

# Selwood ESG Transition Credit UCITS Fund

## ESG Transition Credit

July 2025

### Performance Returns

The Selwood ESG Transition Credit UCITS Fund returned +0.72% for the month of July (EUR Founder).

### Investment Objective & Strategy

The Selwood ESG Transition Credit UCITS Fund is managed by Selwood Asset Management (France), a Paris-based team with extensive experience in structured credit markets and fixed income investments. The goal of this strategy is to generate investment grade carry<sup>2</sup> using an independent and passive ESG approach, in a liquid format. The strategy is invested in EUR duration-hedged Green Government Bonds (or SSA's) with a focus on core European countries. These Green Government Bonds are long-term and sustainable investments that contribute to climate change mitigation, climate change adaptation, and pollution prevention.

The investment team will seek to generate additional returns actively managing the fund's exposure to the iTraxx MSCI ESG Screened Index<sup>7</sup>. Investment decisions are made at the discretion of Selwood's investment team and supported by in-house indicators such as replicating portfolios, momentum indicators, AI based tools, amongst others. The investment strategy involves certain risks. Please refer to full details and risk factors in the fund's supplement. No performance guarantees.

### Monthly Commentary

Tariffs continued to dominate headlines this month, with mixed developments. While the EU reached an agreement with the US, some countries experienced tariff increases, such as Switzerland, where rates rose to 39%. Market reactions were asymmetrical: negative news was absorbed relatively well, whereas positive news tended to trigger modest rallies. The month closed with the Euro Stoxx 50 up +0.31%, alongside lower volatility in European equity market.

The US–EU agreement also supported the USD, with the euro–dollar exchange rate moving from 1.176 to 1.142. On the monetary policy front, both the Federal Reserve and the ECB left their main rates unchanged. In the US, President Trump stepped up pressure on Chair Powell to cut rates and is expected to appoint a dovish successor to Kugler, who resigned. Market expectations for US rate cuts by year-end declined from two to one, Federal Reserve held firm despite political pressure for multiple cuts before the end of the year.

In rates, yields moved higher, particularly on the 2-year segment, with German and US yields rising by 10 bps and 23 bps respectively. The yield curve in Europe flattened as expectations for the next ECB 0.25% cut shifted toward end of next year, while tariff-related uncertainties weighed on GDP forecasts for the euro area.

Credit markets performed well, especially in cash instruments. The 5-year European IG cash index tightened by -13 bps to 79 bps, while the iTraxx Main synthetic index moved only -1 bp. As a result, basis levels reached highs not seen since April's Liberation Day. The combination of tight synthetic spreads and reduced issuance in July supported the outperformance of cash over synthetic instruments.

While the basis moved unfavourably for synthetic instruments, the fund still delivered positive performance thanks to its lower rate sensitivity and the relative strength of government bonds versus swaps (-1.4 bps on the 10Y). Exposure remained low throughout the month, as iTraxx levels are tight and more likely to widen than tighten. Opportunities for wider levels may arise in August, with seasonality and new issuance expected to put general pressure on spreads.

### Monthly Performance\* – Selwood ESG Transition Credit Fund

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2025	+0.84%	+0.21%	-1.29%	+0.08%	+1.96%	+0.47%	+0.72%						<b>+3.00%</b>
2024	-1.00%	-0.19%	+1.31%	-0.08%	+0.66%	-0.85%	+1.13%	-0.74%	-0.17%	-0.17%	+0.60%	-0.34%	<b>+0.13%</b>
2023								-0.18%	-0.40%	-1.20%	+4.43%	+1.66%	<b>+4.28%</b>

### Monthly Performance Attribution

Performance Breakdown**	
Credit (IG) - Indices	+0.50%
Green Bonds & Hedge	+0.29%
Expenses	-0.14%
New Trades <sup>b</sup>	+0.07%
<b>Total</b>	<b>+0.72%</b>

Index	Level	MTD
iBoxx € Corp 1-3	210.56	+0.32%
iTraxx Main <sup>a</sup>	54 bp	-0.8 bp
iTraxx ESG <sup>a</sup>	51 bp	-9.7 bp

### The Manager



<b>Name</b>	Selwood Asset Management (France) SAS
<b>CIO</b>	Mathieu Labelle (CIO – Selwood AM France)
<b>About us</b>	<p>Selwood is an asset manager specialized in trading credit derivatives with a focus on European Investment Grade. Selwood is independent and regulated by AMF (GP-21000006).</p> <p>Selwood is a sister company of Selwood Asset Management LLP (founded in 2015), an alternative asset management company based in London.</p>

