

# Swan Long Short Credit Sicav–SIF

## July 2022



### 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.

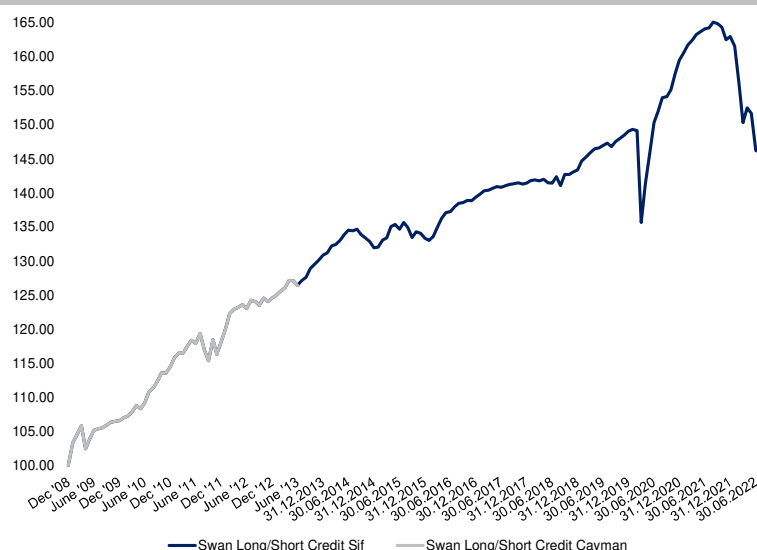
### Risk Profile

Conservative Intermediate **High Reward**

### Performance

MTD : **-0.22%** Fund Assets (mln) : 46.3 €  
 Since inception **14.77%** 1 Year Std Dev : 5.22%  
 Last 12 Months : **-11.17%** 1 Year Sharpe Ratio : -2.04  
 NAVps : EUR 114.77 % of positive months : 73%

\* 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.



### Global Market Picture

Credit markets remained extremely negative with year to date performances ranging from -18.96% for EM corp HY to -10.45% of the EU HY component in tandem with the movement of the Eurostoxx 50 (-13.73% YTD) and S&P 500 (-13.34% YTD). The IG EUR market is also negative by -8.10% YTD, mainly due to the rates component. The short-term (1-3 year) H1WN global HY index also reports a performance of -10.44% YTD while the Global unconstrained (in terms of maturity) HY lost -11.68%. US entered technical recession, with growth of -0.9% in 2nd quarter following a contraction of 1.6% in first three months of 2022. During its meeting the FED raised benchmark policy rate by 75bps for the second month in a row, maintaining aggressive stance against inflation, but at the same time signaling that current range is close to what most of the officials see as "neutral rate". FED will be data dependent in its forthcoming decisions, with consequently strong attention reserved to next inflation and labour data. Also the ECB followed other central banks, increasing rates by 50bps (25bps more of what suggested) in its first rise in the last decade. In addition the ECB announced a new program in order to prevent a surge in yield for most vulnerable european countries. In this context, the 10 years bund yield was lower at +0.82% (-52bps in the month) while the 10 years Treasury closed the month at 2.65% (-36bps). Oil price corrected lower, with Brent now at 110\$ per barrel. Thanks to recent volatility spike we have been able to add several new credit stories at very interesting level of credit spreads. The new entries are companies with good credit metrics that were too tight before the sell-off. The combination of higher diversification, higher credit quality and higher expected yields paves the way for attractive returns in the next future.

### Active portfolio

Credit Allocation Scoring (CAS) indicates a medium-long-dated allocation of 1.45%, flat relatively to the end of June (1.45%). Fund's actual exposure (beta and duration adjusted) is 45.14%, lower relatively to last month (47.09%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated yield of 15.07% (net of funding cost in EUR), a low spread duration of 2.74 and a z spread of 1467.

### Yield-type bucket

The bucket generated a negative gross contribution to the monthly performance, with 69% of the positions (66 out of 96) contributing positively. During the month we increased our invested capital: conditions remain attractive in the short-term part of the credit curve. The average life of the yield-type portfolio is very short (10 months or average spread duration of 0.84). The fund is

Period	Perf.	Portfolio info	
MTD	<b>-0.22%</b>	# of Securities	159
YTD	<b>-10.47%</b>	% Weight	223.75%
6 months	<b>-9.69%</b>	Int Dur	1.50
1 year	<b>-11.17%</b>	Yield (gross)	15.07%
2021	<b>2.20%</b>	Spread Duration	2.74
2020	<b>6.96%</b>	Z-spread	1467
2019	<b>3.97%</b>		
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	31.52%
EUR	28.31%
NOK	22.71%
SEK	13.69%
CHF	1.56%
GBP	2.20%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	21.44%
US	7.34%
Oth DEV	43.93%
LAT AM	2.68%
EMEA	18.21%
ASIA	6.40%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	4.51%
<b>tot IG</b>	<b>4.51%</b>
BB	28.28%
B	16.61%
CCC	2.83%
<b>tot HY</b>	<b>47.72%</b>
NR	47.77%
<b>TOTAL</b>	<b>100.00%</b>

### Sector breakdown - Top 10

Services	23.54%
Real Estate	19.47%
Basic Industry	10.00%
Leisure	5.75%
Financial Services	5.67%
Telecommunications	5.13%
Banking	4.87%
Transportation	4.52%
Energy	4.05%
Consumer Goods	3.36%

levered, being invested at about 224% currently.

### Strategical & Tactical buckets

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