

# Swan Bond Enhanced Sicav–SIF EUR

## August 2023



### Strategy

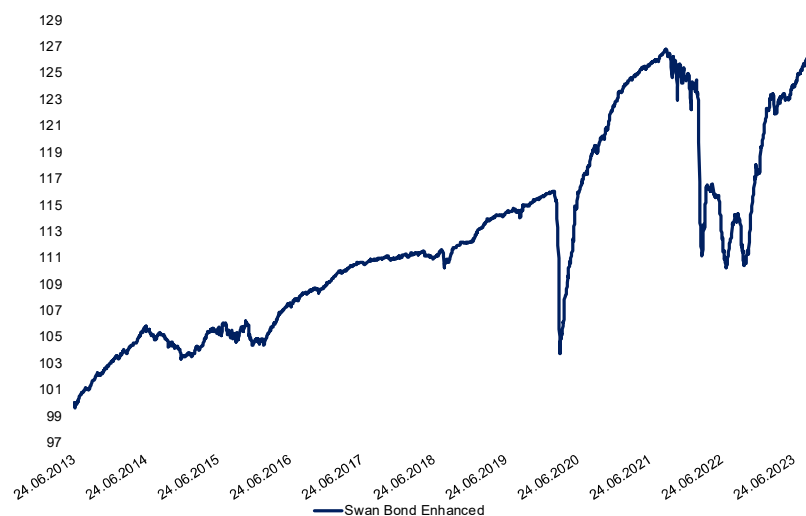
Swan Bond Enhanced SIF is the alternative version of our Fixed Income Intermediate risk profile. The strategy is focused on a highly diversified buy and hold portfolio of liquid short-term fixed income securities, in a levered format. Leverage is normally included between 50% and 150% of the NAV. Target Return is 3 months LIBOR + 350 bps.

### Risk Profile

Conservative

**Intermediate**

High Reward



### Global market picture

High Yield Credit markets reported a contrasting performance in August ranging from -0.87% for EM corp HY to +0.25% of the EU HY while equity markets were negative with both the S&P500 (-1.77%) and Eurostoxx50 (-3.9%). The IG EUR market was positive by +0.38% and the short-term (1-3 year) H1WN global HY index reports a positive performance of +0.08%. The Global unconstrained (in terms of maturity) HY index was flat at -0.02%. Central banks were on holiday due to summer period, but the Jackson Hole meeting gave some idea of next steps in monetary policy: Jerome Powell reiterated the message that inflation remains too high and interest rates will likely be higher for longer, leaving doors open for a rate hike in September, even if decision will be data dependent; on the same tone, Christine Lagarde did not give a clear view on next ECB movement. In Europe the decline in headline inflation stalled in August, as it remained at 5.3%: however, core inflation, which remain key to ECB, eased from 5.5% to 5.3% YoY. In US inflation data was broadly in line, while flash PMI for both services and manufacturing came below expectations. Pressure remained high in China, with continuous downward revision of 2H growth, even in the last day of the months several new measure to revive growth have been approved. In this context, the 10 years bund yield was substantially flat at 2.47% (-3bps in the month), while the 10 years Treasury was higher at 4.11% (+15bps in the month). Oil moved higher to 87\$ per barrel, while US dollar recover some ground with DXY at 103.61. Our funds have a yield to maturity between 7.5% and 11%, combined with an average spread duration around 16 months. The combination of higher diversification, higher credit quality and higher expected yields paves the way for extremely attractive returns in the next future.

### Yield-type strategy

The bucket generated a positive gross contribution to the monthly performance, with 80% of the positions (150 out of 188) contributing positively. During the month we slightly increased our 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 (15 months or average spread duration of 1.26), combined with a yield of 10.60% (net of funding cost in EUR) and z-spread of 706 basis points. The fund is levered, being invested at about 190% currently.

### Performance

MTD :	<b>0.69%</b>	Fund Assets (mln) :	147.4 €
Since inception	<b>26.08%</b>	1 Year Std Dev :	2.55%
Last 12 Months :	<b>10.40%</b>	1 Year Sharpe Ratio :	3.06
NAVps :	EUR 126.08	% of positive months :	73%

Period	Perf.	Portfolio info	
MTD	<b>0.69%</b>	# of Securities	188
YTD	<b>7.39%</b>	% Weight	190.46%
6 months	<b>2.24%</b>	Int Dur	1.69
1 year	<b>10.40%</b>	Yield (gross) in EUR	10.60%
2022	<b>-5.91%</b>	Spread Duration	2.39
2021	<b>1.66%</b>	Z-spread	706
2020	<b>6.12%</b>		
2019	<b>3.12%</b>		
2018	<b>1.00%</b>		
2017	<b>1.83%</b>		
2016	<b>4.13%</b>		
2015	<b>1.16%</b>		
2014	<b>0.37%</b>		
2013	<b>3.14%</b>		

### FX breakdown (fully hedged)

USD	27.07%
EUR	41.36%
NOK	17.38%
SEK	9.88%
CHF	1.77%
GBP	2.55%
AUD	0.00%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	37.53%
US	7.51%
Oth DEV	41.95%
LATAM	1.92%
EMEA	9.58%
ASIA	1.52%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	9.88%
<b>tot IG</b>	<b>9.88%</b>
BB	27.35%
B	12.33%
CCC	1.72%
<b>tot HY</b>	<b>41.40%</b>
NR	48.72%
<b>TOTAL</b>	<b>100.00%</b>

### Sector breakdown - Top 10

Banking	9.30%
Real Estate - Mgmt Res	6.52%
Oil and gas E&P - All	5.16%
Finance - NPL collector	4.66%
Oil Field Equipment & Ser	4.58%
Shipping - Gas	3.92%
Shipping - Crude	3.47%
Specialty Retail	3.18%
Real Estate - Mgmt Comr	2.93%
Pharmaceuticals	2.93%
* Portfolio 100%	

### Fund Structure – Terms & Conditions

Domicile: Luxembourg

Inception Date: 24 June 2013

Minimum Investment: EUR 125k Initial Investment

Liquidity / Reporting: Daily

Fees: 1.5% Management Fee

20% 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: SWBDENA LX

ISIN: LU0849750368

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