

# Swan Bond Enhanced Sicav–SIF USD

## October 2023



### Strategy

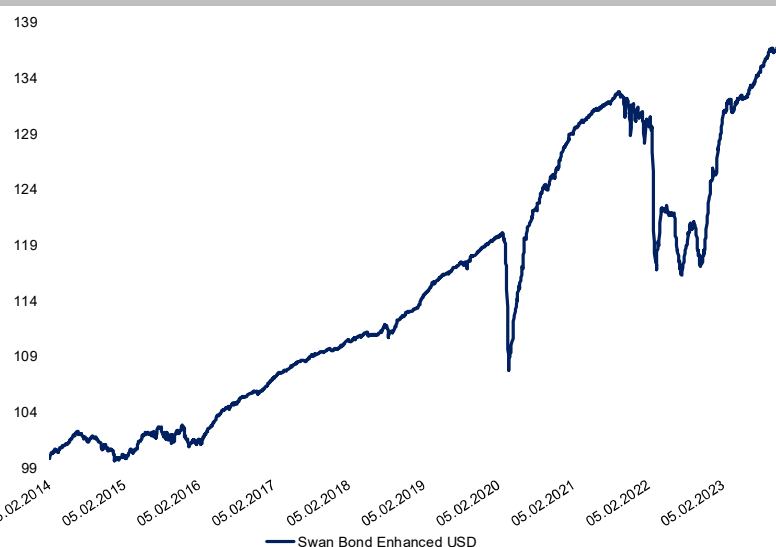
Swan Bond Enhanced SIF is the alternative version of our Fixed Income Intermediate risk profile. The strategy is focused on a highly diversified buy and hold portfolio of liquid short-term fixed income securities, in a levered format. Leverage is normally included between 50% and 150% of the NAV. Target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

### Risk Profile

Conservative

**Intermediate**

High Reward



### Global market picture

High Yield Credit markets reported a negative performance in October ranging from -1.24% for EM corp HY to -0.29% of the EU HY in tandem with negative equity markets, S&P500 (-2.20%) and Eurostoxx50 (-2.72%). The IG EUR market was positive by +0.41% while the short-term (1-3 year) H1WN global HY index reported a negative performance of -0.58%. The Global unconstrained (in terms of maturity) HY index was negative at -1.10%. The ECB had its policy decision meeting the last week of October: after 10 consecutive increases, rates did not move up, considering that eurozone inflation more than halved from its peak and that the economy is showing signs of weakness. The ECB president Christine Lagarde said she would not rule out other rates rise, adding it was "totally premature" to discuss about a potential cut. Preview of October inflation in the Eurozone hit two years low of 2.9% YoY after bigger than expected fall, reinforcing market expectations of no further increase in funding cost. In US the economy showed continued resiliency, expanding faster than expected at 4.9% YoY in the 3Q23, driven by strong consumer spending and still tight labor market. Inflation in US was stable during September (CPI at 3.7%YoY - CPI ex Food and Energy at 4.1% YoY) with market pricing the FED on hold at its November meeting. The 10 years bund yield was lower at 2.81% (-3bps in the month), while the 10 years Treasury was higher at 4.93% (+36bps in the month). Oil moved lower to 87\$ per barrel, while US dollar recover some ground with DXY at 106.66. Our funds have a yield to maturity between 7.5% and 11%, combined with an average spread duration around 17 months. The combination of higher diversification, higher credit quality and higher expected yields pave 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 74% of the positions (150 out of 203) contributing positively. During the month we 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 (16 months or average spread duration of 1.34), combined with a yield of 10.93% (net of funding cost in EUR) and z-spread of 729 basis points. The fund is levered, being invested at about 217% currently.

### Fund Structure – Terms & Conditions

Domicile: Luxembourg

Inception Date: 5 February 2014

Minimum Investment: EUR 125k Initial Investment

Liquidity / Reporting: Daily

Fees: 1.5% Management Fee

20% Performance Fee (high water mark)

### Performance

MTD :	<b>0.23%</b>	Fund Assets (mln) :	150.6 €
Since inception	<b>36.92%</b>	1 Year Std Dev :	2.08%
Last 12 Months :	<b>15.97%</b>	1 Year Sharpe Ratio :	5.31
NAVps :	USD 136.92	% of positive months :	78%

Period	Perf.	Portfolio info	
MTD	<b>0.23%</b>	# of Securities	203
YTD	<b>9.20%</b>	% Weight	216.63%
6 months	<b>3.53%</b>	Int Dur	2.08
1 year	<b>15.97%</b>	Yield (gross) in EUR	10.93%
2022	<b>-4.14%</b>	Spread Duration	2.90
2021	<b>2.14%</b>	Z-spread	729
2020	<b>7.31%</b>		
2019	<b>5.35%</b>		
2018	<b>3.07%</b>		
2017	<b>3.32%</b>		
2016	<b>4.99%</b>		
2015	<b>1.53%</b>		
2014	<b>-0.21%</b>		

### FX breakdown (fully hedged)

USD	26.00%
EUR	44.28%
NOK	17.12%
SEK	8.41%
CHF	1.51%
GBP	2.67%
AUD	0.00%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	41.66%
US	9.56%
Oth DEV	35.97%
LATAM	1.73%
EMEA	10.25%
ASIA	0.82%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	9.38%
<b>tot IG</b>	<b>9.38%</b>
BB	29.33%
B	13.38%
CCC	0.71%
<b>tot HY</b>	<b>43.42%</b>
NR	47.20%
<b>TOTAL</b>	<b>100.00%</b>

### Sector breakdown - Top 10

Banking	10.01%
Real Estate - Mgmt Res	6.28%
Oil Field Equipment & Se	5.69%
Shipping - Gas	4.61%
Oil and gas E&P - All	3.65%
Finance - NPL collector	3.57%
Shipping - Crude	3.30%
Pharmaceuticals	3.26%
Air Transportation	3.26%
Telecom - Wireline Integr	3.24%

\* Portfolio 100%

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: SWBENAU LX

ISIN: LU1019165882

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