

APRIL 2021

# SHENKMAN SHORT DURATION HIGH INCOME FUND – CLASS A

A Sub-Fund of Shenkman Credit Fund plc



## INVESTMENT OBJECTIVE

The Shenkman Short Duration High Income Fund seeks to achieve high current income by investing in a portfolio of short duration fixed income, high yield securities, predominantly issued by U.S. issuers that are denominated in U.S. Dollars.

## WHY SHORT DURATION HIGH YIELD

A short duration high yield strategy seeks to minimize interest rate risk, increase yield over other short duration alternatives, avoid credit events, and maximize risk adjusted returns.

## SHENKMAN'S ADVANTAGE IN SHORT DURATION HIGH YIELD

- ❖ **Philosophy:** Shenkman focuses first and foremost on capital preservation and avoiding defaults, the two key drivers of success in short duration high yield.
- ❖ **Five Step Research Process:** Shenkman utilizes a structured, disciplined process that features our proprietary C.Scope® score that we believe is a more accurate measure of a company's credit worthiness.
- ❖ **Direct Access to Management:** Frequent communication with corporate management allows us to fully understand the company's entire capital structure and financing needs.
- ❖ **Presence:** Shenkman combines the potential advantages of a \$28.4bn platform with the nimbleness of a \$6.8bn short duration strategy.
- ❖ **Depth of Research Team:** Shenkman's 20-member credit research team is organized by sector with each analyst responsible for the entire capital structure and maturity spectrum.
- ❖ **Risk Management:** Proprietary credit risk analytics that can help to outperform in difficult and uncertain markets.

## PERFORMANCE UPDATE

	MTD	QTD	YTD	Since Inception
SHENKMAN SHORT DURATION HIGH INCOME FUND (NET)	0.46%	0.46%	1.01%	3.59%

Inception performance date of 25 August 2011. Performance is for the USD Class A (Institutional) Accumulating Share Class (ISIN:IE00B6SKFV95) and is calculated by Shenkman using data sourced from BNY Mellon Fund Services (Ireland) DAC. These performance results reflect the management fee and other operating expenses of the fund, but do not include the fund's maximum 2% entry charge. Had it been included the returns would have been lower. **Past performance is not a guarantee of future results.** Please see "Disclaimers" on the next page for additional important information.

## FUND COMMENTARY

The leveraged debt markets continued to post healthy returns in April as U.S. rates declined slightly, the price of oil rose, additional fiscal stimulus plans were announced, and earnings season started with strong results. All of this occurred amid a backdrop of accelerating reopening in the U.S., though the global reopening has been less consistent. The HOAO Index posted a return of 1.1% for the month and ended with an option adjusted spread (OAS) of 328bps (8 bps tighter than the prior month). This represented the strongest monthly return of 2021. The higher-quality short duration segment of high yield also posted a solid return for the month, significantly outpacing shorter-dated U.S. Treasuries though trailing behind broader high yield given its lower risk profile due to the higher credit quality and shorter tenor. The ICE BofA 0-2 Year Duration BB-B U.S. HY Constrained Index (H42C) returned +0.46%, while the ICE BofA 0-3 Year U.S. Treasury Index (G1QA) returned 0.03% in April.

Within the high yield bond market, longer duration issues broadly outperformed for the month, a reversal from earlier in the year. The riskier credits, as measured by credit ratings, continued to outperform with CCCs outpacing other categories, but not as dramatically as during the first quarter. Oil & Gas and Midstream were the top performing industry sectors. No sector posted negative returns, though Telecom and Healthcare were notable laggards. New issuance continued at a record pace in high yield, with use of proceeds led by refinancing, but there is a continuing flow of M&A-related financing coming to market, which in many cases is bringing new issuers into the asset class. The default rate also continued to decline and ended the month at 3.17%, a 14-month low. Ratings upgrades year-to-date have been outpacing downgrades by nearly a 2:1 ratio, based on data from JP Morgan.

While rates have been more range-bound this month than earlier in the year, there appears to be increasingly divergent views on where sustained U.S. inflation will settle and how it will impact rates. Additionally, markets seem to still be pricing in a smooth reopening, coupled with an extended boom from pent-up demand and fiscal spending. We still believe these expectations may result in bouts of volatility if the path of recovery diverges from a straight line. The higher-quality short duration segment of the high yield market remains well positioned as a lower volatility solution with the ability to capture attractive risk-adjusted returns in a low yield environment.

## ABOUT SHENKMAN

Shenkman Group of Companies manages approximately \$28.4 billion in assets\*, focusing predominantly on analyzing and investing in high yield companies. The firm was founded in 1985 by Mark Shenkman, a pioneer in leveraged finance. We have offices in New York, NY, Stamford, CT and London, UK.

\*The Shenkman Group of Companies AUM represents \$26bn managed by Shenkman Capital Management Inc. and \$2.4bn managed by Romark Credit Advisors LP and its relying advisors. See disclaimers for additional important information on the Shenkman Group of Companies.

