
Redhedge ICAV
RV Corporate Bonds Fund

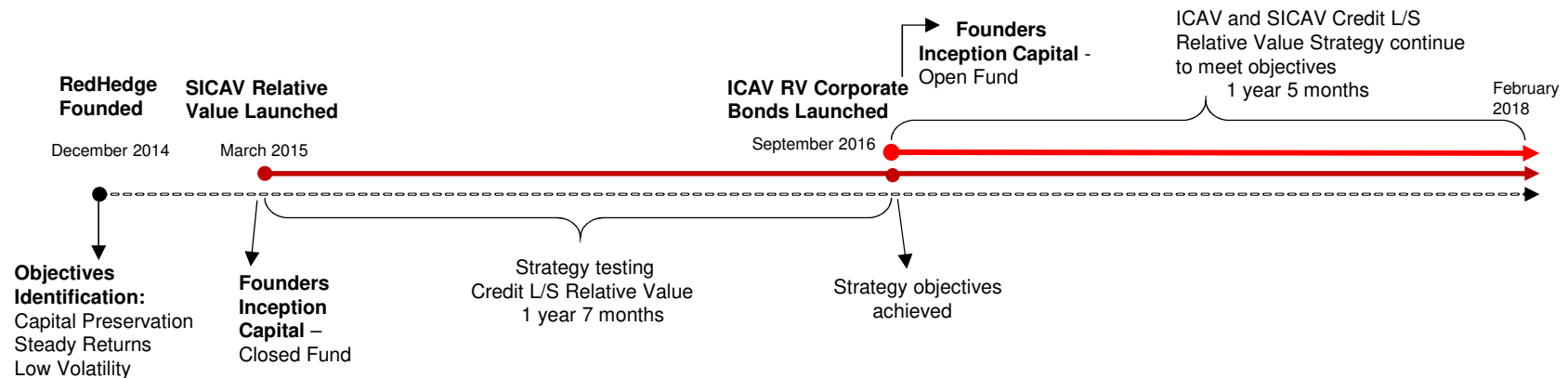
April 2018

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Company and Fund History

- Redhedge is an Irish ICAV structure managed by Triple AM LLP, an investment manager headquartered in London.
- Founded in late 2014 with the purpose of managing its founders/partners money.
- Redhedge's primary objective is achieving steady growth without undue risk; capital preservation is a strong focus.
- In early 2015 Redhedge launched their first fund, a long/short relative value strategy on fixed income credit, managing money for the founders and partners.
- In September 2016, with the strategy generating excellent risk/returns, an Irish ICAV structure was launched (RV Corporate Bonds Fund) and opened to public investment. The co-founders remain major investors.



Strategy Overview

RV Corporate Bonds has been designed to perform in any market conditions. Our relative value strategy, with nearly three years of certified track record is proving to be a successful approach in order to identify value and deliver market neutral returns:

Strategy in principle

Our strategy is founded on the fact that, in credit markets, short term price volatility can temporarily lead to relative mispricing of bonds.

Our model enables us to incorporate long term dislocations into a traditional yield curve approach. These “structural factors” are persistent characteristics of a bond that can throw-off a more naïve RV strategy. The distinction between short-term and long-lasting price influences is critical for a successful RV strategy.

Our sector specialists identify the reasoning behind price mis-alignments; and search for those likely to correct in the short/medium term.

Using a long/short approach, we aim to capture the differential between bond spreads (within the same bond curve or sector) generated by temporary imbalances; and profit once the factors that cause this mispricing dissipate.

Our Universe :

Our portfolio managers focus on sector specific activity in the credit bond market; we restrict ourselves to high liquidity issues.

