

# Swan Long Short Credit Sicav–SIF

## March 2021

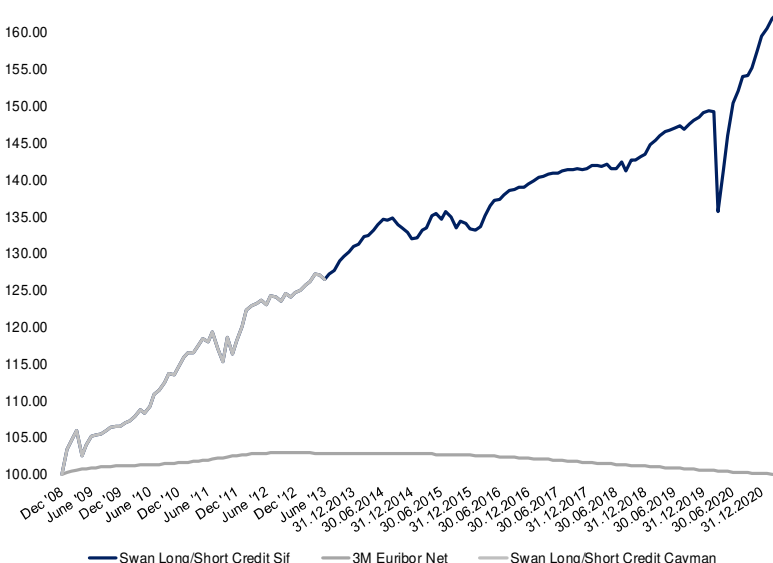


### Strategy

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 March European credit markets experienced a positive performance (H9PC Index +0.50%), in tandem with the movement of the Eurostoxx 50 (+7.78%) and S&P 500 (+4.24%). After Biden's stimulus plan of 1.9 \$trn approval, the attention moved to the infrastructure package, with proposals ranging from \$2trn to \$4trn; the big question is how this plan will be funded: it could be a mix of higher taxes and increased deficit, with US growth that should be around 5.7% in 2021. Anti-COVID-19 mass vaccination campaign failed to gain pace in continental Europe: AstraZeneca vaccine has been stopped for some days by EMA, pending further investigations, while Pfizer reported delays on drug delivery; at this pace herd immunity could be reached at the end of the summer, posing risk on Eurozone growth rebound. Officials from both the FED and the ECB confirmed their commitment in supporting the economy during their meeting: the FOMC raised its growth forecast but did not signal any intention to change monetary policy, adding that eventual spike in inflation above the 2% core PCE target will be tolerated, while Christine Lagarde announced that PEPP program will be "conducted at a significantly higher pace" in the next quarter. In this context, the 10 years bund yield was slightly lower at -0.29% (-3bps in the month), while the 10 years Treasury was significantly higher at 1.72% (+31bps in the month). Oil was stable, with Brent @ 63 USD per barrel, while gold was a lower at 1698 \$ per ounce due to higher real yields. 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 February (1.45%). Fund's actual exposure (beta and duration adjusted) is 21.26%, lower relatively to last month (21.54%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated yield of 4.74% (net of funding cost in EUR), a low spread duration of 1.53 and a z spread of 606. The short position on 10 years Bund future (-4.47%) generated a slightly positive performance.

### Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 82% of the positions (85 out of 104) contributing positively. During the month we slightly increased our

### Performance

MTD :	<b>0.40%</b>	Fund Assets (mln) :	49.8 €
Since inception	<b>27.74%</b>	1 Year Std Dev :	2.21%
Last 12 Months :	<b>19.71%</b>	1 Year Sharpe Ratio :	9.14
NAVps :	EUR 127.74	% 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	<b>0.40%</b>	# of Securities	147
YTD	<b>1.84%</b>	% Weight	179.66%
6 months	<b>5.38%</b>	Int Dur	0.80
1 year	<b>19.71%</b>	Yield (gross)	4.74%
2020	<b>6.96%</b>	Spread Duration	1.53
2019	<b>3.97%</b>	Z-spread	606
2018	<b>1.36%</b>		
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	62.75%
EUR	18.08%
NOK	12.36%
SEK	3.75%
CHF	1.64%
GBP	1.42%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	12.57%
US	4.07%
Oth DEV	28.63%
LATAM	4.36%
EMEA	32.22%
ASIA	18.16%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	6.01%
<b>tot IG</b>	<b>6.01%</b>
BB	24.82%
B	26.68%
CCC	0.53%
<b>tot HY</b>	<b>52.03%</b>
NR	41.97%
<b>TOTAL</b>	<b>100.00%</b>

### Sector breakdown - Top 10

Services	23.19%
Real Estate	17.57%
Banking	16.68%
Basic Industry	7.46%
Leisure	5.06%
Energy	4.33%
Financial Services	3.54%
Capital Goods	3.43%
Media	2.79%
Telecommunications	2.43%

invested capital because 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 0.64), combined with a z-spread of 307 basis points and a yield of 2.45%. The fund is levered, being invested at about 180% currently.

### Strategical & Tactical buckets

Tactical bucket generated a positive performance during the month, with homogeneous contributions. Geographical allocation in EM was slightly 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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