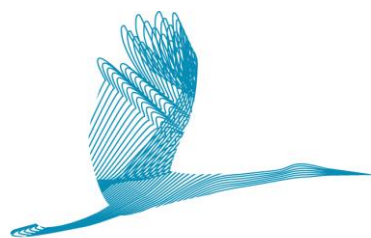


**Annual report including audited financial statements  
as at 31st December 2022**

# **CIGOGNE CLO ARBITRAGE**

An investment company with variable share capital (SICAV) subject to the Luxembourg Law of 13th February 2007, as amended, relating to specialised investment funds

R.C.S. Luxembourg B156998



**CIGOGNE**  
MANAGEMENT

Alternative Investment Fund Manager: CIGOGNE MANAGEMENT S.A.  
R.C.S. Luxembourg B 101 547



**CIGOGNE CLO ARBITRAGE**

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# CIGOGNE CLO ARBITRAGE

## Organisation

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### Registered Office

18, Boulevard Royal  
L-2449 LUXEMBOURG

### Board of Directors of the SICAV

#### Chairman

Georges VANDERMARLIERE  
CREDIT INDUSTRIEL ET COMMERCIAL (CIC)  
6, Avenue de Provence  
F-75009 PARIS

#### Directors

Guillaume BINNENDIJK  
Member of the Executive Committee  
CIGOGNE MANAGEMENT S.A.  
18, Boulevard Royal  
L-2449 LUXEMBOURG

Joffrey CZURDA  
Member of the Executive Committee  
CIGOGNE MANAGEMENT S.A.  
18, Boulevard Royal  
L-2449 LUXEMBOURG

### Alternative Investment Fund Manager ("AIFM")

CIGOGNE MANAGEMENT S.A.  
18, Boulevard Royal  
L-2449 LUXEMBOURG

### Board of Directors of the AIFM

#### Chairman

Pascal LE COZ  
Chairman  
CREDIT MUTUEL INVESTMENT MANAGERS  
4, Rue Gaillon  
F-75002 PARIS  
(since 14th January 2022)

Guillaume ANGUE  
Director  
CREDIT INDUSTRIEL ET COMMERCIAL  
6, Avenue de Provence  
F-75009 PARIS  
(until 31st December 2021)

#### Directors

Clélia Marie CHASTAN  
BANQUE TRANSATLANTIQUE  
17, Côte d'Eich  
L-1450 LUXEMBOURG  
(since 16th September 2022)

Hugues DUBLY  
DUBLY TRANSATLANTIQUE GESTION  
50, Boulevard de la Liberté  
F-59800 LILLE

Georges ENGEL  
BLI - BANQUE DE LUXEMBOURG INVESTMENTS  
Société Anonyme  
16, Boulevard Royal  
L-2449 LUXEMBOURG  
(until 15th July 2022)

Jean-Louis LAURENS  
FINANCIÈRE DE MONTMÉJEAN S.à r.l.  
7, Rue Pierre d'Aspelt  
L-1142 LUXEMBOURG

# CIGOGNE CLO ARBITRAGE

## Organisation (continued)

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### **Executive Committee of the AIFM**

Guillaume BINNENDIJK  
CIGOGNE MANAGEMENT S.A.  
18, Boulevard Royal  
L-2449 LUXEMBOURG

Joffrey CZURDA  
CIGOGNE MANAGEMENT S.A.  
18, Boulevard Royal  
L-2449 LUXEMBOURG

Sylviane KERZERHO  
CIGOGNE MANAGEMENT S.A.  
18, Boulevard Royal  
L-2449 LUXEMBOURG

### **Depositary and Central Administration**

BANQUE DE LUXEMBOURG  
Société Anonyme  
14, Boulevard Royal  
L-2449 LUXEMBOURG

### **Central Administration's Subcontractor**

EUROPEAN FUND ADMINISTRATION S.A.  
2, Rue d'Alsace  
L-1122 LUXEMBOURG

### **Cabinet de révision agréé**

KPMG Audit S.à r.l.  
39, Avenue John F. Kennedy  
L-1855 LUXEMBOURG

# CIGOGNE CLO ARBITRAGE

## Report on activities of the Board of Directors

The Board of Directors of CIGOGNE CLO ARBITRAGE (the "Company") examined the Company's financial statements for 2022. Assets under management as of 31st December 2022 stand at EUR 166 million.

2022 has been a very challenging year for financial markets and risky assets. The invasion of Ukraine by Russian armed forces shook the global economy, resulting in a new supply chain crisis as well as a surge in energy prices, while raising many concerns about growth. During the year, investors gradually adopted a bleak economic outlook, with the possibility of many countries heading back into recession. At the same time, central banks had to deal with historically very high inflation that was far more persistent than expected. Given this scenario, the institutions decided to make combating price increases their priority and proved to be very active. The ECB raised its key rate four times, from 0% to 2.5%, while the Fed applied seven consecutive increases from 0.25% to 4.50%. As a result, the German and North American 10-year rates increased by 275 bps and 236 bps respectively, to 2.57% and 3.87%. Resurgent risk aversion on the part of investors led to a sharp drop in equity indices, with annual decreases of almost 20% for the S&P 500 and close to 12% for the Euro Stoxx 50. Meanwhile, credit indices spread over the year: the European Investment Grade 5-year Index closed at 91 bps, compared with 48 bps in 2021, and the European Crossover 5-year Index, which includes the high yield sector, closed at 474 bps, compared with 242 bps in 2021.