Strategy – A closer look

Trade Example
 Buy Total 2.25% Perp. (Call 2/21)
 VS
 Sell Total 2.625% Perp. (Call 2/25)

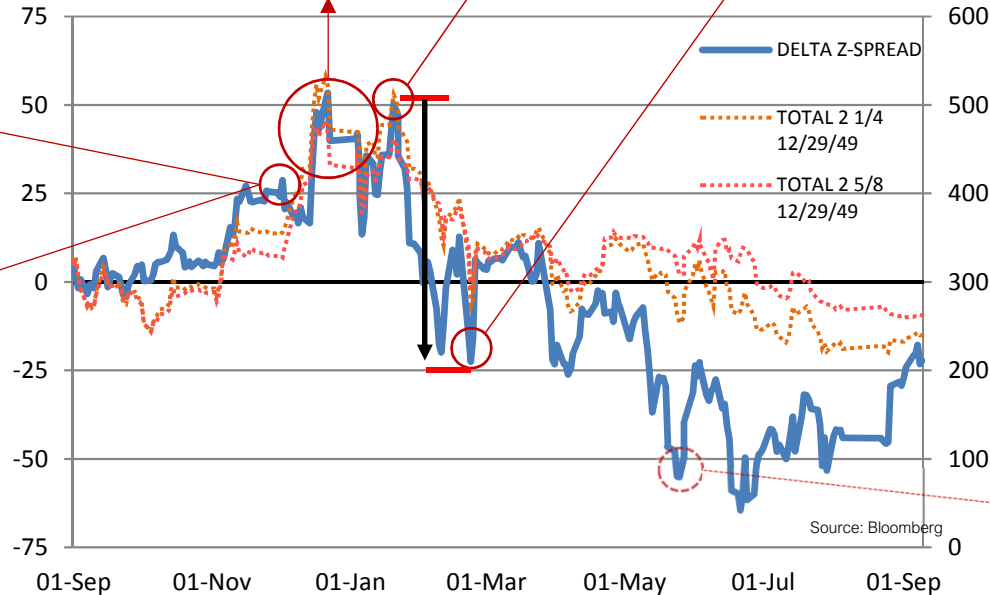
3) Should the bottom-up analysis determine that temporary technical or fundamental factors are behind the mis-pricing, than the PM would start monitoring the spread and identify the next best entry point.

4) Bonds spread differential moves back to ~50bp positive. PM buys the cheap and sells short the expensive.

5) Spread differential moves to ~25 negative. PM captures ~75bp movement.

2) PM analyse reasons behind mis-alignment with a bottom-up approach. (Bonds structure and covenants, supply and demand, liquidity etc.)

1) Quantitative model sends signal highlighting that the spread differential has moved from ~8bp positive to ~25bp positive



Trade Highlights

- Credit Risk Neutral (Long/Short on same credit, similar bond structure)
- Cash Premium Neutral (similar coupon / cash price)
- Limited Outright Rates Exposure

1) Quantitative model sends signal highlighting that the spread differential has moved from.....

Risk Management

Any relative value strategy needs to measure the risk associated with both long and short positions; and the evaluation of the netting effect is crucial.

Our proprietary risk management system combines traditional measures of interest rate and credit exposure with our own internally calculated beta weightings. These sector specific weightings and correlation measures allow our portfolio managers to correctly size and distribute our holdings to control our exposure to the market. This is useful both from a risk control perspective and for the minimizing of PnL volatility.

As a firm that invests partners money alongside external investments we hold very high standards for our risk controls. In addition to risk management presence amongst traders throughout market hours, risk exposures are formally assessed on a daily, weekly and monthly basis.

Investment Team

Investment management at Redhedge is largely divided down sector lines. This specialization allows greater focus not just on the companies we invest in, but also on the nature of the markets in which we trade.

Our Portfolio Managers interact with the market both directly, and through a range of counterparties, this proximity to the market helps us to establish an information advantage; reduces the cost of trading; and gives valuable insights into market liquidity.

