

# Swan Long Short Credit Sicav–SIF

## June 2023



### Strategy

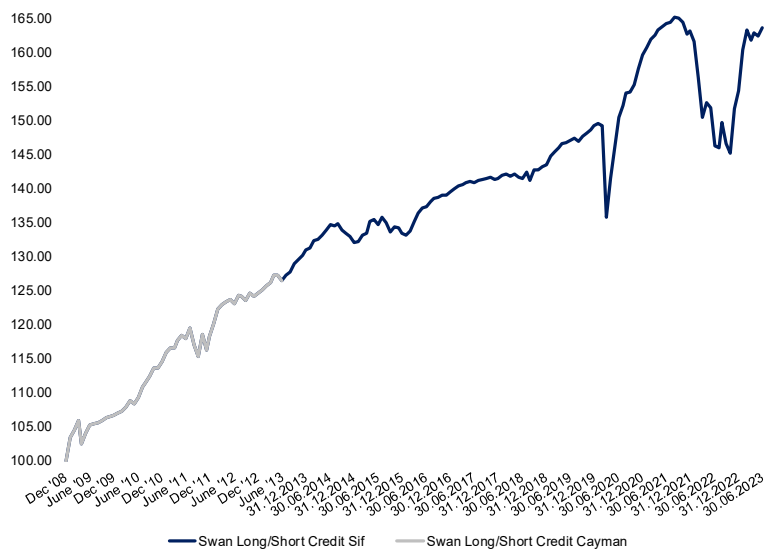
Swan Long Short Credit SIF is the alternative version of our Fixed Income High Reward risk profile. Depending on market conditions, the strategy combines an highly diversified buy and hold portfolio of liquid short-term fixed income securities, in a levered format, with an opportunistic allocation to 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 positive performance in June ranging from +1.86% for EM corp HY to +0.54% of the EU HY in tandem with the movement of the S&P500 (+6.47%) and Eurostoxx50 (+4.29%). The IG EUR market was negative by -0.42%, while the short-term (1-3 year) H1WN global HY index reports a positive performance of +0.90%. The Global unconstrained (in terms of maturity) HY gained +1.25%. Inflation and central banks decisions were still the main arguments of the month. The FED held rates on hold for the first time in more than a year following 10 consecutive increases. The updated "dot plot" indicated that officials are projecting two more quarter-point increases this year, implying a range between 5.5% and 5.75% at end 2023, the highest level since early 2000s. The ECB raised policy rates by 25bps, bringing the deposit rate to 3.5% and reiterating the data-dependent meeting-by-meeting approach; there was no reference that rates are getting closer to a peak leaving substantial risk for further rate hikes. Both central banks are facing the difficult task of determining how much more to squeeze the economy, without impacting excessively growth and hiring. Core CPI in US and Eurozone was at 5.3% YoY, still significantly higher than their target, but economies still showed resiliency (unemployment rate still below 4% in US) notwithstanding ISM/PMI index are moving downward. Oil moved higher to 75\$ per barrel, while US dollar lost some ground with DXY at 102.91. 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 56.64%, lower relatively to last month (66.45%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated yield of 11.84% (net of funding cost in EUR), a low spread duration of 2.61 and a z spread of 825.

### Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 78% of the positions (80 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 0.72). The fund is

### Performance

MTD :	0.75%	Fund Assets (mln) :	48.3 €
Since inception	28.55%	1 Year Std Dev :	3.07%
Last 12 Months :	11.76%	1 Year Sharpe Ratio :	3.18
NAVps :	EUR 128.55	% 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.

Period	Perf.	Portfolio info	
MTD	0.75%	# of Securities	203
YTD	5.95%	% Weight	216.80%
6 months	5.95%	Int Dur	1.83
1 year	11.76%	Yield (gross)	11.84%
2022	-5.35%	Spread Duration	2.61
2021	2.20%	Z-spread	825
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	26.05%
EUR	39.65%
NOK	20.94%
SEK	10.40%
CHF	1.28%
GBP	1.68%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	35.92%
US	6.51%
Oth DEV	44.84%
LATAM	0.74%
EMEA	9.93%
ASIA	2.07%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	8.39%
<b>tot IG</b>	<b>8.39%</b>
BB	26.27%
B	11.76%
CCC	2.45%
<b>tot HY</b>	<b>40.48%</b>
NR	51.12%
<b>TOTAL</b>	<b>100.00%</b>

### Sector breakdown - Top 10

Banking	8.13%
Shipping - Gas	6.01%
Gaming - Online Gaming	5.39%
Oil and gas E&P - All	5.11%
Real Estate - Mgmt Res	4.55%
Real Estate - Mgmt Comr	4.51%
Oil Field Equipment & Se	3.25%
Air Transportation	3.25%
Finance - NPL collector	3.02%
Shipping - Crude	2.95%
<b>* Portfolio 100%</b>	

levered, being invested at about 217% currently.

### 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.

### 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

ISIN: LU0849750954

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