

# Green Ash Short Duration Credit Fund

## September 2023 Monthly Factsheet



### INVESTMENT OBJECTIVE

PROFESSIONAL INVESTORS ONLY

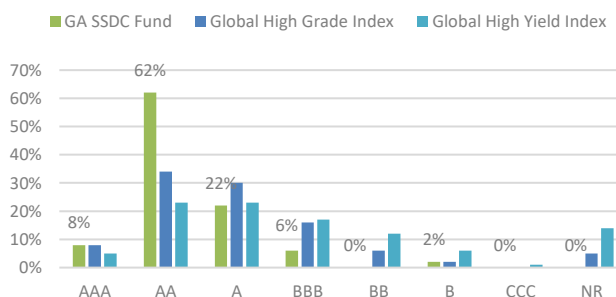
Green Ash Short Duration Credit Fund is an open-ended fund incorporated in Luxembourg. The Fund is actively managed and benchmark free. The Fund's objective is to invest in investment grade and high yield bonds that demonstrate 'best in class' environmental, social, and governance (ESG) criteria. Holdings 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	\$16MM
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 rose +0.02% in September (EUR hedged share class -0.12%). Technology and Communications were the best performing sectors, rising +0.88% and +0.44% respectively
- The main event in September was the 'hawkish pause' from the Fed, who kept interest rates unchanged at their meeting, but raised their long-term forecasts for interest rates
- On the fundamental side, net leverage remains stable and defaults rates low. Meanwhile higher rates take time to transmit to fixed coupon debt, so interest expense has only risen +22% YoY
- Short duration credit is performing well, even as volatility rises in other areas, and we expect the strategy to continue to deliver solid risk-adjusted returns in this 'higher for longer' yield environment. The fund currently yields 6.80% in USD, 6.50% in GBP, 5.00% in EUR and 2.62% in CHF

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

Fund Performance	2020	2021	2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	YTD
Green Ash Short Duration Credit Fund (USD I)	+2.41%	+0.23%	-4.68%	+1.80%	-0.68%	+0.78%	+0.49%	-0.14%	+0.26%	+0.94%	+0.33%	+0.02%	+3.94%

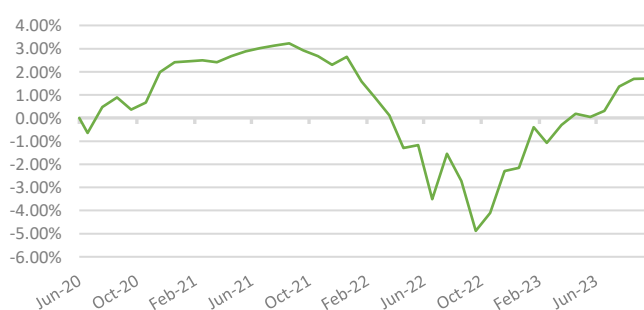
### OVERALL PORTFOLIO SUMMARY

Fund Currency	USD
Duration	2.0
Maturity in Years	2.2
Average Z Spread	130
Coupon Rate	4.0%
Yield to Worst	6.2%
Avg. Credit Rating	Baa3/BBB-
No. of Positions	48

### TOP TEN POSITIONS

HP Enterprise	3.1%
Enel SpA	3.0%
Land Securities	2.9%
Tesco Plc	2.9%
Kraft Heinz	2.9%
Standard Chartered	2.8%
Marks & Spencer	2.6%
FirstGroup	2.6%
Adevinta	2.6%
Accor SA	2.6%

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

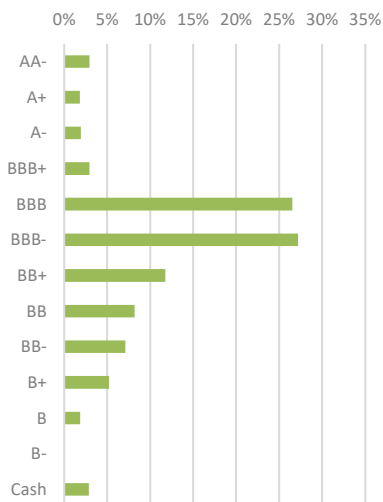


<sup>1</sup> ESG ratings are derived from MSCI ESG rating methodology. Scores are weighted 25% to Environmental, 44% to Social, and 31% to Governance

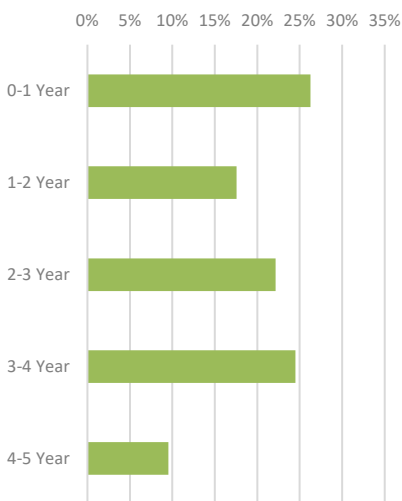
<sup>2</sup> Performance shown for USD I share class (ISIN: LU2122350676). All other share class performance listed on page 3