CIO / PM- Corporate Hybrids



Andrea Seminara

PM - Derivatives



Dante Rossi

PM - Sub Insurance



Stephen Brett

PM – High Yield



Neill Keaney

PM - Sub Financials



Marcello Cazzaniga

Summary - The Redhedge Advantage

- **Alignment of interest**
we are investors in all our strategies
- **Market Neutral**
a long/short strategy decorrelated to wider market movements
- **Actively Managed**
five portfolio managers each dedicated to a specific market sector
- **Prudent Objectives**
Capital preservation – Low volatility – Steady returns
- **Low Risk/Reward ratio**
-0.138% worst drawdown VS +6% net return (last 12 months)
- **Reasonably priced**
transparent fee structure with no subscription fee and redemption fee.
(1% management – 25% performance)
- **Weekly Liquidity**
with 3 days notice

Fund Facts, Performance & Ratios (as of 10th April 2018)

Key Numbers

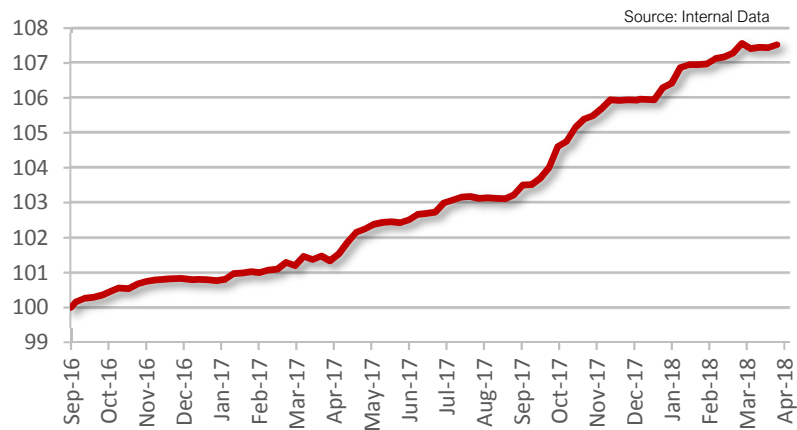
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|------------------------------|--------|
| Sharpe Ratio (1y)* | 5.62 |
| Std. Dev. Of Returns | 1.14 |
| YTD Returns | 1.47% |
| Return since Inception | 7.52% |
| 1 Year Roll | 6.07% |
| Max. Drawdown (Weekly) | -0.14% |
| Positive Months Since Incep. | 18 |
| Negative Months Since Incep. | 0 |

* RFR 3 months Eurib -0.328%

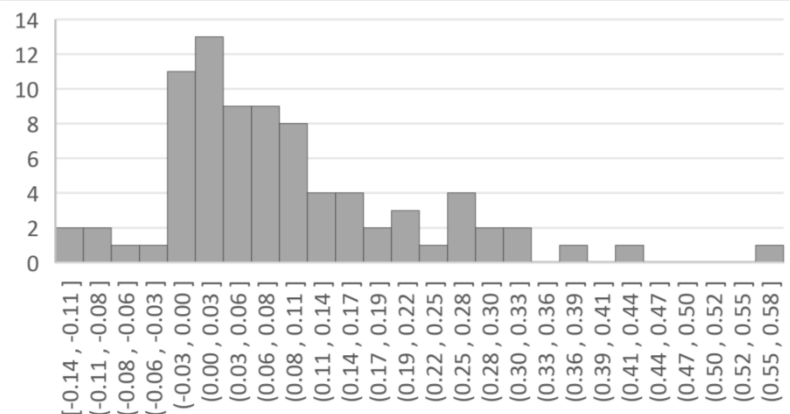
| | |
|-------------------|-----------------------------|
| ISIN | IE00BD1R9143 |
| Bloomberg Code | RRCVBAE ID |
| Inception Date | 23 rd Sept. 2016 |
| Fund AUM | EUR 58.2mm |
| Management Fee | 1% |
| Performance Fee | 25% |
| Subscription Fee | NIL |
| Redemption Fee | NIL |
| Redemption | Weekly |
| Min. Subscription | EUR 100,000 |
| Fund Manager | Andrea Seminarà |

