

# Green Ash Short Duration Credit Fund

## February 2024 Monthly Factsheet



### INVESTMENT OBJECTIVE

PROFESSIONAL INVESTORS ONLY

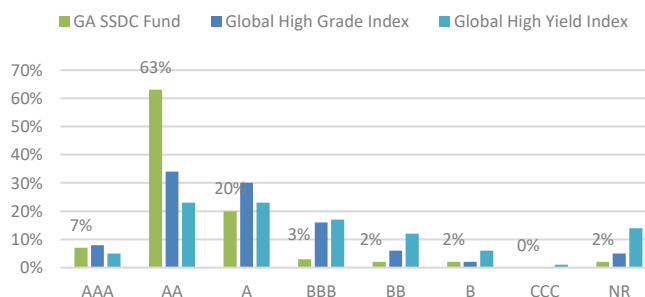
Green Ash Short Duration Credit Fund is an open-ended fund incorporated in Luxembourg. The Fund is actively managed and benchmark free. The Fund's objective is to invest in investment grade and high yield bonds that demonstrate 'best in class' environmental, social, and governance (ESG) criteria. Holdings have a maximum maturity and duration of 5 and 2.5 years respectively, and the portfolio has a minimum average credit rating of BBB-.

### KEY INFORMATION

### ESG RATING DISTRIBUTION<sup>1</sup>

### AVERAGE ESG RATING

Fund Name	Green Ash Short Duration Credit Fund - a Subfund of Green Ash SICAV
Portfolio Managers	Miles Cohen Nicholas Freeman 
Fund Launch Date	12 <sup>th</sup> June 2020
Fund Type	UCITS
Fund Domicile	Luxembourg
Liquidity	Daily
Management Fee	I: 0.45% / R: 0.80% p.a.
Fund Size	\$17MM
Share Classes	USD, EUR, GBP (Acc.)
USD I	LU2122350676
USD R	LU2122350163
EUR I (hedged)	LU2122350759
EUR R (hedged)	LU2122350247
CHF I (hedged)	LU2122350833
CHF R (hedged)	LU2122350320
GBP I (hedged)	LU2122350916
GBP R (hedged)	LU2122350593
Min Investment	I: 100,000 / R: 10,000
Investment Manager	Green Ash Partners LLP



### SUMMARY

- The fund lost -0.14% in February (EUR hedged share class -0.25%). At portfolio level, Consumer Cyclical and Industrials were the only sectors that finished in the green, rising +0.40% and +0.12% respectively
- Strong economic and labour data and an uptick in inflation pared back market pricing for interest rate cuts this year, with only three now expected in the US, versus six at the start of the month. This would normally put markets under pressure, however was offset by solid corporate earnings. This resulted in tighter credit spreads, even as government bond yields rose materially across the curve
- We have long re-iterated our message that we prefer high quality issuers in high yield and investment grade issuers nearer the front end of the curve, and we maintain this view for the time being, given spreads near record lows, and cash yielding more than long duration investment grade for the first time in history (due to the inversion of the curve)
- The fund currently yields 5.78% in USD, 5.57% in GBP, 4.28% in EUR and 1.91% in CHF

### GREEN ASH SHORT DURATION CREDIT FUND PERFORMANCE<sup>2</sup>

Fund Performance	2020	2021	2022	2023	Jan-24	Feb-24	YTD
Green Ash Short Duration Credit Fund (USD I)	+2.41%	+0.23%	-4.68%	+8.15%	+0.36%	-0.14%	+0.22%

### OVERALL PORTFOLIO SUMMARY

Fund Currency	USD
Duration	2.3
Maturity in Years	2.5
Average Z Spread	149
Coupon Rate	4.4%
Yield to Worst	5.5%
Avg. Credit Rating	Baa3/BBB-
No. of Positions	50

### TOP TEN POSITIONS

Kraft Heinz	3.0%
Enel SpA	2.9%
Standard Chartered	2.8%
Marks & Spencer	2.7%
FirstGroup	2.7%
Tesco Plc	2.6%
Adevinta	2.6%
Aviation Capital	2.5%
Accor SA	2.4%
Dell Inc.	2.4%

### GREEN ASH SHORT DURATION CREDIT FUND (USD I)



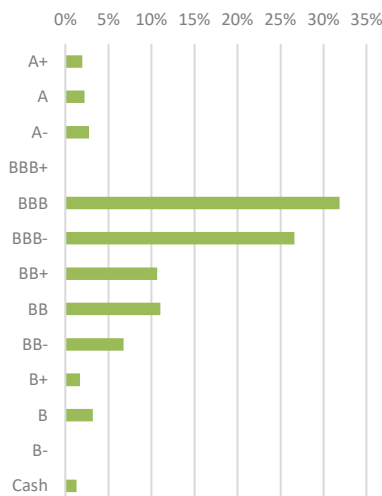
<sup>1</sup> ESG ratings are derived from MSCI ESG rating methodology. Scores are weighted 25% to Environmental, 44% to Social, and 31% to Governance

<sup>2</sup> Performance shown for USD I share class (ISIN: LU2122350676). All other share class performance listed on page 3

