

Redhedge ICAV Synergy Total Return Fund

Monthly newsletter – August 2024

For professional investors only. Not directed at retail investors

Performance

Source: Internal data

NAV	118.44		
Current Month Return	-0.13%	Annualized Rtrn Since Incept.	10.15%
YTD Return	3.55%	Max Drawdown (Monthly)	-1.74%
1-Year Rolling Return	5.91%	Positive Months Since Incept.	18
Rtrn Since Incept.	18.44%	Negative Months Since Incept.	3

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)	2.83
Std.Dev. of Annualized Rtrn (Since Inception)	3.59

Fund Information

Source: Internal data

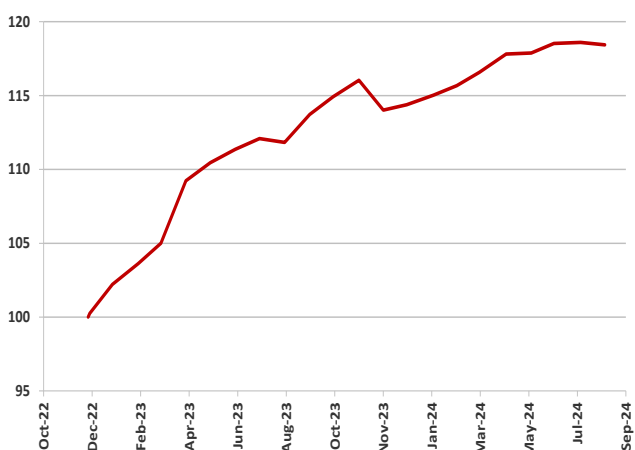
ISIN	IE00074WAWF2	Management Fee	1.00%
Bloomberg Code	RHSYNN ID	Performance Fee	25.00%
Inception Date	30 Nov 2022	Redemption	Monthly
Fund AUM	111mm EUR	Min. Subscription	100k EUR
Fund Manager	Andrea Seminara		

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%	0.06%	-0.13%					3.55%

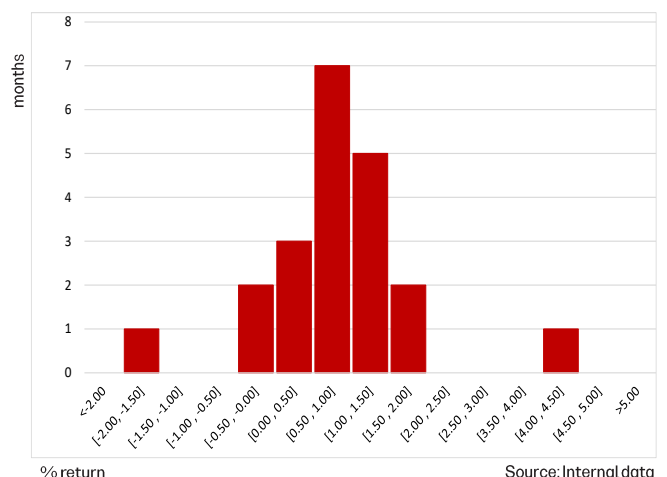
Source: Internal data

NAV Price Performance Since Inception



Source: Internal data

Histogram of Monthly Returns (21 months)



Source: Internal data

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Redhedge ICAV Synergy Total Return Fund Class N USD

(With Historical Simulation)

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*The launch date of Synergy N-USD Share Class was June 1st 2024. For historical track record, we simulated the USD returns based on actual returns of the N-EUR Share Class from Dec 1st 2022 (Fund inception) until May 31st 2024. From June 1st onwards, the reported performance is the N-USD Share Class, ISIN IE000LGB2Z42.

Performance

Source: Internal data

NAV	100.78	Simulated NAV	121.40
Current Month Return	0.00%	Annualized Rtrn Since Incept. (Sim)	11.71%
YTD Return (Sim)	4.35%	Max Drawdown (Monthly, Sim)	-1.58%
1-Year Rolling Return (Sim)	7.27%	Positive Months Since Incept. (Sim)	19
Rtrn Since Incept. (Sim)	21.40%	Negative Months Since Incept. (Sim)	2

Fund overview

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Ratios (Simulated)

Source: Internal data

Sharpe Ratio (Since Inception)	3.15
Std.Dev. of Annualized Rtrn (Since Inception)	3.71

Fund Information

Source: Internal data

ISIN	IE000LGB2Z42	Management Fee	1.00%
Bloomberg Code	RHSYNU ID	Performance Fee	25.00%
Inception Date	30 Nov 2022	Redemption	Monthly
Fund AUM	111mm EUR	Min. Subscription	100k USD
Fund Manager	Andrea Seminara		

