

Redhedge ICAV Synergy Total Return Fund

Monthly newsletter – June 2024

For professional investors only. Not directed at retail investors

Performance

Source: Internal data

NAV	118.53		
Current Month Return	0.55%	Annualized Rtrn Since Incept.	11.37%
YTD Return	3.63%	Max Drawdown (Monthly)	-1.74%
1-Year Rolling Return	6.43%	Positive Months Since Incept.	17
Rtrn Since Incept.	18.53%	Negative Months Since Incept.	2

Fund overview

The Redhedge Total Return Synergy Fund focuses on core European Investment Grade Credit employing a market neutral, relative value investment approach. The Synergy Fund was launched on the back of strong investor demand and is an evolution of our existing fund products, building on more than eight years of track record, experience and expertise in relative value strategies where we aim to deliver returns while protecting downside. The Synergy fund implements the same investment and risk management approach that is embedded in Redhedge's DNA, with a higher risk and volatility tolerance seeking to enhance returns.

Ratios

Source: Internal data

Sharpe Ratio (Since Inception)	3.12
Std.Dev. of Annualized Rtrn (Since Inception)	3.64

Fund Information

Source: Internal data

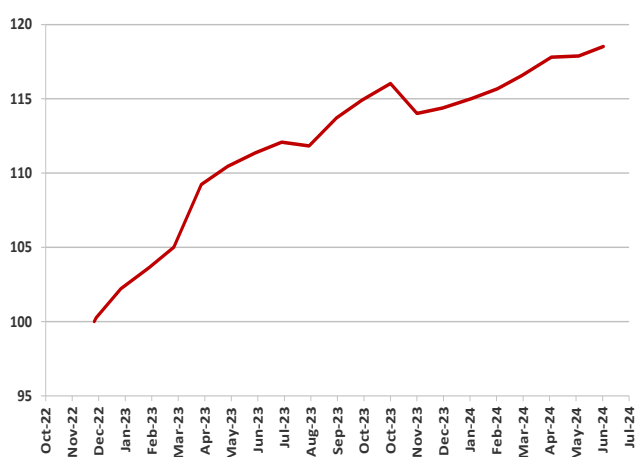
ISIN	IE00074WAWF2	Management Fee	1.00%
Bloomberg Code	RHSYNNE ID	Performance Fee	25.00%
Inception Date	30 Nov 2022	Redemption	Monthly
Fund AUM	112mm EUR	Min. Subscription	100k EUR
Fund Manager	Andrea Seminara		

Monthly Returns Since Inception

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year Tot.
2022												2.21%	2.21%
2023	1.38%	1.33%	4.03%	1.11%	0.83%	0.65%	-0.23%	1.69%	1.06%	0.97%	-1.74%	0.32%	11.90%
2024	0.56%	0.57%	0.78%	1.05%	0.07%	0.55%							3.63%

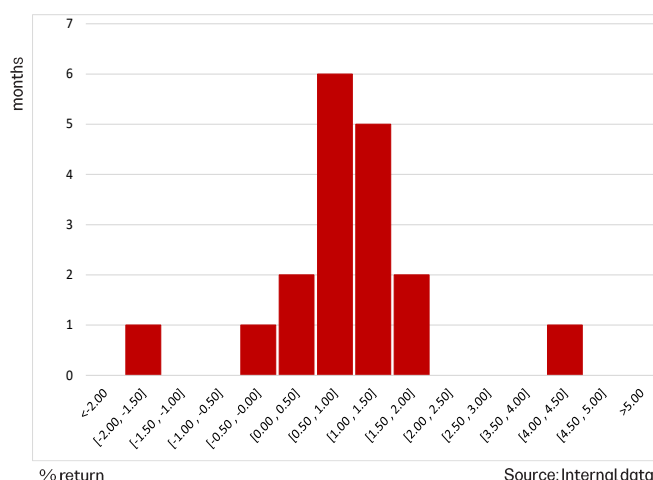
Source: Internal data

NAV Price Performance Since Inception



Source: Internal data

Histogram of Monthly Returns (19 months)



Source: Internal data

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Monthly Comment - June 2024

Ahead of the European Elections early June, political risks were well flagged. Having anticipated the strong results of far-right parties at the ballot box and adjusted our portfolio accordingly, the dissolution of parliament in France by President Macron was nevertheless surprising. As we enter a critical phase of two legislative elections on June 30th and July 7th, French government bonds have widened considerably, with the spread between Germany and France doubling, from approx. 40bps to 80bps on the prospect of a far-right or far-left government coming to power and nominating the next PM. With swap spreads also moving wider, Investment Grade Senior bonds have been the biggest underperformer in June, unsurprisingly led by French banks, utilities and builders.

With few market participants willing to step-in / take the other side, CDS indices also moved wider, with Itraxx Xover about 25bps wider on the month (with month to date wides of +50bps) and Itraxx Europe around 8.5bps wider (with month to date wides of +15bps). We did see some retracement of the widening in the last few days ahead of the election, albeit on low volumes.

Financials decompression / capital structure positions contributed to our performance this month, particularly in higher beta names such as in French names SOGGEN and ACAFP. We unwound part of our French bank decompression trades, keeping the balance as a tail hedge going into the first round of French elections. We were also able to take partial profit on high beta bank decompression in names like DANSKE and DB to realise performance during this period of volatility. On the corporate side, VW \ominus TELEFO senior/sub decompression trades also drove positive net performance.

One of our catalyst trades, Tennet, had a negative impact on net performance, following Germany pulling out of talks with the company to acquire their German network/operations. Bonds underperformed on the back of this, as the probability of a tender / CoC event fell. We had already reduced the position before the move wider, as implied risk/reward of the trade became less attractive, which meant the impact on overall performance was marginal.

Now that macro-risk is more fairly priced, we are cautiously positive on French risk in the near-term. We expect polls to capture results relatively well and as a result don't think the 1st round of the election will yield any clear majority. Instead, a hung parliament is our base case (which, from a market risk perspective, would be the best case scenario).

Redhedge Investment Team

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