

# Swan Long Short Credit Sicav–SIF

## September 2023



### Strategy

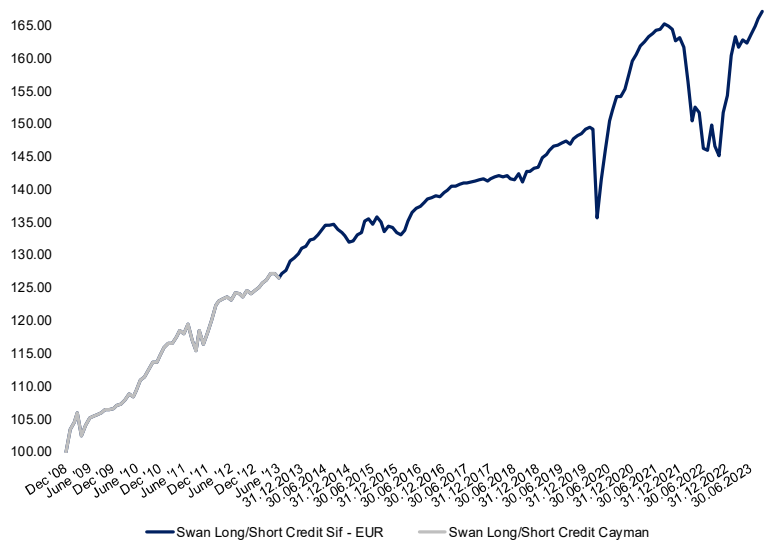
Swan Long Short Credit SIF is the alternative version of our Fixed Income High Reward risk profile. Depending on market conditions, the strategy combines an highly diversified buy and hold portfolio of liquid short-term fixed income securities, in a levered format, with an opportunistic allocation to 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 September ranging from -0.40% for EM corp HY to +0.44% of the EU HY while equity markets were negative with both the S&P500 (-4.87%) and Eurostoxx50 (-2.85%). The IG EUR market was negative by -0.86% while the short-term (1-3 year) H1WN global HY index reported a positive performance of +0.26%. The Global unconstrained (in terms of maturity) HY index was negative at -0.80%. Central banks were back on the headlines with their September meetings: the ECB opted for a "dovish" hike, delivering one more hike but indicating that this would be very likely the last one. The door is open for further increases, but next movement will be data dependent and markets seem to be more concentrated now on how long rates will remain at 4%, the highest level ever reached in the Eurozone. The FED kept rates unchanged, but the overall message and the forecasts were more hawkish than expected: Jerome Powell explained that the committee is still unsure about whether rates have been put into sufficiently restrictive territory, given how resilient the economy has been. Inflation printed downside surprise in both UK and EU, while in US the Core CPI confirmed its downward trend moving to 4.3% YoY vs the 4.7% of the previous month. Markets repriced expectations, factoring in higher for longer rates: consequently the 10 years bund yield was higher at 2.84% (+37bps in the month), in tandem with the 10 years Treasury at 4.57% (+46bps in the month). Oil moved higher to 95\$ per barrel, while US dollar recover some ground with DXY at 106.17. Our funds have a yield to maturity between 7.5% and 10.5%, combined with an average spread duration around 16 months. The combination of higher diversification, higher credit quality and higher expected yields pave the way for extremely attractive returns in the next future.

### Active portfolio

Fund's actual exposure (beta and duration adjusted) is 64.67%, higher relatively to last month (51.52%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated yield of 9.76% (net of funding cost in EUR), a low spread duration of 2.52 and a z spread of 607.

### Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 80% of the positions (83 out of 104) contributing positively. During the month we slightly increased our invested capital because conditions remain attractive in the short-term part of the credit curve. The average life of the yield-type portfolio is very short (10 months or average spread duration of

### Performance

MTD :	0.67%	Fund Assets (mln) :	64.3 €
Since inception	31.41%	1 Year Std Dev :	2.64%
Last 12 Months :	14.08%	1 Year Sharpe Ratio :	4.28
NAVps :	EUR 131.41	% 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	0.67%	# of Securities	197
YTD	8.31%	% Weight	178.22%
6 months	3.38%	Int Dur	1.76
1 year	14.08%	Yield (gross) in EUR	9.76%
2022	-5.35%	Spread Duration	2.52
2021	2.20%	Z-spread	607
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	24.72%
EUR	42.24%
NOK	18.22%
SEK	10.21%
CHF	1.71%
GBP	2.90%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	38.33%
US	8.11%
Oth DEV	40.27%
LATAM	1.88%
EMEA	10.48%
ASIA	0.94%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	11.35%
<b>tot IG</b>	<b>11.35%</b>
BB	26.50%
B	13.14%
CCC	0.78%
<b>tot HY</b>	<b>40.42%</b>
NR	48.23%
<b>TOTAL</b>	<b>100.00%</b>

### Sector breakdown - Top 10

Banking	8.29%
Real Estate - Mgmt Res	6.98%
Shipping - Gas	5.16%
Oil Field Equipment & Se	4.38%
Oil and gas E&P - All	4.28%
Shipping - Crude	4.02%
Finance - NPL collector	3.26%
Air Transportation	3.17%
Real Estate - Mgmt Comr	3.02%
Automakers	2.92%

\* Portfolio 100%

0.82). The fund is levered, being invested at about 178% currently.

### Strategic & 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

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