

Swan Long Short Credit Sicav–SIF

February 2024



Strategy

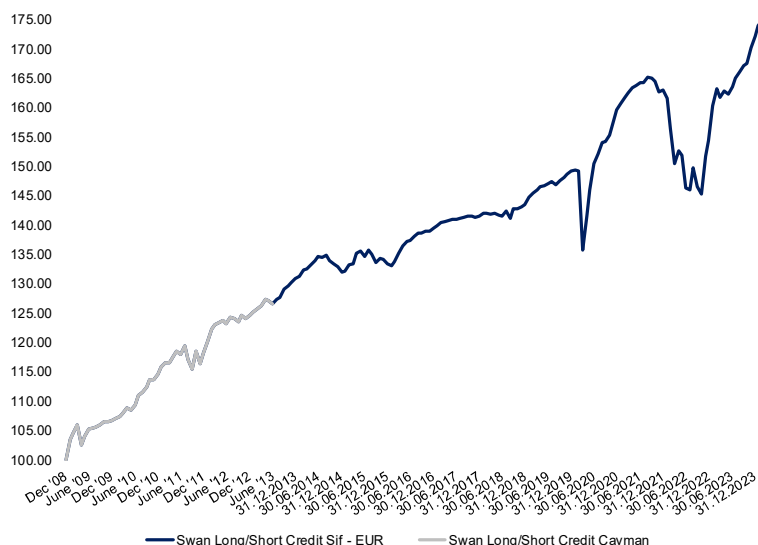
Swan Long Short Credit SIF is the alternative version of our Fixed Income High Reward risk profile. Depending on market conditions, the strategy combines an highly diversified buy and hold portfolio of liquid short-term fixed income securities, in a levered format, with an opportunistic allocation to longer dated securities in Global HY markets. Leverage is normally included between 0% and 150% of the NAV. Target Return is 3 months LIBOR + 450 bps.

Risk Profile

Conservative

Intermediate

High Reward



Global Market Picture

High Yield Credit markets reported a positive performance in February ranging from +0.89% for EM corp HY to +0.41% of the EU HY in tandem with positive equity markets, S&P500 (+5.17%) and Eurostoxx50 (+4.93%). The IG EUR market was negative by -0.89% while the short-term (1-3 year) H1WN global HY index reported a positive performance of 0.66%. The Global unconstrained (in terms of maturity) HY index was positive at +0.35%. Core inflation in Eurozone was a little bit lower at 3.3% YoY, even if concerns on future path remain because disinflation in service sector has stalled. On the same note, minutes of the ECB's January meeting contained a few dovish comments, while most of the discussion read on the hawkish side, concluding that is still too early to have confidence that inflation will return to the target in a timely manner. In US the probability of a rate cut in May lowered after the inflation data that reported stable core inflation at 3.9% YoY while CPI slowed less than expected at 3.1% YoY and FED minutes reinforced the patient approach to cutting rates that Powell voiced in the post meeting press conference. We believe central banks will act only when they will be convinced that inflation will stay below target on a sustained basis and we are not close to that time yet. The 10 years bund yield was higher at 2.41% (+24bps in the month), in tandem with the 10 years Treasury at 4.25% (+34bps in the month). Oil moved lower to 84\$ per barrel, while US dollar rebounded with DXY at 104.16. Our funds have a yield to maturity between 6.5% and 8.5%, combined with an average spread duration around 17 months. The combination of diversification, good credit quality and high expected yields pave the way for extremely attractive returns in the next future.

Active portfolio

Fund's actual exposure (beta and duration adjusted) is 48.92%, higher relatively to last month (46.74%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated yield of 7.81% (net of funding cost in EUR), a low spread duration of 2.25 and a z spread of 438.

Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 87% of the positions (100 out of 115) contributing positively. During the month we decreased our invested capital even if conditions remain attractive in the short-term part of the credit curve. The average life of the yield-type portfolio is very short (12 months or average spread duration of 1.02). The fund is levered, being invested at about 147% currently.

Performance

MTD :	0.47%	Fund Assets (mln) :	96.6 €
Since inception	37.41%	1 Year Std Dev :	1.45%
Last 12 Months :	7.11%	1 Year Sharpe Ratio :	2.36
NAVps :	EUR 137.41	% of positive months :	74%

* Returns from January 2009 to July 2013 reported in the table below refer to Swan Long/Short Credit Cayman (KKIENDD KY). They were obtained applying the same strategy that is used for Swan Long/Short Credit SIF.

Period	Perf.	Portfolio info	
MTD	0.47%	# of Securities	197
YTD	1.53%	% Weight	146.61%
6 months	5.27%	Int Dur	1.56
1 year	7.11%	Yield (gross) in EUR	7.81%
2023	11.55%	Spread Duration	2.25
2022	-5.35%	Z-spread	438
2021	2.20%		
2020	6.96%		
2019	3.97%		
2018	1.36%		
2017	1.49%		
2016	4.53%		
2015	1.03%		
2014	0.84%		
2013	5.05%		
2012	5.44%		
2011	3.19%		
2010	7.47%		
2009	6.56%		

FX breakdown (fully hedged)

USD	24.77%
EUR	44.35%
NOK	18.22%
SEK	7.83%
CHF	1.93%
GBP	2.91%
TOTAL	100.00%

Geographic breakdown

EU	37.42%
US	8.91%
Oth DEV	38.47%
LATAM	3.38%
EMEA	11.45%
ASIA	0.37%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	11.34%
tot IG	11.34%
BB	29.96%
B	9.05%
CCC	0.43%
tot HY	39.43%
NR	49.23%
TOTAL	100.00%

Sector breakdown - Top 10

Banking	9.62%
Shipping - Gas	5.82%
Oil Field Equipment & Se	5.55%
Real Estate - Mgmt Res	5.49%
Software/Service	5.36%
Telecom - Wireline Integr	5.06%
Oil and gas E&P - All	4.32%
Finance - NPL collector	3.49%
Air Transportation	3.40%
Industry - Renewables	3.31%

* Portfolio 100%

Strategical & Tactical buckets

Tactical bucket generated a positive gross performance during the month, with homogeneous contributions. Geographical allocation in EM was slightly negative; picking was positive both in EM and EUR HY.

Fund Structure – Terms & Conditions

Domicile: Luxembourg

Inception Date: 22 July 2013

Minimum Investment: EUR 125k Initial Investment

Liquidity / Reporting: Daily

Fees: 1.2% Management Fee

15% Performance Fee (high water mark)

Investment Manager: Swan Asset Management SA

Sub-Custodian Bank & Prime Broker: BNP Paribas, London Branch

Administrator & Custodian Bank: Banque Privée Edmond de Rothschild

Auditor: PWC

Bloomberg: SWSLSCA LX

ISIN: LU0849750954

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