In this complicated environment, the hedge fund industry experienced a difficult year in terms of assets under management with significant outflows in 2022. As of September 2022, assets under management stand at USD 4.1 trillion, which represents a 4.8% reduction since the end of 2021 (source: Preqin). The asset class posted a varied performance but managed to absorb some of the stress that affected the markets during the year. However, given the upcoming challenges for year 2023 (strong volatility, persistent inflation and restrictive monetary policies), investors may look for the added diversification and an improved alpha which can be provided by hedge funds in a well-balanced portfolio.

Throughout the year, we have sought to avoid major investment missteps while taking advantage of the opportunities offered in turbulent markets such as the decorrelation of asset prices and their fundamentals or the desynchronization amongst asset classes. In this context, our sub-fund managed to deliver the following performances:

- The CLO sub-fund closed 2022 with an annual performance of -2.02%. The European CLO market, like the ABS market, suffered from high volatility during the year and the resurgence of significant risk aversion. Rising inflation, a deteriorating economic outlook, increasingly restrictive monetary policies and the Russian-Ukrainian conflict are the main factors justifying this evolution. These factors weighed heavily on securitised assets throughout the year. Having withstood the outbreak of the war in Ukraine, the sub-fund was heavily impacted in the second quarter by the widening of spreads in the leveraged synthetic lending market. Given the rising interest rate environment, some wealth management funds, usually active in this segment, reoriented to sovereign debt. The massive sell-off of securitised assets by British pension funds in September and October also tested the liquidity of the market, but it was able to demonstrate resilience by absorbing these large flows. Spreads, like those of ABS, widened significantly during the year, without jeopardising the sound credit fundamentals of the underlying assets. However, the normalisation at the end of the year made it possible to support the overall performance of the portfolio. Given this context, issuers have been less inclined to propose new offers. The total amount of new CLO issues distributed in Europe in 2022 amounted to +26bn euro (compared with +38.6bn euro in 2021), i.e. a decrease of -33% compared with last year, but nevertheless remained within the average of the previous five years. However, the secondary market proved to be quite vigorous, particularly during the second half of the year. The sub-fund was thus able to take advantage of the successive widening of spreads to, on occasion, strengthen certain positions on opportunities presenting an advantageous return/risk pairing.

Additionally, the Board of Directors ensured that Cigogne Management S.A. has established and maintains adequate internal control and risk management systems in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of error or fraud in achieving the financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The AIFM has contracted with the Central Administration to put procedures in place to ensure all relevant accounting records are properly maintained and are readily available, including the production of annual reports. The Board of Directors, from time to time, also examines and evaluates the AIFM's/administrators' financial accounting and reporting routines. The Central Administration has implemented controls over the financial reporting process that are subject to annual review by an independent auditor as reported in their ISAE 3402 report.

The annual report including audited financial statements of the Company are required to be approved by the Board of Directors of the Company and filed with the Commission de Surveillance du Secteur Financier (CSSF) and the Registre de Commerce et des Sociétés (RCS). The annual statutory financial statements are required to be audited by independent auditors who report to the Board of Directors on their findings. The Board of Directors, from time to time, also monitors and evaluates the external auditors' performance, qualifications and independence.

## **CIGOGNE CLO ARBITRAGE**

### **Report on activities of the Board of Directors (continued)**

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The Board of Directors meets at least once a year and ensures that the Company maintains high standards of integrity and control in its operations and that it possesses adequate governance and means of control as law and regulation demand.

Regarding our outlook for 2023, the AIFM will continue to work on improving its internal control and risk management systems as well as implementing an extra-financial analysis taking into account ESG factors. In terms of financial markets, the upcoming year is expected to be equally challenging facing the consequences of the monetary and fiscal policy adjustments. Moreover, as the war in Ukraine doesn't seem to show signs of appeasement, it will remain a source of uncertainty and volatility in 2023. This could however represent a great opportunity for the hedge fund industry that can benefit from market's dislocations and increased volatility to implement alpha generating strategies and risk-adjusted performance.

More information is available on the website of the AIFM: [www.cigogne-management.com](http://www.cigogne-management.com)

Luxembourg, 15th February 2023

The Board of Directors

Note: The information in this report represents historical data and is not an indication of future results.



**KPMG Audit S.à r.l.**  
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E-mail: [info@kpmg.lu](mailto:info@kpmg.lu)  
Internet: [www.kpmg.lu](http://www.kpmg.lu)

To the Shareholders of  
CIGOGNE CLO ARBITRAGE  
18, Boulevard Royal  
L-2449 LUXEMBOURG

## **REPORT OF THE REVISEUR D'ENTREPRISES AGREE**

### ***Report on the audit of the financial statements***

#### ***Opinion***

We have audited the financial statements of CIGOGNE CLO ARBITRAGE (“the Fund”), which comprise the statement of net assets and the statement of investments and other net assets as at 31 December 2022 and the statement of operations and the statement of changes in net assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of CIGOGNE CLO ARBITRAGE as at 31 December 2022, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

#### ***Basis for opinion***

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (“Law of 23 July 2016”) and with International Standards on Auditing (“ISAs”) as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier (“CSSF”). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of “réviseur d’entreprises agréé” for the Audit of the Financial Statements » section of our report. We are also independent of the Fund in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (“IESBA Code”) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Other information***

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our report of the “réviseur d’entreprises agréé” thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.





