# Green Ash Global High Yield Fund
# December 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.

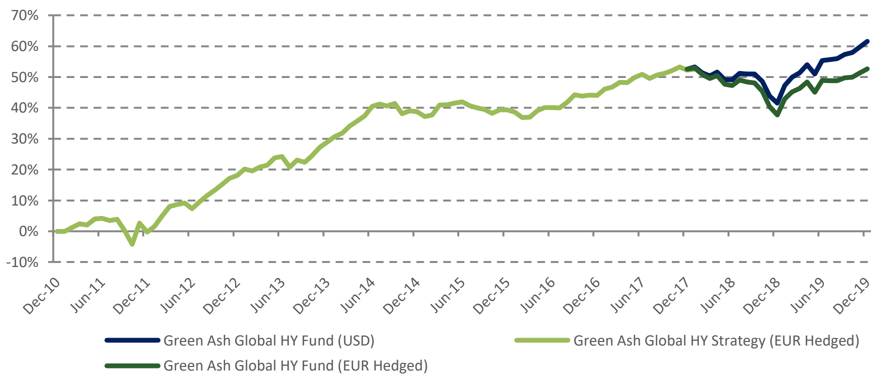
## KEY INFORMATION

| | |
|---|---|
| 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 | $60MM |
| 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 gained +1.93% in December (+1.66% EUR hedged share class), bringing the full year return in 2019 to +14.90% (+11.54% EUR hedged share class), which this the second best year since the inception of the strategy in 2010
- Global equities gained with MSCI World (USD hedged) up +2.35%, and global government bonds were weaker with 5 year US Treasury yields up +6bps, German Bunds +10bps, UK Gilts +8bps respectively. High yield credit spreads were materially narrower on month by -39bps in the US, -35bps in Europe, and -66bps in the UK
- At portfolio level, the bulk of December's positive attribution came from Financials (+58bps), Energy (+40bps), and Communications (+33bps)
- After a strong month of both relative and absolute performance, we took the opportunity to reduce some risk in the fund, building up a 10% cash balance which we will look to deploy in the new year as opportunities present themselves

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




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

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|
| GA Global HY Strategy (EUR Hedged Managed Account) | 5.65% | 1.61% | 18.28% | 8.70% | 5.00% | 1.03% | 5.33% | 4.60% | -7.24% |

| | 1Q19 | 2Q19 | 3Q19 | 4Q19 | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| GA Global HY Fund (USD Hedged) | 7.00% | 2.58% | 1.26% | 3.38% | 4.01% | 1.85% | 1.01% | 1.69% | -1.97% | 2.90% | 0.21% | 0.20% | 0.85% | 0.28% | 1.14% | 1.93% | 14.90% |

*[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*

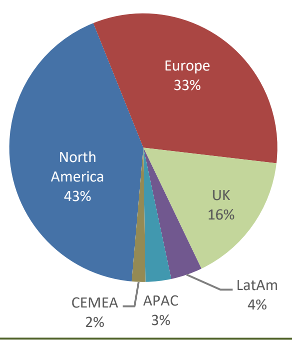
### Overall Portfolio Summary

| | |
|---|---|
| Currency | USD |
| Duration | 2.4 |
| Maturity in Years | 3.2 |
| Average Z Spread | 292 |
| Coupon Rate | 5.0% |
| Yield to Worst | 3.8% |
| Average Ratings | Ba2/BB |
| No. of Positions | 68 |

### Top 10 Positions

| | |
|---|---|
| Nationwide BS | 2.4% |
| Tenet Healthcare | 2.2% |
| HCA Healthcare Inc. | 2.1% |
| Kantar Group | 2.0% |
| Altice France | 2.0% |
| Telecom Italia | 1.9% |
| Hilton Domestic | 1.9% |
| Charter Comms. | 1.8% |
| Centene | 1.8% |
| Meritor | 1.7% |

