

## July 2024 – Share Class B (USD)



Morningstar  
Category % Rank  
5 Year

**1** Best=1  
Worst=100

5 year rating out of 727 Global High Yield Bond funds as of 31 July 2024.

### THE FUND:

The Pentagon High Conviction Bond Fund is a subfund of Merrion Capital Investment Funds Plc., an open-ended investment company with variable capital incorporated in Ireland with registered number 427248 established as an umbrella fund with segregated liability between sub-funds.

### OBJECTIVE:

The Pentagon High Conviction Bond Fund's objective is to target attractive risk adjusted returns through a combination of income and capital appreciation by investing in a concentrated portfolio of higher yielding global corporate bonds.

### INVESTMENT APPROACH:

The Pentagon High Conviction Bond Fund looks to gain a meaningful exposure to 'higher alpha' global credit opportunities through an investment approach that focuses on value investing, bottom-up credit selection and delivering absolute investment returns.

### INVESTMENT MANAGER

ICM Investment Management Limited is the sub-investment manager to the Pentagon High Conviction Bond Fund. [www.icmim.limited](http://www.icmim.limited)

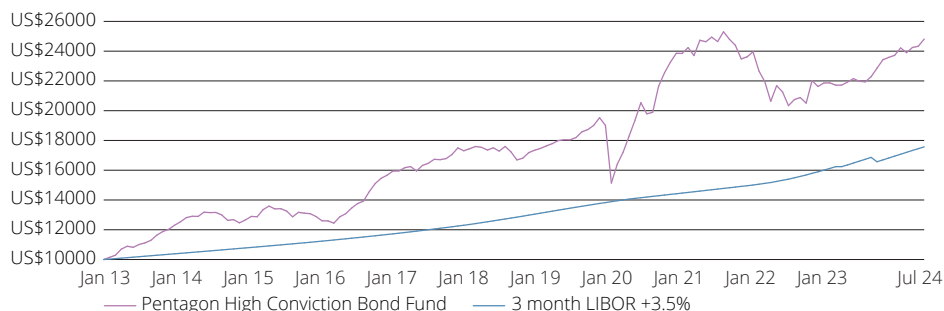
### FUND INFORMATION

Total Net Assets	€13.15m
NAV per Share (Class USD)	\$141.03
NAV at Launch (1 May 2018)	\$100.00
Underlying Running Yield	5.46%
Effective Duration	3.43
Number of Positions	34

Domiciled	Ireland
Share Classes	Euro/USD
Minimum Subscription	€10,000
Sub Investment Manager	ICM Investment Management Ltd
Liquidity	Daily
Total Expense Ratio	1.42%
Investment Advisor	ICM Limited
Custodian	Northern Trust
Fund Administrator	Northern Trust
Investment Management Company	Merrion Capital Investment Funds PLC

### PERFORMANCE

#### GROWTH OF US\$10,000 SINCE INCEPTION

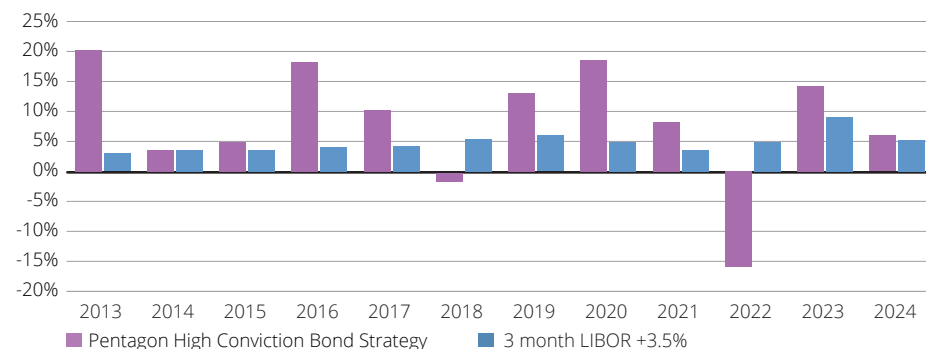


#### STRATEGY PERFORMANCE (USD)

	1 month	3 month	1-year	3-years	5-years	Annualised Return since Inception
Absolute Return	2.0%	3.8%	12.0%	0.2%	6.6%	8.2%
	YTD*	2023	2022	2021	2020	2019
Absolute Return	6.0%	14.2%	-16.0%	8.2%	18.6%	13.1%

