

# Swan Long Short Credit Sicav–SIF November 2021

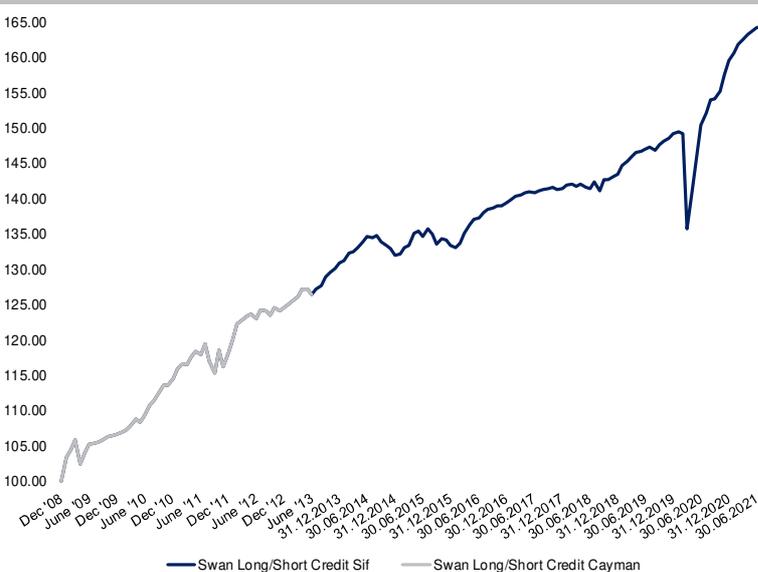


## Strategy

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 November, European credit markets experienced a negative performance (H9PC Index - 0.52%), in tandem with the movement of the Eurostoxx 50 (-4.41%) and S&P 500 (-0.83%). Last days of the month saw an increased level of volatility due to surging COVID-19 cases linked to Omicron variant: several countries imposed tighter quarantine measures and fresh restrictions on travels, with Austria declaring three weeks of lockdown in addition to mandatory vaccination in order to ease pressure on hospitals. The economic surprise index in US turned positive in November, thanks in particular to strong retail sales and industrial production release, while in Europe the surprise index just recovered to parity due to new restrictions' impact on economic activity. During its meeting at the beginning of the month the FED announced that it will begin scaling back bond buying starting from mid-November; Joe Biden named Jerome Powell for a second term as FED chair: during his testimony at the Congress Powell signaled that "economy is very strong and inflation pressures are high" signaling that taper could run faster than initially declared. Inflation in Germany printed highest level since 1992 at 5.2%, but ECB continued reassuring investors that price increase will be only transitory. In this context, the 10 years bund yield was lower at -0.35% (-24bps in the month), in tandem with the 10 years Treasury at 1.44% (-11bps in the month). In China there were signs of relaxation to the real estate sector: mortgages and loans to developer strongly increased in October, while PBOC indicated that it could relax three red lines rules applied to sovereign owned properties developers to take over assets of most indebted entities; volatility will continue to affect the sector but we think higher quality names will be able to manage the situation properly.

## Active portfolio

Credit Allocation Scoring (CAS) indicates a medium-long-dated allocation of 1.45%, flat relatively to the end of October (1.45%). Fund's actual exposure (beta and duration adjusted) is 31.68%, lower relatively to last month (32.18%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated yield of 6.87% (net of funding cost in EUR), a low spread duration of 1.64 and a z spread of 747. The short position on 10 years Bund future (-7.60%) generated a negative performance.

## Yield-type bucket

The bucket generated a negative gross contribution to the monthly performance, with 62% of the positions (60 out of 96) contributing positively. During the month we slightly decreased our

## Performance

MTD :	<b>-1.10%</b>	Fund Assets (mIn) :	58.9 €
Since inception	<b>27.82%</b>	1 Year Std Dev :	2.46%
Last 12 Months :	<b>3.16%</b>	1 Year Sharpe Ratio :	1.52
NAVps :	EUR 127.82	% of positive months :	75%

\* 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>-1.10%</b>	# of Securities	146
YTD	<b>1.91%</b>	% Weight	158.93%
6 months	<b>-0.72%</b>	Int Dur	0.21
1 year	<b>3.16%</b>	Yield (gross)	6.87%
2020	<b>6.96%</b>	Spread Duration	1.64
2019	<b>3.97%</b>	Z-spread	747
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	55.03%
EUR	13.06%
NOK	15.57%
SEK	12.14%
CHF	2.06%
GBP	2.14%
<b>TOTAL</b>	<b>100.00%</b>

## Geographic breakdown

EU	13.67%
US	2.97%
Oth DEV	44.60%
LATAM	1.15%
EMEA	22.41%
ASIA	15.21%
<b>TOTAL</b>	<b>100.00%</b>

## Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	4.01%
<b>tot IG</b>	<b>4.01%</b>
BB	19.86%
B	22.26%
CCC	1.18%
<b>tot HY</b>	<b>43.30%</b>
NR	52.58%
<b>TOTAL</b>	<b>99.88%</b>

## Sector breakdown - Top 10

Services	27.02%
Real Estate	25.12%
Banking	7.39%
Basic Industry	7.32%
Energy	5.53%
Consumer Goods	4.32%
Leisure	4.21%
Financial Services	3.83%
Agency	2.32%
Supranational	2.23%

invested capital even if conditions are always 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 0.71), combined with a z-spread of 480 basis points and a yield of 4.20%. The fund is levered, being invested at about 159% currently.

## Strategical & Tactical buckets

Tactical bucket generated a negative performance during the month, with homogeneous contributions. Geographical allocation in EM was positive, while picking was positive both in EM and EUR HY.

## 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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