In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

### ***Responsibilities of the Board of Directors of the Fund for the financial statements***

The Board of Directors of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the Fund is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Fund either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

### ***Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements***

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund.
- Conclude on the appropriateness of the Board of Directors of the Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Luxembourg, 8 May 2023

KPMG Audit S.à r.l.  
Cabinet de révision agréé

A handwritten signature in blue ink, appearing to read 'Pascale Leroy', written in a cursive style.

Pascale Leroy  
Partner

# CIGOGNE CLO ARBITRAGE - EUROPE

## Statement of net assets (in EUR)

as at 31st December 2022

### Assets

#### Investments

Securities portfolio at market value	530,545,739.24
	<u>530,545,739.24</u>

#### Cash and cash equivalents

Cash at banks	3,050,212.16
	<u>3,050,212.16</u>

#### Receivables

Income receivable on portfolio	2,339,182.83
Interest receivable on swap contracts	891,686.44
Interest receivable on bank accounts	156.32
Unrealised gain on swap contracts	125,697.83
	<u>3,356,723.42</u>

#### Total assets

536,952,674.82

### Liabilities

#### Payables

Interest payable on swap contracts	993,300.30
Interest payable on tripartite repurchase agreements	299,453.33
Unrealised loss on swap contracts	7,055.26
Expenses payable	59,446.68
	<u>1,359,255.57</u>

#### Borrowings

Tripartite repurchase agreements	370,000,000.00
	<u>370,000,000.00</u>

#### Total liabilities

371,359,255.57

#### Total net assets at the end of the year

165,593,419.25

### Breakdown of net assets per share class

Share class	Number of shares	Currency of share class	NAV per share in currency of share class	Net assets per share class (in EUR)
A	16,180.7311	EUR	10,233.99	165,593,419.25
				<u><u>165,593,419.25</u></u>

The accompanying notes are an integral part of these financial statements.

# CIGOGNE CLO ARBITRAGE - EUROPE

## Statement of operations (in EUR)

from 1st January 2022 to 31st December 2022

### Income

#### Investment income

Interest on bonds and other debt securities, net	4,451,046.35
Interest on bank accounts	1,658.91
Interest on bank deposits	28,623.82
Interest on tripartite repurchase agreements	153,020.34
Interest on swap contracts	1,047,359.47
Interest on repurchase agreements	148,007.79
	<hr/>
	5,829,716.68

#### Realised gain on investments

- on securities portfolio	30,288.45
	<hr/>
	30,288.45

#### Unrealised gains on investments

- on securities portfolio	1,065,101.56
- on repurchase agreements	195.30
- on swap contracts	125,697.83
	<hr/>
	1,190,994.69

#### Total income

7,050,999.82

### Expenses

#### Investment advisory or management fees

Management fees	84,714.05
	<hr/>
	84,714.05

#### Other expenses

Depository fees	80,437.07
Banking charges and other fees	6,050.30
Central administration costs	17,719.95
Professional fees	12,592.14
Other administration costs	14,050.87
Subscription duty ("taxe d'abonnement")	16,757.67
Bank interest paid	2,732.54
Interest paid on bank deposits	17,588.15
Interest paid on tripartite repurchase agreements	1,217,581.83
Interest paid on repurchase agreements	64,938.75
Interest paid on swap contracts	1,077,232.89
	<hr/>
	2,527,682.16

#### Realised loss on investments

- on securities portfolio	23,714.41
	<hr/>
	23,714.41

#### Unrealised loss on investments

- on securities portfolio	8,330,488.92
- on swap contracts	7,055.26
	<hr/>
	8,337,544.18

#### Total expenses

10,973,654.80

#### Net expenditure

-3,922,654.98

The accompanying notes are an integral part of these financial statements.

## CIGOGNE CLO ARBITRAGE - EUROPE

### Statement of changes in net assets (in EUR)

from 1st January 2022 to 31st December 2022

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Net expenditure	-3,922,654.98
Subscriptions	5,023,000.00
Redemptions	-27,352,004.12
Total changes in net assets	-26,251,659.10
Total net assets at the beginning of the year	191,845,078.35
<b>Total net assets at the end of the year</b>	<b>165,593,419.25</b>

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The accompanying notes are an integral part of these financial statements.