\* Calendar year to date

#### PENTAGON HIGH CONVICTION BOND STRATEGY – ANNUAL PERFORMANCE (USD)



### FUND DETAILS

#### SHARE CLASSES & MONTH-END NAV

Share Class	ISIN	Bloomberg	Month End NAV
Share Class A (EUR)	IE00BF1F4X98	BBG00KG5NFM3	€125.14
Share Class B (USD)	IE00BF1F4Y06	BBG00KG5NFS7	\$141.03
Share Class E (GBP)	IE00BHR48L00	BBG00NDP1YN8	£95.82
Share Class G (USD)	IE000HLGDJJ3	BBG0141HCP84	\$106.18
Share Class P (USD)	IE000P52VV31	BBG015HY7961	\$100.57

#### TEAM

• Gavin Blessing, Portfolio Manager • Conor Spencer, Portfolio Manager

The value of investments and the income therefrom may fall or rise. Past performance is not indicative of future performance. For the full Performance disclosure statement, please see the final page of this document.

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## FUND LETTER JULY 2024

In July, the Pentagon High Conviction Bond Fund (the "Fund") increased by 2.0%, versus 2.4% and 2.0% for the U.S. investment-grade and high-yield indices, respectively.

Year-to-date, the Fund has returned 6.0%, compared to 2.4% and 4.6% for the U.S. investment-grade and high-yield indices, respectively.

Since its inception, the Fund has returned over 148.2% in total or 8.2% annually.

The Pentagon High Conviction Bond Fund has remained five-star rated and in the top percentile of Global High-Yield Bond Funds out of 727 funds over the past five years, according to Morningstar.

## Fund Positioning

In July, the Fund had two maturities, with the Waldorf 9.75% 2024 and the TripAdvisor 7.0% 2025 bonds being called. The Waldorf bond has been a stellar performer for the Fund, providing an annualised return of close to 10% since purchased at par almost three years ago. The TripAdvisor bond was a more recent addition and was called somewhat sooner than we expected. The annualised return on the TripAdvisor bond was c. 6% over the past four months. The impact of these maturities meant that the Fund's exposure to oil and gas and consumer discretionary both fell.

The Fund also deployed some cash resources during the month, reducing cash from 12% to 6%.

We deployed cash and maturities into AT1 bank bonds, an area we feel can deliver significant

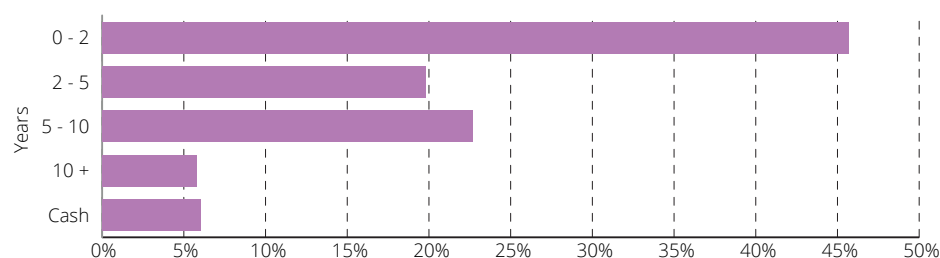
returns to high-yield bond investors over the coming years.

Reducing cash and rolling maturities into longer bonds increased duration during the month, although it remains broadly aligned with the High Yield Index.

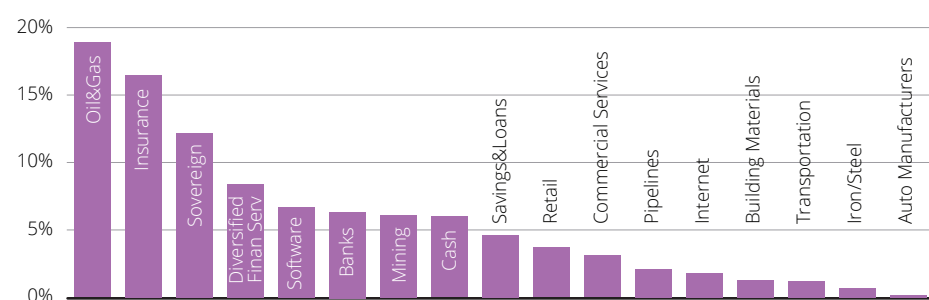
The fund continues to overweight cash and sovereign debt, with c. 20% to deploy when valuations are more attractive. The Fund remains underweight credit spread duration as we wait for better value to emerge. Spreads on BB bonds widened during the month from 1.85% to 1.94%. In August, spreads widened further to 2.49% although they since tightened back to 2.10%.