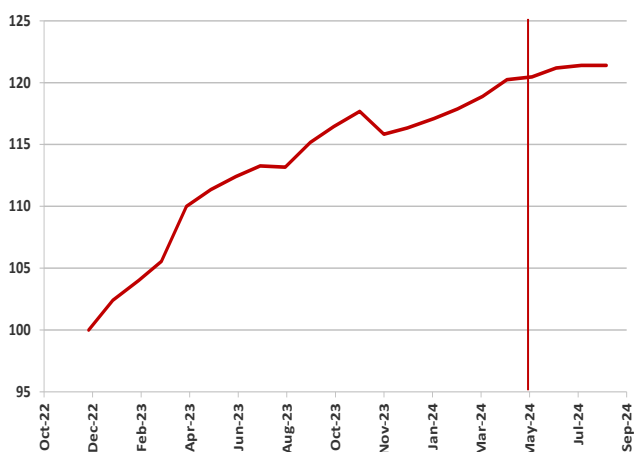
USD Monthly Returns Since Inception

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year Tot.
2022												2.41%*	2.41%*
2023	1.57%*	1.47%*	4.21%*	1.23%*	0.95%*	0.76%*	-0.08%*	1.76%*	1.12%*	1.05%*	-1.58%*	0.44%*	13.60%*
2024	0.65%*	0.66%*	0.86%*	1.14%*	0.18%*	0.60%	0.17%	0.00%					4.35%*

*The launch date of Synergy N-USD Share Class was June 1st 2024. For historical track record, we simulated the USD returns based on actual returns of the N-EUR Share Class from Dec 1st 2022 (Fund inception) until May 31st 2024. From June 1st onwards, the reported performance is the N-USD Share Class, ISIN IE000LGB2Z42.

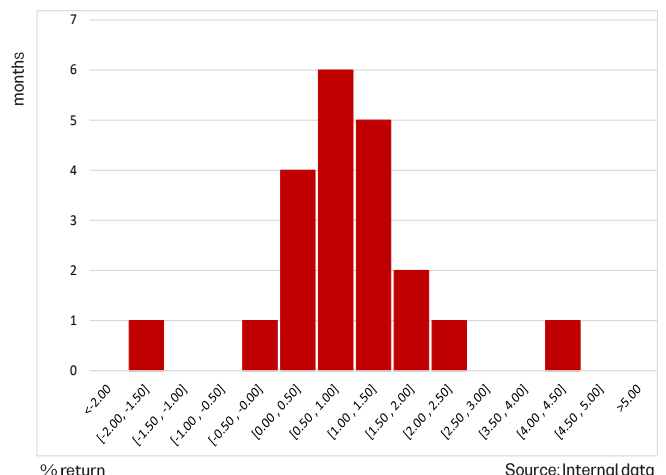
Source: Internal data

NAV Price Performance Since Inception*



Source: Internal data

Histogram of Monthly Returns (21 months)*



Source: Internal data

*Disclaimer: Synergy Total Return Fund Class N USD shares were launched June 1st 2024. The charts above represent the Synergy Total Return Fund Class N EUR performance simulated in USD until May 31st 2024. From June 1st 2024 onwards, the performance shown is Class N USD, ISIN IE000LGB2Z42.

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Monthly Comment - August 2024

In the first few days of August, market conditions shifted dramatically, as spreads widened significantly due to an unexpected rate hike by the Bank of Japan and disappointing U.S. economic data. This led to a broad unwinding of risk positions across levered investors. VIX hit multi-year highs in a period that is usually quite illiquid, however a lot of investors took the opportunity to add risk / take off hedges, and as a result, markets retraced back as quickly as they had widened. CDS indices tightened back to the tight, and IG / HY ETFs rallied strongly as well. The positive sentiment was not restricted to senior bonds, with corporate hybrids finding equally strong demand in August. Lower rates, driven by a dovish stance from the Federal Reserve and clearer expectations of future rate cuts discussed at Jackson Hole, made their higher yields more attractive to investors. Month on month, both IG and HY spreads have rallied. CDS indices are 2 and 6bps tighter respectively in ITRX EUR and ITRX XOVER, while Cash indices in Europe are a bit mixed with IG 5 wider while HY was 4 tighter.

Investment-grade (IG) senior bonds had a more mixed performance. While they outperformed in the first few days of volatility, the anticipation of supply in September kept a floor on spreads, with investors inclined to de-risk and make room for new issuance. This meant cash bonds screened tight compared to the index at the start of the month, but with outperformance of synthetics during the rally, as well as issuance expectations, cash bonds screened marginally wide compared to the index. Higher-beta senior bonds also outperformed their lower-beta counterparts as the market compressed, which are still near their recent wides. This is also where we currently see good risk/reward opportunities in our view. For example, we see some high beta reverse yankee names or auto names such as VZ, AT&T, STLA, BMW and ATOSTR retracing aggressively the widening, but some core, defensive consumer names like KO or IBM or most core infrastructure/ utility names such as DBHNGR or BNFP, haven't retraced much, we believe there is decent value to pick up.

Overall, our performance in the month of August was flattish, mostly due to illiquidity of the summer months where we were unable to monetise profits during the widening. However, we were able to take advantage of further dislocation to put on new positions which we expect to perform in the fourth quarter of the year. Towards the end of the month, primary market activity in corporates and financials picked up, with new issues well absorbed. So far issuance has been below expectations, and given relatively strong cash balances, we expect spreads to tighten if issuance doesn't materially pick-up. Our monitors continue to show strong inflows into both EUR IG Funds and ETF's throughout the month as overall yields continue to be attractive to investors. The tone at Jackson Hole at the end of month was also leaning dovish, but we saw minimal impact on rates and the broader macro environment so that was largely priced in. From here, we are very focused on US data. While most are concerned about the labour market stuttering, we do not discount the risk that we have an uptick in inflation, a scenario which could be significantly worse for markets in our view.

Redhedge Investment Team

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