

# Redhedge UCITS ICAV

## Relative Value UCITS

### Fund

#### Class A EUR

Weekly newsletter – Week ending April 2<sup>nd</sup>, 2024

For professional investors only. Not directed at retail investors

### Performance

Source: Internal data

NAV	103.91	Annualized Rtrn Since Incept.	1.25%
Week Return	0.01%	Max Drawdown (Weekly)	-0.30%
Current Month Return	0.03%	Positive Months Since Incept.	25
YTD Return	0.62%	Negative Months Since Incept.	13
1-Year Rolling Return	1.68%		
Rtrn Since Incept.	3.91%		

### Fund overview

The Redhedge Relative Value UCITS Fund focuses on core liquid European Investment Grade Credit employing a market neutral, relative value investment strategy. This strategy aims to optimise risk-adjusted returns while minimising returns volatility and potential drawdowns by using a long-short approach, hedged against downside risk. The investment process consists of idea generation and relative value credit selection and is driven by a combination of both quantitative and fundamental credit analysis. This repeatable and scalable process is focused on identifying the most attractive relative value credit opportunities, centre to our core investment philosophy to maintain consistency and discipline regardless of market direction, volatility, or conditions.

### Ratios

Source: Internal data

Sharpe Ratio (Since Inception)	1.68
Std.Dev. of Annualized Rtrn (Since Inception)	0.74

### Fund Information

Source: Internal data

ISIN	IE00BKPKGX98	Management Fee	1.00%
Bloomberg Code	RHRVUCA ID	Performance Fee	20.00%
Inception Date	26 Mar 2021	Redemption	Daily
Fund AUM	139mm EUR	Min. Subscription	100K EUR
Fund Manager	Andrea Seminara		

### Monthly Returns Since Inception

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year Tot.
2021			0.45%	0.06%	0.09%	0.12%	-0.15%	-0.04%	-0.03%	0.00%	-0.01%	-0.17%	0.32%
2022	0.00%	-0.31%	-0.07%	0.07%	0.03%	0.15%	0.46%	0.42%	0.29%	0.13%	0.14%	0.44%	1.76%
2023	-0.55%	0.00%	0.68%	0.07%	-0.02%	0.19%	-0.27%	0.64%	0.51%	0.55%	-0.56%	-0.05%	1.17%
2024	0.16%	0.19%	0.23%	0.03%									0.62%

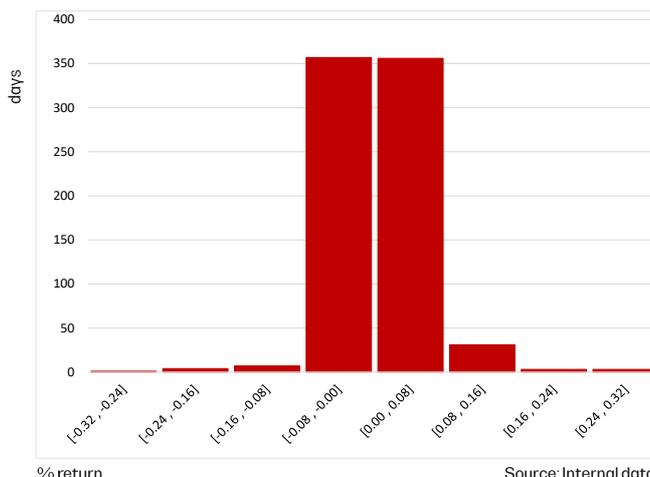
Source: Internal data

### NAV Price Performance Since Inception



Source: Internal data

### Histogram of Daily Returns (762 days)



Source: Internal data

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# Redhedge UCITS ICAV

## Relative Value UCITS

### Fund

#### Class Z EUR

Weekly newsletter – Week ending April 2<sup>nd</sup>, 2024

For professional investors only. Not directed at retail investors

### Performance

Source: Internal data

NAV	102.65	Annualized Rtrn Since Incept.	0.85%
Week Return	0.01%	Max Drawdown (Weekly)	-0.31%
Current Month Return	0.03%	Positive Months Since Incept.	22
YTD Return	0.52%	Negative Months Since Incept.	16
1-Year Rolling Return	1.27%		
Rtrn Since Incept.	2.65%		

### Fund overview

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### Ratios

Source: Internal data

Sharpe Ratio (Since Inception)	1.10
Std.Dev. of Annualized Rtrn (Since Inception)	0.77

