

Swan Long Short Credit Sicav–SIF

June 2017



Strategy

The sub-fund aims to generate significant excess return vs 3m Euribor in combination with extremely low volatility. The strategy combines the "buy and hold" investment in a highly diversified and granular portfolio of liquid short-term fixed income securities with the "opportunistic" allocation to a number of credit active strategies. Leverage is normally included between 0% and 100% of the NAV with invested capital between 1x and 2x the NAV.

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Risk Profile

Conservative

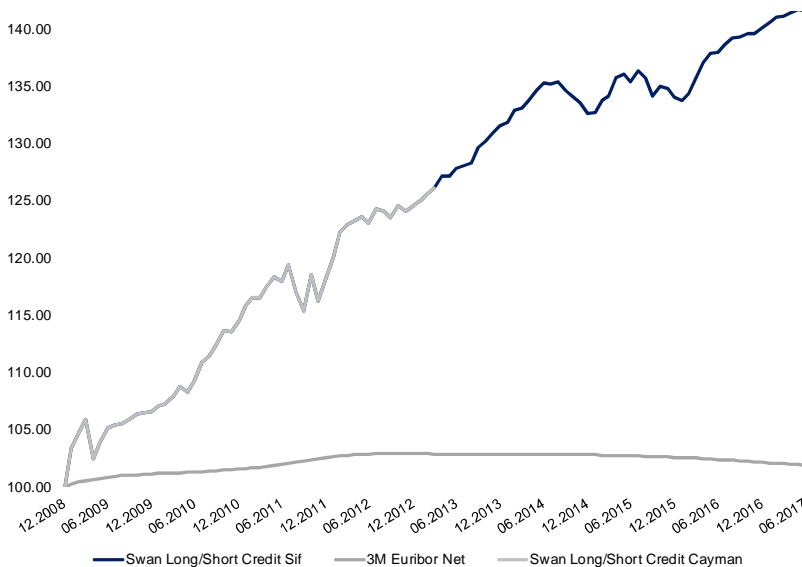
Intermediate

High Reward

Performance

MTD :	-0.06%	Fund Assets (mln) :	36.2 €
Since inception	10.80%	1 Year Std Dev :	0.54%
Last 12 Months :	2.58%	1 Year Sharpe Ratio :	5.42
NAVps :	EUR 110.80	% 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	-0.06%	# of Securities	132
YTD	1.05%	% Weight	150.28%
6 months	1.05%	Int Dur	1.00
1 year	2.58%	Yield (gross)	2.33%
2016	4.53%	Spread Duration	1.30
2015	1.03%	Z-spread	322
2014	0.84%		
2013	5.05%		
2012	5.44%		
2011	3.19%		
2010	7.47%		
2009	6.56%		

FX breakdown (fully hedged)

USD	54.13%
EUR	16.05%
NOK	17.12%
GBP	3.78%
SEK	5.83%
SGD	0.59%
CHF	2.50%
TOTAL	100.00%

Geographic breakdown

EU	7.72%
US	0.08%
Oth DEV	25.88%
LATAM	11.65%
EMEA	41.25%
ASIA	13.42%
TOTAL	100.00%

Global Market Picture

During June, European credit markets experienced a positive performance (Xover 6bps tighter at 247bps) notwithstanding a negative performance of Eurostoxx 50 (-3.17%), while S&P500 reached new historical highs around 2'420 (+0.48% during the month). Central banks played a central role during the month: official meetings delivered what market was expecting, with the ECB removing the downside and easing bias respectively on growth and rates, while the FED raised target funds rate to 1.25%; the second part of the month was characterized by the hawkish Draghi's speech that caused a correction in Bund yield from 0.22% to 0.47% and increasing concerns about the start of the normalization process by the FED. Next central banks' decisions will be dictated by economic data, that continue to be strong especially in Europe, even if inflation came in lower than expected both in Europe and US. EM credit market had a slightly negative return this month (after six consecutive positive months), influenced by pressure on oil price after disappointing US inventories numbers.

Active portfolio

Credit Allocation Scoring (CAS) indicates a medium-long-dated allocation of -3.15%, flat relatively to the end of May (-3.15%). Fund's actual exposure (beta and duration adjusted) is 12.68%, higher relatively to last month (6.98%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated yield of 2.33% (net of funding cost), a low spread duration of 1.30 and a breakeven spread of 247.

Yield-type bucket

The bucket generated a positive contribution to the monthly performance, thanks to 76% of the positions (74 out of 98) contributing positively. Positive contributions were homogeneously distributed, while there were not significant negative contributions. The average life of the yield-type portfolio is very short (9 months or 0.75 of spread duration), combined with a yield of 1.97% and z-spread of 260 basis points. The fund is levered being invested at about 150% currently.

Rating breakdown

AAA	0.00%
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A	0.00%
BBB	27.16%
tot IG	27.16%
BB	29.84%
B	17.89%
CCC	0.00%
tot HY	47.72%
NR	25.11%
TOTAL	100.00%

Strategical & Tactical buckets

Tactical bucket generated a positive performance with homogeneously distributed contribution and a slightly negative geographical allocation in EM much more than compensated by a significant picking both in EM and EUR HY space.

Sector breakdown - Top 10

Banking	32.12%
Services	19.55%
Real Estate	13.73%
Basic Industry	8.57%
Energy	8.06%
Financial Services	4.36%
Foreign Sovereign	3.36%
Supranational	2.47%
Transportation	2.07%
Utility	1.70%

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

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