### Fund Facts

<b>Structure</b>	UCITS Fund
<b>Domicile</b>	Ireland
<b>Valuation</b>	Daily
<b>SFDR</b>	Article 8
<b>Sustainable Investments</b>	Minimum 80% in Green Bonds
<b>Liquidity</b>	Daily Dealing – Redemption (T-2)
<b>Admin. / Depositary</b>	Northern Trust International Fund Administration Services (Ireland) Limited / Northern Trust Fiduciary Services (Ireland) Limited
<b>Fund AUM</b>	€22.6m
<b>Strategy AUM</b>	€22.6m
<b>Inception</b>	04 <sup>th</sup> August 2023
<b>Passporting</b>	France, Germany, Italy, Ireland, UK, Switzerland

### Capital Deployment (% NAV)

Green Bonds	85%
Cash	14%
Credit Derivatives	4%
IR Hedging	-3%

\*The performance figures quoted above represent the (net of fees) performance of the Selwood ESG Transition Credit UCITS Fund, EUR Founder Share Class, since launch in August 2023. These performance figures refer to the past and past performance is not a reliable guide to future performance.

\*\*Estimates made by Selwood Asset Management (France) SAS. Reasonably made but not verified by a third party. No representations on a forward-looking basis as to the composition of future portfolio of the Fund.

Credit Derivatives : Refers to Initial Margin (IM) and Variation Margin (VM) to trade derivatives
































<sup>a</sup> 5yr On The Run, source: Selwood | <sup>b</sup> New Trades refers to Day 1 PnL (Traded price versus Close)

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### Fund Largest Holdings

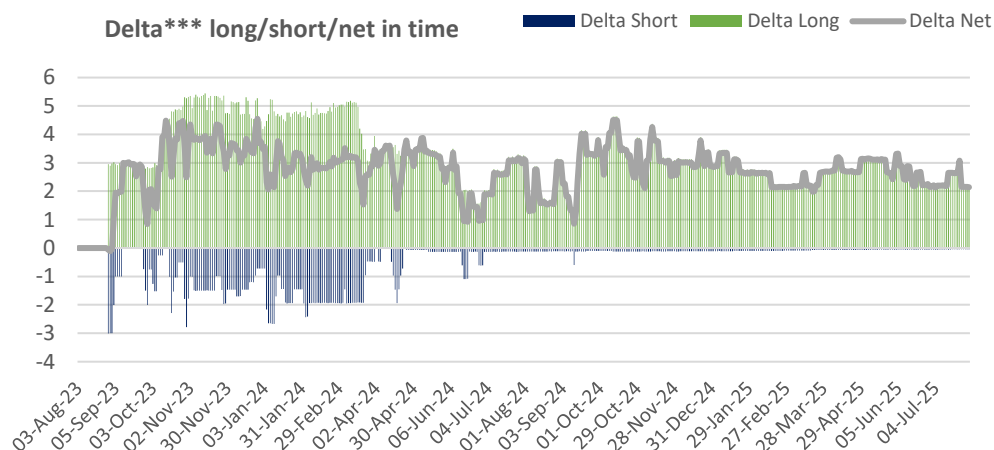
Main holdings					
Type (and SSA's)	Issuer	Exposure (in % NAV)	Country	Avoided Emissions* (tCO2 / million \$ invested)	Sustainable Development Goals <sup>1</sup>
Green Bonds	European Union	22.4%	Belgium	-6.05	       
Green Bonds	KFW	22.5%	Germany	-51.1	  
Green Bonds	EIB	20.0%	Luxembourg	-8.7	         
Green Bonds	Republic of Germany	19.9%	Germany	N/A	         
Derivatives	iTraxx ESG <sup>7</sup>	+182.97%	Europe	-	-
Derivatives	index and Single CDS <sup>8</sup>	- 47.36%	Europe	-	-

\*Note that **Avoided Annual Emissions** indicators are available circa one year post issuance of the Green Bond via the Impact report provided by the auditor or a third-party validation agent. **SP Global Trucost** will collect the data, and this information will be available as soon as reported. Please contact Selwood AM France for more details.

### Main Risk Metrics

Main Metrics (estimates month end)	
Carry & Theta (12M) <sup>2</sup>	+4.8%
Absolute VaR <sup>3</sup>	1.5%
Duration (rates)	1.40
Delta Long	2.19X
Delta Short	0.05X
Delta Net <sup>4</sup>	2.14X
Credit Spread Sensitivity (CS01) <sup>5</sup>	-0.15%

<sup>\*\*\*</sup> Delta: equivalent position projected on the iTraxx Main (On the Run) IG Indices expressed as a multiple of the AUM.



