

↓ 0.5%\*

# Butler Credit Opportunities UCITS Fund

## Long/Short European Credit

February 2020

### Performance Returns

\*The Butler Credit Opportunities UCITS Fund (BCO UCITS) returned -0.48% in February 2020 (EUR Institutional Class Founder ISIN: IE00BF2CW131 BB Ticker: MLBCEIF).

### Investment Objective & Strategy

Butler Credit Opportunities UCITS is a long/short European Credit fund with a long term target to deliver 8-10% annualized returns while maintaining portfolio volatility below 5% over the credit cycle. The BCO UCITS Fund team uses a unique 3 step investment approach placing risk management and preservation of capital at the centre of portfolio management while constantly seeking opportunities to generate superior risk adjusted returns.

- Stage 1: With their long-standing experience in markets, the team recognizes that the portfolio Beta should always reflect the optimal level of risk in order to preserve capital or generate superior Alpha. The BCO UCITS Fund's portfolio managers systematically implement a Top-Down approach in order to determine the optimal level of risk for the portfolio.
- Stage 2: Bottom up focuses on the fundamental analysis of individual securities, assessing key financial parameters for each bond evaluating its potential as a long or short position.
- Stage 3: Portfolio construction determines the capital allocated to each strategy/position taking into account risk, liquidity, volatility, etc.

### Monthly Commentary

February 2020 has been all about the Coronavirus outbreak and consequences. Equities and HY rebounded from Feb 3rd onwards, due to mounting evidence that China's new cases had peaked. US Equity indices reached new highs, HY markets retraced most of the spread widening since Jan, 20 while new issues came thick and fast – albeit with some degree of discount vs. secondary

prices. Meanwhile OECD government yields continued to fall and Defensive stocks outperformed, signalling creeping global growth angst. The latter returned en force from Feb 21st, due to evidence that Coronavirus is likely to develop into a global pandemic, triggering an abrupt fall in Equity prices, unprecedented since '08. HY markets were hit proportionally – no real panic – while government yields were exploring uncharted territories, especially for the US.

The BCO Fund (EUR Inst. Founder) returned -0.48% which makes for satisfactory resilience when compared to indices (-2% on wide €HY, -2.7% on average Bs). We have both done well during the “denial” phase (105bps gross return as at Feb, 20 resulting from 65% average beta and c. 30bps alpha generation) and during the depression moment (-130 bps vs. -3.87% on our B-focused reference index, with 45% average beta and continued alpha). Given the very abrupt move from complacency to depression, which we failed to anticipate – but understood in real time, our beta adjustment proved somewhat less efficient than during more gradual corrections. Conversely, we are happy with February's recurrent alpha generation, resulting from a combination of (i) single name alpha generation, mostly stemming from a pronounced Defensive bias; (ii) efficient hedging; (iii) significant alpha from CDS curves.

On March, 3rd G7 finance ministers and Central bankers held a conference call to discuss how to best counter the Coronavirus's negative impact on the global economy. It was quickly followed by a 50bps emergency rate cut by the Fed, the first since 2008, evidencing serious concerns about a recession risk. Equity markets' reaction was not truly enthusiastic – this move typically takes place in challenging times and does not typically presage a strong Sharpe ratio ahead. On Thu, 4th we have decided to take advantage of the mini-rebound in markets to lower our beta further towards 20-30%, adding hedges axed on escalating recession risks.

### The Manager

# BUTLER

## INVESTMENT MANAGERS

### Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly with daily indicative NAVs
Fund AUM	€719.0m
Strategy AUM	€781.2m
Inception	15 <sup>th</sup> May 2017

Share Class	Institutional Class B Pooled Shares
Currency	EUR/CHF/USD/GBP
Mgt. Fee	1.1%
Perf. Fee	20%
Min Init. Sub.	1,000
ISIN Codes	EUR: IE00BF2CWF72/MLBCEIB CHF: IE00BF2CWH96/MLBCCIB USD: IE00BF2CWX11/MLBCUIB GBP: IE00BF2CWG89/MLBCBGI

Share Class	Retail Class Pooled Shares
Currency	EUR/CHF/USD/GBP
Mgt. Fee	1.5%
Perf. Fee	20%
Min Init. Sub.	1,000
ISIN Codes	EUR: IE00BF2CWX26/MLBCERP CHF: E00BF2CWM40/MLBCOCR USD: IE00BF2CWN56/MLBCURP GBP: IE00BF2CWL33/MLBCGRP

### Butler Credit UCITS Fund Performance (EUR Institutional Class Founder)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2020	-0.27%	-0.48%											-0.75%
2019	1.25%	1.16%	0.62%	1.07%	-0.51%	1.00%	0.52%	0.79%	0.20%	-0.54%	0.81%	0.70%	7.28%
2018	0.58%	0.16%	-0.22%	1.01%	-0.52%	-0.02%	1.07%	0.17%	0.25%	-0.18%	-0.29%	-0.58%	1.42%
	-	-	-	-	0.73%	-0.29%	0.53%	-0.04%	0.69%	0.91%	-0.60%	-0.18%	1.74%

The performance figures quoted above represent the performance of the Butler Credit Opportunities UCITS Fund since launch on 15th May 2017. These performance figures refer to the past and past performance is not a reliable guide to future performance.

