

Monthly Commentary

Monthly performance: 116 bps

February’s robust global macro data drove risk asset pricing higher, even though the US Fed further delayed rate cuts. The S&P 500 extended gains supported by ‘Magnificent 7’ stocks, +5.3%, EuroStoxx 600 +2.0%, European Leveraged Loans +0.4% and European High Yield +0.4%.

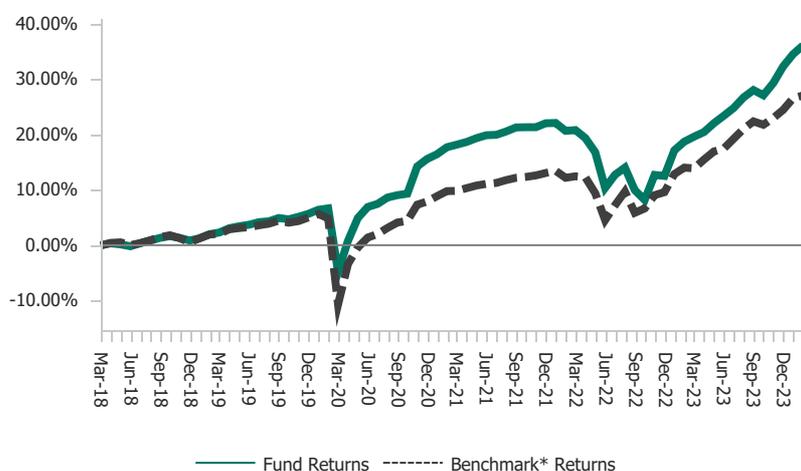
January US non-farm payrolls, +353k jobs growth, and the ISM manufacturing survey beat expectations, 49.1 vs. 47.2 expected. European data tracked positively as Eurozone composite PMI beat expectations, led by strong services (48.9 versus expectations of 48.4). That said, Eurozone recovery remains uneven, with German manufacturing data still lagging (-3.5pts to 42.1). The S&P 500 reached a new all-time high, driven by strong earnings releases from Amazon, Meta and Nvidia (adding \$277bn in market value in a single day). Inflation remains stubborn: January US core CPI gained +0.4% (3-month annualised +4.0%), driving bonds lower (US Treasuries -1.4%, Bund Index -1.6%, Gilts -1.3%) and prompting the US Fed and ECB to defer rate cuts until summer.

High yield spreads tightened -41bps to 375bps. Loans declined -0.2pts to 96.8. February loan new issuance was up €12bn – the highest since January 2022. So far, YTD issuance of €20bn tracks 3x prior year. European High yield issuance slowed to +€3.3bn, due to slower refinancing activity.

2024 is off to a good start and our team remains constructive, thanks to credit attractive loan and bond yields and ongoing price dispersion. Our process remains firmly focused on effective security selection. Whilst markets continue to price in an economic “soft landing” and peak rates cycle is largely behind us, our team remains firmly focused on avoiding losers and effectively selecting high quality securities with good yield. Furthermore, we continue to monitor shifting macro factors (disparate GDP growth, ongoing corporate earnings pressure, social/political risk, and global conflict) that could trigger episodic volatility and or a sharp re-pricing, depending on the quantum/impact and timing of news flow. That said, with high single digit running yields, good FRN base rate support and decent coupons, 2024’s outlook remains promising. Our portfolio maintains a senior secured bias, with a preference for businesses with defensive and cycle-resistant income streams. Hayfin current portfolio yield builds significant carry buffer and supports an ongoing attractive return outlook.

Hayfin's K-Invest Returns

K-Invest Cumulative Returns



	Gross Returns (%)	
	K-Invest	Benchmark*
YTD	2.8%	2.1%
LTM	14.6%	11.4%
Since Inception	36.0%	27.0%
Annualised Returns	5.3%	4.1%

Inception date: 19 March 2018

\*S&P European Leveraged Loan Index. Note Hayfin expects the K-Invest mandate to have from time to time a material allocation to high yield bonds in line with investment guidelines and market conditions.

\*\* Hayfin estimates 40bps of performance impact during the Transition Period. For definitions, see “Notes to Investment Performance” on page 3.

\*\*\* Returns are shown in the base currency of the fund (EUR)

Fund	Gross Monthly Returns											
	2023 Mar	2023 Apr	2023 May	2023 Jun	2023 Jul	2023 Aug	2023 Sep	2023 Oct	2023 Nov	2023 Dec	2024 Jan	2024 Feb
K-Invest	0.8%	0.7%	1.3%	1.1%	1.1%	1.5%	1%	-0.7%	1.7%	2.3%	1.7%	1.2%
Benchmark*	-0.1%	1.4%	1.3%	0.4%	1.5%	1.5%	1.1%	-0.5%	1%	1.2%	1.7%	0.4%

Please note that the returns are before management and administrative fees and expenses and before hedging costs. Please refer to the “Notes to Investment Performance” on page 3.

