# Green Ash Global High Yield Fund
# May 2019 Monthly Factsheet

## INVESTMENT OBJECTIVE

**PROFESSIONAL INVESTORS ONLY**

Green Ash Global High Yield is an open-end fund incorporated in Luxembourg. The Fund's objective is to achieve income and capital appreciation. The Fund invests in bonds and other debt securities denominated in any currency, issued by sub-investment grade issuers worldwide including emerging market countries.

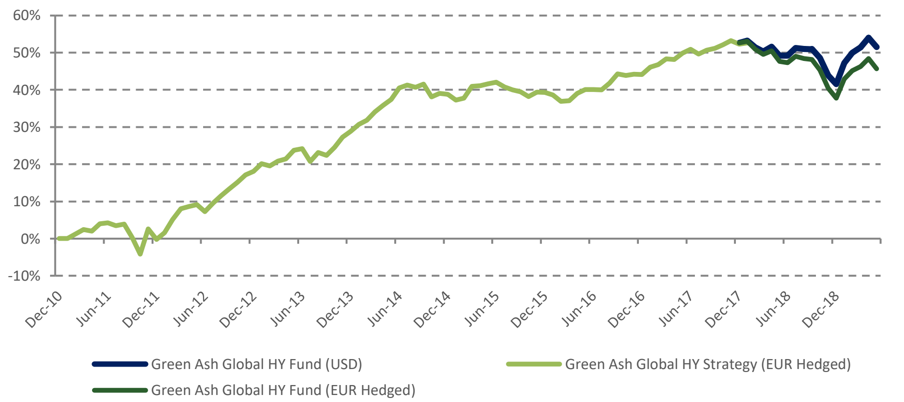
## KEY INFORMATION

| | |
|---|---|
| Fund Name | Green Ash Global High Yield - a Subfund of Woodman SICAV |
| Investment Team | Miles Cohen, Nicholas Freeman, Edward Vincent, James Sanders |
| Fund Launch Date | 9th October 2017 |
| Fund Type | UCITS |
| Fund Domicile | Luxembourg |
| Liquidity | Daily |
| Management Fee | I: 0.80% / R: 1.45% p.a. |
| Fund Size | $91MM |
| Share Classes | USD, EUR, GBP (Acc.) |
| USD I<br>USD R<br>EUR I (hedged)<br>EUR R (hedged)<br>GBP I (hedged)<br>GBP R (hedged)<br>CHF I (hedged) | LU1692346551<br>LU1692346478<br>LU1692346718<br>LU1692346635<br>LU1692347104<br>LU1692347013<br>LU1692346981 |
| Min Investment | I: 1,000,000 /R: 100,000 |
| Investment Manager | Green Ash Partners LLP |

## SUMMARY

- The fund lost -1.97% in May, which saw a steady deterioration in risk appetite as the month progressed
- Global high yield risk premia had a significant repricing during the month, with spreads +80-100bps wider. Total returns were supported somewhat by the rally in government bonds
- Looking ahead, the view is murkier than it was when we last updated in April, with President Trump escalating his trade dispute with China, while simultaneously opening up additional fronts with other trade partners
- We have seen a 50% retracement to the Dec wides in spread terms, so valuations have been repriced to reflect the new macro environment, and yields are looking increasingly attractive relative to govt. bonds. Credit fundamentals remain robust, and defaults low

## GREEN ASH GLOBAL HIGH YIELD STRATEGY[1] + FUND PERFORMANCE




## GREEN ASH GLOBAL HIGH YIELD STRATEGY PERFC

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|
| GA Global HY Strategy (EUR Hedged Managed Account) | +5.65% | +1.61% | +18.28% | +8.70% | +5.00% | +1.03% | +5.33% | +4.60% |

| | 2018 | 1Q19 | Jan | Feb | Mar | Apr | May | 2019 YTD |
|---|---|---|---|---|---|---|---|---|
| GA Global HY Fund (USD Hedged) | -7.24% | +7.00% | +4.01% | +1.85% | +1.01% | +1.69% | -1.97% | 6.66% |

*[1]The Green Ash Global High Yield Strategy track record and returns are derived from a single EUR hedged, managed account up to 31 Dec 2017. From Dec 2017, the Green Ash Global High Yield UCITS fund is shown in USD and EUR hedged institutional share classes. All performance figures are net of fees. Source: Green Ash Partners LLP*

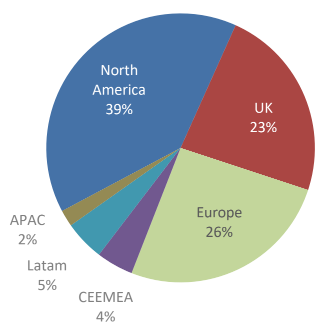
### Overall Portfolio Summary

| | |
|---|---|
| Currency | USD |
| Duration | 3.5 |
| Maturity in Years | 4.5 |
| Average Z Spread | 473 |
| Coupon Rate | 5.8% |
| Yield to Worst | 5.9% |
| Average Ratings | Ba3/BB- |
| No. of Positions | 73 |