### WB Opportunities Fund Ltd Performance Class A2 USD Shares (Non-UCITS)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2017	0.09%	0.67%	-0.15%	0.88%	-	-	-	-	-	-	-	-	1.50%
2016	-0.38%	-0.97%	2.58%	2.02%	0.37%	-0.80%	1.21%	1.73%	-0.58%	1.01%	0.14%	1.73%	8.28%
2015	0.89%	1.69%	0.24%	0.56%	0.34%	-0.65%	0.16%	-0.78%	-0.46%	1.08%	0.67%	-0.02%	3.76%
2014	0.98%	1.34%	0.91%	1.01%	0.12%	0.81%	-0.65%	0.69%	-1.56%	-0.84%	0.28%	0.29%	3.39%
2013	1.40%	1.26%	0.40%	1.39%	0.23%	-1.14%	1.82%	0.89%	1.62%	2.35%	0.22%	0.96%	11.95%
2012	2.19%	3.02%	1.67%	-0.83%	-0.42%	-0.18%	1.36%	1.34%	1.66%	2.25%	0.99%	2.05%	16.11%
2011	2.40%	2.43%	0.68%	1.43%	0.18%	-0.19%	-0.49%	-0.61%	-0.91%	4.29%	-2.38%	0.81%	7.74%
2010	1.70%	-0.47%	4.35%	2.09%	-0.65%	-0.03%	2.99%	0.51%	2.28%	1.93%	-1.01%	1.66%	16.30%
2009	-	-	-	-	-	-	-	-	-	0.36%	0.78%	2.45%	3.62%

The above performance pertains to the performance since inception of the WB Opportunities Master Fund and is not of the BCO UCITS Fund. UCITS Funds have to abide by certain investment restrictions and consequently the performance of Butler Credit UCITS Fund may not be similar to that presented above. These performance figures refer to the past and past performance is not a reliable guide to the future performance. The WB Opportunities Fund was amalgamated into BCO UCITS Fund on 31.12.2018

### Laurent Kenigswald

#### Managing Director

Laurent Kenigswald has more than 21 years of experience in Credit and 10 years as Economist. He was a senior portfolio manager of Barep Global Credit (BGC), a €500m credit hedge fund. In 2006, BGC was awarded “Best European Multi Strategy Fund” of the year from Hedge Fund Review. Prior to this, Laurent was a credit sell side analyst at Crédit Lyonnais, Natixis and Aurel Leven, managed a portfolio of Brady bonds (Emerging Markets sovereign debt) at BNPParibas and was a senior economist at the Direction de la Prévision in the French Ministry of Economy and Finance.

### Olivier de Parcevaux

#### Director

Olivier de Parcevaux has been a credit portfolio advisor, analyst and manager since 2001. In 2007, he joined Barep Global Credit Fund as a portfolio manager under Laurent Kenigswald leadership. He was responsible for the utilities, energy, chemical, packaging and general industrials sectors. Prior to joining BGC, he was a high yield buy-side analyst for AXA IM and for CDC Ixis and the head office and as a credit sell-side analyst for Credit Lyonnais.

### Cyril Furtak

#### Director

Cyril Furtak has been working with the credit portfolio advisory team since 2003 and as a credit portfolio manager since 2005. In 2003, he joined the Barep Global Credit Fund as a credit portfolio analyst and later he was promoted to portfolio manager and worked under Laurent Kenigswald leadership. Prior to this, Cyril worked at Renault Nissan as a business analyst for the Executive Committee.

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February 2020

Performance Statistics (since inception)*	WBO USD A2 class	BCO EUR Founder class
	Oct 2009 - Dec 2018	May 2017-present
Profitable Months (% total)	70.27%	58.82%
Maximum Drawdown	-2.38%	-1.05%
Months to Recover	4	1
Annualized Return	8.08%	3.43%
Annualized Daily Volatility	3.08%	1.66%
Annualized Monthly Volatility	4.03%	2.03%
Sharpe Ratio - ann. d. volatility	2.58	2.02
Sharpe Ratio - ann. m. volatility	1.97	1.65

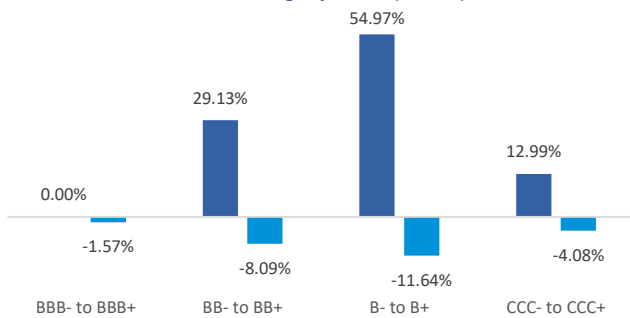
Current Butler Credit Opportunities UCITS Fund Portfolio Statistics	
Number of Positions	164
Gross Exposure <sup>1</sup>	210.40%
Net Exposure <sup>2</sup>	16.44%
Beta adjusted Net Exposure <sup>3</sup>	43.16%
Modified Duration	0.97
YTConsensus <sup>4</sup>	2.90%
Spread Duration	1.23