## CIGOGNE CLO ARBITRAGE - EUROPE

Statistical information (in EUR)  
as at 31st December 2022

<b>Total net assets</b>	<b>Currency</b>	<b>31.12.2020</b>	<b>31.12.2021</b>	<b>31.12.2022</b>
	EUR	194,599,725.68	191,845,078.35	165,593,419.25

<b>Net asset value per share class</b>	<b>Currency</b>	<b>31.12.2020</b>	<b>31.12.2021</b>	<b>31.12.2022</b>
A	EUR	10,301.58	10,445.46	10,233.99

<b>Number of shares</b>	<b>outstanding at the beginning of the year</b>	<b>issued</b>	<b>redeemed</b>	<b>outstanding at the end of the year</b>
A	18,366.3564	496.4167	-2,682.0420	16,180.7311

## CIGOGNE CLO ARBITRAGE - EUROPE

### Statement of investments and other net assets (in EUR) as at 31st December 2022

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets *
<b><u>Investments in securities</u></b>					
<b><u>Transferable securities admitted to an official stock exchange listing</u></b>					
<b>Asset backed securities</b>					
EUR	10,800,000	Avoca CLO XI DAC FRN Ser 11RR 15/15.07.30	9,134,402.42	9,201,316.93	5.56
EUR	16,000,000	Avoca CLO XV DAC FRN AR Ser 15X Reg S 18/15.04.31	16,000,000.00	15,685,350.42	9.47
EUR	12,498,000	Blackrock Eur CLO IV DAC FRN A Ser 4X Reg S 122A 17/15.07.30	12,226,441.46	12,273,820.68	7.41
EUR	3,900,000	BNPP IP Euro CLO FRN ARR Ser 15-1X Reg S18/15.10.30	3,900,000.00	3,821,353.82	2.31
EUR	24,200,000	Bosphorus Re Ltd FRN 17/17.10.34	24,200,000.00	24,144,267.60	14.58
EUR	14,800,000	Cairn CLO VI BV FRN ARE Ser16-6X CRR 405 Reg S 18/25.07.29	4,245,778.23	4,216,467.00	2.54
EUR	4,000,000	Carlyle Euro CLO 2017-2 DAC FRN Ser 172R 15/15.08.30	3,838,194.45	3,914,017.76	2.36
EUR	17,550,000	Contego CLO 10 DAC FRN Ser 15/15.11.36	17,550,000.00	17,466,008.91	10.55
EUR	12,200,000	Contego Clo IV DAC FRN Ser 4R 23/23.01.30	11,828,013.12	11,910,753.29	7.19
EUR	4,800,000	CVC Cordatus Loan Fd XXVI DAC FRN Ser 26 15/15.01.37	4,800,000.00	4,825,652.94	2.91
EUR	22,850,000	Euro Galaxy CLO BV FRN 24/24.04.34	22,850,000.00	22,257,855.93	13.44
EUR	24,600,000	Euro Galaxy VI CLO DAC FRN ANE Ser 18-6X CRR 405 18/11.04.31	24,158,000.00	24,077,847.47	14.54
EUR	10,500,000	GoldenTree Loan Mgt EURCLO1DAC FRN A1AE Ser 1X 18/20.10.30	10,500,000.00	10,297,358.11	6.22
EUR	10,000,000	Harvest CLO XX DAC FRN Ser 20R 20/20.10.31	9,688,000.00	9,750,677.61	5.89
EUR	7,800,000	Jubilee CLO 2015-XV BV FRN AR Ser15-15X Reg S 17/12.07.28	320,597.86	320,094.16	0.19
EUR	10,050,000	Madison Park Eu Fund XIII DAC FRN Ser 13R 15/15.01.32	9,630,375.00	9,771,621.08	5.90
EUR	5,450,000	Man GLG Eu GIO II DAC FRN A1RE Ser 2X Reg S 19/15.01.30	3,118,537.07	3,083,570.64	1.86
EUR	10,900,000	Marlay Park CLO DAC FRN A1AE Ser 1X Reg S 18/15.10.30	10,900,000.00	10,696,162.02	6.46
EUR	18,250,000	Providus CLO I DAC FRN ANE Ser 1X CRR 405 Reg S 18/14.05.31	18,142,893.62	17,836,819.24	10.77
EUR	10,000,000	Purple Finance CLO 1 DAC FRN ANE Ser1X 122A RegS 18/25.01.31	9,682,864.79	9,541,744.71	5.76
EUR	5,000,000	Tikehau CLO IV BV FRN Ser 4X Class A1NE Reg S 18/15.10.31	5,000,000.00	4,905,095.40	2.96
EUR	24,000,000	Tikehau CLO VIII DAC FRN 25/25.10.34	23,856,000.00	24,019,333.35	14.51
EUR	7,500,000	Willow Park CLO DAC FRN A1E Ser 1X Reg S 17/15.01.31	7,500,000.00	7,377,512.09	4.46
<b>Total asset backed securities</b>			<b>263,070,098.02</b>	<b>261,394,701.16</b>	<b>157.84</b>
<b><u>Transferable securities dealt in on another regulated market</u></b>					
<b>Asset backed securities</b>					
EUR	40,000,000	Palmer Sq Eu Loan Fd 2022 1 FRN 15/15.10.31	38,741,807.52	38,208,687.59	23.08
<b>Total asset backed securities</b>			<b>38,741,807.52</b>	<b>38,208,687.59</b>	<b>23.08</b>
<b><u>Other transferable securities</u></b>					
<b>Asset backed securities</b>					
EUR	25,600,000	Ares European CLO X BV FRN Ser 10R 15/15.10.31	24,709,620.00	25,013,993.86	15.11
EUR	30,000,000	Avoca XVII FRN Ser 17RR 15/15.10.32	30,000,000.00	29,056,126.44	17.55
EUR	4,000,000	BNP Paribas Amsterdam FRN 15/15.04.31	4,000,000.00	3,894,941.79	2.35
EUR	11,800,000	BNPP AM Euro Clo 2017 BV FRN AR Ser 17-1X Reg S 19/15.10.31	11,640,318.03	11,396,334.97	6.88
EUR	23,950,000	Carlyle Gl Mk Str CLO 16-2 DAC FRN Ser 152RR 10/10.11.35	23,833,550.00	22,706,974.27	13.71
EUR	23,600,000	Carlyle Global Market Str EUR FRN A1ER Ser 13-1X 19/15.04.30	23,453,441.99	23,078,987.51	13.94
EUR	6,800,000	CVC Cordatus Loan Fd X DAC FRN Ser 10 26/26.01.31	6,614,340.14	6,658,640.34	4.02
EUR	26,800,000	EUR-Galaxy IV CLO BV FRN Ser 4RR 30/30.07.34	26,800,000.00	25,536,336.15	15.42
EUR	16,050,000	GLG EUR CLO FRN Ser 6R 15/15.10.32	15,886,639.85	15,708,027.13	9.49
EUR	11,350,000	GLG Euro CLO III DAC FRN Ser 3R 15/15.10.30	10,576,155.92	10,482,888.47	6.33
EUR	6,550,000	Harvest CLO SA FRN 15/15.02.30	6,498,441.52	6,372,949.87	3.85
EUR	16,620,000	Harvest CLO XI FRN Ser 11R 26/26.06.30	15,692,993.57	15,701,510.98	9.48

