

# Swan Long Short Credit Sicav–SIF

## May 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.

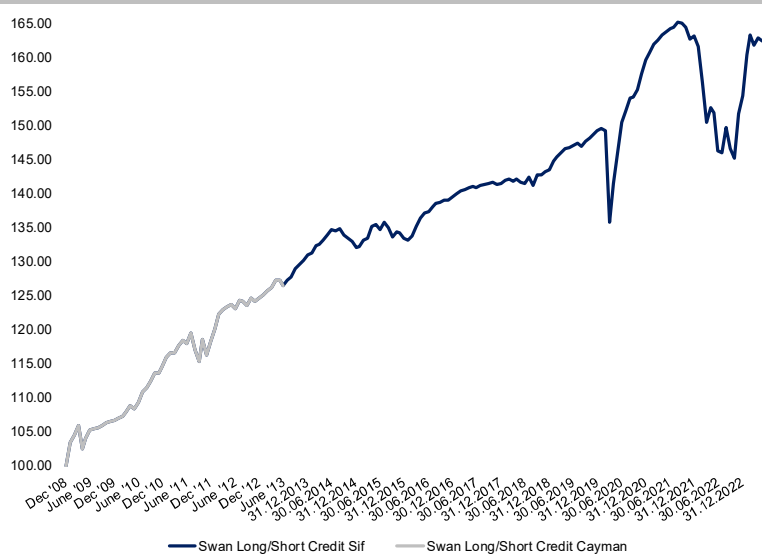
### Risk Profile

Conservative Intermediate **High Reward**

### Performance

MTD :	<b>-0.31%</b>	Fund Assets (mln) :	47.4 €
Since inception	<b>27.59%</b>	1 Year Std Dev :	3.31%
Last 12 Months :	<b>6.93%</b>	1 Year Sharpe Ratio :	1.58
NAVps :	EUR 127.59	% of positive months :	72%

\* 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 mixed performance in May ranging from -1.30% for EM corp HY to +0.55% of the EU HY in tandem with the movement of the S&P500 (+0.25%) and Eurostoxx50 (-3.24%). The IG EUR market was positive by 0.18%. The short-term (1-3 year) H1WN global HY index also reports a negative performance of -0.29% YTD while the Global unconstrained (in terms of maturity) HY lost -0.79%. The month started with meetings of the main central banks. The FED raised rates by 25bps, signaling that it might soon pause its aggressive monetary tightening campaign. Powell said that credit crunch could act as a substitute for further rate rises by dampening economic activity, even if data from US indicated that growth is still solid and resilient (strong gains in US April good spending and employment still at tight level of 3.4%). Anyway FED officials stressed the need for "flexibility and optionality" in setting monetary policy, suggesting that after a likely pause in June, further hikes could follow in case inflation should not correct downward. ECB followed the FED and raised deposit rate by 25bps to 3.25%, clearly indicating that "we have more ground to cover and we are not pausing, that is extremely clear". Markets now expect two more hikes by European Central Bank to 3.75%, which would match its highest-ever level in 2001. Oil moved lower to 73\$ per barrel, while US dollar recovered some ground with DXY at 104.32. 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 %, 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 66.45%, lower relatively to last month (67.19%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated yield of 11.70% (net of funding cost in EUR), a low spread duration of 2.79 and a z spread of 853.

### Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 83% of the positions (85 out of 102) contributing positively. During the month we increased 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 (9 months or average spread duration of 0.75). The fund is levered, being invested at about 224% 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>-0.31%</b>	# of Securities	199
YTD	<b>5.16%</b>	% Weight	223.65%
6 months	<b>6.98%</b>	Int Dur	2.07
1 year	<b>6.93%</b>	Yield (gross)	11.70%
2022	<b>-5.35%</b>	Spread Duration	2.79
2021	<b>2.20%</b>	Z-spread	853
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	25.46%
EUR	40.16%
NOK	20.26%
SEK	11.00%
CHF	1.27%
GBP	1.84%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	35.99%
US	6.25%
Oth DEV	43.91%
LATAM	1.88%
EMEA	9.75%
ASIA	2.22%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	7.70%
<b>tot IG</b>	<b>7.70%</b>
BB	28.97%
B	12.45%
CCC	2.38%
<b>tot HY</b>	<b>43.80%</b>
NR	48.51%
<b>TOTAL</b>	<b>100.00%</b>

### 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 Comr	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%
<b>* Portfolio 100%</b>	

### Strategical & Tactical buckets

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