

Redhedge UCITS ICAV Relative Value UCITS Fund Class A EUR

Monthly newsletter – **September 2024**

For professional investors only. Not directed at retail investors

Performance

Source: Internal data

NAV	104.68	Annualized Rtrn Since Incept.	1.28%
Week Return	0.02%	Max Drawdown (Weekly)	-0.30%
Current Month Return	0.18%	Positive Months Since Incept.	29
YTD Return	1.36%	Negative Months Since Incept.	14
1-Year Rolling Return	1.30%		
Rtrn Since Incept.	4.68%		

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)	1.80
Std.Dev. of Annualized Rtrn (Since Inception)	0.71

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	170mm 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%	0.26%	-0.08%	0.19%	0.16%	0.05%	0.20%				1.38%

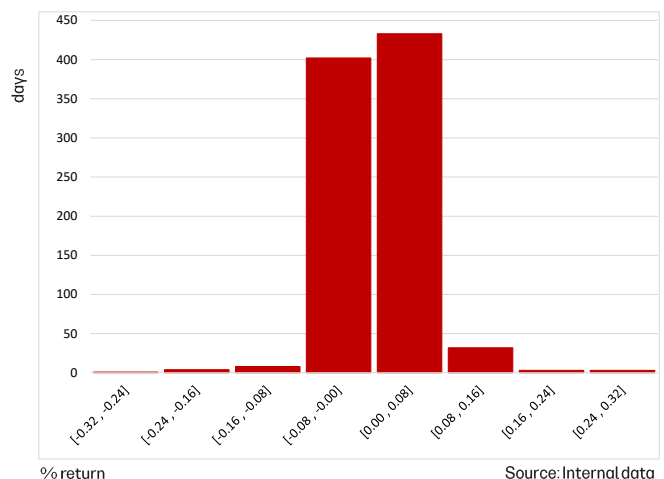
Source: Internal data

NAV Price Performance Since Inception



Source: Internal data

Histogram of Daily Returns (886 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.

RED HEDGE

Investor 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 – **September 2024**

For professional investors only. Not directed at retail investors

Performance

Source: Internal data

NAV	103.20	Annualized Rtrn Since Incept.	0.88%
Week Return	-0.04%	Max Drawdown (Weekly)	-0.31%
Current Month Return	0.17%	Positive Months Since Incept.	26
YTD Return	1.06%	Negative Months Since Incept.	17
1-Year Rolling Return	0.89%		
Rtrn Since Incept.	3.20%		

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)	1.19
Std.Dev. of Annualized Rtrn (Since Inception)	0.74

Fund Information

Source: Internal data

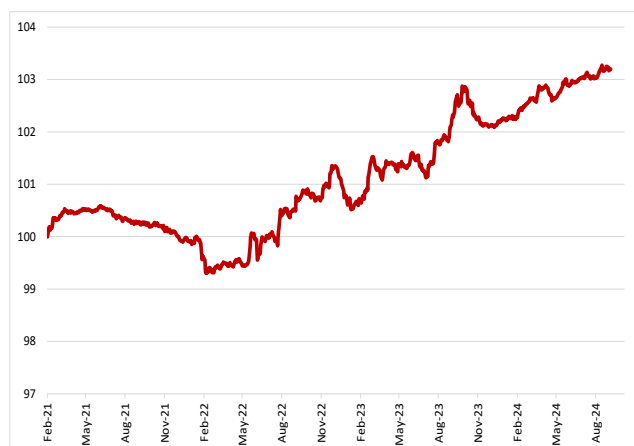
ISIN	IE00BKPKGY06	Management Fee	1.50%
Bloomberg Code	RHRVUCZ ID	Performance Fee	20.00%
Inception Date	26 Mar 2021	Redemption	Daily
Fund AUM	170mm EUR	Min. Subscription	10K EUR
Fund Manager	Andrea Seminara		

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%	-0.12%	0.16%	0.13%	0.02%	0.15%				1.06%

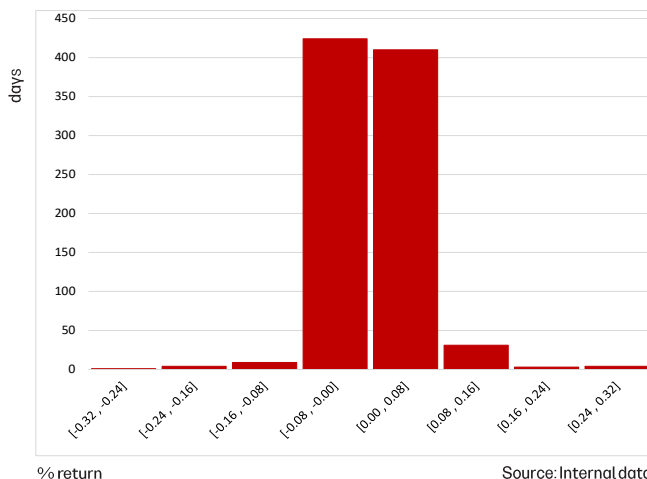
Source: Internal data

NAV Price Performance Since Inception



Source: Internal data

Histogram of Daily Returns (886 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.ch. 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.