\* Minor differences in the calculation of percentages of the total net assets may arise due to rounding.

The accompanying notes are an integral part of these financial statements.

## CIGOGNE CLO ARBITRAGE - EUROPE

### Statement of investments and other net assets (in EUR) (continued)

as at 31st December 2022

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets *
EUR	28,750,000	Madison Park Eu Fun VIII DAC FRN 15/15.04.32	28,750,000.00	27,852,652.15	16.82
EUR	7,500,000	Palm Sq Eur Lo Fd 2022-3 DA Co FRN Ser 223 12/12.04.32	7,485,000.00	7,481,986.56	4.52
<b>Total asset backed securities</b>			<b>235,940,501.02</b>	<b>230,942,350.49</b>	<b>139.47</b>
Total investments in securities			537,752,406.56	530,545,739.24	320.39
Repurchase agreements				-370,000,000.00	-223.44
<b>Cash at banks</b>					
<b>Term deposits</b>					
EUR	2,500,000.00	Credit Ind & Commercial SA 0.0000% 02.01.2023	2,500,000.00	2,500,000.00	1.51
<b>Total term deposits</b>			<b>2,500,000.00</b>	<b>2,500,000.00</b>	<b>1.51</b>
<b>Current accounts at bank</b>					
			550,212.16	550,212.16	0.33
Total cash at banks			3,050,212.16	3,050,212.16	1.84
Other net assets/(liabilities)				1,997,467.85	1.21
Total				<b>165,593,419.25</b>	<b>100.00</b>

\* Minor differences in the calculation of percentages of the total net assets may arise due to rounding.

The accompanying notes are an integral part of these financial statements.



# CIGOGNE CLO ARBITRAGE

## Notes to the financial statements

as at 31st December 2022

### Note 1 - General information

CIGOGNE CLO ARBITRAGE (the "SICAV") is an investment company with variable share capital in the form of a "Société d'Investissement à Capital Variable" with multiple sub-funds and subject to the Luxembourg Law of 13th February 2007 as amended on Specialised Investment Funds and qualifies as an Alternative Investment Fund ("AIF") in accordance with the amended Law of 12th July 2013. The SICAV was incorporated on 22nd November 2010 for an unlimited period.

The financial statements of the sole Sub-Fund correspond to the combined statements of the SICAV.

The following documents are available to the shareholders:

- the offering document and the Articles of Association of the SICAV,
- the subscription form for the SICAV,
- the annual reports including audited financial statements of the SICAV.

The complaint settlement procedure foreseen by the CSSF Regulation N° 16-07 relating to the out-of-court resolution of complaints is available at the registered office of the SICAV.

### Note 2 - Significant accounting policies

#### a) Presentation of the financial statements

The financial statements of the SICAV are established in accordance with the Luxembourg legal and regulatory requirements concerning specialised investment funds and with generally accepted accounting principles in Luxembourg.

The financial statements of the SICAV have been prepared on a going concern basis.

#### b) Valuation of assets

The value of cash in hand or on deposit, of bills and notes payable on demand and accounts receivable, prepaid expenses, dividends and interest announced or due for payment and not yet collected is formed by the nominal value of such assets, unless however it appears unlikely that this value can be collected; in the latter instance, the value will be determined by deducting an amount that the SICAV deems appropriate to reflect the fair value of these assets.

The value of securities and instruments which are quoted or traded on a stock exchange is determined according to the last quoted or traded price known on the principal market for each security or instrument at the relevant Valuation Day.

The value of securities and instruments which are traded on another regulated market, functioning regularly, recognised and open to the public, is determined according to the last traded price known at the relevant Valuation Day.

The value of the securities representing units or shares of an undertaking for collective investment is determined in accordance with their last official net asset value per unit or share or according to their last estimated net asset value if this is more recent than the official net asset value, provided that the SICAV is assured that the valuation method used for this estimate is consistent with that utilised for the calculation of the official net asset value.

