# Green Ash Global High Yield Fund
# June 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.

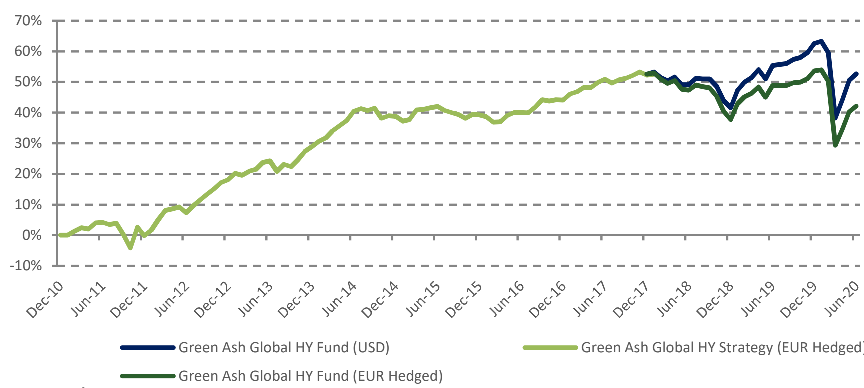
## KEY INFORMATION

| | |
|---|---|
| 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 | $50MM |
| 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 +1.45% in June and +10.44% in Q2 (EUR hedged share class +1.33% and +9.87%). Lockdowns continued to ease in June, helping drive positive sentiment, however this has come at the cost of rising COVID-19 cases especially in the US. Credit markets continue to benefit from policy support, most notably in the US with the powerful backstop from the Fed
- At portfolio level, Financials outperformed, as our 25% allocation provided over half of the monthly return. Consumer cyclicals also performed well, and Energy, though flat, managed to hang on to the outsized gains made in May. Our regional allocation also helped contribute to the fund's outperformance in June, due to our current underweight to US credit and overweight to Europe and the UK relative to global indices
- We feel the outlook for high yield remains attractive, and the corporate hunt for liquidity is giving rise to exceptional opportunities for active credit managers

## 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 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|
| 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% | 14.90% |

| | Jan | Feb | Mar | Apr | May | Jun | 2020 YTD |
|---|---|---|---|---|---|---|---|
| GA Global HY Fund (USD Hedged) | 0.41% | -2.29% | -13.36% | +4.33% | +4.34% | +1.45% | -6.13% |

[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*

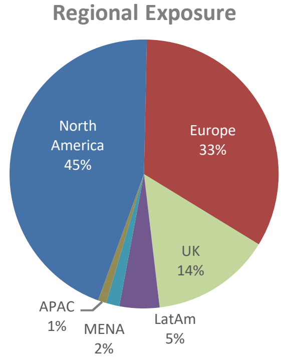
### Overall Portfolio Summary

| | |
|---|---|
| Currency | USD |
| Duration | 3.7 |
| Maturity in Years | 4.7 |
| Average Z Spread | 592 |
| Coupon Rate | 5.0% |
| Yield to Worst | 6.1% |
| Average Ratings | Ba2/BB |
| No. of Positions | 84 |

### Top 10 Positions

| | |
|---|---|
| Telecom Italia | 2.2% |
| Charter Comms. | 2.1% |
| Centene | 2.1% |
| American Airlines | 1.9% |
| Nationwide | 1.8% |
| Petrobras | 1.8% |
| Ford Motor Company | 1.7% |
| HCA Inc. | 1.7% |
| Iron Mountain | 1.6% |
| Cemex SAB de CV | 1.6% |

### Regional Exposure




### Sector Weightings

| | |
|---|---|
| Financial | 25.0% |
| Cons. Non-cyclical | 15.9% |
| Consumer Cyclical | 15.3% |
| Communications | 15.2% |
| Industrial | 8.8% |
| Energy | 7.5% |
| Basic Materials | 4.4% |
| Cash | 4.0% |
| Technology | 2.6% |
| Utilities | 1.3% |



