

TIKEHAU STRATEGIC FOCUS HIGH YIELD FUND

MARKET COMMENTARY

The U.S. high yield bond market saw yields and spreads decline in March led by rising interest rates, higher commodity prices and a \$1.9 trillion fiscal package which sparked inflation concerns. Vaccine numbers also appeared to be helping sentiment and the VIX went from a high of 29 down to the 17 range. We also saw some notable moves in the new issue market and the default rates. The new issue market made significant strides not only in March but in the quarter. For the month high yield new issues reached \$65B, the most active month on record. For the quarter, 1Q21 set another record of \$159B. With regard to defaults, the LTM default rate dropped from 6% to 4.8% as \$16B of defaults in March 2020 were removed from the LTM equation; \$15B was attributed to Frontier Communications.

In March, the Tikehau Strategic Focus High Yield Fund returned +1.3% in the GBP and +1.3% in the USD share classes. There were some strong moves in the energy names within the portfolio given the move in oil during the month but despite the 10% spike WTI ended the month flat at \$60. Transportation and metals&mining names gained this month on expectations that the infrastructure bill will spur growth in these sectors. Additionally, higher coupon and shorter duration bonds across most sectors are benefiting from low call prices given they are within 2 or 3 years from maturity and so companies are willing to pay 2 points of premium to refinance at 1% or 2% lower. Our strategy continues to avoid longer maturity new issues in favor of higher coupon, shorter dated paper. For examples, during March we purchased 6 new names and added to 1 current position. The average price paid for all 7 names was \$98 and the average yield-to-worst was 8.5%. We continue to favor credits that have real assets and will benefit from the infrastructure spending programs but also acknowledge names in broadcasting and healthcare should provide additional opportunities. While the E&P names have some of the highest yields in the market we prefer to find service related companies more focused on providing transportation and utilities in this space.

CREDIT COMMENTARY

Athabasca Oil Corp (positive 17bps)

Athabasca, an oil sands company with assets in Alberta, continued last month's rally driven by strong 4Q20 earnings results projecting solid production levels and improving oil futures markets. We expect the company to benefit from upcoming infrastructure spending as demand for asphalt should increase.

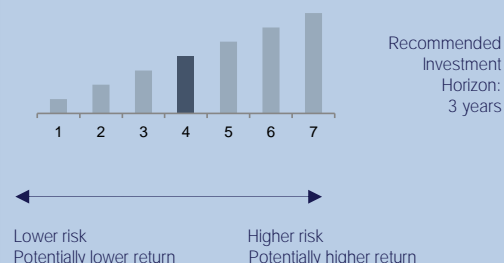
Talen Energy (negative 12bps)

Talen Energy, a utility company providing electricity to PJM (Pennsylvania, New Jersey and Maryland) and ERCOT (Texas) markets saw bonds move lower. The recent volatility in this name is attributed to the Texas storm in February that caused outages and potential legal and political ramifications. The expected economic recovery should also increase demand for commercial electricity.

Ahern Rentals (positive 11bps)

Ahern is the largest independently-owned U.S. equipment rental company. The infrastructure bill proposed by the Biden administration has provided a significant tailwind to companies such as Ahern that are well positioned to benefit from increased infrastructure spending requiring the use of Ahern's fleet of diverse construction equipment. The private filing company released 2020 annual results in the middle of March, causing bonds to drift five points higher to ~90 following the announcement.

RISK / RETURN PROFILE



The lowest category does not mean « risk-free ».

INVESTMENT OBJECTIVE

The Fund is designed to generate income and capital appreciation together with below market volatility and preservation of capital. The Fund seeks to minimize interest-rate risk by maintaining a duration of less than 3 years. The Fund invests in a diversified portfolio of U.S.-listed, non-investment grade corporate bonds and floating rate notes issued by small to mid-cap companies.

KEY FIGURES—31.3.2021

NAV B1 (USD):	\$89.54
NAV C1 (GBP):	£85.54
NAV D1 (USD):	\$108.89
NAV UD (USD):	\$109.87
AuM (in USD):	\$110.4M
Volatility (last 12 months rolling):	8.4%

RISK INDICATORS & ACTUARIAL DATA

Number of issuers:	64
Average coupon ¹ :	8.4%
Average Price ² :	\$99.14
Current Yield ² :	8.2%
Yield to worst:	6.9%
Duration:	2.7 yrs
Average maturity of bonds:	Jul-24
Average rating:	B-
Cash:	0.9%

¹ Figure calculated on the portfolio, ex-cash

² Figure calculated on the portfolio, cash included

PERFORMANCE PERIOD

	1 month	3 months	6 months	LTM	YTD
Tikehau B1 (USD)	1.4%	4.6%	11.7%	25.0%	4.6%
Tikehau C1 (GBP)	1.3%	4.5%	11.3%	24.3%	4.5%
Tikehau D1 (USD)	1.3%	4.6%	11.6%	25.0%	4.6%
Tikehau UD (USD)	1.3%	4.6%	11.6%	na	4.6%
Credit Suisse Index	0.4%	1.3%	7.6%	24.1%	1.3%
JSML Index ⁽¹⁾	0.2%	2.1%	10.8%	34.0%	2.1%
HYG High Yield ETF	1.2%	0.6%	6.4%	18.8%	0.6%

(1) JSML is the BofA Merrill Lynch US Small Cap Cash Pay High Yield Index.

