# Green Ash Sustainable Short Duration Credit Fund
# August 2020 Monthly Factsheet

## INVESTMENT OBJECTIVE

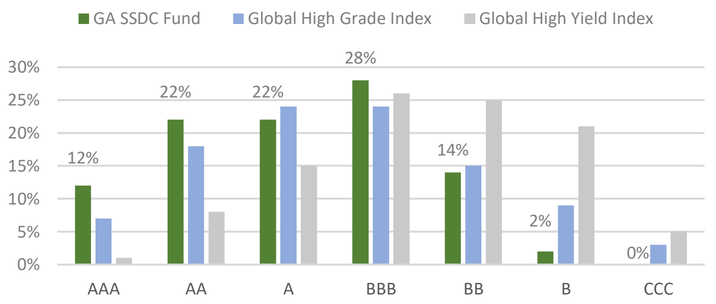
**PROFESSIONAL INVESTORS ONLY**

Green Ash Sustainable 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

| | |
|---|---|
| Fund Name | Green Ash Sustainable Short Duration Credit Fund - a Subfund of Woodman SICAV |
| Investment Team | Miles Cohen, Nicholas Freeman, James Sanders, Patrick Durcan |
| Fund Launch Date | 12th June 2020 |
| Fund Type | UCITS |
| Fund Domicile | Luxembourg |
| Liquidity | Daily |
| Management Fee | I: 0.45% / R: 0.80% p.a. |
| Fund Size | $25MM |
| Share Classes | USD, EUR, GBP (Acc.) |
| USD I<br>USD R<br>EUR I (hedged)<br>EUR R (hedged)<br>CHF I (hedged)<br>CHF R (hedged)<br>GBP R (hedged) | LU2122350676<br>LU2122350163<br>LU2122350759<br>LU2122350247<br>LU2122350833<br>LU2122350320<br>LU2122350593 |
| Min Investment | I: 100,000 /R: 10,000 |
| Investment Manager | Green Ash Partners LLP |

## ESG RATING DISTRIBUTION[1]




## AVERAGE ESG RATING

A

## SUMMARY

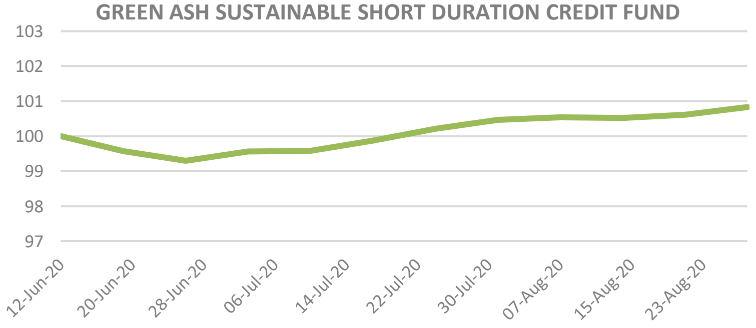
- The fund was up +0.42% in August (EUR I class +0.34%). Returns for the month were split evenly between the investment grade and high yield allocations in terms of attribution, though the IG weight is significantly higher at 59% versus 35% for HY
- Following the deployment of cash into new opportunities and some positive ESG ratings migration on existing positions, the fund's overall ESG quality composition improved once again month on month
- With a greater concentration in AA-rated credits, using MSCI ESG rating methodology, the fund now has over 55% of credits rated between A to AAA, and only 16% below BBB
- In addition the fund is now formally rated by MSCI from an ESG perspective and included in the MSCI Fund universe. We are very pleased to confirm that the fund's A rating places it within the top 30% of similar sustainable focused funds
- With favourable market conditions for corporate issuers and a powerful backstop from the central banks, we continue to see corporate credit as a sweet spot for investors against a backdrop of elevated equity valuations and low government bond yields

## GREEN ASH SUSTAINABLE SHORT DURATION CREDIT FUND PERFORMANCE

| Fund Performance | Jun | Jul | Aug | 2020 YTD |
|---|---|---|---|---|
| Green Ash Sustainable Short Duration Credit Fund (EUR I) | -0.70% | +1.06% | +0.34% | +0.69% |
| Green Ash Sustainable Short Duration Credit Fund (USD I) | -0.65% | +1.13% | +0.42% | +0.89% |

## OVERALL PORTFOLIO SUMMARY

| | |
|---|---|
| Fund Currency | USD |
| Duration | 2.1 |
| Maturity in Years | 2.5 |
| Average Z Spread | 164 |
| Coupon Rate | 3.5% |
| Yield to Worst | 1.6% |
| Average Credit Rating | Baa2/BBB |
| No. of Positions | 69 |




