# CIGOGNE FUND

## ABS/MBS Arbitrage

## 31/01/2024

CIGOGNE MANAGEMENT

**Assets Under Management : 153 893 656.34 €** **Net Asset Value (O Unit) : 20 082.42 €**

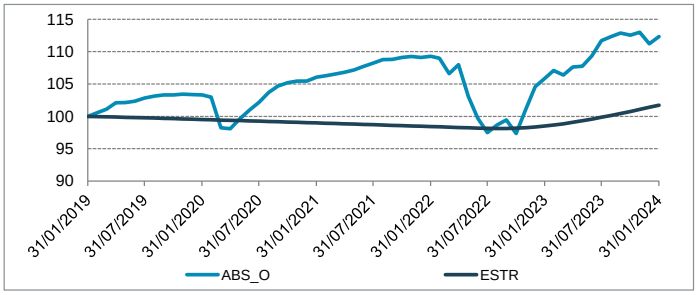
### PERFORMANCES

| | January | February | March | April | May | June | July | August | September | October | November | December | YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2024 | 0.98% | | | | | | | | | | | | **0.98%** |
| 2023 | 1.22% | 1.12% | -0.63% | 1.15% | 0.11% | 1.49% | 2.17% | 0.56% | 0.48% | -0.28% | 0.39% | -1.56% | **6.34%** |
| 2022 | 0.15% | -0.28% | -2.18% | 1.30% | -4.52% | -3.26% | -2.26% | 1.22% | 0.79% | -2.11% | 3.74% | 3.57% | **-4.14%** |
| 2021 | 0.56% | 0.20% | 0.27% | 0.23% | 0.35% | 0.52% | 0.46% | 0.50% | 0.04% | 0.27% | 0.14% | -0.12% | **3.46%** |
| 2020 | -0.08% | -0.32% | -4.60% | -0.15% | 1.60% | 1.29% | 1.20% | 1.51% | 0.95% | 0.51% | 0.22% | 0.01% | **2.02%** |

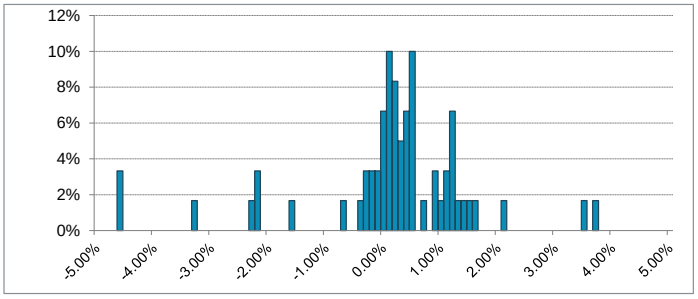
### PORTFOLIO STATISTICS FOR 5 YEARS / SINCE 30/06/2006

| | Cigogne ABS/MBS Arbitrage | | ESTR | | HFRX Global Hedge Fund EUR Index | |
|---|---|---|---|---|---|---|
| | 5 years | From Start | 5 years | From Start | 5 years | From Start |
| Cumulative Return | 12.32% | 100.82% | 1.72% | 11.73% | 1.92% | -10.51% |
| Annualised Return | 2.35% | 4.04% | 0.34% | 0.63% | 0.38% | -0.63% |
| Annualised Volatility | 5.00% | 11.27% | 0.45% | 0.44% | 4.56% | 5.49% |
| Sharpe Ratio | 0.40 | 0.30 | - | - | 0.01 | -0.23 |
| Sortino Ratio | 0.57 | 0.36 | - | - | 0.01 | -0.30 |
| Max Drawdown | -10.90% | -52.14% | -1.87% | -3.38% | -8.35% | -25.96% |
| Time to Recovery (m) | 8 | 22 | 11 | 16 | > 3 | > 46 |
| Positive Months (%) | 75.00% | 80.09% | 26.67% | 48.34% | 55.00% | 56.40% |