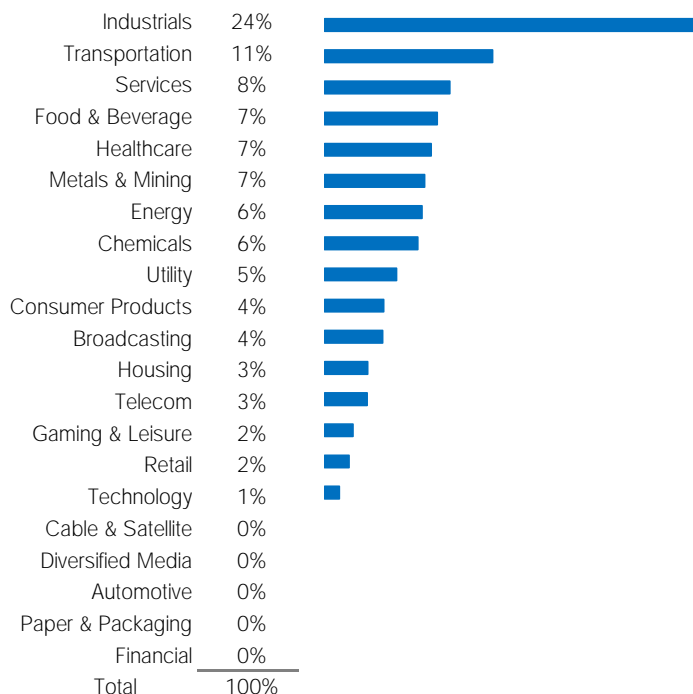
DIVIDEND PERFORMANCE

	1Q20	2Q20	3Q20	4Q20	LTM ⁽¹⁾
B1 (USD) Per Share	\$1.76	\$1.32	\$1.45	\$1.57	\$6.10
Distribution Yield %	2.3%	1.7%	1.7%	1.8%	7.0%
C1 (GBP) Per Share	£1.75	£1.25	£1.38	£1.46	£5.84
Distribution Yield %	2.4%	1.7%	1.7%	1.8%	7.0%
D1 (USD) Per Share	na	na	na	na	na
Distribution Yield %	na	na	na	na	na
UD (USD) Per Share				\$1.89	
Distribution Yield %				1.8%	

(1) LTM distribution divided by 31.12.20 share price.

PORTFOLIO

BREAKDOWN BY INDUSTRY



BREAKDOWN BY RATINGS AND MATURITY

Ratings	% Portfolio	Maturity	% Portfolio
BB	0%	0-3 yrs	43%
B	49%	3-5 yrs	38%
CCC	45%	5-10 yrs	19%
NR	6%	10+ yrs	0%
Total	100%	Total	100%

TOP PORTFOLIO CONTRIBUTORS

Issuer	Sector	Contribution
Athabasca	Energy	17bps
Ahern Rentals	Industrials	11bps
US Steel	Metals & Mining	10bps

FUND'S CHARACTERISTICS

ISIN Code B1: LU1808319914
 ISIN Code C1: LU1808320177
 ISIN Code D1: LU1808320250
 ISIN Code UD: LU2012067315
 Strategy's inception: March 2013
 Portfolio Manager: Erika Morris, Wes Seifer
 Investment Manager: Tikehau Capital North America (TCNA)
 Legal form: Luxembourg SICAV, UCITS
 Management Company: Andbank Asset Management Luxembourg
 Regulator: CSSF
 Lipper Global Sector: Bond USD High Yield
 Morningstar Category: USD High Yield Bond
 Administrator / Custodian: Citibank Europe plc (Luxembourg)
 Benchmark: N/A
 Fund's foreign registration : UK, ES, CH, FR, SG
 UK Reporting Status: Yes
 ISA Eligible: Yes

ADMINISTRATIVE FEATURES

Liquidity: Daily
 Subscription/Redemption: Before 17:00 (Luxembourg time)
 Payment delivery: [D+3]
 Distribution Frequency: Quarterly
 XD Dates: 31 March, 30 June, 30 September, 31 December
 Pay dates (<15 days of XD): January, April, July, October

MAIN MONTHLY TRADES

Buys: CCLP, RIG, AIRM, KICCN, ARWBID
 Sales:
 Calls: SIMFOO

BOTTOM PORTFOLIO CONTRIBUTORS

Issuer	Sector	Contribution
Talen Energy	Utility	-12bps
Air Methods	Healthcare	-3bps
Transocean	Energy	-2bps

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