### Fund Information

Source: Internal data

ISIN	IE00BKPKGY06	Management Fee	1.50%
Bloomberg Code	RHRVUCZ ID	Performance Fee	20.00%
Inception Date	26 Mar 2021	Redemption	Daily
Fund AUM	139mm EUR	Min. Subscription	10K EUR
Fund Manager	Andrea Seminara		

### Monthly Returns Since Inception

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year Tot.
2021			0.41%	0.03%	0.06%	0.08%	-0.19%	-0.07%	-0.06%	-0.04%	-0.06%	-0.23%	-0.07%
2022	-0.04%	-0.35%	-0.11%	0.03%	-0.02%	0.11%	0.49%	0.42%	0.26%	0.10%	0.10%	0.41%	1.41%
2023	-0.60%	-0.04%	0.66%	0.04%	-0.06%	0.16%	-0.34%	0.64%	0.48%	0.51%	-0.59%	-0.08%	0.77%
2024	0.13%	0.16%	0.20%	0.03%									0.52%

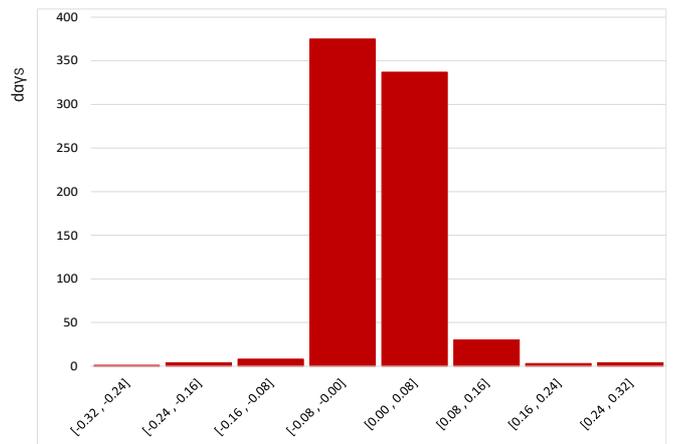
Source: Internal data

### NAV Price Performance Since Inception



Source: Internal data

### Histogram of Daily Returns (762 days)



% return

Source: Internal data

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## Monthly Comment - Month ending March 28<sup>th</sup>, 2024

From a birds-eye perspective, March looked like an uneventful month for credit, where rates bull-flattened, credit spreads traded in a tight range and issuance was well absorbed. However, we also saw an uptick in dispersion within both IG and HY, as large issuers came under pressure in HY while we saw mixed news flow in IG. In HY, the biggest focus was on Altice, with bonds down 25-40pts across the capital structure after proposed bond haircuts by management. While Altice is an idiosyncratic situation, it is symptomatic of a broader trend: the inability of issuers with very large debt-stacks to withstand continued elevated interest rates, particularly in the HY market. This is why a large portion of our portfolio is allocated to decompression trades. The Itraxx EUR Main IG Index ended the month 4-5bps tighter, while Itraxx XOVER HY Index widened by 3bps reflecting decompression between IG and HY. IG Cash outperformed synthetics again this month, closing 13bps tighter on the month but HY underperformed, with the HY ETF wider by 35bps this month.

In IG, the focus was on British American Tobacco (BATS LN), which tightened significantly after being upgraded by Fitch. As a result, their Hybrids are now fully IG, and the NC29C's traded up 2pts on the back of the upgrade. We had anticipated that credit metrics would improve sufficiently to warrant an upgrade, and as a result, were well positioned for the move. On the short-side, we started to be underweight EDF senior  $\ominus$  hybrid bonds. Their announced plans to start the production of materials used in nuclear bombs, is at odds with many investors' ESG criteria and we expect will lead to exposure reduction in the name. We think that EDF's bonds are trading at the tight end of the range and outperformed so far this year which makes the risk-reward more skewed to the downside.

While our long-short relative value trades worked well, some decompression that we have put on since the start of the year contributed to a small drag in P $\ominus$ L. However, we continue to like decompression as we think that the market scenario is starting to become more favourable as compression has started to reach a bound (i.e. little room to continue to compress). As we saw with HY and IG decompressing this month, some of the trades have started to work, for example in subordinated vs senior decompression. We are confident that we have a portfolio with lots of optionality and good risk/reward in this tight credit spread environment.

**Redhedge Investment Team**

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