### PERFORMANCE (Net Asset Value)




### DISTRIBUTION OF RETURNS (Monthly Basis)

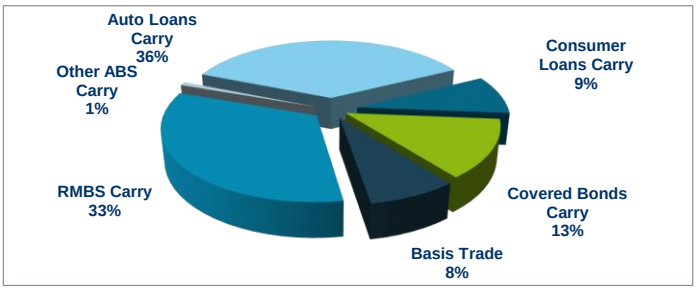



### INVESTMENT MANAGERS' COMMENTARY

The performance of the ABS/MBS Arbitrage fund was +0.98%.

The first month of the year saw an improvement in the macroeconomic environment on both sides of the Atlantic. The Eurozone avoided recession in 2023, with growth up by 0.5% compared with 2022. Some countries, such as Spain and Portugal, have managed to shine with growth figures of +2.5% and +2.3%, boosted by tourism and exports. For the Core countries, the picture is slightly different, particularly for Germany, Europe's leading economy, which ended the year with a slight decline of -0.30%. In parallel, on the inflation front, core inflation figures showed a slowdown from +3.6% to +3.4% on an annualised basis, while headline inflation was up as expected by the market, due to a less pronounced fall in energy and food prices. Central bankers followed suit, reaffirming that they were in no hurry to cut rates and that they were waiting for evidence that inflation was on a sustainable path towards 2%. As a result, 10-year sovereign yields widened by +11 and +14 bps for France and Germany (2.66% and 2.16% respectively). As for European ABS, the primary market got off to a fast start with issues from the beginning of the month. More than €8 billion of transactions were issued and placed publicly with investors, making January the most dynamic month in the last two years. The volume of transactions was mainly residential in the UK, complemented by a German car transaction and a Dutch consumer loan-backed transaction. All these transactions were well absorbed, with coverage ratios of 2x for the most senior tranches, signalling investor appetite for the asset class. Against this backdrop, credit spreads narrowed by between 5 and 10 bps depending on the sector, in a secondary market driven by the resurgence of BWICs. We took advantage of this market to close our position on the VCL 39 vehicle issued by the Volkswagen automotive group.

### ASSET BREAKDOWN




### CORRELATION MATRIX

| | Cigogne ABS/MBS Arbitrage | ESTR | HFRX Global Hedge Fund EUR Index |
|---|---|---|---|
| Cigogne ABS/MBS | 100.00% | 18.20% | 42.90% |
| ESTR | 18.20% | 100.00% | 2.63% |
| HFRX HF Index | 42.90% | 2.63% | 100.00% |

# CIGOGNE FUND

## ABS/MBS Arbitrage

## 31/01/2024

CIGOGNE
MANAGEMENT

### INVESTMENT OBJECTIVES

Strategies set forth in the ABS / MBS Arbitrage compartment span across two specialties:
- ABS (Asset Backed Securities), MBS (Mortgage Backed Securities) and Covered Bonds arbitrage, which consist in exploiting price inefficiencies between asset backed notes and their refinancing cost (notes purchase related borrowing cost);
- Basis Trade arbitrage, which consists in taking advantage of the spread between the premium offered by a secured note and the CDS premium of the related issuer.

All these strategies focus on the credit component of the underlying financial instruments; any interest rate exposure is systematically hedged. The portfolio is today composed of ABS/MBS and Covered Bonds of high quality, benefiting from a AA- rating (at least) and a weighted average life of 2 years (except on basis arbitrage strategies). The portfolio is well diversified, with more than forty strategies on average.

