

Swan Long Short Credit Sicav–SIF CHF

July 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

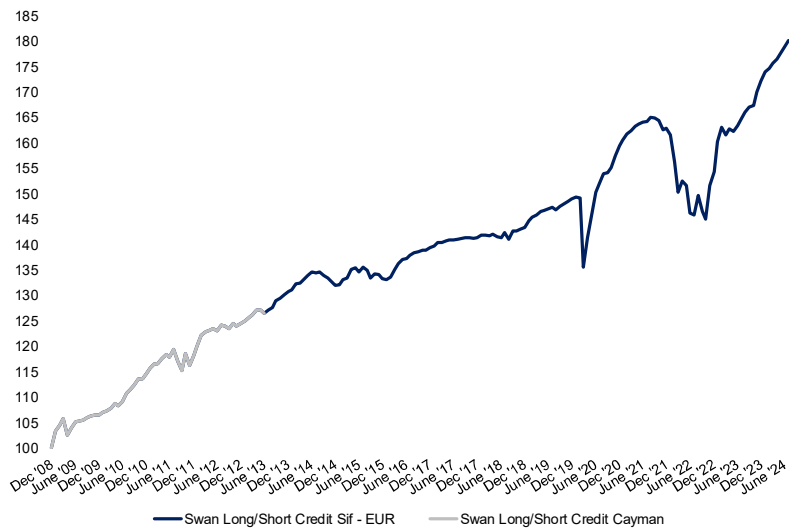
Intermediate

High Reward

Performance

MTD :	0.52%	Fund Assets (mln) :	107.9 €
Since inception :	20.08%	1 Year Std Dev :	0.93%
Last 12 Months :	6.95%	1 Year Sharpe Ratio :	8.28
NAVps :	CHF 120.08	% of positive months :	75%

* 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.



Global Market Picture

High Yield Credit markets reported a positive performance in July ranging from +1.58% for EM corp HY to +1.10% of the EU HY, in tandem with positive equity US markets S&P500 (+1.13%) while Eurostoxx50 was down during the month (-0.43%). The IG EUR market was positive by 1.71% in line with the short-term (1-3 year) H1WN global HY index that reported a positive performance of 1.26%. The Global unconstrained (in terms of maturity) HY index was positive at +1.63%. Euro zone inflation was stuck, with core CPI print at 2.9% in June in line with May data, while ECB kept policy on hold and left its rate guidance unchanged, reiterating that it is not predetermined to a rate path. Regarding growth, ECB downgraded its outlook: the staff considers that incoming information indicated that the economy grew in Q2, but likely at a slower pace than the 0.3% q/q growth in Q1, and clearly well below the 0.4% q/q forecasted in June meeting. The FOMC meeting hinted at growing confidence that conditions may be in place to cut rates in September but left the forward guidance unchanged. Chair Powell remained noncommittal to a September decision, even if market priced a September 25bps cut with 100% probability and rumors are spreading about the possibility of a 50bps cut. On the economic side, inflation was slightly softer than expected in US at 3.0% (core CPI at 3.3%) for June, while labor market, with NFP at +206k, continue to generate new workers, even if at a lower trend. The 10 years bund yield was lower at 2.30% (-20bps in the month), in tandem with the 10 years Treasury at 4.03% (-37bps in the month). Oil was down at 81\$ per barrel, while US dollar depreciated, with DXY at 104.10. Our funds have a yield to maturity between 5.5% and 7.25% in EUR, combined with an average spread duration around 17 months. The combination of diversification, good credit quality and high expected yields pave the way for attractive returns in the next future.

Active portfolio

Fund's actual exposure (beta and duration adjusted) is 46.56%, lower relatively to last month (52.51%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated yield of 7.03% (net of funding cost in EUR), a low spread duration of 1.96 and a z spread of 403.

Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 92% of the positions (106 out of 115) contributing positively. During the month our invested capital was stable because conditions remain attractive in the short-term part of the credit curve. The average life of the yield-type portfolio is very short (11 months or average spread duration of

Period	Perf.
MTD	0.52%
YTD	3.28%
6 months	2.40%
1 year	6.95%
2023	9.64%
2022	-5.67%
2021	1.84%
2020	10.40%

Portfolio info	
# of Securities	193
% Weight	134.30%
Int Dur	1.46
Yield (gross) in EUR	7.03%
Spread Duration	1.96
Z-spread	403

breakdown (fully hedged)

USD	30.35%
EUR	42.25%
NOK	15.42%
SEK	6.13%
CHF	3.22%
GBP	2.64%
TOTAL	100.00%

Geographic breakdown

EU	32.37%
US	7.68%
Oth DEV	40.85%
LATAM	7.99%
EMEA	10.36%
ASIA	0.75%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	12.84%
tot IG	12.84%
BB	27.26%
B	12.19%
CCC	1.21%
tot HY	40.66%
NR	46.49%
TOTAL	100.00%

Sector breakdown - Top 10

Banking	12.64%
Oil Field Equipment & Sen	6.99%
Oil and gas E&P - All	5.87%
Telecom - Wireline Integra	5.66%
Finance - NPL collector	5.34%
Real Estate - Mgmt Res	5.07%
Shipping - Gas	4.42%
Air Transportation	3.64%
Real Estate - Dev Res	3.58%
Industry - Renewables	3.15%
* Portfolio 100%	

0.90). The fund is levered, being invested at about 134% currently.

Strategical & Tactical buckets

Tactical bucket generated a positive gross performance during the month, with homogeneous contributions. Picking was positive in EM and negative in EUR HY (overall positive).

Fund Structure – Terms & Conditions

Domicile: Luxembourg

Inception Date: 15 May 2020

Minimum Investment: CHF 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: SWSSSAC LX

ISIN: LU1019167318

Contacts at Swan Asset Management SA:

E-mail: info@swan-am.ch - Tel: +41 91 986 31 90

This is an advertising document. The state of the origin of the fund is Luxembourg. In Switzerland, this document may only be provided to qualified investors within the meaning of art. 10 para. 3 and 3ter CISA. In Switzerland, the representative is Acolin Fund Services AG, Leutschenbachstrasse 50, CH-8050 Zurich, whilst the paying agent is Cornèr Banca SA, Via Canova 16, CH – 6900 Lugano. The basic documents of the fund as well as the annual and, if applicable, semi-annual report may be obtained free of charge from the representative. Past performance is no indication of current or future performance. The performance data do not take account of the commissions and costs incurred on the issue and redemption of units. Please be aware that this document may include funds for which neither a representative nor a paying agent in Switzerland have been appointed. These funds cannot be offered in Switzerland to qualified investors as defined in art. 5 para 1 FinSA.