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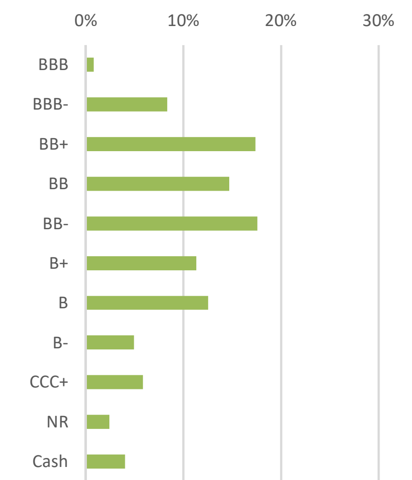
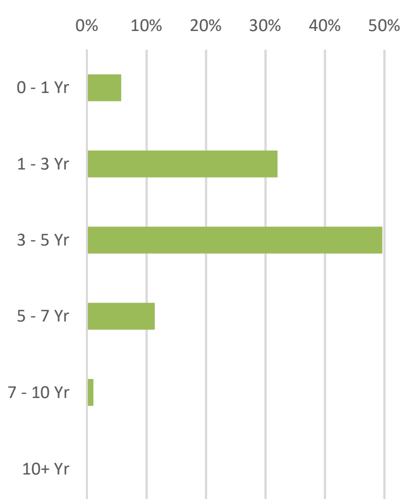
## FUND UPDATE AND OUTLOOK

### 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 1.45% in June and 10.44% in Q2 (EUR hedged share class +1.33% and +9.87%). It was a record-breaking quarter for several asset classes, with US equities posting their best quarterly gains since 1998, high yield bonds since 2009, and WTI since 1990. The moves in June were more modest than April and May, however it was still a solid month for performance, even as volatility flared up here and there. At portfolio level, Financials outperformed, as our 25% allocation provided over half of the monthly return. Consumer cyclicals also performed well, and Energy, though flat, managed to hang on to the outsized gains made in May. Our regional allocation also helped contribute to the fund's outperformance in June, due to our current underweight to US credit and overweight to Europe and the UK relative to global indices. Our best performing bonds on the month were Travelodge (+18.47%), CBS Radio (+11.02%), and Gaslog Ltd (10.31%).

Lockdowns continued to ease in June, helping drive positive sentiment, however this has come at the cost of rising COVID-19 cases especially in the US. While the trajectory of new cases in the US is a concern, there is an increasing divergence between new cases and fatalities, which continue to decline. Europe has been better at managing their re-opening so far, though in the UK we have already seen our first localised lockdown, even as we prepare for the next phase of reopening in the coming days. Credit markets continue to benefit from policy support, most notably in the US with the powerful backstop from the Fed.

It was a quiet month in the rates market, with 10Yr US Treasury, German Bund, and UK Gilt yields all more or less flat at 0.65%, -0.45%, and 0.17% respectively. Europe did see risk premia decline in core versus periphery, for example the BTP/Bund spread declined -21bps to 171. The US high yield index finished up +0.98% (spreads -12bps to 626), while the UK and Europe outperformed rising +3.50% (spreads -100bps to 690) and +1.97% (spreads -35bps to 514) respectively. It was also a good month for hard currency EM high yield, which rose +2.49% (spreads -37bps to 393).

The US primary market continues to be very active, and June's $56BN gross/$21BN net high yield corporate issuance is now the highest on record, marginally superseding the previous record in September 2013 by $100MM. This dwarfs Europe's €7BN of gross corporate new issuance in June, and is actually materially ahead of the YTD figure of €37BN. Gross volumes in the US are running +55% ahead of 2019 YTD (Europe only +13%). In flows to US high yield have also set records, as investors attempted to front-run the Fed's asset purchasing program - there have been $48BN of inflows in Q2, equating to 24% of AUM. The trend has also been positive in Europe, though on a much smaller scale, as the ECB is not providing such an explicit backstop to the high yield market.

Looking ahead, we expect ongoing bouts of volatility tracking the ebbs and flows of COVID-19 cases, however we believe a second peak is unlikely and the general direction of travel is for further reopening of the economy. Smaller second waves may well occur, and we may have to resign ourselves to living with COVID-19 for many months more – perhaps indefinitely if none of the ~160 vaccines currently under development prove effective – but ultimately full national lockdowns at a cost of ~3% of GDP per month cannot be sustained. Meanwhile governments and central banks have unleashed a combined $18TN of stimulus to support the economy and financial assets (CB asset purchasing is running at at $2BN per hour). There are other risks on the horizon, including the re-emergence of trade and geopolitical tensions between the US and China; President Trump will likely keep up the rhetoric as we near the US election, though we would note that China has been ramping their agricultural purchases from the US in an apparent effort to keep the Phase I trade deal alive, so perhaps the appetite for major conflict has been diminished by the much larger problem of the pandemic.

We feel the outlook for high yield remains attractive, and the corporate hunt for liquidity is giving rise to opportunities for active credit managers.

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