

↑ 1.07%\*

# Ironshield High Yield Alpha Fund

## Long/Short Credit

December 2023

### Performance Returns

\* The Ironshield High Yield Alpha Fund returned 1.07% for the month of December (EUR Institutional Class A)

### Investment Objective & Strategy

The Ironshield High Yield Alpha 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 high yield European corporate credit.

The investment team's objective is to achieve absolute returns by investing in a diversified portfolio of long and short European corporate credits hedged with single names and index shorts to create a low net exposure credit fund. The fund targets low volatility across market cycles and is designed to be part of a core fixed income allocation. The investment process involves a dynamic allocation between 3 areas of return generation: capital appreciation, primary market and carry. Credit selection is based on a holistic approach capturing mispricing opportunities driven by fundamentals, the macro environment, market technical and relative value. The portfolio is focused on actively traded bonds, credit default swaps, total return swaps and interest rate derivatives.

### Monthly Commentary

In December, the Ironshield High Yield Alpha fund delivered a +1.07% performance, with most of our alpha generated from cheap outliers buoyed by the market rally. The fund generated +5.49% net of fees for 2023 with annualized volatility of only 1.4%.

Throughout 2023, our market-neutral approach, characterized by an average beta exposure close to zero, displayed an "all-weather" format with every month of 2023 being positive (including March 2023) or flat.

The last month followed the upward trend we saw starting in November, with a significant rally in most asset classes. Notably, rates were again the focal point, with the EUR 5Y swaps 49bps tighter, while their US counterparts were equally 46bps lower. On equities, the S&P 500 and the Eurostoxx 50 ended the month respectively up +4.4% and +3.2%. Supported by rates, Credit outperformed its beta relative to equities, with IBOXMJA EUR rising +2.6% while in synthetic credit, the XOVER 5Y index closed 2023 63bps tighter.

The economic landscape, marked by generally declining inflation numbers and strong labour data in developed markets, continued to fuel the soft-landing narrative. But the main rate-moving event during the month was most probably the Fed change of tone on the 13th. Jerome Powell officially confirmed the FOMC started to discuss rate cuts, and the median forecast for 2024 rate cuts increased to 75bps from 50bps earlier.

In that environment, our market-neutral portfolio performed well, especially benefiting from the outperformance of the cheap outliers we had previously identified. Hedges were the main detractors during the month in the market rally, and high yield synthetic credit now appears as the cheapest hedge available in credit and remains our main choice entering 2024.

As we look forward to the earnings season in early 2024, we anticipate a continuous increase in dispersion for high yield credit. This is expected as corporates begin to feel the impact of higher rates on their profitability, a development that should provide fertile ground for our long/short strategy.

### The Manager



### Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	€42.4M
Inception	25 August 2022

Share Class	Institutional Class A
Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.0%
Perf. Fee	15%
Min Init. Sub.	100,000

ISIN Codes	EUR: IE000LAGL3R0
	USD: IE000GP9EXT8
	CHF: IE0006M5EU49
	GBP: IE000D7X2DZ6

Share Class	Institutional Class A Pooled
Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.0%
Perf. Fee	15%
Min Init. Sub.	100,000

ISIN Codes	EUR: IE0007M7GG41
	USD: IE000X2OYZD8
	CHF: IE000QRSBW82
	GBP: IE000IDLNOK4

### 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 credit. Prior to founding Ironshield Capital Management in 2007, David managed proprietary credit portfolios for Deutsche Bank and Bank of America.

#### Florian Chapel – Portfolio Manager

Florian Chapel has been managing long/short portfolios since 2015 and has a long track record in corporate credit and credit derivatives. He previously was a portfolio manager at Pamplona Capital and Palm Lane Capital, before which he was one of the first employees at Chenavari.

### Montlake Ironshield High Yield Alpha Fund Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2023	+0.90%	-0.02%	+0.61%	+0.28%	+0.39%	+0.14%	+0.58%	+0.36%	-0.06%	+0.08%	+1.03%	+1.07%	+5.49%
2022								-0.10%	-0.48%	-1.17%	+1.03%	-0.02%	-0.76%

The performance figures quoted above represent the performance of the Montlake Ironshield High Yield Alpha Fund, EUR Inst. Class A since launch on 25 August 2022. These performance figures refer to the past and past performance is not a reliable guide to future performance.