Source: Bloomberg / Internal data

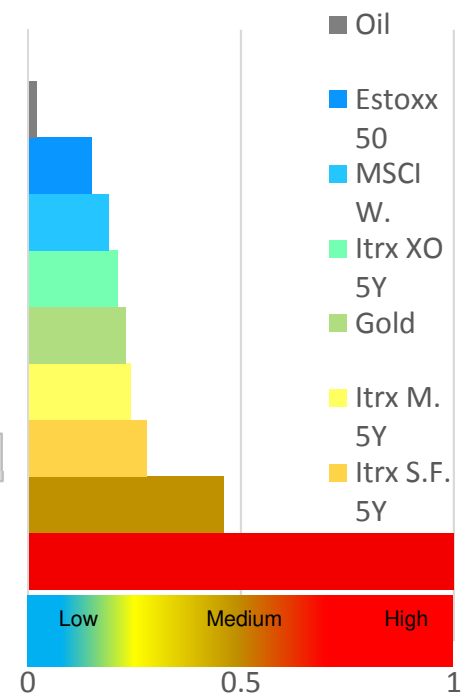
NAV Cumulative Performance Since Inception (Weekly NAV)



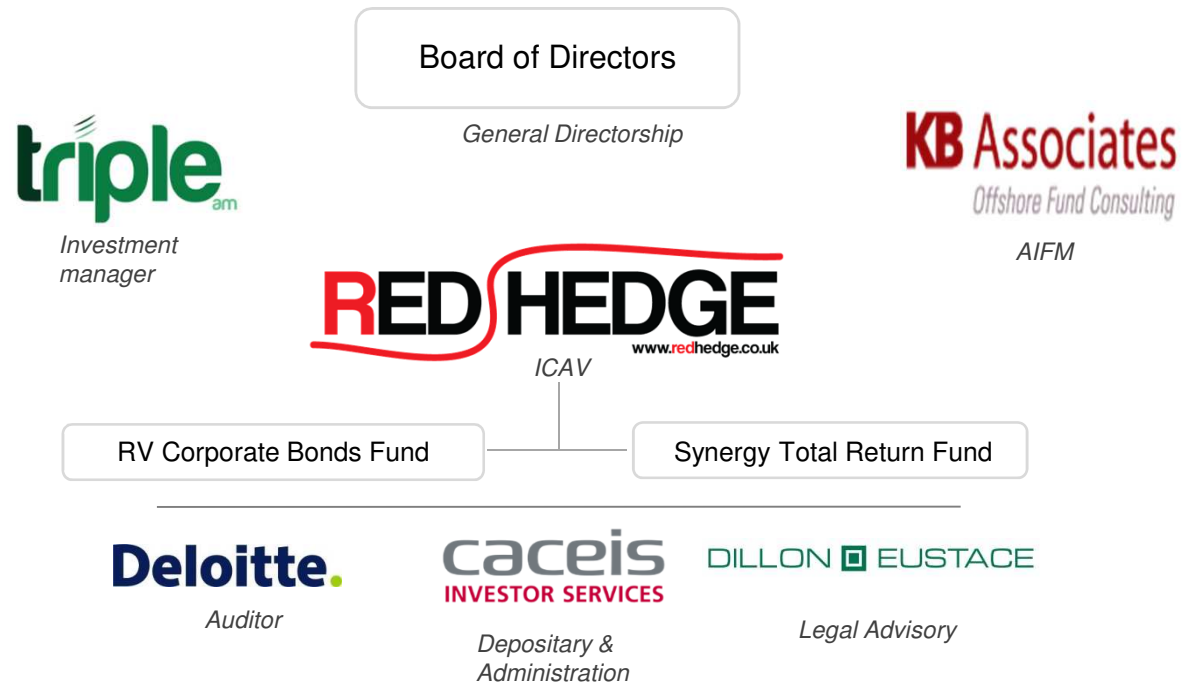
Histogram of Weekly Returns (82 weeks)



Correlation vs other markets



ICAV Structure



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