Butler Credit Opportunities UCITS Fund Current Exposures (% NAV)			
	Long	Short	Net
L/S General	87.69%	-11.30%	76.39%
L/S Relative	11.40%	-14.62%	-3.22%
Spec Sit Credit	0.00%	0.78%	0.78%
Trad /Hedg	13.56%	-71.07%	-57.51%
<b>Total</b>	<b>112.65%</b>	<b>-96.21%</b>	<b>16.44%</b>

The above performance pertains to the performance since inception of the WB Opportunities Master Fund and is not of the BCO UCITS Fund. UCITS Funds have to abide by certain investment restrictions and consequently the performance of Butler Credit UCITS Fund may not be similar to that presented above. These performance figures refer to the past and past performance is not a reliable guide to the future performance. The WB Opportunities Fund was amalgamated into BCO UCITS Fund on 31.12.2018

The performance figures quoted above represent the performance of the Butler Credit Opportunities UCITS Fund since launch on 15th May 2017. These performance figures refer to the past and past performance is not a reliable guide to future performance.

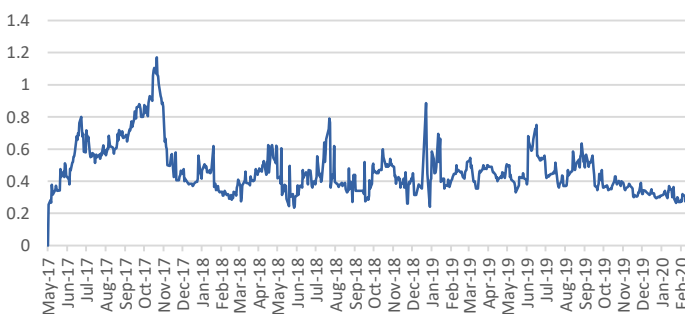
### BCO UCITS Fund Current Rating Exposure<sup>5</sup> (% NAV)



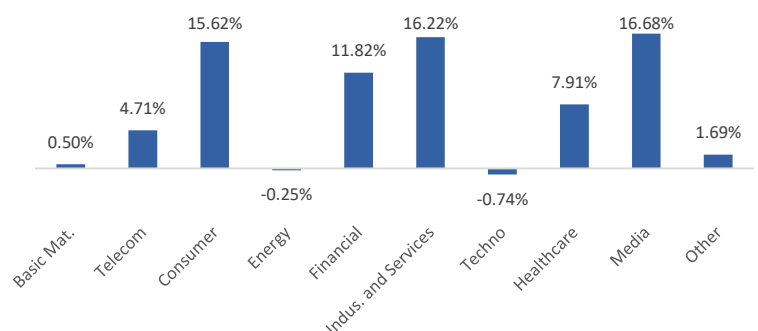
Butler Credit Opportunities Fund Largest Long Strategies (ex. Indexes and Futures) <sup>5</sup>	
Name	% NAV
UNITED GROUP	4.60%
SFR	4.35%
YPSO FINANCE	3.79%
Q-PARK HOLDING	3.40%
NIDDA	3.32%
<b>Total</b>	<b>19.47%</b>

Butler Credit Opportunities Fund Largest Short Strategies (ex. Indexes and Futures) <sup>6</sup>	
Name	% NAV
ARCELORMITTAL	-1.57%
NEXANS	-1.49%
ADIENT GLOBAL	-0.77%
STAPLES	-0.63%
MACY'S	-0.57%
<b>Total</b>	<b>-5.03%</b>

### BCO UCITS Fund MC VaR99 5 days (%)



### BCO UCITS Fund Sector Net Exposure (% NAV)



<sup>1</sup> Gross Exposure = sum of long and net exposure per share as a percent of NAV  
<sup>2</sup> Net Exposure = difference between long and short exposure per share expressed as a percent of NAV including equity hedges (Index, Futures, Options, etc.)  
<sup>3</sup> Beta Adjusted Net Exposure = Beta Adjusted Market Value of long positions less Beta adjusted Market Value of short positions expressed as percent of Net Asset Value. Including equity hedges (Index, Futures, Options, etc.)

<sup>4</sup> The lowest yield to all possible redemption scenarios, except where on a fixed to floating rate security it is the yield to the next call date, or if there is a maturity or call date announced by the entity, the yield to that date.  
<sup>5</sup> Single names only  
<sup>6</sup> Long and Short positions held in the same company or group of companies have been aggregated and/or netted to express BCO's net exposure to them

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