[1] *ESG ratings are derived from MSCI ESG rating methodology. Scores are weighted 25% to Environmental, 44% to Social, and 31% to Governance*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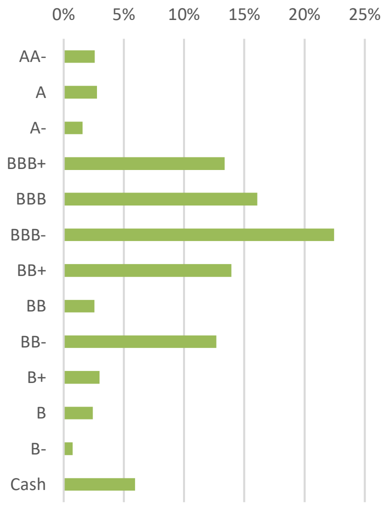
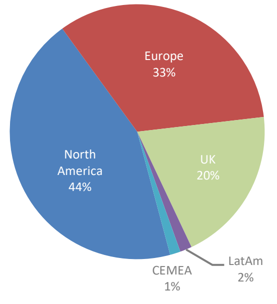
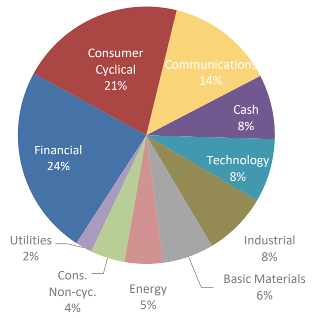
## WEIGHT BY CREDIT RATING



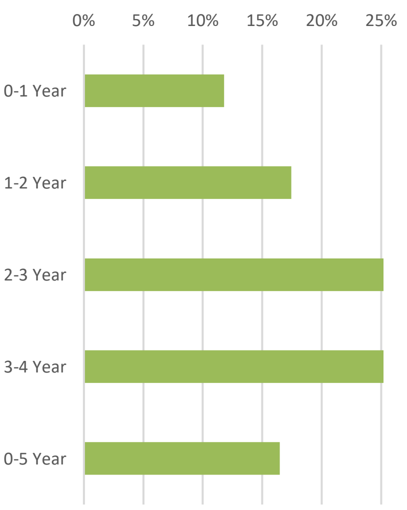

## REGIONAL EXPOSURE




## SECTOR WEIGHTINGS




## 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) |

## FUND UPDATE AND OUTLOOK

The fund was up +0.42% in August (EUR I class +0.34%). Returns for the month were split evenly between the investment grade and high yield allocations in terms of attribution, though the IG weight is significantly higher at 59% versus 35% for HY.

Following the deployment of cash into new opportunities and some positive ESG ratings migration on existing positions, the fund's overall ESG quality composition improved once again month on month. With a greater concentration in AA-rated credits, using MSCI ESG rating methodology, the fund now has over 55% of credits rated between A to AAA, and only 16% below BBB. In addition the fund is now formally rated by MSCI from an ESG perspective and included in the MSCI Fund universe. We are very pleased to confirm that the fund's A rating places it within the top 30% of similar sustainable focused funds.

Turning to the markets, it was another very strong month for risk assets, as central bank supplied liquidity continued to drive up asset prices. Jay Powell used his Jackson Hole address to announce the findings of the long awaited Fed monetary policy review. The conclusion was that the Fed will be taking a more sanguine approach to inflation, allowing it to run above target at times, and focusing more on the average level over the medium term.

The prospects of the Fed 'running the economy hot' did elicit some curve steepening, and a move higher in US 10Yr Treasury yields, which finished the month at 0.70% (+18bps). 10Yr Bund and Gilt yields also finished higher at -0.40% (+13bps) and 0.31% (+21bps) respectively. There are some signs of inflation expectations rising, as shown by the move in US 10Yr inflation breakevens finishing at levels last seen at the start of the year. Full duration investment grade was negative on the month, as might be expected from the rates moves, with the USD Global index falling -0.76% (spreads -7bps to 129). US high yield was up +0.95% in August (spreads -5bps to 482), while European and UK high yield were up +1.46% (-45bps to 435) and +1.13% (-76bps to 587bps) respectively.

The path of economic recovery remains very uncertain, and there is a lot of focus on the potential fallout after government support programs for corporates and individuals start come to an end. So far, larger companies (both investment grade and high yield) have been successful in opportunistically hoarding liquidity, with the large rises in total corporate debt accompanied by much more modest increases in net debt – something we have seen in the smaller sample set of issuers we hold in the fund. This provides some comfort that companies can hold out for a vaccine, especially as it seems we may end up with several viable candidates by year end. For some context, so far this year about $69BN of face value debt has defaulted in the US high yield market, 47% of which has been in the Energy or Retail sectors (US HY defaults are running at just 2.1% ex these sectors).

While the recovery so far has been uneven, this provides opportunities for active managers able to take a dynamic approach to regional and sectoral allocations. With favourable market conditions for corporate issuers and a powerful backstop from the central banks, we continue to see corporate credit as a sweet spot for investors allocating against a backdrop of elevated equity valuations and low government bond yields.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