The valuation of derivatives traded over-the-counter (OTC), such as swaps, futures, forward or option contracts not traded on exchanges or on other recognised markets, is based on their net liquidating value determined, pursuant to the policies established by the Board of Directors of the SICAV on the basis of recognised financial models in the market and in a consistent manner for each category of contracts. The net liquidating value of a derivative position is to be understood as being equal to the net unrealized profit/loss with respect to the relevant position.

Insofar as the securities or instruments in the portfolio on the Valuation Day are not listed or traded on a stock exchange or on another regulated market, functioning regularly, recognised and open to the public, or in the event that, for securities, instruments listed and traded on a stock exchange or on another market or securities representing units or shares of an undertaking for collective investment, the price determined pursuant to paragraphs above is not representative of the fair value of the securities, instruments or securities representing units or shares of an undertaking for collective investment, the valuation is estimated prudently and in good faith.

#### c) Acquisition cost of securities in the portfolio

The acquisition cost of the securities held by the Sub-Fund that are denominated in currencies other than the reference currency of the Sub-Fund is converted into this currency at the exchange rate prevailing on the date of purchase.

## CIGOGNE CLO ARBITRAGE

### Notes to the financial statements (continued)

as at 31st December 2022

d) Realised gain/(loss) on securities portfolio

The realised gains and losses on securities portfolio are calculated on the basis of the average acquisition cost and are disclosed in the statement of operations.

e) Investment portfolio income

Interest income accrued and payable is recorded, net of any withholding tax.

f) Conversion of foreign currencies

Cash at banks, other net assets and liabilities and the market value of the securities in portfolio expressed in currencies other than the reference currency of the Sub-Fund are converted into this currency at the exchange rate prevailing on the date of the financial statements. Income and expenses expressed in currencies other than the reference currency of the Sub-Fund are converted into this currency at the exchange rate prevailing on the date of the transaction. Realised gains or losses on foreign exchange are disclosed in the statement of operations.

g) Swap contracts

In an interest rate swap, the SICAV exchanges with another party their respective commitments to pay or receive interest on a specified notional principal amount. Unrealised gains and losses are recorded in the statement of net assets. Realised gains and losses and unrealised gains and losses are recorded in the statement of operations.

h) Repurchase agreements (repos) and reverse-repurchase agreements (reverse-repos)

Repos are similar to secured borrowings of funds equal to the sale prices of the related collateral.

Reverse-repos are similar to secured lending of funds.

Repos and reverse-repos transactions are accounted for as borrowings and loans, respectively, for the amount of cash received and/or paid. Interest is accrued separately and is included in the appropriate asset and liability heading.

#### Note 3 - Subscription duty ("*taxe d'abonnement*")

The SICAV is governed by Luxembourg law.

Pursuant to the legislation and regulations in force, the SICAV is subject to an annual subscription duty ("*taxe d'abonnement*") of 0.01% which is payable quarterly and calculated on the basis of the net assets of the Sub-Fund on the last day of each quarter.

Pursuant to Article 68 (2a) of the amended Law of 13th February 2007 the net assets invested in Undertakings for Collective Investment already subject to the "*taxe d'abonnement*" are exempt from this tax.

#### Note 4 - Management fees

The AIFM receives a management fee of 0.05% p.a., payable quarterly and based on the average net assets of the respective share class of the SICAV.

#### Note 5 - Performance fees

The AIFM is entitled to a performance fee equal to maximum 20% of the increase in the Net Asset Value of the relevant Class in issue in respect of each Calculation Period against the High Water Mark as adjusted by the Performance Index return.

The AIFM decided to fix the performance fees at 0.00% since 1st August 2017.

At the date of the financial statements, no performance fee was due.

#### Note 6 - Central administration costs

The item "Central administration costs" disclosed in the statement of operations is composed of domiciliary fees and administrative fees.

## CIGOGNE CLO ARBITRAGE

### Notes to the financial statements (continued)

as at 31st December 2022

#### Note 7 - Swap contracts

As at 31st December 2022, the following interest rate swap contracts are open:

CIGOGNE CLO ARBITRAGE - EUROPE				
Nominal	Currency	Maturity	Unrealised result (in EUR)	
<b>Counterparty : CIC, Paris</b>				
280,000,000	EUR	12.01.2023	49,831.20	
17,500,000	EUR	15.08.2023	52,215.38	
24,200,000	EUR	17.04.2023	23,651.25	
7,500,000	EUR	12.04.2023	-7,055.26	
			<u>118,642.57</u>	

#### Note 8 - Repurchase agreements

As at 31st December 2022, the Sub-Fund is committed in repurchase agreements with CIC, Paris for the following amount:

	Currency	Global exposure (amount tripartite repurchase agreements including interests)
CIGOGNE CLO ARBITRAGE - EUROPE	EUR	370,299,453.33

#### Note 9 - Pledged assets

As at 31st December 2022, the following securities serve as pledged assets for tripartite repurchase agreements with CIC, Paris:

