

# Swan Long Short Credit Sicav–SIF

## May 2024

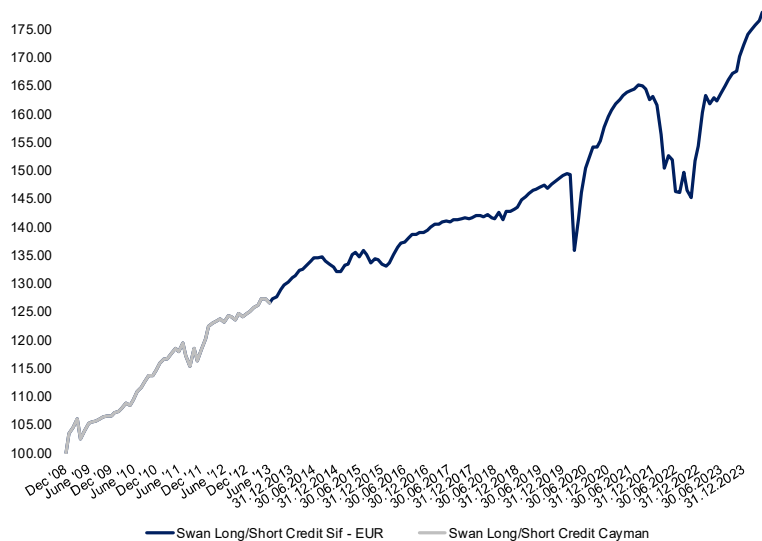


### Strategy

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 May ranging from +1.73% for EM corp HY to +0.88% of the EU HY in tandem with positive equity markets, S&P500 (+4.80%) and Eurostoxx50 (+1.27%). The IG EUR market was positive by 0.24% in line with the short-term (1-3 year) H1WN global HY index that reported a positive performance of 0.94%. The Global unconstrained (in terms of maturity) HY index was positive at +1.12%. In Europe inflation continued to retrace, with core CPI print at 2.7% in April (vs 2.9% in March), but most important April release provided reassurances that the sharp increases in services prices in January and February were a bump, this confirming that services inflation is not reaccelerating. Markets expect the ECB to start its easing cycle at the monetary policy meeting to be held on 6th June due to projections of a rapid recovery in activity and a gradual disinflation process to continue. After its meeting on the 1st of May, the FOMC signaled that "a lack of further progress" towards the bank's 2% inflation target will mean US borrowing costs are likely to remain higher for longer; however, officials also indicated that they were not yet concerned enough by uptick in inflation to consider rate rises. Indeed, inflation print in line with expectations at 3.4% (core CPI at 3.6%) for April reinforced the market view for two possible cuts in 2024. The 10 years bund yield was lower at 2.58% (+28bps in the month), in tandem with the 10 years Treasury at 4.68% (+48bps in the month). Oil was down at 82\$ per barrel, while US dollar was lower, with DXY at 104.67. Our funds have a yield to maturity between 6% and 8%, combined with an average spread duration around 18 months. The combination of diversification, good credit quality and high expected yields pave the way for extremely attractive returns in the next future.

### Active portfolio

Fund's actual exposure (beta and duration adjusted) is 57.64%, higher relatively to last month (54.72%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated yield of 7.52% (net of funding cost in EUR), a low spread duration of 2.36 and a z spread of 409.

### Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 91% of the positions (107 out of 117) contributing positively. During the month our invested capital was stable because conditions remain attractive in the short-term part of the credit curve. The average life of the yield-type portfolio is very short (11 months or average spread duration of 0.95). The fund is levered, being invested at about 145% 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 :	0.77%	Fund Assets (mln) :	103.4 €
Since inception	39.84%	1 Year Std Dev :	0.98%
Last 12 Months :	9.60%	1 Year Sharpe Ratio :	5.83
NAVps :	EUR 139.84	% of positive months :	74%

\* 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	0.77%	# of Securities	206
YTD	3.32%	% Weight	144.65%
6 months	4.58%	Int Dur	1.74
1 year	9.60%	Yield (gross) in EUR	7.52%
2023	11.55%	Spread Duration	2.36
2022	-5.35%	Z-spread	409
2021	2.20%		
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	29.28%
EUR	42.48%
NOK	16.22%
SEK	6.16%
CHF	3.18%
GBP	2.67%
TOTAL	100.00%

### Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	12.92%
tot IG	12.92%
BB	27.60%
B	12.30%
CCC	1.21%
tot HY	41.12%
NR	45.97%
TOTAL	100.00%

### Strategical & Tactical buckets

Tactical bucket generated a positive gross performance during the month, with homogeneous contributions. Picking was negative in EM and positive in EUR HY (overall positive)

### Geographic breakdown

EU	33.28%
US	7.71%
Oth DEV	39.48%
LATAM	6.42%
EMEA	12.79%
ASIA	0.33%
TOTAL	100.00%

### Sector breakdown - Top 10

Banking	11.72%
Telecom - Wireline Integr	6.66%
Oil and gas E&P - All	6.15%
Real Estate - Mgmt Res	5.42%
Shipping - Gas	4.50%
Finance - NPL collector	4.40%
Oil Field Equipment & Ser	3.93%
Industry - Renewables	3.25%
Air Transportation	3.08%
Software/Service	3.07%

\* 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

ISIN: LU0849750954

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