

Swan Long Short Credit Sicav–SIF

April 2021



Strategy

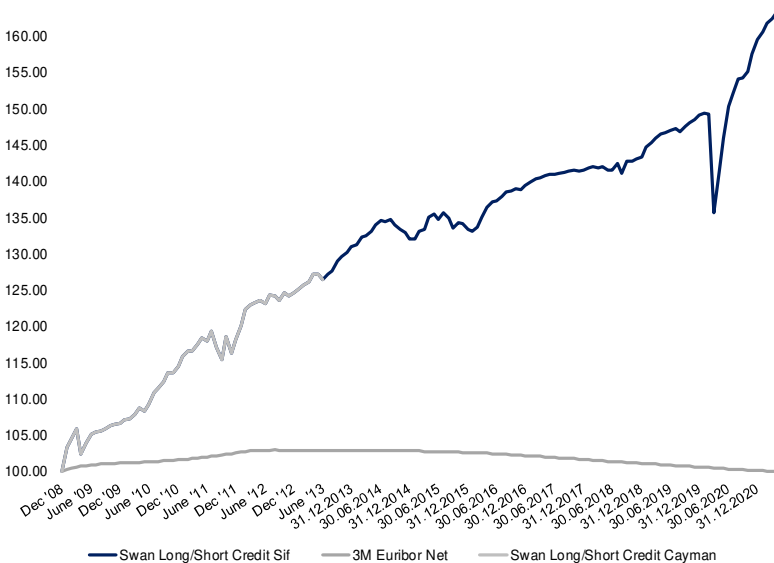
Swan Long Short Credit SIF is the alternative version of our Fixed Income High Reward risk profile. Depending on market conditions, the strategy combines an highly diversified buy and hold portfolio of liquid short-term fixed income securities, in a levered format, with an opportunistic allocation to 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 April European credit markets experienced a positive performance (H9PC Index +0.64%), in tandem with the movement of the Eurostoxx 50 (+1.42%) and S&P 500 (+5.24%). Anti-COVID-19 mass vaccination campaign gathered pace in Europe: Italy reached the 500k inoculations per day, while Germany did better with 1mio jab in 24 hours. Notwithstanding this huge effort, cases are still elevated in Europe, and additional threat came from Indian variant that hit more than 360'000 persons in a single day in the Asian country. According to ECB projection Eurozone economy is likely to contract in the first quarter and then rebound 1.3% from April to June, while Christine Lagarde confirmed that "ample degree of monetary accommodation" is still necessary and an "ambitious and co-ordinated fiscal stance" from governments "remain crucial". US economy showed signs of strong recovery, posting the biggest monthly gain in retail sales in 10 years in addition to mounting evidence that labor market and economic activity are recovering quickly; GDP grew 6.4% in 1Q, bringing real GDP just 1% shy of its pre pandemic level. Biden's attention remained on the \$2.3tn infrastructure spending bill and \$1.8tn expansion of the social safety net, with the latter funded mainly with higher taxes on corporations and wealthy. In this context, the 10 years bund yield was higher at -0.20% (+9bps in the month), while the 10 years Treasury was lower at 1.63% (-11bps in the month). Oil jumped to 67 USD per barrel, while gold rebounded to 1769 \$ 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 March (1.45%). Fund's actual exposure (beta and duration adjusted) is 22.62%, higher relatively to last month (21.26%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated yield of 4.40% (net of funding cost in EUR), a low spread duration of 1.51 and a z spread of 548. The short position on 10 years Bund future (-4.37%) generated a positive performance.

Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 82% of the positions (80 out of 97) contributing positively. During the month we slightly decreased our

Performance

MTD :	0.53%	Fund Assets (mIn) :	50.5 €
Since inception	28.42%	1 Year Std Dev :	1.84%
Last 12 Months :	15.50%	1 Year Sharpe Ratio :	8.7
NAVps :	EUR 128.42	% of positive months :	76%

* Returns from January 2009 to July2013 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	0.53%	# of Securities	146
YTD	2.38%	% Weight	167.60%
6 months	5.23%	Int Dur	0.78
1 year	15.50%	Yield (gross)	4.40%
2020	6.96%	Spread Duration	1.51
2019	3.97%	Z-spread	548
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	60.33%
EUR	18.19%
NOK	14.47%
SEK	3.79%
CHF	1.74%
GBP	1.48%
TOTAL	100.00%

Geographic breakdown

EU	14.14%
US	4.11%
Oth DEV	29.62%
LATAM	4.02%
EMEA	29.07%
ASIA	19.04%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	6.19%
tot IG	6.19%
BB	25.68%
B	23.93%
CCC	0.96%
tot HY	50.57%
NR	43.24%
TOTAL	100.00%

Sector breakdown - Top 10

Services	24.27%
Real Estate	18.84%
Banking	13.17%
Basic Industry	8.28%
Leisure	5.29%
Energy	3.87%
Financial Services	3.73%
Capital Goods	3.60%
Telecommunications	2.52%
Agency	2.46%

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 0.67), combined with a z-spread of 2.36 basis points and a yield of 2.83%. The fund is levered, being invested at about 168% 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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