

# Swan Bond Enhanced Sicav–SIF EUR

## January 2024



### Strategy

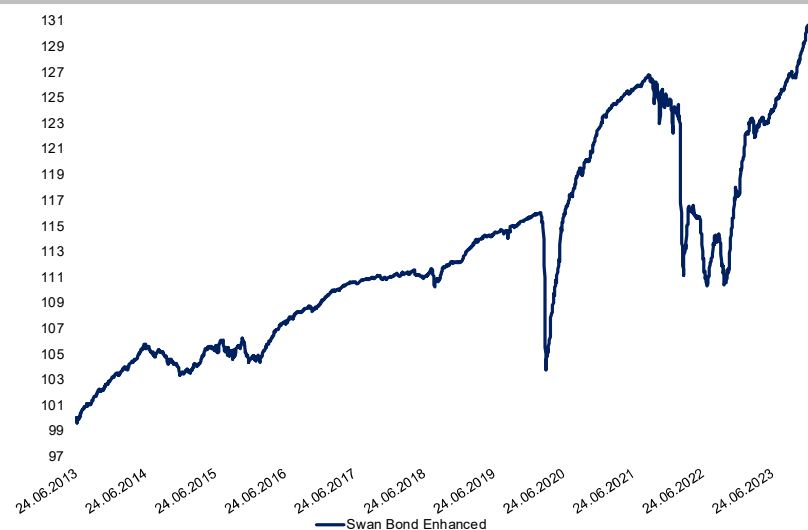
Swan Bond Enhanced SIF is the alternative version of our Fixed Income Intermediate risk profile. The strategy is focused on a highly diversified buy and hold portfolio of liquid short-term fixed income securities, in a levered format. Leverage is normally included between 50% and 150% of the NAV. Target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

### Risk Profile

Conservative

**Intermediate**

High Reward



### Global market picture

High Yield Credit markets reported a positive performance in January ranging from +1.11% for EM corp HY to +0.95% of the EU HY in tandem with positive equity markets, S&P500 (+1.59%) and Eurostoxx50 (+2.81%). The IG EUR market was positive by +0.09% while the short-term (1-3 year) H1WN global HY index reported a positive performance of 0.83%. The Global unconstrained (in terms of maturity) HY index was positive at +0.31%. The FED had its policy decision meeting on the 31st of January where it held interest rates deep in restrictive territory remaining at 23 years highs of 5.37%, signaling that while the bias towards further rise had gone, the FED is not ready to cut yet. Economic data continue to be strong in US, with 4Q23 growth at 3.3% YoY and core inflation slightly lower at 3.9% YoY. The ECB confirmed rates at 4%, noting that wage growth was showing signs of slowing and inflation falling in line with expectations. Core inflation in Eurozone remained stable at 3.4% YoY, but Lagarde remains confident that inflation could "decline more quickly in the near term" if energy prices continue to drop in line with expectations. Rates market incorporated a relatively high probability of easing by both the FED and ECB during the next quarters, even if we believe central banks will act only when they will be convinced that inflation will stay below target on a sustained basis. The 10 years bund yield was higher at 2.17% (+15bps in the month), in tandem with the 10 years Treasury at 3.91% (+3bps in the month). Oil moved lower to 82\$ per barrel, while US dollar rebounded with DXY at 103.27. Our funds have a yield to maturity between 7% and 9%, combined with an average spread duration around 17 months. The combination of diversification, good credit quality and high 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 90% of the positions (179 out of 198) contributing positively. During the month we decreased our invested capital even if 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 1.36), combined with a yield of 8.79% (net of funding cost in EUR) and z-spread of 564 basis points. The fund is levered, being invested at about 192% currently.

### 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)

### Performance

MTD :	<b>1.12%</b>	Fund Assets (mln) :	167.6 €
Since inception	<b>32.07%</b>	1 Year Std Dev :	1.52%
Last 12 Months :	<b>8.82%</b>	1 Year Sharpe Ratio :	3.45
NAVps :	EUR 132.07	% of positive months :	74%

Period	Perf.	Portfolio info	
MTD	<b>1.12%</b>	# of Securities	198
YTD	<b>1.12%</b>	% Weight	191.80%
6 months	<b>5.48%</b>	Int Dur	1.80
1 year	<b>8.82%</b>	Yield (gross) in EUR	8.79%
2023	<b>11.25%</b>	Spread Duration	2.58
2022	<b>-5.91%</b>	Z-spread	564
2021	<b>1.66%</b>		
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	23.53%
EUR	46.06%
NOK	17.08%
SEK	8.33%
CHF	2.08%
GBP	2.91%
AUD	0.00%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	41.05%
US	7.36%
Oth DEV	36.46%
LATAM	2.67%
EMEA	12.02%
ASIA	0.44%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	10.24%
<b>tot IG</b>	<b>10.24%</b>
BB	29.60%
B	13.61%
CCC	0.48%
<b>tot HY</b>	<b>43.68%</b>
NR	46.08%
<b>TOTAL</b>	<b>100.00%</b>

### Sector breakdown - Top 10

Banking	9.99%
Real Estate - Mgmt Res	5.60%
Shipping - Gas	5.44%
Oil Field Equipment & Sei	4.64%
Telecom - Wireline Integr	4.59%
Finance - NPL collector	4.14%
Software/Service	3.70%
Oil and gas E&P - All	3.48%
Industry - Renewables	3.17%
Real Estate - Dev Res	2.95%

\* 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: SWBDENA LX

ISIN: LU0849750368

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