

Swan Long Short Credit Sicav–SIF

April 2023



Strategy

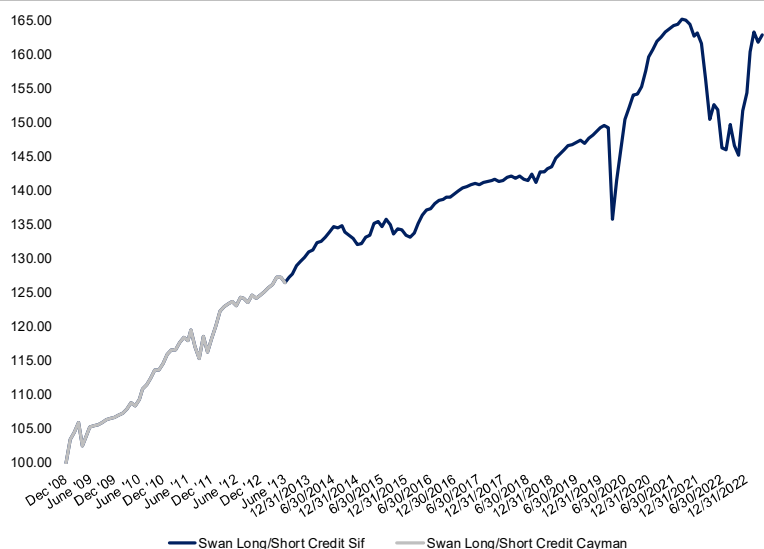
Swan Long Short Credit SIF is the alternative version of our Fixed Income High Reward risk profile. Depending on market conditions, the strategy combines an highly diversified buy and hold portfolio of liquid short-term fixed income securities, in a levered format, with an opportunistic allocation to 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 mixed performance in April ranging from -0.42% for EM corp HY to +0.37% of the EU HY in contrast with the movement of the S&P500 (+1.46%) Eurostoxx50 (+1.03%). The IG EUR market was positive by 0.70%. The short-term (1-3 year) H1WN global HY index also reports a positive performance of +0.24% YTD while the Global unconstrained (in terms of maturity) HY gained +0.51%. In US, economy expanded 1.1% YoY in 1Q23, below the consensus, while core CPI at 5.6% YoY remained significantly above FED objective; market continues to expect a 25bps hike at FOMC May meeting and significant pivot in the rates path during the 2H23. In Europe growth was 1.3% YoY, but April flash composite PMI at 54.4 indicated a possible rebound to 2% for the 2Q23; inflation did not show significant improvements, with core CPI at 5.7% YoY, influenced by tight labour market and increased inflation expectations. ECB speakers did not signal a clear view with regards to the possible hike at May meeting, with investors still debating if a 25 or 50bps will take place: markets is pricing a peak at 3.7% later in 2023 (current rate is 3%), implying that also ECB rush for higher rates could be close to an end. Tighter credit conditions were indicated both in US and Europe and this could influence growth in the 2H23. Oil was stable at around 79\$ per barrel, while US dollar lost some ground with DXY at 101.66. Thanks to the recent volatility spike we have been able to add several new credit stories at very interesting levels of credit spreads: our funds have a yield to maturity between 7.5% and 12.5%, combined with an average spread duration of below 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 67.19%, lower relatively to last month (69.17%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated yield of 11.76% (net of funding cost in EUR), a low spread duration of 2.66 and a z spread of 867.

Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 76% of the positions (71 out of 94) contributing positively. During the month we decreased our invested capital: 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 0.81). The fund is levered, being invested at about 215% 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) :	47.6 €
Since inception	27.99%	1 Year Std Dev :	3.37%
Last 12 Months :	6.72%	1 Year Sharpe Ratio :	1.6
NAVps :	EUR 127.99	% 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	191
YTD	5.49%	% Weight	215.49%
6 months	12.14%	Int Dur	1.92
1 year	6.72%	Yield (gross)	11.76%
2022	-5.35%	Spread Duration	2.66
2021	2.20%	Z-spread	867
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	39.96%
NOK	19.15%
SEK	12.03%
CHF	0.80%
GBP	1.61%
TOTAL	100.00%

Geographic breakdown

EU	34.03%
US	5.74%
Oth DEV	43.74%
LATAM	1.97%
EMEA	11.56%
ASIA	2.95%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	5.38%
tot IG	5.38%
BB	29.73%
B	12.94%
CCC	2.51%
tot HY	45.18%
NR	49.44%
TOTAL	100.00%

Sector breakdown - Top 10

Banking	8.03%
Gaming - Online Gaming	5.67%
Real Estate - Mgmt Res	5.51%
Shipping - Gas	4.94%
Real Estate - Mgmt Comrr	4.30%
Oil and gas E&P - All	4.30%
Shipping - Chemicals	4.10%
Real Estate - Dev Res	3.91%
Telecom - Wireline Integr	3.07%
Air Transportation	3.04%

* Portfolio 100%

Strategical & Tactical buckets

Tactical bucket generated a positive 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

ISIN: LU0849750954

Contacts at Swan Asset Management SA:

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

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