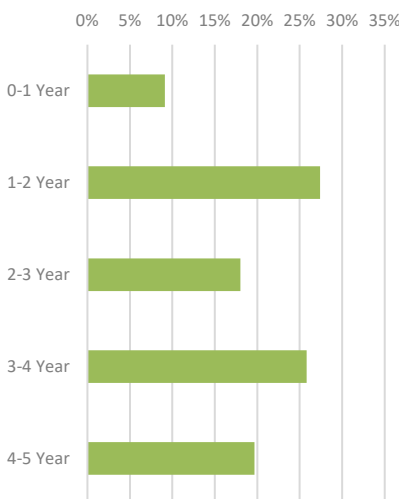




## WEIGHT BY CREDIT RATING



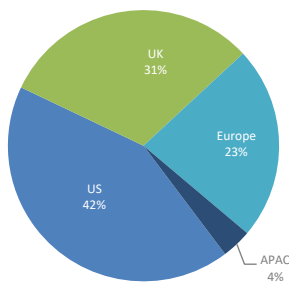
## WEIGHT BY MATURITY



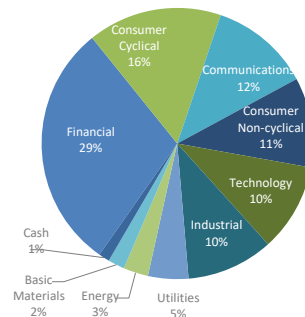
## SERVICE PROVIDERS

Auditor	PricewaterhouseCoopers (PwC)
Custodian	Credit Suisse (Lux)
Administrator	Credit Suisse Fund Services (Lux)
Paying Agent	Credit Suisse AG
Legal Representative	Credit Suisse AG
Management Company	MultiConcept Fund Management S.A (Luxembourg)

## REGIONAL EXPOSURE



## SECTOR WEIGHTINGS



## FUND UPDATE AND OUTLOOK

The fund lost -0.14% in February (EUR hedged share class -0.25%). At portfolio level, Consumer Cyclical and Industrials were the only sectors that finished in the green, rising +0.40% and +0.12% respectively. The top performing bonds were Softbank (+1.92%), Stonegate (+1.71%) and Xerox (+1.10%). Softbank continues to benefit from the huge rally in Arm, which has caught a bid from the AI theme. On the ESG front, Telecom Italia was downgraded from A to BBB by MSCI, due to a weaker cybersecurity framework relative to peers (limited board oversight and less comprehensive training for employees and contractors). The fund retained its MSCI ESG rating of AA overall.

Risk assets were subject to two opposing forces in February. Strong economic and labour data and an uptick in inflation pared back market pricing for interest rate cuts this year, with only three now expected in the US, versus six at the start of the month. This would normally put markets under pressure, however was offset by solid corporate earnings. This resulted in tighter credit spreads, even as government bond yields rose materially across the curve, supporting corporate bonds.

5Yr US Treasury yields rose +41bps to 4.24%, 5Yr German bund yields rose +38bps to 2.43% and 5Yr UK Gilts rose +30bps to 4.04% in February – moves higher of this magnitude haven't been seen since June 2023. 3-5Yr investment grade corporate bonds in USD lost -0.62% (spreads -3bps to 38). High yield indices all finished in the green, with US high

yield +0.29% (spreads -29bps to 314), European HY +0.36% (spreads -36bps to 335) and UK HY +0.72% (spreads -49 to 426).

With bond spreads close to the all-time lows of 2021 and interest rate cuts anticipated later in the year, it isn't surprising that the primary market is livening up. \$30BN in HY issuance so far in the US is +20% above the 10 year average, and IG supply in Europe YTD is almost in line with last year's record (HY has been active too, though somewhat slower due to their delayed reporting periods). Corporates across regions and ratings tranches are actively addressing their looming 2025/26 maturity walls, and in general there is ample demand. There are some signs of investor pushback however – for example the recent Altice France refi needed to be paired with asset sales and we are starting to see more spread concessions in new issue pricing.

We have long re-iterated our message that we prefer high quality issuers in high yield and investment grade issuers nearer the front end of the curve, and we maintain this view for the time being, given spreads near record lows, and cash yielding more than long duration investment grade for the first time in history (due to the inversion of the curve). The fund currently yields 5.78% in USD, 5.57% in GBP, 4.28% in EUR and 1.91% in CHF.



## GREEN ASH SHORT DURATION CREDIT FUND PERFORMANCE BY SHARE CLASS

ISIN	Share Class	Jan-24	Feb-24	YTD	ITD
LU2122350676	Green Ash Short Duration Credit Fund (USD I)	0.36%	-0.14%	0.22%	6.05%
LU2122350163	Green Ash Short Duration Credit Fund (USD R)	0.32%	-0.17%	0.14%	4.52%
LU2122350759	Green Ash Short Duration Credit Fund (EUR I)	0.22%	-0.25%	-0.03%	-0.02%
LU2122350247	Green Ash Short Duration Credit Fund (EUR R)	0.19%	-0.29%	-0.10%	-1.49%
LU2122350833	Green Ash Short Duration Credit Fund (CHF I)	0.01%	-0.44%	-0.43%	-3.16%
LU2122350320	Green Ash Short Duration Credit Fund (CHF R)	-0.03%	-0.49%	-0.52%	-4.55%

### LEGAL DISCLOSURES

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