↑ **1.07%\***

# Ironshield High Yield Alpha Fund

## Long/Short Credit

December 2023

### Performance Overview

Annualised Return	*
Annualised Volatility	*
Sharpe Ratio	*
Cumulative Return (since inception)	*

### Portfolio Characteristics

Number of Holdings	72
Number of Issuers	65
Modified Duration	1.52
Macaulay Duration	4.36

\* Not meaningful as a result of limited data set given recent launch of the fund

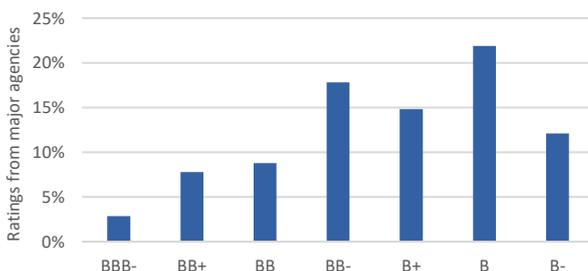
### Country Exposure (% NAV)

	Short	Long	Net	Gross
France		16.1%	16.1%	16.2%
Luxembourg		9.4%	9.4%	9.4%
United Kingdom		8.8%	8.8%	8.8%
Germany		8.6%	8.6%	8.6%
Italy		7.7%	7.7%	7.7%
Ireland		7.4%	7.4%	7.4%
United States		6.3%	6.3%	6.3%
Spain		5.4%	5.4%	5.4%
Netherlands		4.5%	4.5%	4.5%
Portugal		2.9%	2.9%	2.9%
Jersey		2.2%	2.2%	2.2%
Sweden		1.9%	1.9%	1.9%
Greece		1.8%	1.8%	1.8%
Bermuda		1.7%	1.7%	1.7%
Switzerland		1.6%	1.6%	1.6%
Canada		1.4%	1.4%	1.4%
Cyprus		1.3%	1.3%	1.3%
Belgium		0.5%	0.5%	0.5%
Austria		0.3%	0.3%	0.3%
Europe	57.9%	25.4%	-32.5%	83.3%
<b>Grand Total</b>	<b>57.9%</b>	<b>115.4%</b>	<b>57.5%</b>	<b>173.3%</b>

### Sector Exposure (% NAV)

	Short	Long	Net	Gross
Financial		13.2%	13.2%	13.2%
Retail		11.5%	11.5%	11.5%
Commercial Services		9.0%	9.0%	9.0%
Telecommunications		7.4%	7.4%	7.4%
Airlines		6.9%	6.9%	6.9%
Auto Parts&Equipment		5.1%	5.1%	5.2%
Oil&Gas		4.2%	4.2%	4.2%
Healthcare		3.1%	3.1%	3.1%
Electric		3.0%	3.0%	3.0%
Entertainment		2.7%	2.7%	2.7%
Pharmaceuticals		2.7%	2.7%	2.7%
Packaging&Containers		2.6%	2.6%	2.6%
Lodging		2.2%	2.2%	2.2%
Leisure Time		2.1%	2.1%	2.1%
Holding Companies-Divers		1.9%	1.9%	1.9%
Engineering&Construction		1.9%	1.9%	1.9%
Real Estate		1.8%	1.8%	1.8%
Food		1.8%	1.8%	1.8%
Machinery		1.7%	1.7%	1.7%
Mining		1.4%	1.4%	1.4%
Chemicals		1.2%	1.2%	1.2%
Media		1.1%	1.1%	1.1%
Transportation		0.7%	0.7%	0.7%
Distribution/Wholesale		0.5%	0.5%	0.5%
Forest Products&Paper		0.3%	0.3%	0.3%
Index		25.4%	25.40%	25.40%
Credit Default Swap - Index	57.9%	0.0%	-57.9%	57.9%
<b>Grand Total</b>	<b>57.9%</b>	<b>115.4%</b>	<b>57.5%</b>	<b>173.3%</b>

### Ratings Exposure (% NAV)



### Top Five Positions (% NAV)

TAP-TRANSPORTES AEREOS	2.81%
PORTUGUESA SA	
Schaeffler Verwaltung Zwei GmbH	2.57%
BURGER KING FRANCE SAS	2.52%
ASG FINANCE DAC	2.50%
ENERGIA GROUP ROI FINANCECO DAC	2.45%

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