

# Swan Long Short Credit Sicav–SIF

## October 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.

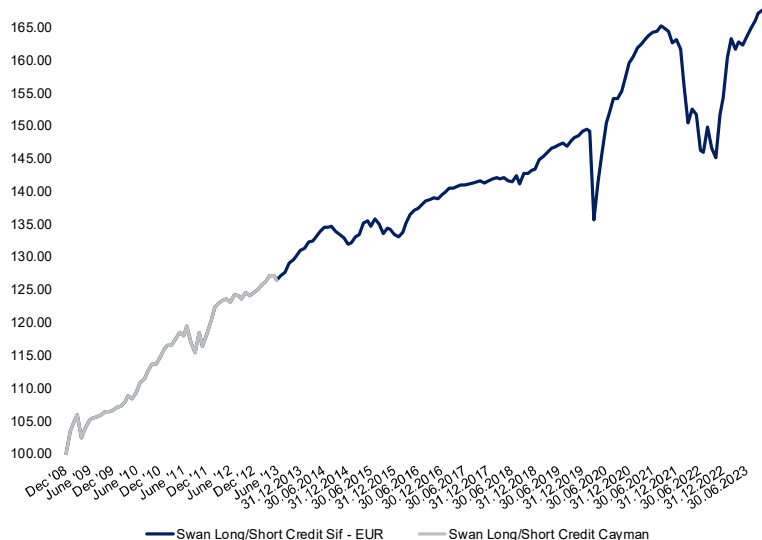
### Risk Profile

Conservative Intermediate **High Reward**

### Performance

MTD : **0.22%** Fund Assets (mln) : 66.5 €  
 Since inception **31.70%** 1 Year Std Dev : 2.44%  
 Last 12 Months : **15.39%** 1 Year Sharpe Ratio : 5.06  
 NAVps : EUR 131.70 % 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.



### Global Market Picture

High Yield Credit markets reported a negative performance in October ranging from -1.24% for EM corp HY to -0.29% of the EU HY in tandem with negative equity markets, S&P500 (-2.20%) and Eurostoxx50 (-2.72%). The IG EUR market was positive by +0.41% while the short-term (1-3 year) H1WN global HY index reported a negative performance of -0.58%. The Global unconstrained (in terms of maturity) HY index was negative at -1.10%. The ECB had its policy decision meeting the last week of October: after 10 consecutive increases, rates did not move up, considering that eurozone inflation more than halved from its peak and that the economy is showing signs of weakness. The ECB president Christine Lagarde said she would not rule out other rates rise, adding it was "totally premature" to discuss about a potential cut. Preview of October inflation in the Eurozone hit two years low of 2.9% YoY after bigger than expected fall, reinforcing market expectations of no further increase in funding cost. In US the economy showed continued resiliency, expanding faster than expected at 4.9% YoY in the 3Q23, driven by strong consumer spending and still tight labor market. Inflation in US was stable during September (CPI at 3.7%YoY - CPI ex Food and Energy at 4.1% YoY) with market pricing the FED on hold at its November meeting. The 10 years bund yield was lower at 2.81% (-3bps in the month), while the 10 years Treasury was higher at 4.93% (+36bps in the month). Oil moved lower to 87\$ per barrel, while US dollar recover some ground with DXY at 106.66. Our funds have a yield to maturity between 7.5% and 11%, combined with an average spread duration around 17 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 73.80%, higher relatively to last month (64.67%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated yield of 10.43% (net of funding cost in EUR), a low spread duration of 2.74 and a z spread of 679.

### Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 72% of the positions (74 out of 103) contributing positively. During the month we 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 (8 months or average spread duration of 0.69). The fund is levered, being invested at about 200% 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)

Period	Perf.	Portfolio info	
MTD	<b>0.22%</b>	# of Securities	224
YTD	<b>8.55%</b>	% Weight	200.49%
6 months	<b>2.90%</b>	Int Dur	1.96
1 year	<b>15.39%</b>	Yield (gross) in EUR	10.43%
2022	<b>-5.35%</b>	Spread Duration	2.74
2021	<b>2.20%</b>	Z-spread	679
2020	<b>6.96%</b>		
2019	<b>3.97%</b>		
2018	<b>1.36%</b>		
2017	<b>1.49%</b>		
2016	<b>4.53%</b>		
2015	<b>1.03%</b>		
2014	<b>0.84%</b>		
2013	<b>5.05%</b>		
2012	<b>5.44%</b>		
2011	<b>3.19%</b>		
2010	<b>7.47%</b>		
2009	<b>6.56%</b>		

### FX breakdown (fully hedged)

USD	24.82%
EUR	45.19%
NOK	17.45%
SEK	8.21%
CHF	1.46%
GBP	2.87%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	41.17%
US	9.58%
Oth DEV	36.52%
LATAM	1.63%
EMEA	10.60%
ASIA	0.49%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	9.81%
<b>tot IG</b>	<b>9.81%</b>
BB	28.51%
B	14.22%
CCC	0.66%
<b>tot HY</b>	<b>43.39%</b>
NR	46.80%
<b>TOTAL</b>	<b>100.00%</b>

### Strategical & Tactical buckets

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

### Sector breakdown - Top 10

Banking	9.81%
Real Estate - Mgmt Res	6.08%
Oil Field Equipment & Ser	5.80%
Shipping - Gas	4.72%
Finance - NPL collector	3.56%
Oil and gas E&P - All	3.53%
Telecom - Wireline Integr	3.53%
Shipping - Crude	3.44%
Pharmaceuticals	3.12%
Air Transportation	3.01%

\* Portfolio 100%

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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