### FUND SPECIFICS

| | | |
|---|---|---|
| **Net Asset Value :** | € | 153 893 656.34 |
| **Net Asset Value (O Unit) :** | € | 5 404 379.31 |
| **Liquidative Value (O Unit) :** | € | 20 082.42 |
| **ISIN Code :** | | LU0648560224 |
| **Legal Structure :** | | FCP - SIF, AIF |
| **Inception Date of the fund :** | | June 30th 2006 |
| **Inception Date (O Unit) :** | | April 30th 2011 |
| **Currency :** | | EUR |
| **NAV calculation date :** | | Monthly, last calendar day of the month |
| **Subscription / redemption :** | | Monthly |
| **Minimum Commitment:** | € | 125 000.00 |
| **Minimum Notice Period:** | | 1 month |
| **Management Fee:** | | 1,50% per annum |
| **Performance Fee :** | | 20% above €STR with a High Water Mark |
| **Country of Registration :** | | FR, LU |
| **Management Company:** | | Cigogne Management SA |
| **Investment Advisor:** | | CIC Marchés |
| **Depositary Bank:** | | Banque de Luxembourg |
| **Administrative Agent:** | | UI efa |
| **Auditor:** | | KPMG Luxembourg |

### MAIN EXPOSURES (In percentage of gross asset base)

| | |
|---|---|
| HLFCT 2020-1 A EUR3+65 31/10/54 | 2.42% |
| HFHL 2019-1 A EUR3+70 27/09/2056 | 2.31% |
| HLFCT 2021-G A EUR3+70 31/10/55 | 2.22% |
| ACAHB 2020-1 A EUR3+75 27/07/55 | 2.15% |
| ACAHB 2022-1 A EUR3+75 27/07/57 | 2.07% |

### RISK PROFILE

**Lower Risk** ← → **Higher Risk**

Potentially lower Return — Potentially higher Return

| 1 | 2 | 3 | **4** | 5 | 6 | 7 |
|---|---|---|---|---|---|---|

The risk category has been determined on the basis of historical data and may not be a reliable indication of the future risk profile. The risk and reward category shown does not necessarily remain unchanged and the categorization of the fund may shift over time.

### REASONS TO INVEST IN CIGOGNE ABS/MBS ARBITRAGE

In addition to traditional financial investment, alternative investments aim to provide investors with absolute performances independent from the return of traditional asset classes such as shares, bonds etc. With these objectives, alternative investments can be construed as the natural complement to assets allocation between classical portfolio investment and risks managed performance strategies that take advantages of market inefficiencies.

Cigogne Management S.A. is the alternative asset management branch of Crédit Mutuel Alliance Fédérale, a major actor in the industry. Cigogne Management S.A. benefits from CIC Marchés' deep expertise. Cigogne Management S.A. currently manages the Cigogne Fund, Cigogne UCITS and Cigogne CLO Arbitrage funds (single-strategy funds) as well as the Stork Fund (multi-strategy funds).

Cigogne Fund - ABS/MBS Arbitrage aims to achieve stable and positive performances over time, uncorrelated from traditional asset classes by setting up Asset-Backed Securities (ABS) arbitrage strategies, Mortgage-Based Securities (MBS) strategies and Covered Bonds strategies.

### DISCLAIMER

The information contained herein is provided for information purposes only and shall only be valid at the time it is given. No guarantee can be given as to the exhaustiveness timeliness or accuracy of this information. Past performance is no indication of future returns. Any investment may generate losses or gains. The information on this document is not intended to be an offer or solicitation to invest or to provide any investment service or advice. Potentially interested persons must consult their own legal and tax advisor on the possible consequences under the laws of their country of citizenship or domicile. Any person must carefully consider the suitability of their investments to their specific situation and ensure that they understand the risks involved. Subscriptions to fund shares will only be accepted on the basis of the latest prospectus and the most recent annual reports.

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