## WEIGHT BY CREDIT RATING



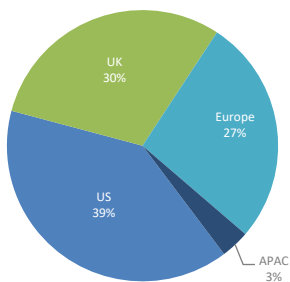
## WEIGHT BY MATURITY



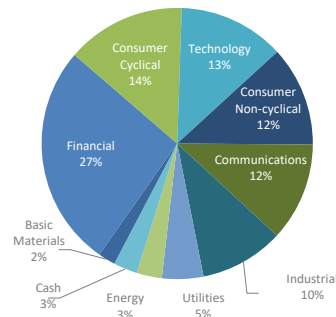
## SERVICE PROVIDERS

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 rose +0.02% in September (EUR hedged share class -0.12%). Technology and Communications were the best performing sectors, rising +0.88% and +0.44% respectively. In both cases, the returns for the sector were driven by a single bond: ams-OSRAM in the case of Technology, which rallied +7.94%, and Adevinta in Communications, which rallied +2.18%. On the ESG front, Cellnex Telecom was upgraded from A to AA by MSCI, driven by positive developments in their labour practices.

The main event in September was the 'hawkish pause' from the Fed, who kept interest rates unchanged at their meeting, but raised their long-term forecasts for interest rates, accompanied by some hawkish commentary. This 'higher for longer' message was reflected in the bond markets, with the US Treasury curve bear steepening (2Yr/10Yr spread +28bps). The BOE also held rates steady, though this was unexpected and taken as dovish by the markets. The ECB hiked, but have some indications that it might be the last one.

5yr government bond yields rose +35bps to 4.61% in the US and +30bps to 2.78% in Germany, while in the UK, yields fell -15bps to 4.51%. 3-5yr global investment grade in USD fell -0.55%, driven by the rates component, as spreads widened just +2bps to 50. High yield fell -1.18% in the US (spreads +25bps to 295), but rose +0.33% in Europe (spreads -16bps to 430) and +1.21% in the UK (spreads +12bps to 588).

September saw some issuance, though new supply remained under the historical averages in the US and Europe. Despite YTD volumes generally tracking well above 2022, there are other technical factors in play that are supporting credit spreads this year. One of these is the large net outflow from the high yield market through rising stars – JPMorgan estimate nearly \$100BN in net upgrades to IG last year, with a similar amount expected this year. On the fundamental side, net leverage remains stable and defaults rates low (just 1.3% in the US or 2.4% including distressed exchanges). Meanwhile higher rates take time to transmit to fixed coupon debt, so interest expense has only risen +22% YoY.

These dynamics may start to shift in the months ahead – as we have mentioned in previous updates, there will be a lot of refinancing activity in the 2025-26 timeframe, and this may coincide with slowing EBITDA growth amongst corporate issuers. We expect the fund to hold up well in such an environment given the high quality of the issuers in the portfolio, and anticipate attractive opportunities will arise in the primary market over this period.

In the meantime, short duration credit is performing well, even as volatility rises in other areas, and we expect the strategy to continue to deliver solid risk-adjusted returns in this 'higher for longer' yield environment. The fund currently yields 6.80% in USD, 6.50% in GBP, 5.00% in EUR and 2.62% in CHF.



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

ISIN	Share Class	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	YTD	ITD
LU2122350676	Green Ash Short Duration Credit Fund (USD I)	1.80%	-0.68%	0.78%	0.49%	-0.14%	0.26%	1.05%	0.33%	0.02%	3.94%	1.71%
LU2122350163	Green Ash Short Duration Credit Fund (USD R)	1.77%	-0.71%	0.75%	0.46%	-0.17%	0.22%	1.02%	0.29%	-0.01%	3.64%	0.41%
LU2122350759	Green Ash Short Duration Credit Fund (EUR I)	1.55%	-0.89%	0.59%	0.32%	-0.33%	0.06%	0.89%	0.17%	-0.12%	2.23%	-3.46%
LU2122350247	Green Ash Short Duration Credit Fund (EUR R)	1.51%	-0.91%	0.55%	0.30%	-0.37%	0.02%	0.86%	0.14%	-0.16%	1.94%	-4.72%
LU2122350833	Green Ash Short Duration Credit Fund (CHF I)	1.42%	-1.00%	0.46%	0.20%	-0.53%	-0.11%	0.72%	-0.02%	-0.31%	0.82%	-5.55%
LU2122350320	Green Ash Short Duration Credit Fund (CHF R)	1.39%	-1.02%	0.42%	0.17%	-0.57%	-0.14%	0.70%	-0.05%	-0.33%	0.55%	-6.73%

### LEGAL DISCLOSURES

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