## FUND FACTS

Legal Status	UCITS
Domicile	Ireland
Administrator	BNY Mellon Fund Services (Ireland) DAC
Minimum Investment	\$1,000,000
Valuation/Dealing	Daily
Registered Countries	IE, UK, NO, DK, DE, AT, ES, IT, CH, FI, SE
Management Fee	0.55%
Inception Date	25 August 2011

## FUND STATISTICS

Fund Size (\$M)	\$17.7M
Avg. Rating	BB- / B1
Current Yield	5.79%
Yield to Worst	1.43%
Avg. Coupon	6.08%
Duration to Worst	0.95 Years
Avg. Maturity	3.65 Years
# of Issuers	135
USA	88.82%
Non-USA	11.06%

The Shenkman Short Duration High Income Fund is actively managed; this information is subject to change daily and may be based on data sourced from Shenkman Capital's proprietary systems and analytics. Excludes cash and FX forwards.

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Discipline Drives Performance®

## TOP TEN POSITIONS

Issuer	Sector	Weight
1 T-Mobile	Telecom	3.90%
2 Bausch Health	Healthcare	3.37%
3 Ford	Automotives	3.08%
4 Dell	Technology	2.87%
5 Tenet Health	Healthcare	2.77%
6 Altice	Telecom	2.66%
7 CenturyLink	Telecom	2.33%
8 Chartcom	Cable & Satellite	2.08%
9 XPO Logistics	Industrials	1.83%
10 QVC	Consumer Staples Discretionary	1.81%

## TOP TEN SECTORS

Sector	Weight
Healthcare	14.38%
Industrials	11.61%
Telecom	10.61%
Technology	9.78%
Leisure, Gaming, Travel	8.93%
Automotives	7.45%
Consumer Staples Non-Discretionary	7.34%
Cable & Satellite	7.17%
Financials	5.36%
Materials	5.14%

## RATINGS DISTRIBUTION

BBB & Above	3.65%
BB	57.03%
B	30.15%
CCC & Below	5.62%
Not Rated	3.43%
Cash	0.12%

Ratings Distribution – reflect the ratings of Standard & Poor's Corporation. Ratings are relative, subjective and not absolute standards of quality.

The fund is actively managed. Holdings, weightings and other statistical information are subject to change daily. Holdings are for informational purposes only. The holdings and weightings are calculated as a percentage of the fund's net assets and exclude cash.

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## CONTACT INFORMATION

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- The fund is a sub-fund of Shenkman Credit Fund plc, an investment company with variable capital incorporated with limited liability in Ireland (registered number 499990) and established as an umbrella fund with segregated liability between sub-funds pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, as amended). The fund is registered for public offer and sale in the following jurisdictions: Ireland, Austria, Denmark, Finland, Germany, Norway, Sweden, Switzerland and the United Kingdom. In addition, the fund is registered for institutional sales in Italy. This information is not for use within any country or with respect to any person(s) where such use could constitute a violation of applicable law. Additionally, the tax treatment relating to the holding, acquisition or disposal of shares in the fund depends on each investor's tax status or treatment and may be subject to change. Any potential investor is strongly encouraged to seek advice from its own tax advisers.
- The fund is offered solely to non-U.S. investors under the terms and conditions of the fund's current prospectus. The prospectus, applicable key investor information documents (KIIDs), Articles of Association and annual and semi-annual reports are available free of charge at [www.shenkmancapital.com/strategies#ucits\\_funds](http://www.shenkmancapital.com/strategies#ucits_funds) or by contacting your local representative. The prospectus and KIIDs contain important information and should be read prior to subscribing for shares in the fund. Any decision to invest in the fund should be based on the information contained in the prospectus. This document has not been reviewed or approved by the Central Bank of Ireland.
- Inception dates for each Class A share are as follows: IE00B62KTH91 – 1 July 2011; IE00B7FL8Z76 – 4 March 2013; IE00B4XR958 – 11 June 2012; IE00B77G9028 – 11 June 2012; IE00B664JN33 – 14 March 2013; IE00B9FDLY79 – 13 May 2013. Current performance may be lower or higher than the performance quoted. The value of an investment can go down as well as up and any return on investment will, therefore, necessarily be variable. Income may fluctuate in accordance with market conditions and taxation arrangements. Additionally, the base currency of the fund is USD; thus, changes in exchange rates may have an adverse effect on the value and performance of shares denominated in another currency. Net performance results reflect the deduction of management fees, administration expenses and accrued expenses but do not include the fund's maximum 2% entry charge. Had it been included, the returns would have been lower. Unless otherwise indicated, performance results include reinvestment of income. All returns greater than one year are annualized and performance results are unaudited. Past performance is not a reliable guide or guarantee of future results.
- Unless stated otherwise, all data is as of 30 April 2021 and based on Shenkman Capital's internal records and valuation, which may differ from the fund's official records.
- The fund is actively managed and uses the ICE BofA 0-2 Year Duration BB-B US HY Constrained Index (H42C) (the "Benchmark") for performance comparison only. It is indicative of the types of securities that the fund may purchase but may contain different securities than those held by the fund. There can be no guarantee that the fund will match or exceed the performance of the Benchmark and the fund's performance may be compared to certain other benchmarks on request. The Benchmark is a subsector of the HUC4 that consists of all securities that have a duration-to-worst of 2 years or less. The Benchmark is unmanaged, not available for direct investment and does not reflect deductions for fees or expenses. The index data referenced herein is the property of ICE Data Indices, LLC ("ICE BofA") and/or its licensors and has been licensed for use by Shenkman Capital Management, Inc. ICE BofA and its licensors accept no liability in connection with this its use. See <https://www.shenkmancapital.com/terms-service/> for a full copy of the Disclaimer.
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