### Long Credit Exposure<sup>6</sup> Split - iTraxx MSCI ESG Screened Europe Index<sup>8</sup>

Split by Sector		Split by Country		Split by Rating		Split by Spread	
Communications	8%	Germany / Austria / Denmark	16%	AAA	0%	[0;25] bps	4%
Utilities	5%	United Kingdom	27%	AA	10%	[25;50] bps	40%
Financials	34%	France	22%	A	35%	[50;75] bps	38%
Consumer Staples	10%	Benelux	9%	BBB	55%	[75;100] bps	11%
Health Care	3%	Switzerland	7%	BB	0%	[100;150] bps	4%
Materials	7%	Scandinavian	9%			[150;500] bps	2%
Technology	1%	Italy	5%			[500;1000] bps	0%
Consumer Discretionary	13%	Spain / Portugal	5%			[1000;1500] bps	0%
Energy	7%						
Industrials	13%						

Estimates – Selwood AM France

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### Share Class

Share Class	Founder Class	Institutional Class	Retail Class Pooled
Currency	EUR, CHF, GBP	EUR, CHF, GBP	EUR, CHF, GBP
Management Fee	0.5%	1.0%	1.50%
Performance Fee	0%	10% (Hurdle Rate: 2%)	10% (Hurdle Rate: 2%)
Min Initial Sub.	€1,000,000	€1,000,000	€50,000
ISIN Codes	EUR: IE000NWF15E1 GBP: IE000DYCV915 CHF: IE000X2V1HH2	EUR: IE000QX0ECU7 GBP: IE0008LYM4F5 CHF: IE000PHCJZ18	EUR: IE000QBMT10 GBP: IE000M9MDPY1 CHF: IE0001B8S6N7

### Risk Glossary

**Credit and Counterparty Risk:** The Sub-Fund will be exposed to a credit risk in relation to the counterparties with whom it transacts or places margin or collateral in respect of transactions in derivatives. To the extent that a counterparty defaults on its obligations and the Sub-Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights. Regardless of the measures the Sub-Fund may implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that the Sub-Fund will not sustain losses on the transactions as a result.

**Derivatives and Leverage Risk:** Leverage arises from entering into derivatives, the terms of which can have the effect of magnifying an outcome, meaning the profits and losses from an investment can be greater than if the investment is made directly into the underlying securities.

**ESG driven investments** : Environmental, social and governance criteria are part of the investment policy. Sustainable ESG criteria aim to better manage the risk and generate sustainable, long terms returns. Applying Sustainable ESG criteria to the investment process may lead the Delegated Investment Manager to invest in or exclude securities for non-financial reason, irrespective of market opportunities available if assessed while disregarding Sustainable ESG criteria.

For a more detailed explanation of risks, please refer to the “**Special Considerations and Risk Factors**” section of the prospectus and supplement.

### Notes

<sup>1</sup>**SDG's Goals:** The United Nations adopted 17 Sustainable Goals (SDGs) in 2015, with an ambition to achieve them by 2030. Please refer to the UN's Website for details. This chart displays to what extent an asset contributes to the UN Sustainable Development Goals.

<sup>2</sup>**Carry & Theta** : To compute the Carry & Theta, we consider the change in NAV of the fund between today and in 1 year's time. Any references to “carry” are intended to refer to a specific performance computation. Carry and theta would correspond to expected performance in a 12 months' period. Certain assumptions are used to calculate “carry”, such as no trading and all market parameters staying intact, which may have inherent limitations. Accordingly, the estimated carry and performance is not exhaustive and represents subjective views of Selwood. Note also that any estimates are gross and do not include the deduction of fees and trading costs.

<sup>3</sup>**Absolute VaR (99%/20d)** : VaR is calculated by Selwood AM France and also by Waystone independently

<sup>4</sup>**Delta Net** : Equivalent position projected on the On the Run IG Indices (iTraxx Main), expressed in multiple of the AUM

<sup>5</sup>**CS01** : impact on NAV for +/-1 basis point move on iTraxx Main (expressed in % of NAV) [including bonds sensitivity]

<sup>6</sup>**Exposures** are calculated on a delta adjusted basis. **Exposure by country** of risk is calculated on a delta adjusted basis and is determined by the country where the issuer of the security generates a majority of its revenue, where this information is available

<sup>7</sup>**iTraxx MSCI ESG Screened Index (on the run) or replication portfolio**

<sup>8</sup>**Short Single Name CDS** : Selwood buy protection on the name which are excluded from the iTraxx ESG index (replication portfolio).

**ESG** : the ESG opinion is designed to assess whether the investment is compatible with the UN SDGs and is based upon the analysis of Selwood AM France and Trucost (SP Global), a third-party data provider. The opinion does not guarantee a profit or protect against a loss and does not ensure the stability or safety of the overall portfolio. The opinion are going to evolve in the future months in accordance with enhancements in our ESG methodology. Please contact Selwood AM France for more details.

### Contact Details

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