

# Swan Long Short Credit Sicav–SIF

## August 2023



### Strategy

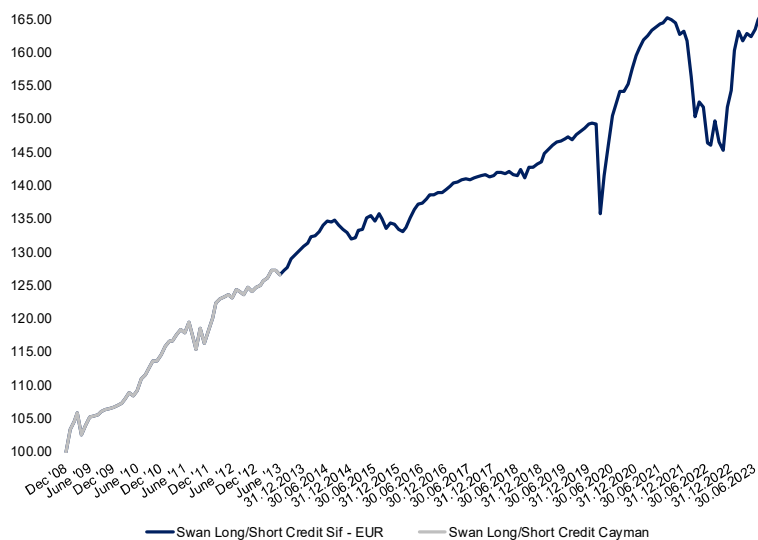
Swan Long Short Credit SIF is the alternative version of our Fixed Income High Reward risk profile. Depending on market conditions, the strategy combines an highly diversified buy and hold portfolio of liquid short-term fixed income securities, in a levered format, with an opportunistic allocation to 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 contrasting performance in August ranging from -0.87% for EM corp HY to +0.25% of the EU HY while equity markets were negative with both the S&P500 (-1.77%) and Eurostoxx50 (-3.9%). The IG EUR market was positive by +0.38% and the short-term (1-3 year) H1WN global HY index reports a positive performance of +0.08%. The Global unconstrained (in terms of maturity) HY index was flat at -0.02%. Central banks were on holiday due to summer period, but the Jackson Hole meeting gave some idea of next steps in monetary policy: Jerome Powell reiterated the message that inflation remains too high and interest rates will likely be higher for longer, leaving doors open for a rate hike in September, even if decision will be data dependent; on the same tone, Christine Lagarde did not give a clear view on next ECB movement. In Europe the decline in headline inflation stalled in August, as it remained at 5.3%; however, core inflation, which remain key to ECB, eased from 5.5% to 5.3% YoY. In US inflation data was broadly in line, while flash PMI for both services and manufacturing came below expectations. Pressure remained high in China, with continuous downward revision of 2H growth, even in the last day of the months several new measure to revive growth have been approved. In this context, the 10 years bund yield was substantially flat at 2.47% (-3bps in the month), while the 10 years Treasury was higher at 4.11% (+15bps in the month). Oil moved higher to 87\$ per barrel, while US dollar recover some ground with DXY at 103.61. Our funds have a yield to maturity between 7.5% and 11%, combined with an average spread duration around 16 months. The combination of higher diversification, higher credit quality and higher expected yields paves the way for extremely attractive returns in the next future.

### Active portfolio

Fund's actual exposure (beta and duration adjusted) is 51.52%, higher relatively to last month (47.59%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated yield of 9.89% (net of funding cost in EUR), a low spread duration of 2.18 and a z spread of 635.

### Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 76% of the positions (82 out of 108) contributing positively. During the month we slightly decreased our invested capital but conditions remain attractive in the short-term part of the credit curve. The average life of the yield-type portfolio is very short (9 months) or average spread duration of 0.76). The fund is levered, being invested at about 174% currently.

### 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)

### Performance

MTD :	0.69%	Fund Assets (mln) :	62.1 €
Since inception	30.53%	1 Year Std Dev :	2.84%
Last 12 Months :	10.91%	1 Year Sharpe Ratio :	2.92
NAVps :	EUR 130.53	% of positive months :	73%

\* 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	0.69%	# of Securities	201
YTD	7.58%	% Weight	173.86%
6 months	1.75%	Int Dur	1.50
1 year	10.91%	Yield (gross) in EUR	9.89%
2022	-5.35%	Spread Duration	2.18
2021	2.20%	Z-spread	635
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	26.45%
EUR	41.45%
NOK	17.69%
SEK	9.94%
CHF	1.83%
GBP	2.65%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	36.53%
US	7.34%
Oth DEV	42.96%
LATAM	1.92%
EMEA	9.42%
ASIA	1.83%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	9.37%
<b>tot IG</b>	<b>9.37%</b>
BB	26.80%
B	12.69%
CCC	1.81%
<b>tot HY</b>	<b>41.31%</b>
NR	49.32%
<b>TOTAL</b>	<b>100.00%</b>

### Sector breakdown - Top 10

Banking	8.81%
Real Estate - Mgmt Res	6.31%
Oil and gas E&P - All	5.44%
Finance - NPL collector	5.00%
Oil Field Equipment & Ser	4.39%
Shipping - Gas	3.97%
Shipping - Crude	3.72%
Specialty Retail	3.21%
Shipping - Chemicals	3.18%
Real Estate - Mgmt Comr	3.12%

\* Portfolio 100%

### Strategical & Tactical buckets

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

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

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