

Redhedge UCITS ICAV

Relative Value UCITS

Fund

Class A EUR

Weekly newsletter – Week ending March 5th, 2024

For professional investors only. Not directed at retail investors

Performance

Source: Internal data

NAV	103.68	Annualized Rtrn Since Incept.	1.20%
Week Return	0.12%	Max Drawdown (Weekly)	-0.30%
Current Month Return	0.04%	Positive Months Since Incept.	24
YTD Return	0.40%	Negative Months Since Incept.	13
1-Year Rolling Return	2.07%		
Rtrn Since Incept.	3.68%		

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)	1.61
Std.Dev. of Annualized Rtrn (Since Inception)	0.75

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	140mm 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%	0.04%										0.40%

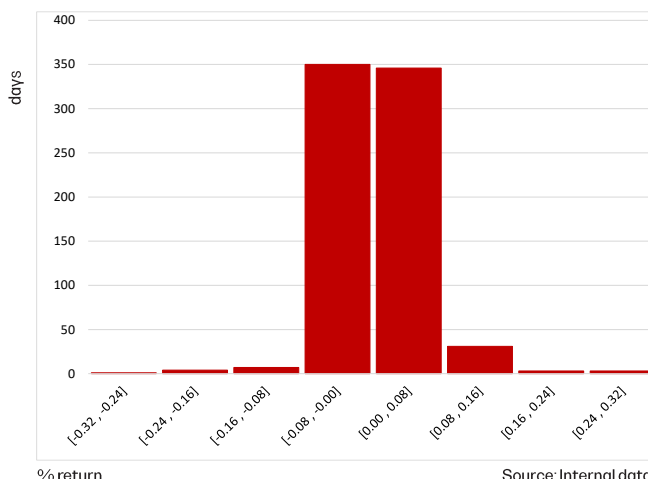
Source: Internal data

NAV Price Performance Since Inception



Source: Internal data

Histogram of Daily Returns (745 days)



Source: Internal data

DISCLAIMER

For Swiss investors:

The domicile of the Fund is Ireland. The Representative of the Fund in Switzerland is OpenFunds Investment Services AG, with its registered office at Seefeldstrasse 35, CH-8008 Zurich, Tel. +41 44 500 31 08, www.open-funds.ch. Società Bancaria Ticinese SA, Piazza Collegiata 3, 6501 Bellinzona, Tel. +41 91 821 51 21, Fax. + 41 91 825 66 18, www.bancariach. The distribution of Shares of the Fund in Switzerland must be made exclusively to Qualified Investors. The place of performance and jurisdiction for the Shares of the Fund distributed in Switzerland is at the registered office of the Representative. Publications to Swiss investors in respect of the Shares of the Fund are effected on the electronic platform www.fundinfo.com.

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Performance

Source: Internal data

NAV	102.45	Annualized Rtrn Since Incept.	0.80%
Week Return	0.11%	Max Drawdown (Weekly)	-0.31%
Current Month Return	0.04%	Positive Months Since Incept.	21
YTD Return	0.33%	Negative Months Since Incept.	16
1-Year Rolling Return	1.68%		
Rtrn Since Incept.	2.45%		

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Ratios

Source: Internal data

Sharpe Ratio (Since Inception)	1.03
Std.Dev. of Annualized Rtrn (Since Inception)	0.78

Fund Information

Source: Internal data

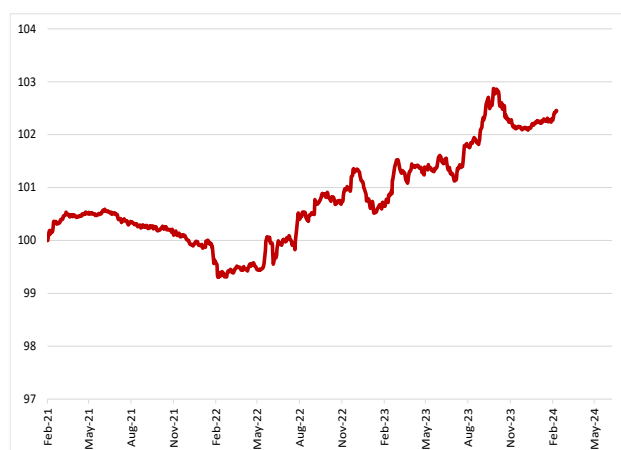
ISIN	IE00BKPKGY06	Management Fee	1.50%
Bloomberg Code	RHRVUCZ ID	Performance Fee	20.00%
Inception Date	26 Mar 2021	Redemption	Daily
Fund AUM	140mm EUR	Min. Subscription	10K EUR
Fund Manager	Andrea Seminara		

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%	0.04%										0.33%

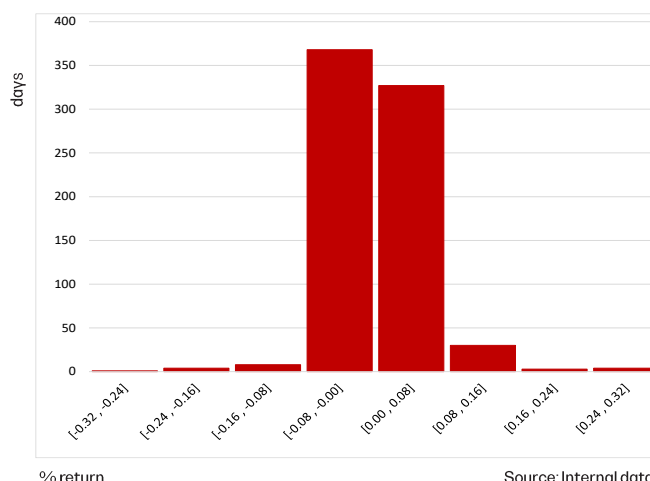
Source: Internal data

NAV Price Performance Since Inception



Source: Internal data

Histogram of Daily Returns (745 days)



Source: Internal data

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Monthly Comment - Month ending February 29th, 2024

February was, similar to January, relatively uneventful for credit. We saw spreads trading in a tight range (and at recent tights) as investors deployed capital into both primary issuance and secondaries. The large inflows into HY / IG credit that we've seen YTD continued, meaning that correlations to equities / rates came down, as we saw a gradual widening in € & \$ rates as inflation expectations proved to be a bit too optimistic and priced central bank cuts were pushed back. We look at € rates, with the 10y near 2.50% a pivotal level, which could lead to a re-pricing wider in credit, and particularly long-duration IG, if it trades through that level. At the same time, yield buyers and inflows continue to support the strong buying technical; supporting credit spreads despite at the tights. The Itraxx EUR Main IG Index ended the month 6bps tighter, while Itraxx XOVER HY Index tightened by 29bps. We did however see cash, outperform CDS, closing 11bps and 42bps tighter on the month respectively.

The CRE market (and bank exposure to it) continues to be a source of worry, though it is considered entirely idiosyncratic for now with no effect on markets / issuers outside of those directly impacted. It is noteworthy that the market was quick to reprice Deutsche Pfandbriefbank's (PBBGR) bonds, which tumbled 10+ points as investors became concerned about their CRE exposure in a matter of days but other European lenders barely moved wider in sympathy. This reflects the euphoria in the markets as these tail risks are not discounted as risk premium for now.

Our investment strategy provided a positive return for the month of February, even in an unfavourable environment with low realised volatility and persistent one-way market grind tighter. We believe spreads are too tight (vs historical levels and other asset classes) and we are patiently waiting for the right opportunities. We continue to like decompression trades with high convexity as well as relative-value trades in corporate hybrids.

Redhedge Investment Team

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