

# Redhedge UCITS ICAV

## Relative Value UCITS

### Fund

#### Class A EUR

Monthly newsletter – **Week ending April 30<sup>th</sup>, 2024**

For professional investors only. Not directed at retail investors

### Performance

Source: Internal data

NAV	104.15	Annualized Rtrn Since Incept.	1.29%
Week Return	0.05%	Max Drawdown (Weekly)	-0.30%
Current Month Return	0.26%	Positive Months Since Incept.	25
YTD Return	0.85%	Negative Months Since Incept.	13
1-Year Rolling Return	1.84%		
Rtrn Since Incept.	4.15%		

### 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)	1.74
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	138mm 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%	<b>0.32%</b>
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%	<b>1.76%</b>
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%	<b>1.17%</b>
2024	0.16%	0.19%	0.23%	0.26%									<b>0.85%</b>

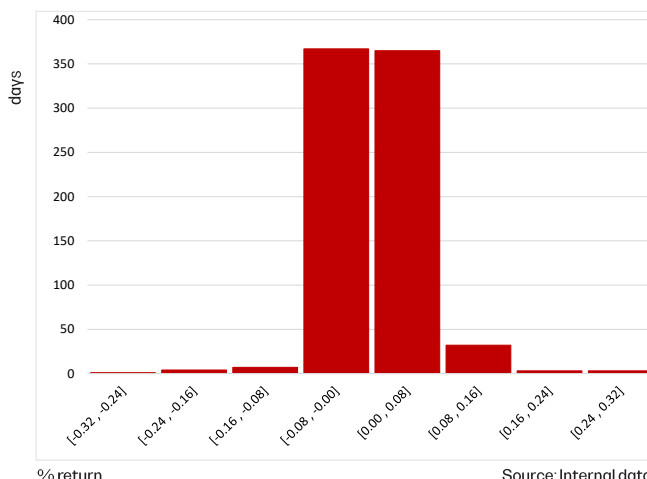
Source: Internal data

### NAV Price Performance Since Inception



Source: Internal data

### Histogram of Daily Returns (782 days)



Source: Internal data

### DISCLAIMER

For Swiss investors:

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# RED HEDGE

Investors services:  
Email:  
Website:

**+44 (0)20 3940 5626**  
**info@redhedge.com**  
**www.redhedge.com**

# Redhedge UCITS ICAV

## Relative Value UCITS

### Fund

#### Class Z EUR

Monthly newsletter – **Week ending April 30<sup>th</sup>, 2024**

For professional investors only. Not directed at retail investors

### Performance

Source: Internal data

NAV	102.85	Annualized Rtrn Since Incept.	0.89%
Week Return	0.05%	Max Drawdown (Weekly)	-0.31%
Current Month Return	0.22%	Positive Months Since Incept.	22
YTD Return	0.72%	Negative Months Since Incept.	16
1-Year Rolling Return	1.43%		
Rtrn Since Incept.	2.85%		

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### Ratios

Source: Internal data

Sharpe Ratio (Since Inception)	1.16
Std.Dev. of Annualized Rtrn (Since Inception)	0.77

### Fund Information

Source: Internal data

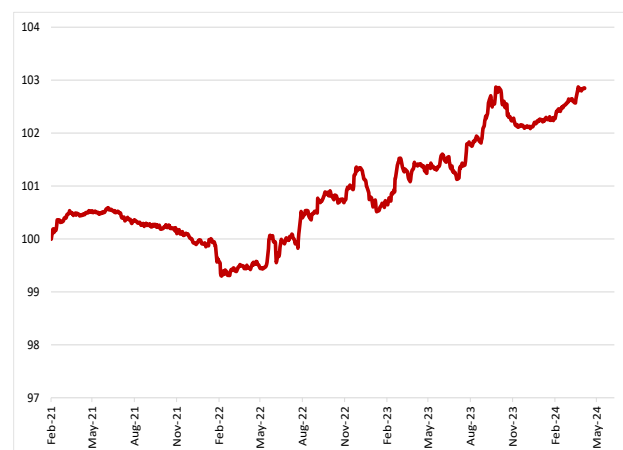
ISIN	IE00BKPKGY06	Management Fee	1.50%
Bloomberg Code	RHRVUCZ ID	Performance Fee	20.00%
Inception Date	26 Mar 2021	Redemption	Daily
Fund AUM	138mm EUR	Min. Subscription	10K EUR
Fund Manager	Andrea Seminara		

