

Swan Long Short Credit Sicav–SIF

April 2018



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

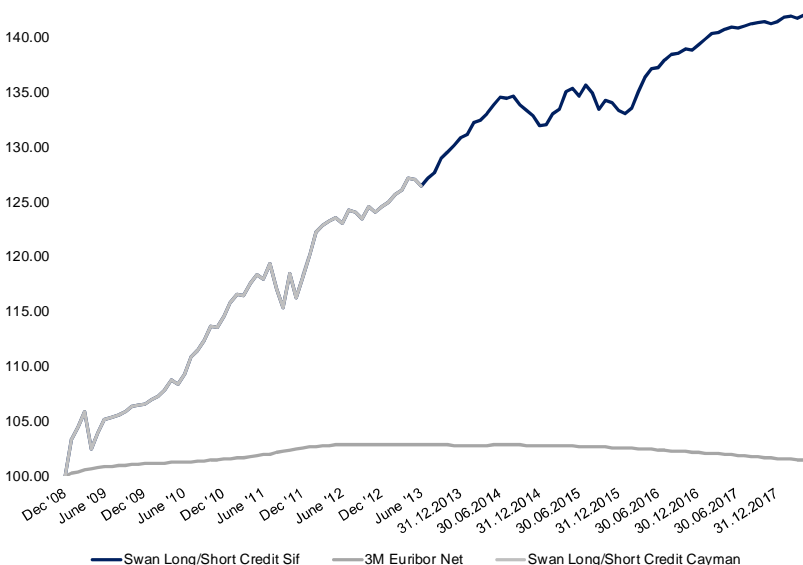
Intermediate

High Reward

Performance

MTD :	0.17%	Fund Assets (mln) :	34.2 €
Since inception	11.73%	1 Year Std Dev :	0.43%
Last 12 Months :	0.94%	1 Year Sharpe Ratio :	2.94
NAVps :	EUR 111.73	% 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.
MTD	0.17%
YTD	0.40%
6 months	0.39%
1 year	0.94%
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%

Portfolio info	
# of Securities	123
% Weight	193.20%
Int Dur	0.46
Yield (gross)	3.56%
Spread Duration	1.31
Z-spread	440

FX breakdown (fully hedged)

USD	48.62%
EUR	16.97%
NOK	18.13%
GBP	2.43%
SEK	9.20%
SGD	0.00%
CHF	4.66%
TOTAL	100.00%

Geographic breakdown

EU	4.96%
US	0.58%
Oth DEV	32.41%
LATAM	9.59%
EMEA	33.34%
ASIA	19.13%
TOTAL	100.00%

Global Market Picture

Main topic of the month was the possible softening in growth, with CESI of G10 economies dipping below zero after recent highs at the end of 2017: investors did not seem to be excessively worried about this, and during April, European credit markets experienced a positive performance (H9PC Index +0.65%), in tandem with a positive movement of the Eurostoxx 50 (+5.21%); S&P500 also realized positive performance (+0.27%), reversing the correction started in February. Yield on 10 years Bund, after an initial rebound to 0.65%, pulled back to 0.55%, while flattening movement on US curve continued, with the 2 years/10 years maturity steepness reaching a multi years low of 50bps. On central banks' side, the ECB meeting did not bring significant changes in monetary policy: Draghi confirmed his confidence on inflation outlook, postponing any decision on QE to July/September meeting and signaling how the ECB is still on a data-watching mode. Important changes in rhetoric had been made by BoE Governor Carney, that after disappointing 1Q18 GDP data, flagged uncertainty about a possible rate hike in May, with markets that had to reduce the probability of such an event from close to 100% to below 10%. Emerging markets credit performance was negative (EMHB index -0.58%), with spread to worst 13bps wider at 366bps, notwithstanding Brent reached new highs at 75USD per barrel. Finally, the meeting between Kim Jong-Un and South Korea President Moon Jae-in was an historical event (last meeting took place in 2007), and paved the way for a possible summit between US and North Korea in June.

Active portfolio

Credit Allocation Scoring (CAS) indicates a medium-long-dated allocation of -2.35%, flat relatively to the end of March (-2.35%). Fund's actual exposure (beta and duration adjusted) is 12.21%, lower relatively to last month (14.96%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated yield of 3.56% (net of funding cost), a low spread duration of 1.31 and a z spread of 440. A long position on XOVER S28 (short risk), is present in the portfolio with a weight of 4.53%, in addition to a short position on 10 years Bund future.

Rating breakdown

AAA	0.00%
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A	1.35%
BBB	17.85%
tot IG	19.21%
BB	27.15%
B	18.41%
CCC	0.74%
tot HY	46.30%
NR	34.49%
TOTAL	100.00%

Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, thanks to 92% of the positions (93 out of 101) contributing positively. The average life of the yield-type portfolio is very short (8 months or average spread duration of 0.65), combined with a z-spread of 320 basis points. The fund is levered being invested at about 193%.

Strategical & Tactical buckets

Tactical bucket generated a positive performance during the month, with no significant contributions. Geographical allocation in EM was slightly negative, while there was a positive picking in EUR HY.

Sector breakdown - Top 10

Services	25.75%
Banking	23.40%
Real Estate	22.78%
Basic Industry	6.63%
Energy	5.99%
Financial Services	4.53%
Foreign Sovereign	3.31%
Supranational	1.81%
Agency	1.23%
Transportation	1.19%

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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