

# Green Ash Short Duration Credit Fund

## June 2022 Monthly Factsheet

### INVESTMENT OBJECTIVE

### PROFESSIONAL INVESTORS ONLY

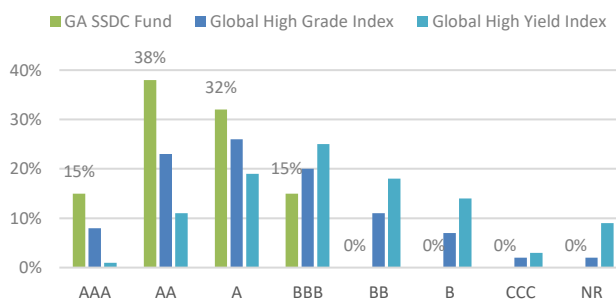
Green Ash Short Duration Credit Fund is an open-ended fund incorporated in Luxembourg. The Fund is actively managed and benchmark free. The Fund's objective is to invest in investment grade and high yield bonds that demonstrate 'best in class' environmental, social, and governance (ESG) criteria. Holdings 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 Woodman SICAV
Investment Team	Miles Cohen, Nicholas Freeman, James Sanders, Patrick Durcan
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	\$19MM
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 fell -2.37% in June (EUR hedged share class -2.52%). The market narrative shifted somewhat towards the end of June from inflation to recession concerns, causing a material widening of credit spreads and selling in previously robust parts of the market such as energy, industrial metals, and soft commodities
- Even with recessionary fears rising, high yield market structure is very different this time around, with a large rising star component (a third of which are Energy issuers, normally at the forefront of defaults), and unusually low refinancing requirements until 2024 onwards after the bumper issuance years of 2020 and 2021
- Against this backdrop, we see attractive risk reward in BB and BBB rated bonds, which offer above average yields as well as considerable scope for spread tightening, given their high quality and limited credit risk. More recently, selling to meet redemptions has been focused at the front end, providing additional opportunities in short duration credit

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

Fund Performance	2020	2021	Jan	Feb	Mar	Apr	May	Jun	2022 YTD
Green Ash Short Duration Credit Fund (USD I)	+2.41%	+0.23%	-1.03%	-0.67%	-0.79%	-1.40%	+0.12%	-2.37%	-6.00%

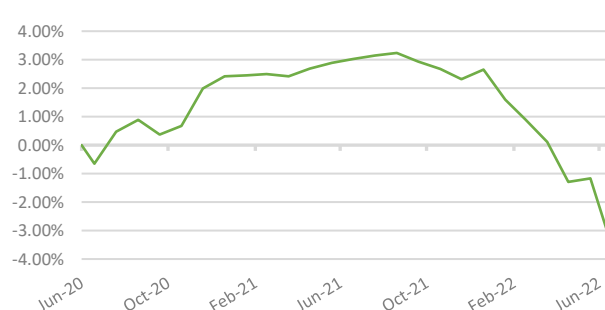
### OVERALL PORTFOLIO SUMMARY

Fund Currency	USD
Duration	2.0
Maturity in Years	2.4
Average Z Spread	254
Coupon Rate	4.1%
Yield to Worst	5.0%
Avg. Credit Rating	Baa3/BBB-
No. of Positions	53

### TOP TEN POSITIONS

FirstGroup PLC	3.8%
Natwest Group	3.7%
Lloyds Bank	2.9%
Akzo Nobel	2.8%
Societe Generale	2.7%
HP Enterprise	2.7%
Land Securities	2.5%
Adevinta ASA	2.5%
Hannesbrands	2.4%
Standard Chartered	2.4%

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



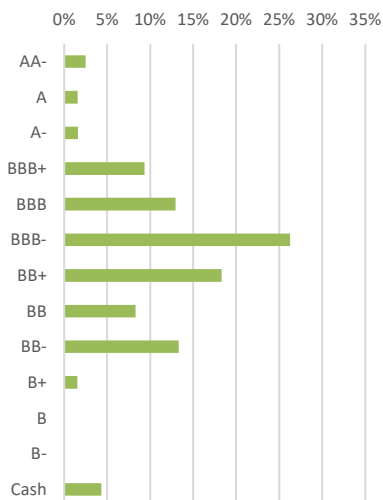
<sup>1</sup> ESG ratings are derived from MSCI ESG rating methodology. Scores are weighted 25% to Environmental, 44% to Social, and 31% to Governance