Description	Currency	Quantity	Market value including interests (in EUR)
Ares European CLO X BV FRN Ser 10R 15/15.10.31	EUR	25,600,000	25,129,087.19
Avoca CLO XI DAC FRN Ser 11RR 15/15.07.30	EUR	10,800,000	9,241,621.27
Avoca XVII FRN Ser 17RR 15/15.10.32	EUR	30,000,000	29,193,501.44
Blackrock Eur CLO IV DAC FRN A Ser 4X Reg S 122A 17/15.07.30	EUR	12,498,000	12,331,738.99
BNP Paribas Amsterdam FRN 15/15.04.31	EUR	4,000,000	3,911,425.12
BNPP AM Euro Clo 2017 BV FRN AR Ser 17-1X Reg S 19/15.10.31	EUR	11,800,000	11,445,515.31
BNPP IP Euro CLO FRN ARR Ser 15-1X Reg S18/15.10.30	EUR	3,900,000	3,838,727.52
Cairn CLO VI BV FRN ARE Ser16-6X CRR 405 Reg S 18/25.07.29	EUR	14,726,000	4,213,727.55
Carlyle Euro CLO 2017-2 DAC FRN Ser 172R 15/15.08.30	EUR	4,000,000	3,926,383.06
Carlyle GI Mk Str CLO 16-2 DAC FRN Ser 152RR 10/10.11.35	EUR	23,950,000	22,797,817.95
Carlyle Global Market Str EUR FRN A1ER Ser 13-1X 19/15.04.30	EUR	23,600,000	23,178,603.69
Contego Clo IV DAC FRN Ser 4R 23/23.01.30	EUR	12,200,000	11,960,024.90
CVC Cordatus Loan Fd X DAC FRN Ser 10 26/26.01.31	EUR	6,800,000	6,686,986.87
EUR-Galaxy IV CLO BV FRN Ser 4RR 30/30.07.34	EUR	26,800,000	25,654,399.08
Euro Galaxy CLO BV FRN 24/24.04.34	EUR	22,850,000	22,349,443.81
Euro Galaxy VI CLO DAC FRN ANE Ser 18-6X CRR 405 18/11.04.31	EUR	24,600,000	24,186,222.77
GLG EUR CLO FRN Ser 6R 15/15.10.32	EUR	16,050,000	15,781,147.32
GLG Euro CLO III DAC FRN Ser 3R 15/15.10.30	EUR	11,350,000	10,528,569.48
GoldenTree Loan Mgt EURCLO1DAC FRN A1AE Ser 1X 18/20.10.30	EUR	10,500,000	10,343,264.11
Harvest CLO SA FRN 15/15.02.30	EUR	6,550,000	6,393,526.10

## CIGOGNE CLO ARBITRAGE

### Notes to the financial statements (continued) as at 31st December 2022

Description	Currency	Quantity	Market value including interests (in EUR)
Harvest CLO XI FRN Ser 11R 26/26.06.30	EUR	16,548,000	15,637,182.93
Harvest CLO XX DAC FRN Ser 20R 20/20.10.31	EUR	10,000,000	9,793,397.61
Jubilee CLO 2015-XV BV FRN AR Ser15-15X Reg S 17/12.07.28	EUR	7,800,000	321,610.23
Madison Park Eu Fun VIII DAC FRN 15/15.04.32	EUR	28,750,000	27,984,303.19
Madison Park Eu Fund XIII DAC FRN Ser 13R 15/15.01.32	EUR	10,050,000	9,816,176.08
Man GLG Eu GIO II DAC FRN A1RE Ser 2X Reg S 19/15.01.30	EUR	5,298,000	3,011,753.77
Marlay Park CLO DAC FRN A1AE Ser 1X Reg S 18/15.10.30	EUR	10,900,000	10,744,258.27
Palmer Sq Eu Loan Fd 2022 1 FRN 15/15.10.31	EUR	28,113,000	26,974,183.58
Providus CLO I DAC FRN ANE Ser 1X CRR 405 Reg S 18/14.05.31	EUR	18,250,000	17,897,307.30
Purple Finance CLO 1 DAC FRN ANE Ser1X 122A RegS 18/25.01.31	EUR	10,000,000	9,583,969.47
Tikehau CLO IV BV FRN Ser 4X Class A1NE Reg S 18/15.10.31	EUR	5,000,000	4,928,824.57
Willow Park CLO DAC FRN A1E Ser 1X Reg S 17/15.01.31	EUR	7,500,000	7,412,168.34
			<u>427,196,868.87</u>

#### Note 10 - Events

The AIFM decided with effect on 1st January 2022 to decrease the management fees from 0.10% to 0.05%.

During late February 2022, the eastern part of Europe has entered into a phase of instability following the military action taken by Russia against Ukraine (the "Situation"). As a result, a list of global leading countries, not limited to Canada, the European Union, Japan, New Zealand, Taiwan, the United Kingdom, and the United States unveiled a series of sanctions against Russia to cripple the economy targeting banks, oil refineries, and military exports etc. On the other aspect and amid the worsening situations in Ukraine due to the prevalent military situation, the economy deterioration and volatility in Ukraine seems imperative. In addition to the direct impact on the concerned economies and parties, Ukraine and Russia, the impact on other economies is inevitable. More specifically, the link between the economies of Europe and Russia is considerable enough for its effects to end hitting the western economy even harder, also with effects on the US economy.

