# Green Ash Global High Yield Fund
# July 2020 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 | $54MM |
| 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 rose +2.77% in July (EUR hedged share class +2.67%) outperforming European and UK high yield markets but underperforming vs. the US which had one of its strongest months in several years
- The fund underperformed due to our overweight to Europe versus the US relative to global high yield indices, as well as our overweight to Financials (which are mostly European). Our Financials had a very strong month in June, so the more modest gains in July is understandable. Our allocation to Energy and Basic Materials performed the best, while Consumer Cyclicals lagged
- We are still of the view that the world is slowly trying to get back to normal, albeit perhaps slower than we originally expected. Meanwhile lower nominal and real rates further fuels the hunt for yield, and government support programs all favour high yield as an asset class, which we believe can generate attractive forward returns even in a slower recovery scenario

## 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 |
|---|---|---|---|---|---|---|---|---|
| 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 | 2019 | Jan | Feb | Mar | Apr | May | Jun | Jul | 2020 YTD |
|---|---|---|---|---|---|---|---|---|---|---|
| GA Global HY Fund (USD Hedged) | -7.24% | 14.90% | 0.41% | -2.29% | -13.36% | 4.33% | 4.34% | 1.45% | 2.77% | -3.53% |

[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*

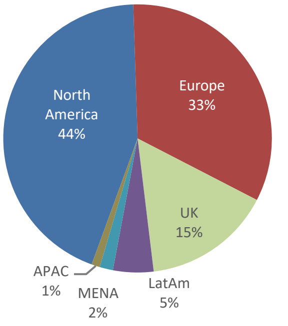
### Overall Portfolio Summary

| | |
|---|---|
| Currency | USD |
| Duration | 3.5 |
| Maturity in Years | 4.2 |
| Average Z Spread | 506 |
| Coupon Rate | 5.2% |
| Yield to Worst | 5.4% |
| Average Ratings | Ba3/BB- |
| No. of Positions | 88 |

### Top 10 Positions

| | |
|---|---|
| Telecom Italia | 2.2% |
| Charter Comms. | 2.0% |
| Centene | 2.0% |
| Nationwide | 1.9% |
| Ford Motor Company | 1.8% |
| Petrobras | 1.8% |
| Iron Mountain | 1.7% |
| HCA Inc. | 1.7% |
| Cemex SAB de CV | 1.7% |
| Altice France | 1.7% |

### Regional Exposure




### Sector Weightings

| | |
|---|---|
| Financial | 26.5% |
| Communications | 16.2% |
| Cons. Non-cyclical | 15.7% |
| Consumer Cyclical | 15.1% |
| Industrial | 9.0% |
| Energy | 8.6% |
| Basic Materials | 4.5% |
| Technology | 3.2% |
| Utilities | 1.4% |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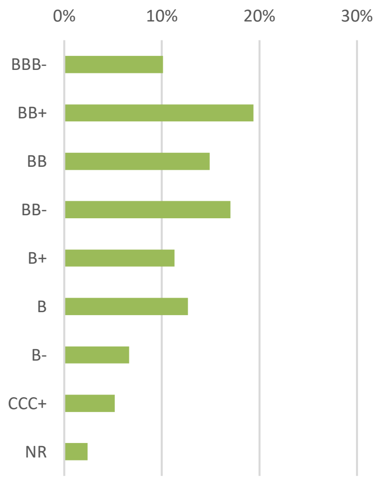
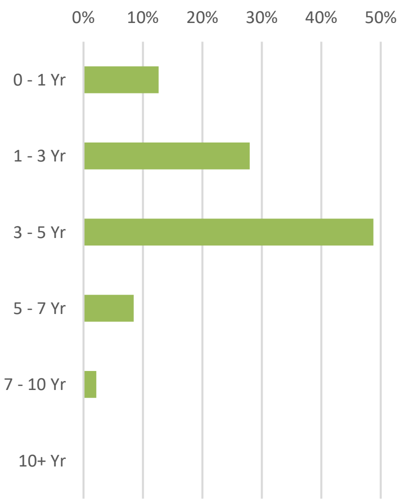
## FUND UPDATE AND OUTLOOK