RED HEDGE

Investor services:
Email:
Website:

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

Monthly Comment - September 2024

It's official. Central banks globally are cutting rates, as inflation is a thing of the past. The market has taken the 25bp cut by the ECB and the 50bps cut by the Fed positively, as the soft-landing scenario remains a possibility. The economic data so far has supported that view, but they are backward looking, so don't give much insight into the path ahead. Month on month, both IG and HY spreads have rallied. CDS indices are 1 and 15bps tighter respectively in ITRX EUR and ITRX XOVER. IG seniors underperformed, as the rally in rates meant YTD lows in Euro yields (10Y German DBR closed 25bps tighter on the month).

From a credit perspective, we saw cyclical names (and in particular Autos & Auto Parts Suppliers) underperform. The news out of that sector remains very negative (profit warnings, downgrades and indications of lower demand) but credit investors are already underweight, so the marginal selling is limited for now. We took profit on some of the relative value pairs we had on our cyclical shorts in names such as BMW (BMW), Volkswagen (VW) and Stellantis (STLA) vs non-cyclical defensive names such as Coca-Cola (KO) and AB-Inbev (ABIBB). In IG Corporate Senior, another pair of trades that did well include, Verizon (VZ) vs AT&T (T), where the relationship between the two credits normalised again, when VZ reversed its underperformance vs AT&T curves normalised.

In the Corporate hybrids space, the big story in September was SES (SESGFP). The French satellite company came to the market with a double-tranche 5-year and 8-year hybrid. While syndicate desks managed to drum up enough demand, investor sentiment quickly soured, as airlines closed deals with LEO provider Skylink. Airlines & Cruises have been touted as a big and important area of growth for SES. The lack of clarity whether their MEO and GEO satellites will be a viable option, meant the hybrids were the biggest underperformers, closing down 5 and 5.5pts respectively for the new NC5 and NC8.

In financials, compression continues to be the theme as the AT1 market continues to be the favourite place for investors. The low-risk premium currently priced in at prices that are back to the highs, similar to Corporate Hybrids and means it is a space we would rather avoid at the moment. We believe that global credit investors continue to search for high yielding assets even in the high-rate environment of the recent year which has helped junior subordinated instruments such as AT1 and Corporate Hybrids outperform and compress towards their senior debt counterparts. The high coupons continue to be attractive to investors who may not necessarily factor in the richness of the bonds when looked at from a spread-perspective. We continue to be cautious on the levels of AT1 and Corporate Hybrids in spread terms as we believe the risk-reward being long spreads here is skewed to the downside.

In global themes, the escalation in the Middle-East did not significantly impact risk appetite, as did the French political noise. The lack of real political stability and deteriorating fiscal situation led to some marginal underperformance, especially in tight senior names that trade near OATs. The French Sub/Snr decompression trades in Financials that we have, worked well this month (in names such as Credit Agricole (ACAF) and Societe Generale (SOCGEN)). The path of rate cuts continues to be on top of the mind for investors including ourselves on the macro-front, as well as economic data pointing which could give us further indication on a potential economic slowdown, or a hard or soft landing in the economy.

Redhedge Investment Team

DISCLAIMER

This information is being communicated by Redhedge AM LLP, which is authorised and regulated by the Financial Conduct Authority. This material is for information only and does not constitute an offer or recommendation to buy or sell any investment, or subscribe to any investment management or advisory service. It is only directed and may only be distributed to persons who are Professional Clients or Eligible Counterparties and is not, under any circumstances, intended for distribution to the general public.

With investment, your capital is at risk and the value of an investment and the income from it can go up as well as down, it may be affected by exchange rate variations and you may not get back the amount invested. Past performance is not necessarily a guide to future performance and where past performance is quoted gross then investment management charges as well as transaction charges should be taken into consideration, as these will affect your returns. Any tax allowances or thresholds mentioned are based on personal circumstances and current legislation, which is subject to change.

We do not represent that this information, including any third party information, is accurate or complete and it should not be relied upon as such. Opinions expressed herein reflect the opinion of Redhedge AM LLP and are subject to change without notice. No part of this document may be reproduced in any manner without the written permission of Redhedge AM LLP, however recipients may pass on this document but only to others falling within this category. This information should be read in conjunction with the relevant fund documentation which may include the fund's prospectus, simplified prospectus or supplement documentation and if you are unsure if any of the products and portfolios featured are the right choice for you, please seek independent financial advice provided by regulated third parties.

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 3108, 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.bancaria.ch. 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.

RED HEDGE

Investor services:
Email:
Website:

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