

# Swan Long Short Credit Sicav–SIF

## August 2021



### Strategy

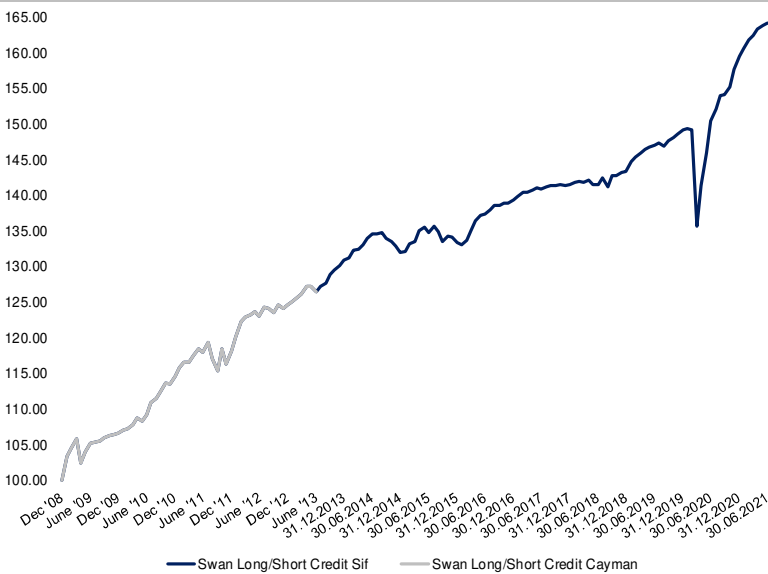
Swan Long Short Credit SIF is the alternative version of our Fixed Income High Reward risk profile. Depending on market conditions, the strategy combines an highly diversified buy and hold portfolio of liquid short-term fixed income securities, in a levered format, with an opportunistic allocation to 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 August, European credit markets experienced a positive performance (H9PC Index +0.37%), in tandem with the movement of the Eurostoxx 50 (+2.62%) and S&P 500 (+2.90%). US and international data releases missed forecasts, as highlighted by CESI indexes that turned negative for the first time since March 2020. Spreading of the COVID-19 Delta variant raised concerns that global recovery could slow: US consumer confidence fell sharply below estimates, followed by weaker than expected reports on retail sales, with economist revising down US growth for 2021 at 6.2%. With regards to tapering, minutes from the FED's July meeting showed disagreement among officials, though a majority believe that taper could begin later this year, with Jerome Powell confirming during his Jackson Hole speech that "if the economy evolve broadly as anticipated, it could be appropriate to start reducing the pace of asset purchase this year". Germany's inflation rose to 3.4% in August, its highest level since 2008, intensifying discussions about Eurozone's ultra-loose monetary policy and its consequences, even if the ECB expects this year surge in inflation to be only transitory. In this context, the 10 years bund yield was higher at -0.38% (+8bps in the month), in tandem with the 10 years Treasury at 1.31% (+9bps in the month). Gold was substantially flat at 1814 \$ per ounce, while oil was down at 73 USD per barrel, reflecting concerns on slowing China recovery. 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 July (1.45%). Fund's actual exposure (beta and duration adjusted) is 23.63%, lower relatively to last month (25.36%). 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 1.38 and a z spread of 441. The short position on 10 years Bund future (-8.06%) generated a positive performance.

### Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 89% of the positions (86 out of 97) contributing positively. During the month we slightly increased our

### Performance

MTD :	<b>0.51%</b>	Fund Assets (mln) :	57.8 €
Since inception	<b>29.86%</b>	1 Year Std Dev :	1.07%
Last 12 Months :	<b>7.22%</b>	1 Year Sharpe Ratio :	7.23
NAVps :	EUR 129.86	% of positive months :	77%

\* 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>0.51%</b>	# of Securities	146
YTD	<b>3.53%</b>	% Weight	153.86%
6 months	<b>2.07%</b>	Int Dur	0.24
1 year	<b>7.22%</b>	Yield (gross)	3.32%
2020	<b>6.96%</b>	Spread Duration	1.38
2019	<b>3.97%</b>	Z-spread	441
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	56.86%
EUR	18.07%
NOK	14.73%
SEK	6.83%
CHF	2.11%
GBP	1.41%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	14.91%
US	3.65%
Oth DEV	31.60%
LATAM	1.88%
EMEA	30.49%
ASIA	17.46%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	6.39%
<b>tot IG</b>	<b>6.39%</b>
BB	22.38%
B	24.31%
CCC	1.44%
<b>tot HY</b>	<b>48.13%</b>
NR	45.49%
<b>TOTAL</b>	<b>100.00%</b>

### Sector breakdown - Top 10

Services	24.89%
Real Estate	21.88%
Banking	14.34%
Basic Industry	6.37%
Financial Services	5.71%
Leisure	3.67%
Consumer Goods	3.09%
Energy	2.98%
Agency	2.38%
Transportation	2.33%

invested capital and conditions remain attractive in the short-term part of the credit curve. The average life of the yield-type portfolio is very short (7 months or average spread duration of 0.60), combined with a z-spread of 227 basis points and a yield of 1.80%. The fund is levered, being invested at about 154% 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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