### Regional Exposure




### Sector Weightings

| | |
|---|---|
| Communications | 22.5% |
| Financial | 20.3% |
| Consumer Cyclical | 14.7% |
| Cons. Non-cyclical | 11.0% |
| Cash | 9.7% |
| Energy | 7.8% |
| Industrial | 5.4% |
| Basic Materials | 4.8% |
| Technology | 2.2% |
| Utilities | 1.6% |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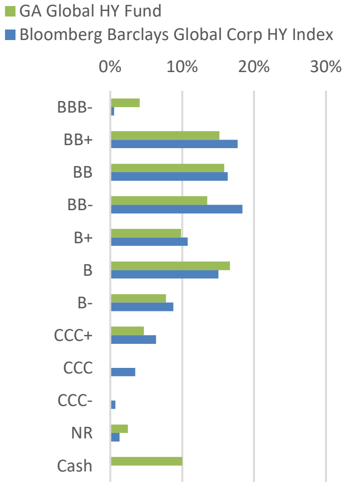
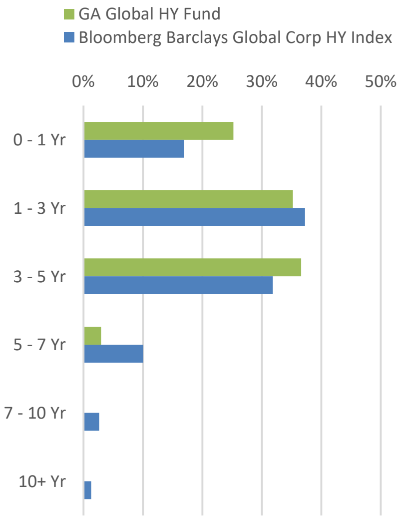
## FUND UPDATE AND OUTLOOK

### CREDIT RATING EXPOSURE




### DURATION PROFILE




### 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 gained +1.93% in December (+1.66% EUR hedged share class), bringing the full year return in 2019 to +14.90% (+11.54% EUR hedged share class), which this the second best year since the inception of the strategy in 2010. This strong performance also placed the fund in the top 5% of global high yield managers for 2019, according to Bloomberg.

Looking back on the month, global equities gained with MSCI World (USD hedged) up +2.35%, and global government bonds were weaker with 5 year US Treasury yields up +6bps, German Bunds +10bps, UK Gilts +8bps respectively. High yield credit spreads were materially narrower on month by -39bps in the US, -35bps in Europe, and -66bps in the UK. The outperformance of the UK was in part driven by the outcome of the General Election on the 12th December - a large Conservative majority for Boris Johnson's government was viewed as risk positive for UK assets including credit markets; this helped the portfolio directly through its UK holdings and indirectly via the strong performance from Financials in particular.

December rounded off a year of strong gains across most asset classes, as markets generally drifted higher bar a couple of bouts of volatility in May and August. The dovish pivot by the major Central Banks, led by the US, saw a return of the 'don't fight the Fed' mentality that characterised previous easing cycles post the GFC. This was complimented by signs of progress in US/China trade relations, a less radical direction for Italian politics, reduced chances of a disorderly Brexit, and dissipating fears of an impending global recession – however despite the column inches expended on these topics, easing financial conditions driven by the liquidity being pumped into the global financial system were the star of the show.

Looking at the primary market, it was a reasonably busy year for new issuance, especially in the month of November. That said, while total net supply was positive in both the US and Europe, $54BN and €17BN respectively was insufficient to cover coupon reinvestment in the asset class for either region, and inflows over the course of the year are still far away from replacing the outflows seen in 2018. BB rated credits comprise a growing share of the whole - 60% in Europe and 46% in the US – while CCC issuance continues to decline towards low single digits in both markets. The trend for much of the year has been one of higher rated issuers outperforming, however CCCs played catch up in December, as did some of the sector laggards of the year such as Energy.

At portfolio level, the bulk of December's positive attribution came from Financials (+58bps), Energy (+40bps), and Communications (+33bps). Our top performing bond in December was Denbury Resources which rallied +17.23%, helped by higher oil prices. The next best both rallied due to interest from higher rated acquirers – Consus Real Estate (+13.67%) and Cincinnati Bell (+12.16%). After a strong month of both relative and absolute performance, we took the opportunity to reduce some risk in the fund, building up a 10% cash balance which we will look to deploy in the new year as opportunities present themselves.

We remain optimistic about the outlook for high yield in 2020. External factors should remain supportive as investors search for yield, central banks continue to have an easing bias, and leading economic indicators start to recover. At a micro level, we expect companies to benefit from slightly better news around global trade and stable credit fundamentals. Corporate leverage did tick higher in 2019, but this was balanced by rising interest cover, as issuers' refinancing transactions were met with ample demand from investors despite coming with lower coupons. We should emphasise though, that after such a strong year of performance driven by spread compression and underlying government yield declines, we would not chase returns at this point in time. Credit spreads are at the narrower end of historical ranges which inclines us to be conservative in terms of credit quality and to focus on generating carry. Our credit research capability should allow us to unlock value on an issuer specific basis and our 10% cash balance leaves us in a strong position to take advantage of any broad-based spread widening in the coming months.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