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Portfolio Characteristics

Current Portfolio		
Investments Total	€402.7 Million	
Opening AUM	€472.8 Million	
Net Subscriptions	-€4.9 Million	
Number of Holdings	67	
Average Price	93.34	
Average Duration	1.34	
Average Spread (loans)	451 bps	
Average Coupon (bonds)	5.22%	
YTM	9.15%	
	% of capital invested	Current YTM
Senior Secured Loan	51.1%	9.9%
Subordinated Loan	0.5%	11.9%
Senior Secured Bond	37.8%	8.1%
Senior Unsecured Bond	10.5%	9.1%
PIK Note	0.1%	16.5%
Allocation to First Lien	89%	
Allocation to Second Lien	11%	
Allocation to FRN (incl. loans)	66%	
Allocation to Bank loans/ High Yield	100%	

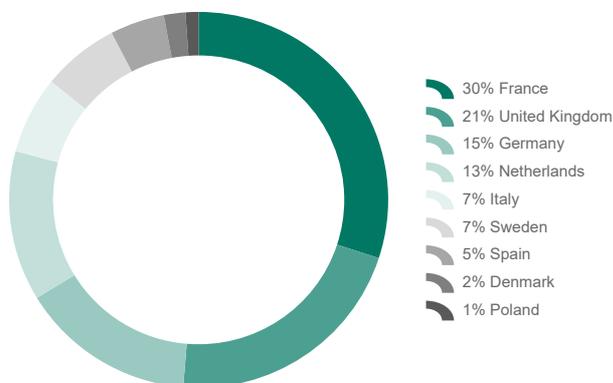
Top 10 Positions (by size)			Market Value (€m)	% AUM
Verisure 2	Snr Note	EUR	11.6	2.5%
Altice France SA/F	Snr Sec Loan	EUR	10.9	2.3%
Virgin Media 2	Snr Sec Bond	GBP	10.5	2.2%
Stada	Snr Sec Loan	GBP	10.5	2.2%
Biogroup - add on	Snr Sec Bond	EUR	10.0	2.1%
Evoca	Snr Sec Bond	EUR	9.0	1.9%
United Group BV		EUR	9.0	1.9%
Altice Financing S	Snr Sec Bond	EUR	8.8	1.9%
T-Mobile NL	Snr Note	EUR	8.4	1.8%
Areas	Snr Sec Loan	EUR	8.0	1.7%

Top 5 Gainers (P&L)			Nominal Amount (€m)	P&L Contrib.
Altice France Hold	Snr Note	EUR	9.0	12.7 bps
IGM Resins 2		EUR	11.3	11.0 bps
AnQore BV	Snr Sec Loan	EUR	6.0	7.0 bps
Wittur 2	Snr Sec Loan	EUR	6.0	6.2 bps
IGM Resins 2	Snr Sec Loan	EUR	6.0	4.7 bps

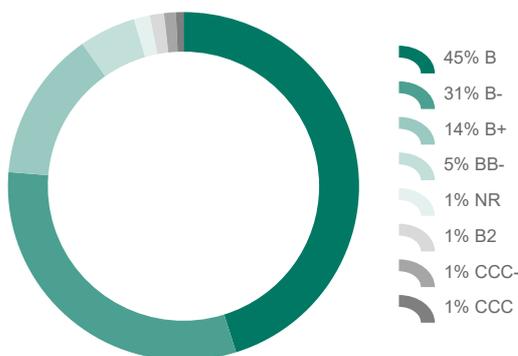
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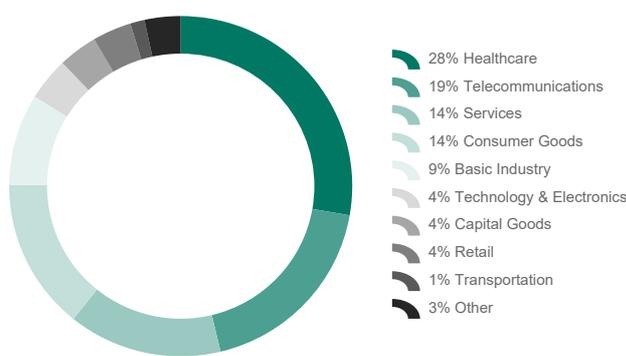
Country



Rating (Corporate Family)



Industry



Weighted by the market value of the positions, excluding cash

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## Notes to Investment Performance

Please note that the illustrated returns are indicative gross returns (inclusive of transaction costs but exclusive of hedging costs).

S&P ELLI is the European Leveraged Loan Index which is a market value-weighted index designed to measure the performance of the European institutional leveraged loan market.

The Transition Period is the period from 19 March to 31 August 2018 during which Hayfin transitioned from the legacy assets to Hayfin’s target portfolio.

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