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

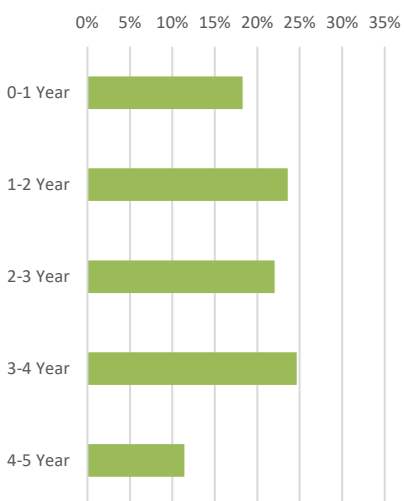




## WEIGHT BY CREDIT RATING



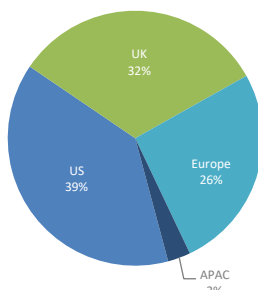
## WEIGHT BY MATURITY



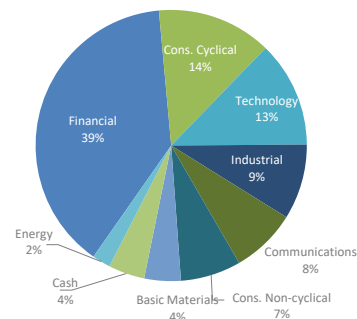
## SERVICE PROVIDERS

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 fell -2.37% in June (EUR hedged share class -2.52%). Looking at the portfolio, Basic Materials was the only sector marginally in the green, outperforming the sector due to its focus on chemicals and fertiliser rather than metals which had a weak month. The Energy allocation fell -0.62%, outperforming the broader market. Meanwhile, technology and consumer-related bonds were the worst performers (Consumer Cyclical -4.79%). Within Consumer Cyclicals, travel and leisure bonds were particularly soft in June. On the ESG front, Hewlett Packard was upgraded to from AA to AAA by MSCI due to their best-in-class human capital management policies, which helped staff attrition fall from 7% to 5%, against an industry average of 9%. MSCI also upgraded Western Digital to A from BBB due to a resolution of a court case on gender-based discrimination in 2021. Easyjet was upgraded from A to AA by MSCI due to improved governance practices and efforts to offset their CO2 emissions. Finally, Travel + Leisure Co. were upgraded from BBB to A by MSCI due to better transparency over water use.

The market narrative shifted somewhat towards the end of June from inflation to recession concerns, causing a material widening of credit spreads and selling in previously robust parts of the market such as energy, industrial metals, and soft commodities.

Government bond yields finished the month generically wider, with 5Yr US Treasury yields +22bps to 3.04%, 5Yr German Bunds +23bps to 1.07% and 5Yr UK Gilts +20bps to 1.89%. Full duration investment grade bonds in USD fell -2.74% in June, driven by the rise in government bond yields and spreads

widening +32bps to 1.75%. Meanwhile, high yield bonds saw the most severe spread widening since March 2020 – US high yield fell -6.73% (spreads +167bps to 569), European high yield -6.89% (spreads +170bps to 643) and UK high yield -5.22% (spreads +163 to 718).

As might be expected given the turbulent market environment, the primary market remains extremely quiet. US issuance YTD is -75% lower than 1H21 (-62% ex-refi), while in Europe issuance is -79% (-87% ex-refi). This technical backdrop is providing some support to YTD outflows from the asset class, which stand at around -16% of AUM in the US and -11% in Europe. There remains a disconnect between default rates (which are zero in Europe YTD, for example) and distressed bond prices (>15% of the European index trading <80) and implied default rates of around 8% per annum (versus a 25 year average of 3% in the US). Even with recessionary fears rising, high yield market structure is very different this time around, with a large rising star component (a third of which are Energy issuers, (normally at the forefront of defaults), and unusually low refinancing requirements until 2024 onwards after the bumper issuance years of 2020 and 2021.

Against this backdrop, we see attractive risk reward in BB and BBB rated bonds, which offer above average yields as well as considerable scope for spread tightening, given their high quality and limited credit risk. More recently, selling to meet redemptions has been focused at the front end, providing additional opportunities in short duration credit.



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

ISIN	Share Class	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	YTD	ITD
LU2122350676	Green Ash Short Duration Credit Fund (USD I)	-1.03%	-0.67%	-0.79%	-1.40%	0.12%	-2.37%	-6.00%	-3.51%
LU2122350163	Green Ash Short Duration Credit Fund (USD R)	-1.07%	-0.69%	-0.83%	-1.44%	0.09%	-2.40%	-6.18%	-4.28%
LU2122350759	Green Ash Short Duration Credit Fund (EUR I)	-1.10%	-0.67%	-0.95%	-1.49%	-0.08%	-2.52%	-6.63%	-5.52%
LU2122350247	Green Ash Short Duration Credit Fund (EUR R)	-1.13%	-0.71%	-0.96%	-1.54%	-0.08%	-2.55%	-6.80%	-6.28%
LU2122350833	Green Ash Short Duration Credit Fund (CHF I)	-1.13%	-0.69%	-0.97%	-1.53%	-0.07%	-2.53%	-6.75%	-6.00%
LU2122350320	Green Ash Short Duration Credit Fund (CHF R)	-1.16%	-0.73%	-1.01%	-1.56%	-0.10%	-2.57%	-6.94%	-6.74%
LU2122350916	Green Ash Short Duration Credit Fund (GBP I)	-	-	-	-	-	-	-	-
LU2122350593	Green Ash Short Duration Credit Fund (GBP R)	-1.07%	-0.64%	-0.87%	-1.44%	0.05%	-2.45%	-6.26%	-4.81%

### LEGAL DISCLOSURES

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