The Board of Directors of the AIFM has analysed the effects of the situation on the SICAV and has concluded that the situation does not have an impact on the financial statements as at 31st December 2022 and on the SICAV's ability to continue its activities.

#### Note 11 - Subsequent events

There are no significant subsequent events.

# CIGOGNE CLO ARBITRAGE

## Additional information (unaudited)

as at 31st December 2022

### 1 - Risk management

CIGOGNE CLO ARBITRAGE primarily uses all types of debt securities and debt instruments issued by public and/or private issuers worldwide, including, without limitation, fixed rate bonds, variable rate bonds, inflation linked bonds, collateralised debt obligations, collateralised loan obligations, mortgage backed securities, asset backed securities.

- The aim of the CIGOGNE CLO ARBITRAGE - EUROPE sub-fund is to invest in European Collateralized Loan Obligations (CLO).

Arbitrage strategies set forth in the CIGOGNE CLO ARBITRAGE - EUROPE sub-fund consist in taking advantage of the credit component and the interest rate risk is usually hedged. The portfolio is composed of prime CLO tranches with an average duration of less than 3-4 years.

As opposed to an ABS' collateral, the loan portfolio of a CLO is actively managed in order to achieve its performance objectives. The collateral manager picks the underlying loans based on his credit analysis, withing the scope of the portfolio's eligibility requirements.

The portfolio is well diversified with around 40 strategies on 31st December 2022. The leverage of sub-fund is 5.0 times of its Net Assets in accordance with the commitment method and 5.2 times in accordance with the gross method. The Value-at-Risk (20 days, 99%) is 2.83% of its Net Assets.

### 2 - Remuneration

Regarding the remuneration, Cigogne Management S.A. uses the Crédit Mutuel Alliance Fédérale's policy. Its rules include both fixed and variable remunerations paid by the AIFM to either its staff or its senior management. The remuneration is independent from the evolution or the performances. For 2022, figures were:

- Fixed EUR 1,696,626
- Variable EUR 511,167

Number of employees: 20 headcounts

More information related to the remuneration is available on the website of the AIFM: [www.cigogne-management.com](http://www.cigogne-management.com).

### 3 - Sustainability-related disclosures

In accordance with the requirements of the EU Regulations 2019/1288 and of the Council of 27th November 2019 on sustainability-related disclosures in the financial services sector (the "SFDR") as amended, the SICAV is categorised under SFDR Article 6.

The investments underlying the SICAV do not take into account the EU criteria for environmentally sustainable economic activities.

However, the AIFM has implemented sectoral exclusion criteria which aim to define a field of intervention in areas where the social and environmental impacts are the highest.

### 4 - Information concerning the transparency of securities financing transactions and of reuse of cash collateral (regulation EU 2015/2365, hereafter "SFTR")

During the reporting period, the SICAV was concerned by repurchase transactions in the context of the publication requirements of the SFTR.

# CIGOGNE CLO ARBITRAGE

## Additional information (unaudited) (continued)

as at 31st December 2022

	<b>CIGOGNE CLO ARBITRAGE - EUROPE</b> <b>(in EUR)</b>
<b>Global data: assets used for repurchase agreements</b>	
in absolute terms	370,299,453.33
as a percentage of lendable assets of the Sub-Fund	69.80%
<b>Concentration data</b>	
<b>10 largest collateral issuers</b>	
first	-
gross volumes for open trades	-
<b>Top 10 counterparties</b>	
name of counterparty	Credit Ind & Commercial SA
gross volume of outstanding transactions	-370,299,453.33
name of counterparty	-
gross volume of outstanding transactions	-
<b>Aggregate transaction data for securities borrowing</b>	
<b>Type and quality of the collaterals received</b>	
AAA bonds collateral	-
listed equities collateral	-
cash collateral	-
<b>Collaterals classified according to their residual maturities (absolute amounts)</b>	
less than 1 day	-
from 1 day to 1 week (= 7 days)	-
from 1 week to 1 month (= 30 days)	-
from 1 month to 3 months	-
from 3 months to 1 year (= 365 days)	-
above 1 year	-
open maturity	-
<b>Country (counties) in which the counterparties are established</b>	FR
<b>Type of settlement and clearing</b>	
tri-party	-370,299,453.33
Central Counterparty	-
bilateral	-
<b>Data on reuse of collateral received</b>	
% foreseen in prospectus	re-use of collateral granted under the leveraging arrangement
collateral received that is reused	-
cash collateral reinvestment returns to the Sub-Fund	-
<b>Safekeeping of collateral received</b>	
number of depositaries	-
name of depositaries	-
amounts of assets received as collateral	-
<b>Safekeeping of collateral granted</b>	
segregated accounts	427,196,868.87
pooled accounts	-
other accounts	-
<b>Return and cost components</b>	
<b>Return component of the Fund</b>	
In absolute terms	301,028.13
As a percentage of overall returns	100%
<b>Cost component of the Fund</b>	-1,282,520.58
<b>Return component of the capital management company</b>	
In absolute terms	-
As a percentage of overall returns	-
<b>Cost component of the capital management company</b>	-
<b>Return component of third parties</b>	
In absolute terms	-
As a percentage of overall returns	-
<b>Cost component of third parties</b>	-