### Top 10 Positions

| | |
|---|---|
| Western Digital | 2.2% |
| Cheniere Energy | 2.0% |
| Eircom | 1.9% |
| HCA Healthcare Inc | 1.9% |
| Bausch Health | 1.8% |
| Telecom Italia | 1.8% |
| Charter Comms. | 1.8% |
| Meritor | 1.8% |
| Denbury Resources | 1.8% |
| UPC Broadband | 1.8% |

### Regional Exposure



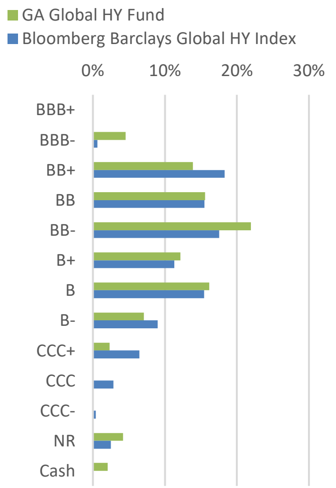

### Sector Weightings

| | |
|---|---|
| Financial | 23.7% |
| Communications | 21.1% |
| Consumer Cyclical | 12.5% |
| Cons. Non-cyclical | 12.0% |
| Energy | 10.2% |
| Industrial | 6.8% |
| Technology | 6.8% |
| Basic Materials | 4.9% |
| Cash | 2.0% |

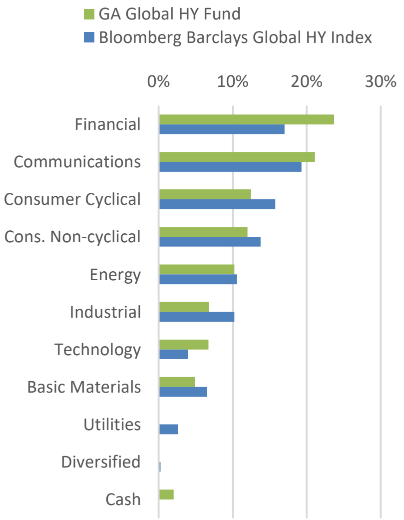

11 Albemarle Street, London W1S 4HH Tel: 020 3170 7420 Fax: 020 3170 7426. E-mail: info@greenash-partners.com Web: www.greenash-partners.com

## FUND UPDATE AND OUTLOOK

### CREDIT RATING EXPOSURE




### SECTOR EXPOSURE




### 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) |

The fund lost -1.97% in May, which saw a steady deterioration in risk appetite as the month progressed. The catalyst was the break down in US/China trade talks, leading to higher tariffs and non-tariff blockades such as the US proscription of Huawei. There are signs China may retaliate with their own attack on US companies operating in China, starting with Fedex. This situation has been exacerbated by the threat of 5% tariffs on Mexican imports into the US (stepping up to 25% if illegal immigration isn't curbed), which would largely impact the supply chains of US companies, and renewed rhetoric on the US trade relationship with Japan and Europe. Most recently even India and Australia have found themselves in the crosshairs, and the narrative is changing from a specific gripe with China's iniquitous trade practices to a broader policy of US protectionism and deglobalisation. The fear of a global growth slowdown and possible US recession has returned, resulting in a flight to 'safe' assets. 10Yr Treasuries declined -38bps to 2.13%, and the 3m/10Yr spread inverted, falling to -19bps. The move lower in yields was reflected elsewhere, with 10Yr Bunds marking a record low of -0.22% and 10Yr Gilt yields falling -30bps to 0.89%. There were additional negative developments in the UK, where Brexit division continues to upset the old political order, leading to the resignation of Theresa May and the evisceration of the two main parties in the European elections. A prolonged period of uncertainty now appears inevitable and key tail risks such as a disorderly exit from the EU and/or a hard-left Corbyn government are a realistic possibility.

Global high yield risk premia had a significant repricing during the month, with spreads +80-100bps wider. Total returns were supported somewhat by the rally in government bonds. EM high yield outperformed, gaining +0.57% on the month (despite spreads +26bps wider), and the UK was resilient, declining -0.70% (even though spreads also moved +69bps wider). The US and Europe declined -1.19% (spreads +74bps) and -1.60% (spreads +58bps) respectively. Europe saw considerable spread decompression between high quality BBS and low-single Bs, particularly in cases where more cyclical single-B issuers reported deteriorating credit metrics. Trade exposed issuers are bearing the brunt of the sell off, as might be expected. Global growth concerns have also severely impacted energy and basic materials prices (WT1 -16.29%, Brent -13.24%, Copper -9.09% in May), so these sectors were amongst the worst performers in HY indices. After four months of inflows, May saw an outflow of -$3.5BN from US high yield ETFs, -€1.0BN from Europe (though flows are still substantially up on the year).

