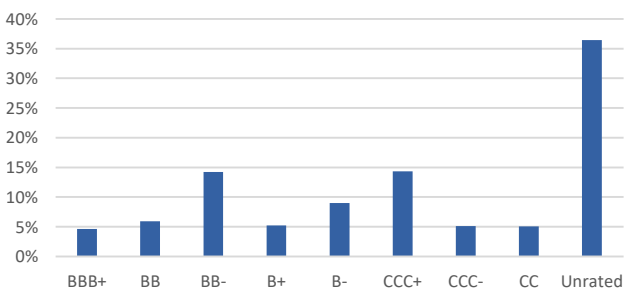
Country Exposure (% NAV)

	Short	Long	Net	Gross
United States	0.0%	29.1%	29.1%	29.1%
France	0.0%	13.8%	13.8%	13.8%
Italy	0.0%	12.6%	12.6%	12.6%
Sweden	0.0%	8.8%	8.8%	8.8%
Switzerland	0.0%	7.6%	7.6%	7.6%
Canada	0.0%	5.6%	5.6%	5.6%
Brazil	0.0%	4.2%	4.2%	4.2%
Luxembourg	0.0%	4.2%	4.2%	4.2%
United Kingdom	0.0%	4.0%	4.0%	4.0%
Norway	0.0%	2.1%	2.1%	2.1%
Netherlands	0.0%	2.0%	2.0%	2.0%
Europe	24.6%	0.0%	-24.6%	24.6%
Grand Total	24.6%	94.3%	69.7%	118.9%

Sector Exposure (% NAV)

	Short	Long	Net	Gross
Consumer Cyclical	0.0%	40.8%	40.8%	40.8%
Communications	0.0%	24.0%	24.0%	24.0%
Consumer Non-Cyclical	0.0%	17.1%	17.1%	17.1%
Industrial	0.0%	4.8%	4.8%	4.8%
Utilities	0.0%	4.3%	4.3%	4.3%
Financial	0.0%	3.4%	3.4%	3.4%
Credit Default Swap - Index	24.6%	0.0%	-24.6%	24.6%
Grand Total	24.6%	94.3%	69.7%	118.9%

Ratings Exposure (% NAV)



Top Five Positions (% NAV)

SAS AB	8.8%
Aryzta AG	7.6%
Cineplex, Inc.	5.6%
Carnival Corporation	5.3%
Royal Caribbean Cruises Ltd	5.3%

Contact Details

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