

# Swan Long Short Credit Sicav–SIF

## June 2021

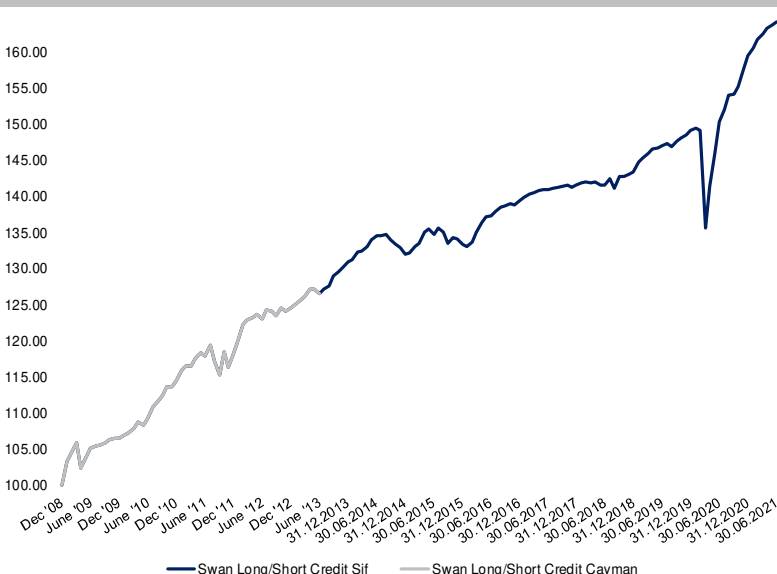


### Strategy

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 June European credit markets experienced a positive performance (H9PC Index +0.60%), in tandem with the movement of the Eurostoxx 50 (+0.61%) and S&P 500 (+2.22%). Main topic of the month was inflation and Central Banks meetings: the FED left rates unchanged between 0% and 0.25%, but the tone of minutes and press conference was hawkish, with seven of the 18 members projecting a rate hike next year (versus just four in March) and Jerome Powell announcing that taper could be discussed in the next meeting. Officials agreed they should be poised to act if inflation or other risks materialize: main risk is a bounce in inflation, with PCE deflator, one of the preferred inflation measures of the FED, rising 3.9% in May, even if consensus still views this move as a transitory one, mainly due to base effect. The ECB maintained its purchases at the "significantly" faster pace seen in the last few months, confirming its accommodative policy, even if GDP growth trajectory was revised significantly up, largely reflecting higher growth in Q3. The Delta variant of COVID 19 virus is spreading all around the world causing a significant increase in cases, but hospitalization remained lower thanks to mass vaccination campaigns. In this context, the 10 years bund yield was substantially flat at -0.21% (-2bps in the month), while the 10 years Treasury was lower at 1.47% (-12bps in the month). Gold retraced to 1773 \$ per ounce, while oil jumped to 75 USD per barrel supported by optimism on fuel consumption for travel. 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 May (1.45%). Fund's actual exposure (beta and duration adjusted) is 29.42%, higher relatively to last month (24.20%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated yield of 3.32% (net of funding cost in EUR), a low spread duration of 1.45 and a z spread of 448. The short position on 10 years Bund future (-4.09%) generated a negative performance.

### Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 87% of the positions (82 out of 94) contributing positively. During the month we slightly decreased our

### Performance

MTD :	0.26%	Fund Assets (mIn) :	56.1 €
Since inception	29.09%	1 Year Std Dev :	1.16%
Last 12 Months :	9.18%	1 Year Sharpe Ratio :	8.36
NAVps :	EUR 129.09	% of positive months :	77%

\* 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	0.26%	# of Securities	135
YTD	2.92%	% Weight	155.52%
6 months	2.92%	Int Dur	0.67
1 year	9.18%	Yield (gross)	3.32%
2020	6.96%	Spread Duration	1.45
2019	3.97%	Z-spread	448
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	58.48%
EUR	16.92%
NOK	14.77%
SEK	6.25%
CHF	2.11%
GBP	1.46%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	13.54%
US	4.95%
Oth DEV	30.95%
LATAM	3.93%
EMEA	29.18%
ASIA	17.46%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	6.17%
<b>tot IG</b>	<b>6.17%</b>
BB	26.31%
B	22.14%
CCC	1.14%
<b>tot HY</b>	<b>49.59%</b>
NR	44.24%
<b>TOTAL</b>	<b>100.00%</b>

### Sector breakdown - Top 10

Services	25.30%
Real Estate	21.20%
Banking	11.74%
Basic Industry	9.44%
Financial Services	4.94%
Leisure	4.38%
Energy	3.77%
Telecommunications	2.49%
Agency	2.40%
Consumer Goods	2.35%

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 246 basis points and a yield of 1.86%. The fund is levered, being invested at about 156% currently.

### Strategical & Tactical buckets

Tactical bucket generated a positive performance during the month, with homogeneous contributions. Geographical allocation in EM was negative, 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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*This is an advertising document. The state of the origin of the fund is Luxembourg. In Switzerland, this document may only be provided to qualified investors within the meaning of art. 10 para. 3 and 3ter CISA. In Switzerland, the representative is ACOLIN Fund Services AG, Leutschenbachstrasse 50, CH-8050 Zurich, whilst the paying agent is Cornèr Banca SA, Via Canova 16, CH – 6900 Lugano. The basic documents of the fund as well as the annual and, if applicable, semi-annual report may be obtained free of charge from the representative. Past performance is no indication of current or future performance. The performance data do not take account of the commissions and costs incurred on the issue and redemption of units.*