### 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 rose +2.77% in July (EUR hedged share class +2.67%) outperforming European and UK high yield markets but underperforming vs. the US which had one of its strongest months in several years. This resulted in some underperformance of the fund versus high yield indices, due to the fund's relative overweight to Europe and the UK. Expectations grew for additional US government and Fed support and with a lack of supply this put US credit in the sweet spot and credit spreads moved dramatically tighter on the month in both high yield and investment grade.

The Q2 earnings season has past the halfway mark, with dire year on year declines in most sectors, however the overall surprise has been to the upside (by more than +20% in both the US and Europe); the extent of the earnings beats so far is of a magnitude not seen since 1992. Meanwhile, US and Eurozone Q2 GDP printed a shocking -32.9% and -40.0% QoQ SAAR respectively - by far the worst quarterly drop on record. Despite this, it was a generally positive month for risk assets, and the US was the standout performer, helped by a much weaker USD. This drove a broad rally in commodities also, and gold hit a new record. The catalyst for the USD move could be 10Yr real rates in the US, which fell below -1% for the first time ever (or since the existence of TIPS). Another factor may be the challenges being faced by state governments across the US in trying to bring their R-rates under control. In Europe, markets were held back somewhat by fresh regional outbreaks of Covid-19 most notably in Spain and the UK and new restrictions were put in place limiting travel and further damaging business and consumer confidence. While fears of a second wave of coronavirus infections are getting a lot of attention, so far huge fiscal and monetary stimulus measures are still outweighing these concerns and stabilising the markets.

The effect of monetary policy can be seen clearly in the rates markets, with government bond yields remaining near record lows. 10Yr US Treasury yields ended the month -13bps lower at 0.53%, and 10Yr German Bund and UK Gilt yields both fell -7bps to -0.52% and 0.10% respectively. July was the best month since October 2011 for US high yield, which finished up +4.69% (spreads -138bps to 488). European and UK high yield were up +1.73% (spreads -37bps to 476) and +1.27% (spreads -31bps to 659) respectively.

US high yield saw four consecutive weeks on inflows in July, and net inflows total $55BN since the 25th March (22% of AUM). Flows into European high yield have been net positive in the last few weeks, but not nearly to the same extent. New issuance in the US took a pause after breaking records in June, however things picked up a bit in Europe, with €11BN of new supply printing. The majority of new issue activity YTD has been focused on refinancing/liquidity, but there has been a significant uptick in M&A (30% of YTD issuance in the US). As might be expected, dividend recaps are almost non-existent (<1% in the US).

At portfolio level, our allocation to Energy and Basic Materials performed the best, while Consumer Cyclicals lagged. The fund underperformed predominately due to our overweight to Europe versus the US relative to global high yield indices, as well as our overweight to Financials (which are mostly European). Our subordinated Financials (AT1s) had a very strong month in June, so the more modest gains in July is understandable. The top three performing bonds were all in the Energy sector - Occidental Petroleum (+19.60%), Denbury Resources (+13.71%), and Crestwood Midstream (+10.22%).

Looking ahead, the forward outlook for economies around the world remains very uncertain, it seems likely that the ebb and flow of government restrictions will continue in coming the ahead, as without a vaccine they are the only tool available to control the rate of infection. These considerations are increasingly being balanced against economic factors, especially in the travel, hospitality and retail sectors which doesn't have the capacity to absorb further shocks to their operations. We are still of the view that the world is slowly trying to get back to normal, albeit perhaps slower than we originally expected. Meanwhile lower nominal and real rates further fuels the hunt for yield, and government support programs all favour high yield as an asset class, which we believe can generate attractive forward returns even in a slower recovery scenario.

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