The Fund remains invested in high-quality, high-yield bonds.

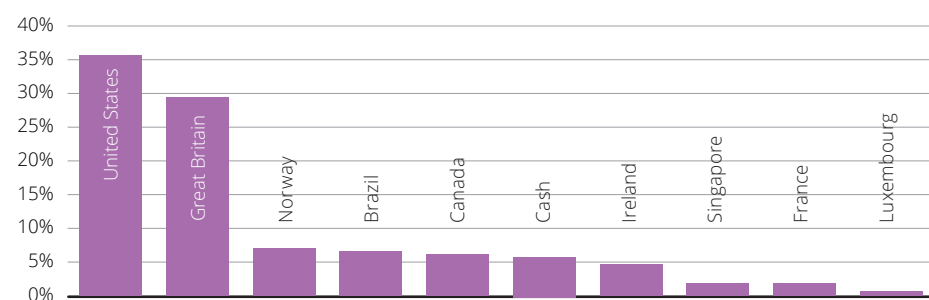
## DURATION SPLIT OF INVESTMENTS



## INDUSTRY GROUP SPLIT OF INVESTMENTS



## GEOGRAPHICAL SPLIT OF INVESTMENTS



**WARNING: Past performance is not a reliable guide to future performance. The value of your investment may go down as well as up. If you invest in this fund you may lose some or all the money you invest. This fund may be affected by changes in currency exchange rates.**

### Important Notes

The information in this factsheet should not be considered an offer, or solicitation, to deal in the Pentagon High Conviction Bond Fund (the "Fund"). The information is provided on a general basis for information purposes only, and is not to be relied on as investment, legal, tax or other advice as it does not take into account the investment objectives, financial situation or particular needs of any specific investor. Investments in the Fund are subject to investment risks, including the possible loss of the principal amount invested. The value of investments and the income therefrom may fall or rise. Past performance is not indicative of future performance. Investors should read the prospectus and the supplement or seek relevant professional advice, before making any investment decision. The information presented has been obtained from sources believed to be reliable but no representation or warranty is given or may be implied that they are accurate or complete. The Investment Manager reserves the right to make any amendments to the information at any time, without notice. Issued by ICM Investment Management Limited. Registered in England: 08421482. Authorised and regulated by the Financial Conduct Authority.

## PORTFOLIO SUMMARY

TOP TEN HOLDINGS <sup>1</sup>		% of gross assets
1	Cosan O/seas 8.25% Perp (Discrete 30 Days Notice)	5.39
2	DNO 7.875% 2026 (Sep 2024)	5.02
3	Phoenix Life 5.75% Perp (Apr 2028)	4.95
4	Aris Gold 7.5% 2027	4.76
5	Enquest 11.625% 2027	4.67
6	Coventry Bsoc. 8.75% Perp (2029)	4.60
7	AIB 6.25% Perp	4.59
8	L&G 5.5% 2064	4.38
9	Coinbase 0.5% 2030	4.18
10	T 0.0% August 2024	4.18
<b>TOTAL</b>		<b>46.70</b>

## HIGH CONVICTION STRATEGY ANALYTICS<sup>1</sup>

Average Credit Quality	BBB-
Sharpe Ratio (Risk Free Ref: US 3mth T-Bill)	0.66
Annualised Standard Deviation	10.39%
Correlation to Treasuries	-0.12
% Periods Up:	67
% Periods Down:	33

<sup>1</sup> Source: ICMIM

## PERFORMANCE DISCLOSURE STATEMENT

The Pentagon High Conviction Bond Fund was launched as a sub-fund of Merrion Capital Investment Funds PLC on 1 May 2018. The fund does not have an established track record as a UCITS before 1 May 2018. Prior to this, from 30 November 2015 to 11 April 2018 the performance relates to the Pentagon High Conviction Bond Fund, a Malta based Alternative Investment Fund. From 28 January 2013 to 30 November 2015, the performance relates to the Value Income Multi-strategy Bond Fund Limited with the status of an exempted company. All data presented in this report for periods prior to 1 May 2018 is unaudited. The full performance history for the Pentagon High Conviction Bond Fund "strategy" relates to the same pool of assets, managed by the same investment team using the same investment approach and investment focus throughout the full performance period outlined.