

↓ 3.20%*

Ironshield Credit Fund

Long/Short Credit

June 2022

Performance Returns

*The Ironshield Credit Fund returned -3.20% for the month of June (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

June saw the largest single month move in risk asset prices since the pandemic, rounding off a weak second quarter with a broad-based sell off across bonds, equity and commodities as recessionary fears became more pronounced. Driving the selloff were inflation readings across many countries pushing towards double digit figures. The Eurozone at 8.1% recorded its highest ever inflation level since the creation of the Euro. Consequently, many central banks continued their aggressive hiking cycles with the Fed delivering a 75 bps rise for the first time in over 25 years, the Bank of England raising for the fifth consecutive time, and the ECB pointing to a rate rise in July despite the continued challenge of increasing yield differentials between core and peripheral Europe.

Unsurprisingly, almost all asset classes and sectors ended the month in meaningfully negative territory with European high yield down -6.8% across the month and -14.4% for the year. Spreads have now doubled over the course of this year to over 700 bps, whilst the XOVER index approaches 600 bps, with the lower quality segment of the high yield market faring worst on a total return basis. Primary issuance continues to effectively be on hold with half year high yield supply of just €20 billion, down 80% versus the same time last year. We are also starting to see an impact on corporate earnings from the macro headwinds - despite many market analysts maintaining forward looking financial performance guidance on individual companies.

Across the month, the fund continued to outperform on a relative basis but was impacted on an absolute basis from one credit in particular - a telecom company where the near-term, asset sale events occurred as we predicted, allowing the company to finally emerge from a 6-year bankruptcy process. But as the capital markets turned down severely in the month, the disposal proceeds from one of the assets was reduced and the additional financing the company would require became a higher risk proposition because of general capital markets conditions. The position was fully exited. Partially offsetting this, two of our recently added short positions contributed positively. Firstly our short position in a German retailer declined in price due to recession fears and an overlevered balance sheet making it apparent to the market that that the capital structure is not sustainable. Secondly a short position in a French auto parts supplier where the bonds have a weakly positioned Baa3 rating from Moody's which may be downgraded due to continued weakness in the auto market.

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 on both the short and the long side of the portfolio, and we look to be entering an elongated period of increased volume in the universe of credits that we look at, with a favorable environment for our event driven credit strategy.

The Manager



Fund Facts

| | |
|--------------|-----------------------------------|
| Structure | UCITS Fund |
| Domicile | Ireland |
| Liquidity | Weekly with daily indicative NAVs |
| Fund AUM | €85.8MM |
| Strategy AUM | €85.8MM |
| 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% | -3.20% | | | | | | | -6.48% |
| 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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June 2022

Performance Overview

| | |
|-----------------------|--------|
| Annualised Return | 24.79% |
| Annualised Volatility | 13.74% |
| Sharpe Ratio | 1.80 |
| Maximum Drawdown | -6.48% |
| Months to Recover | N/A |

Portfolio Characteristics

| | |
|--------------------|--------|
| Number of Holdings | 35 |
| Number of Issuers | 24 |
| Modified Duration | 0.63 |
| Macaulay Duration | 0.86 |
| Average Coupon | 5.97% |
| Current Yield | 7.47% |
| Yield to Maturity | 13.89% |
| Yield to Worst | 13.83% |

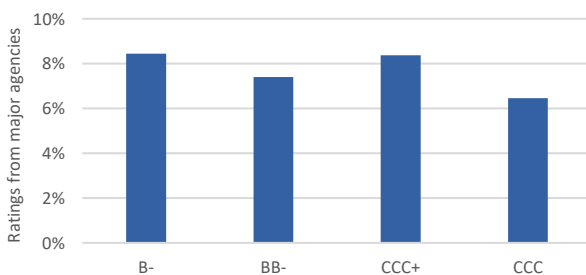
Country Exposure (% NAV)

| | Short | Long | Net | Gross |
|--------------------|---------------|--------------|--------------|---------------|
| United Kingdom | | 27.3% | 27.3% | 27.3% |
| Spain | | 16.0% | 16.0% | 16.0% |
| United States | | 6.5% | 6.5% | 6.5% |
| Other | | 5.0% | 5.0% | 5.0% |
| South Africa | | 5.0% | 5.0% | 5.0% |
| Cayman Islands | | 3.6% | 3.6% | 3.6% |
| Luxembourg | 4.9% | 3.4% | -1.5% | 8.3% |
| France | 5.0% | 2.1% | -3.0% | 7.1% |
| Germany | 14.2% | | -14.2% | 14.2% |
| Denmark | 7.4% | | -7.4% | 7.4% |
| Netherlands | 5.0% | | -5.0% | 5.0% |
| Grand Total | -36.5% | 68.9% | 32.4% | 105.4% |

Sector Exposure (% NAV)

| | Short | Long | Net | Gross |
|--------------------|---------------|--------------|--------------|---------------|
| Energy | 4.9% | 11.5% | 6.6% | 16.4% |
| Oil & Gas | | 10.2% | 10.2% | 10.2% |
| Real Estate | 5.0% | 8.5% | 3.5% | 13.4% |
| Basic Materials | | 8.4% | 8.4% | 8.4% |
| Industrial | 7.4% | 7.1% | -0.3% | 14.4% |
| Financial | | 6.5% | 6.5% | 6.5% |
| Consumer Cyclical | | 6.5% | 6.5% | 6.5% |
| Communications | | 5.0% | 5.0% | 5.0% |
| Developed Markets | | 3.3% | 3.3% | 3.3% |
| Industrials | | 2.1% | 2.1% | 2.1% |
| Retail | 9.2% | | -9.2% | 9.2% |
| Auto | 5.0% | | -5.0% | 5.0% |
| Healthcare | 5.0% | | -5.0% | 5.0% |
| Grand Total | -36.5% | 68.9% | 32.4% | 105.4% |

Ratings Exposure (% NAV)



Top Five Positions (% NAV)

| | |
|----------------------|--------|
| ISS Global | -7.36% |
| Siccar Point | 7.08% |
| Obrascon Huarte Lain | 6.94% |
| Douglas | -6.82% |
| Valeo | -5.02% |

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