

# Swan Long Short Credit Sicav–SIF

## August 2020



### 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.

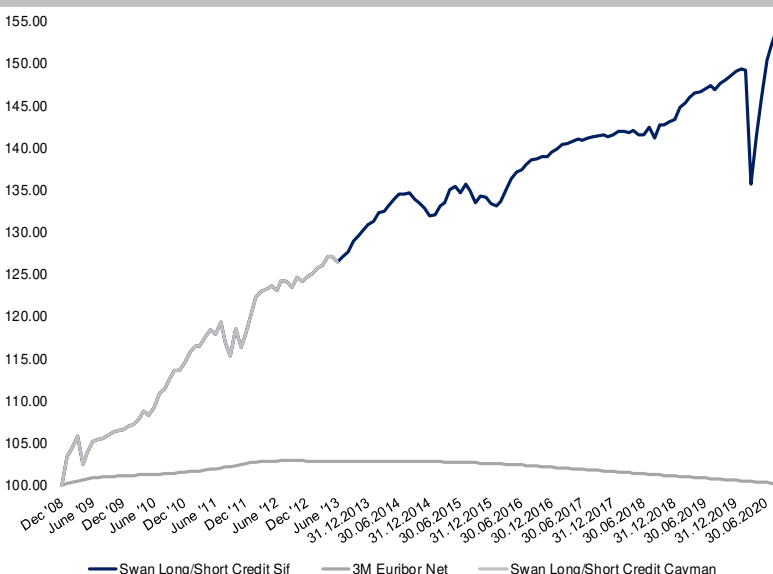
### Risk Profile



### Performance

MTD :	<b>1.28%</b>	Fund Assets (mln) :	47.8 €
Since inception	<b>21.11%</b>	1 Year Std Dev :	3.88%
Last 12 Months :	<b>4.86%</b>	1 Year Sharpe Ratio :	1.37
NAVps :	EUR 121.11	% of positive months :	75%

\* 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	<b>1.28%</b>	# of Securities	170
YTD	<b>3.27%</b>	% Weight	203.07%
6 months	<b>3.23%</b>	Int Dur	1.39
1 year	<b>4.86%</b>	Yield (gross)	8.97%
2019	<b>3.97%</b>	Spread Duration	1.75
2018	<b>1.36%</b>	Z-spread	1135
2017	<b>1.49%</b>		
2016	<b>4.53%</b>		
2015	<b>1.03%</b>		
2014	<b>0.84%</b>		
2013	<b>5.05%</b>		
2012	<b>5.44%</b>		
2011	<b>3.19%</b>		
2010	<b>7.47%</b>		
2009	<b>6.56%</b>		

### FX breakdown (fully hedged)

USD	47.48%
EUR	29.30%
NOK	14.41%
SEK	6.91%
CHF	1.90%
GBP	0.00%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	21.79%
US	1.49%
Oth DEV	29.78%
LATAM	6.71%
EMEA	24.02%
ASIA	16.23%
<b>TOTAL</b>	<b>100.00%</b>

### Global Market Picture

During August European credit markets experienced a positive performance (H9PC Index +1.41%), in tandem with the positive movement of the Eurostoxx 50 (+3.09%) and S&P 500 (+7.01%). In this context Swan funds continued to move higher, with a significant positive monthly performance ranging from +0.58% to 1.28%: our SIF funds are in positive territory (+3.27% SLSC and +2.72% for SBE) and also UCITS funds registered positive performance YTD (+0.93% USTB and +0.92% for STHY), while several credit markets are still reporting negative returns YTD (European HY -1.74%, Emerging HY +1.89%, US HY -0.73% and EUR IG +0.73%). Flash PMI in US was stronger than expected and existing home sales jumped 24.7%, reaching the highest level since 2007, supported by historically low interest rates, while consumer spending was struggling due to expiring unemployment benefits. In Europe alternative indicators (mobility statistics) indicated that activity continued to increase during the month with GDP on track to rebound 60% on 3Q20, notwithstanding a resurgence in COVID19 case, especially in Spain and France. Both ECB and FED minutes did not provide significant news, with focus now on the FED September meeting that should reveal the conclusion of the framework review. Government bond yields moved higher (10yrs Bund @ -0.40% and 10yrs Treasury @ 0.70%) but still at ultra-low levels, while gold remained just below \$2000 per ounce. We think that this is an interesting entry point for our strategy: current YTM combined with an average maturity of the bonds around 1 year give us confidence on the capability to generate positive performance in line with targets during 2020 and give us the opportunity to build portfolios with attractive returns on a 1 year horizon.

### Active portfolio

Credit Allocation Scoring (CAS) indicates a medium-long-dated allocation of -2.20%, flat relatively to the end of July (-2.20%). Fund's actual exposure (beta and duration adjusted) is 21.21%, lower relatively to last month (21.82%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated yield of 8.97% (net of funding cost in EUR), a low spread duration of 1.75 and a z spread of 1135. The short position on 10 years Bund future (-4.91%) generated a slightly positive performance.

### Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 91% of the positions (107 out of 117) contributing positively. During the month we increased our invested

### Rating breakdown

AAA	0.00%
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A	1.11%
BBB	12.28%
<b>tot IG</b>	<b>13.39%</b>
BB	24.02%
B	23.16%
CCC	1.73%
<b>tot HY</b>	<b>48.92%</b>
NR	37.69%
<b>TOTAL</b>	<b>100.00%</b>

### Sector breakdown - Top 10

Services	20.57%
Banking	18.50%
Real Estate	17.69%
Basic Industry	7.40%
Financial Services	5.83%
Energy	5.71%
Foreign Sovereign	4.84%
Transportation	3.66%
Capital Goods	2.79%
Healthcare	2.11%

capital: conditions are always attractive in the short-term part of the credit curve. The average life of the yield-type portfolio is very short (9 months or average spread duration of 0.74), combined with a z-spread of 919 basis points and a yield of 7.82%. The fund is levered, being invested at about 203% currently.

### Strategical & Tactical buckets

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

### 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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