At portfolio level, our top performing bonds were Amigo Loans (+2.25%), Petrobras (+1.13%) and Sprint (+0.90%). Our worst performers were Lecta (-25.39%), CMA CGM (-11.42%) and Teva Pharmaceuticals (-7.83%) – all good examples of how issuers with idiosyncratic/earnings related problems combined with deteriorating credit metrics were particularly hit in May. These three bonds were responsible for -52bps of negative attribution over the month, despite their relatively small weights in the fund. In terms of sector attribution, Energy, Communications and Technology outperformed, helped by credit selection as Energy and Technology were amongst the worst index performers on the month. The underperforming sectors were Basic Materials, Financials and Industrials.

Looking ahead, the view is murkier than it was when we last updated in April, with President Trump escalating his trade dispute with China, while simultaneously opening up additional fronts with other trade partners, not to mention ramping pressure on Iran. It is possible that the trade rhetoric is an opening gambit ahead of the G20, and there may be scope for some kind of reconciliation between the US and China following a Xi/Trump meeting. There will also be an OPEC+ meeting around that time, which could determine the next move for oil. While we may hope for the best, we have also taken some steps to plan for worse, trimming back some cyclical exposure and further diversifying the portfolio by increasing the number of issuers. That said, we have now seen a 50% retracement to the December wides in spread terms, so valuations have been repriced to reflect the new macro environment, and yields are looking increasingly attractive relative to government bonds. Credit fundamentals remain robust, and defaults low.


11 Albemarle Street, London W1S 4HH Tel: 020 3170 7420 Fax: 020 3170 7426. E-mail: info@greenash-partners.com Web: www.greenash-partners.com

LEGAL DISCLOSURES

## FOR EU INVESTORS

The information contained in this document is issued by Green Ash Partners LLP (hereinafter "Green Ash"), at 11 Albemarle Street, Mayfair, London, W1S 4HH who is authorised and regulated by the Financial Conduct Authority. This disclaimer is not intended to exclude or restrict any liability under the rules of the Financial Conduct Authority ("the FCA Rules") or FSMA.

This presentation reflects the opinion of Green Ash as of the date of issue. This document is not intended for distribution, publication, or use in any jurisdiction where such distribution, publication, or use would be unlawful, nor is it directed to any person or entity to which it would be unlawful to direct such a document. This presentation is for information purposes only and does not constitute an offer or a recommendation to purchase or sell any security. It does not constitute investment research or a research recommendation and is not intended for distribution to the public or a large number of persons. The opinions herein do not take into account individual clients' circumstances, objectives, or needs. Before entering into any transaction, each client is urged to consider the suitability of the transaction to his particular circumstances and to independently review, with professional advisors as necessary, the specific risks incurred, in particular at the financial, regulatory, and tax levels.

All examples of financial strategies/investments set out in this document are for illustrative purposes only and do not represent future performance. The information and analysis contained herein have been based on sources believed to be reliable. However, Green Ash does not guarantee their timeliness, accuracy, or completeness, nor does it accept any liability for any loss or damage resulting from their use. All information and opinions as well as the prices indicated are subject to change without notice. Past performance is no guarantee of current or future returns and you may consequently get back less than he invested. From time to time the partners of Green Ash Partners LLP may enter into personal transactions in the securities and strategies discussed in this presentation. The firm has a personal account dealing policy that manages such conflicts and ensures the fair treatment of its clients.

This document may not be reproduced (in whole or in part), transmitted, modified, or used for any public or commercial purpose without the prior written permission of Green Ash.

## FOR SWISS INVESTORS

This document is issued by Green Ash Partners LLP. This document is exclusively intended for qualified investors within the meaning of article 10 paragraph 3, 3bis, 3ter and 4 of the Swiss Collective Investment Schemes Act ("CISA"). The information and data presented in this document are not to be considered as an offer or solicitation to buy, sell or subscribe to any securities or financial instruments. Information, opinions and estimates expressed in this document reflect a judgment at its original date of publication and are subject to change without notice. Green Ash Partners LLP has not taken any steps to ensure that the securities referred to in this document are suitable for any particular investor and this document is not to be relied upon in substitution for the exercise of independent judgment. Tax treatment depends on the individual circumstances of each investor and may be subject to change in the future. You should obtain specific professional advice before making any investment decision. The value and income of any of the securities or financial instruments mentioned in this document can fall as well as rise and, as a consequence, investors may receive back less than originally invested. Risk factors are not intended to be reproduced in full in this document. Past performance is no guarantee nor a reliable indicator of future results. This material is not intended to be a substitute to the full, legal documentation and to any information which investors must obtain from their financial intermediaries acting in relation to their investment in the funds mentioned in this document. Please note that none of the management company, the registrar and transfer agent, the central administration or the custodian of the relevant fund has independently verified any information contained herein and no party makes any representation or warranty as to the accuracy, completeness, or reliability of such information. Further information about Woodman SICAV - Green Ash Global High Yield Fund, its prospectus, its KIIDs and its latest annual and semi-annual report may be obtained free of charge, in English language, from MultiConcept Fund Management S.A., Luxembourg, the CH Legal Representative, Credit Suisse Funds AG, the appointed distributors or online at www.greenash-partners.com and www.credit-suisse.com/ Multiconcept.