

# Swan Long Short Credit Sicav–SIF

## February 2021

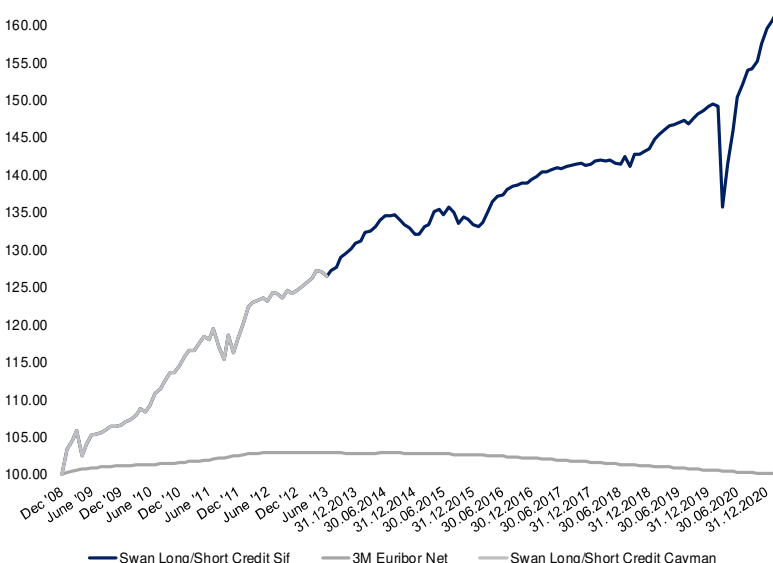


### Strategy

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

During January European credit markets experienced a positive performance (H9PC Index +0.48%), in contrast with the movement of the Eurostoxx 50 (-2.00%) and S&P 500 (-1.11%). Joe Biden took office as President of the United States of America and, after Democrats won also Georgia for the Senate, the focus shifted immediately on the size of potential additional stimulus, on top of the 900\$bn deal approved in December, giving the majority obtained. After tumultuous Capitol Hill assault, Trump left his office with one of the lowest approval ratings in last 50 years for a US president, while Biden started his mandate with an economy still heavily impacted by COVID. Second and third wave of the virus were spreading all around the world, and global growth is forecasted at just 1.3% in 1Q, firmly below potential. FED Chairman Jerome Powell affirmed that "is likely to take some time for substantial further progress" in the economy, confirming the central bank expansive policy and rejecting any possibility of tapering in the short term. ECB officials confirmed their commitment in supporting the economy, while in Italy a political crisis caused the resignation of PM Giuseppe Conte. In this context, the 10 years bund yield was higher at -0.52%, in tandem with the 10 years Treasury at 1.07% (+16bps in the month). Oil continued its rebound, with Brent @ 56 USD per barrel thanks to the 1mbd cut by Saudi in early January and lower inventories, while gold was a touch lower at 1848 \$ per ounce. We think that this is still an interesting entry point for our strategy: current YTM gives us confidence on the capability to generate positive performance in line with targets during 2021; average maturity of the bonds in our portfolios is still around 1 year and should help reduce volatility in case of new episodes of market stress.

### Active portfolio

Credit Allocation Scoring (CAS) indicates a medium-long-dated allocation of 1.45%, flat relatively to the end of December (1.45%). Fund's actual exposure (beta and duration adjusted) is 24.32%, lower relatively to last month (24.64%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated yield of 4.63% (net of funding cost in EUR), a low spread duration of 1.51 and a z spread of 567. The short position on 10 years Bund future (-4.63%) generated a slightly positive performance.

### Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 85% of the positions (90 out of 106) contributing positively. During the month we slightly decreased our

### Performance

MTD :	0.77%	Fund Assets (mln) :	55.4 €
Since inception	27.23%	1 Year Std Dev :	3.91%
Last 12 Months :	8.45%	1 Year Sharpe Ratio :	2.31
NAVps :	EUR 127.23	% of positive months :	76%

\* 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	145
YTD	1.44%	% Weight	174.20%
6 months	5.05%	Int Dur	0.70
1 year	8.45%	Yield (gross)	3.91%
2020	6.96%	Spread Duration	1.45
2019	3.97%	Z-spread	519
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	58.20%
EUR	17.58%
NOK	16.88%
SEK	4.25%
CHF	1.67%
GBP	1.42%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	11.48%
US	4.01%
Oth DEV	33.55%
LATAM	4.11%
EMEA	30.02%
ASIA	16.83%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	6.00%
<b>tot IG</b>	<b>6.00%</b>
BB	24.26%
B	23.61%
CCC	1.20%
<b>tot HY</b>	<b>49.06%</b>
NR	44.94%
<b>TOTAL</b>	<b>100.00%</b>

### Sector breakdown - Top 10

Services	27.04%
Real Estate	17.44%
Banking	15.20%
Basic Industry	9.13%
Leisure	5.09%
Energy	3.63%
Financial Services	3.56%
Capital Goods	2.75%
Telecommunications	2.41%
Consumer Goods	2.26%

invested capital even if conditions remain attractive in the short-term part of the credit curve. The average life of the yield-type portfolio is very short (8 months or average spread duration of 0.66), combined with a z-spread of 419 basis points and a yield of 3.55%. The fund is levered, being invested at about 173% currently.

### Strategical & Tactical buckets

Tactical bucket generated a positive performance during the month, with homogeneous contributions. Geographical allocation in EM was positive, while picking was positive both in EUR HY and EM.

### 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  
 Contacts at Swan Asset Management SA:  
 E-mail: info@swan-am.ch - Tel: +41 91 986 31 90

*This is an advertising document. The state of the origin of the fund is Luxembourg. In Switzerland, this document may only be provided to qualified investors within the meaning of art. 10 para. 3 and 3ter CISA. In Switzerland, the representative is ACOLIN Fund Services AG, Leutschenbachstrasse 50, CH-8050 Zurich, whilst the paying agent is Cornèr Banca SA, Via Canova 16, CH – 6900 Lugano. The basic documents of the fund as well as the annual and, if applicable, semi-annual report may be obtained free of charge from the representative. Past performance is no indication of current or future performance. The performance data do not take account of the commissions and costs incurred on the issue and redemption of units.*