### 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%	0.22%									0.72%

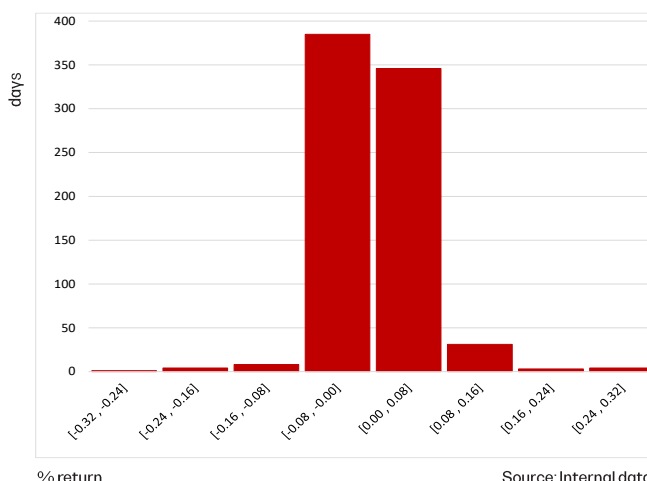
Source: Internal data

### NAV Price Performance Since Inception



Source: Internal data

### Histogram of Daily Returns (782 days)



Source: Internal data

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## Monthly Comment - April 2024

The volatility that wasn't quite yet apparent in March (though there were indicators such as higher dispersion in IG / HY, and increasing CDS Option volatility) came to the fore in April. The initial catalyst for investors reassessing their risk exposure was heightened geopolitical risk, but like past months, markets became comfortable once the risk of a meaningful escalation between Iran/Israel was relatively low. However, credit spreads were unable to rally meaningfully and instead stubbornly high inflation data in the US became a bigger concern. With the US 10Y Treasuries closing 50bps wider on the month (and German Bunds closing nearly 30bps wider) the environment for credit is deteriorating. We continue seeing issuers' average financing costs gradually go up, and bigger debt structures are increasingly finding it difficult to pass on those costs.

US 2Y rates above 5% suggests that 'Higher for longer' is now well priced in the rates market, but notably it has not yet fed through to credit to the extent we anticipated. IG Seniors were only 1bp wider on the month in April, CDS indices were marginally wider with the Itraxx Main (IG) Index 1.5bp wider on the month and the Itraxx Xover (HY) Index 20bps wider on the month, underperforming IG indices reflecting the decompression between HY and IG. We think that with 2 main risk factors in the near-to-medium term, are higher inflation and higher geo-political risks. These are on our radar, we believe that spreads here continue to look very tight and compressed with little down-side risk being priced in.

In both IG Seniors and Corporate Hybrids we have seen the market dynamics shift in the recent weeks, as issuers have continued to take advantage of market conditions to issue debt and Fund Flows (especially in HY) have turned from positive to negative. This is a marked shift from the past 6 months, where there was always an underlying bid in the market, so credit is much more vulnerable to negative external impacts – and we saw a couple of weak days this month off some negative headlines. In other words, we suspect that the incessant rally in the past 6 months is finally starting to run out of steam and susceptible to repricing wider. The pick-up in volatility was positive for many of our relative value trades such as in decompression pair trades which contributed primarily to returns this month. We took advantage of the volatility to take profit on some of the pair trades and will look to re-enter those anytime volatility comes down.

**Redhedge Investment Team**

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