

# Swan Long Short Credit Sicav–SIF

## January 2021



### 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.

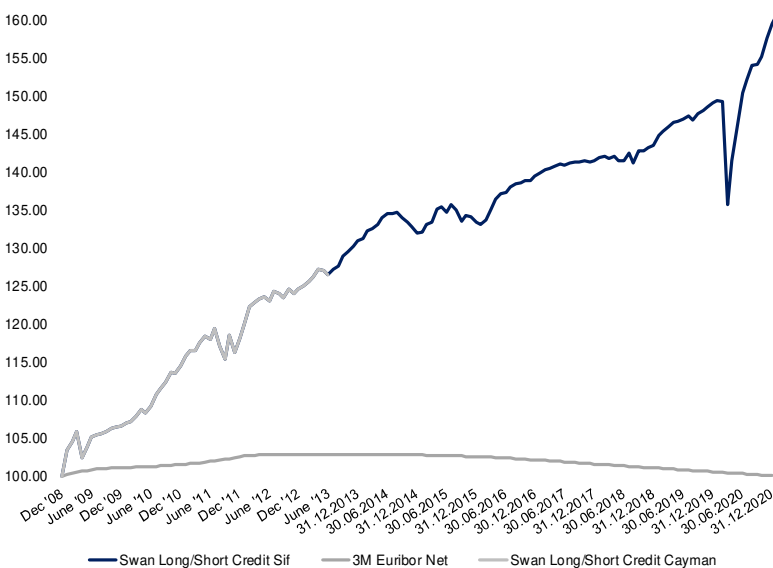
### Risk Profile



### Performance

MTD :	0.66%	Fund Assets (mln) :	49.9 €
Since inception	26.26%	1 Year Std Dev :	3.91%
Last 12 Months :	7.46%	1 Year Sharpe Ratio :	2.05
NAVps :	EUR 126.26	% 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.



### 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

Period	Perf.	Portfolio info	
MTD	0.66%	# of Securities	152
YTD	0.66%	% Weight	172.74%
6 months	5.59%	Int Dur	0.77
1 year	7.46%	Yield (gross)	4.63%
2020	6.96%	Spread Duration	1.51
2019	3.97%	Z-spread	567
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	55.31%
EUR	19.24%
NOK	16.21%
SEK	6.48%
CHF	1.74%
GBP	1.03%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	13.05%
US	4.09%
Oth DEV	33.87%
LATAM	4.21%
EMEA	28.22%
ASIA	16.57%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	7.94%
<b>tot IG</b>	<b>7.94%</b>
BB	23.72%
B	23.54%
CCC	1.14%
<b>tot HY</b>	<b>48.40%</b>
NR	43.67%
<b>TOTAL</b>	<b>100.00%</b>

### Sector breakdown - Top 10

Services	24.63%
Real Estate	20.43%
Banking	16.66%
Basic Industry	8.50%
Leisure	5.15%
Financial Services	3.12%
Energy	2.96%
Capital Goods	2.82%
Transportation	2.19%
Telecommunications	2.14%

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

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