

Swan Bond Enhanced Sicav–SIF EUR

February 2024



Strategy

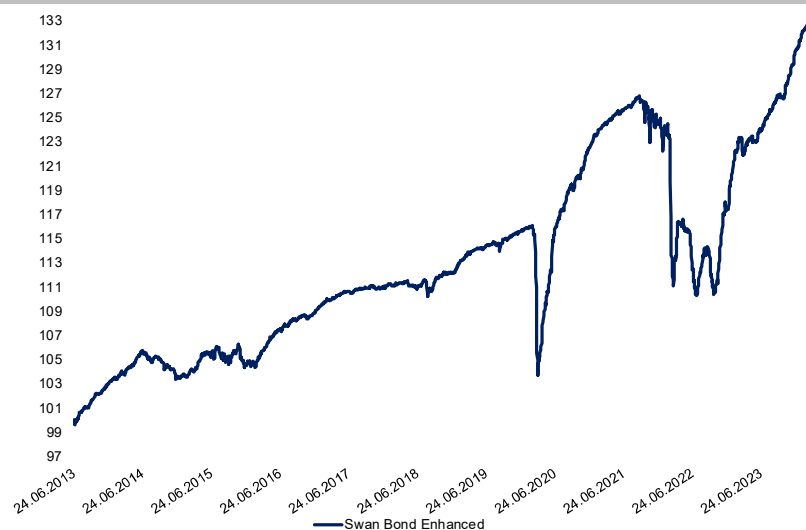
Swan Bond Enhanced SIF is the alternative version of our Fixed Income Intermediate risk profile. The strategy is focused on a highly diversified buy and hold portfolio of liquid short-term fixed income securities, in a levered format. Leverage is normally included between 50% and 150% of the NAV. Target 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 February ranging from +0.89% for EM corp HY to +0.41% of the EU HY in tandem with positive equity markets, S&P500 (+5.17%) and Eurostoxx50 (+4.93%). The IG EUR market was negative by -0.89% while the short-term (1-3 year) H1WN global HY index reported a positive performance of 0.66%. The Global unconstrained (in terms of maturity) HY index was positive at +0.35%. Core inflation in Eurozone was a little bit lower at 3.3% YoY, even if concerns on future path remain because disinflation in service sector has stalled. On the same note, minutes of the ECB's January meeting contained a few dovish comments, while most of the discussion read on the hawkish side, concluding that it is still too early to have confidence that inflation will return to the target in a timely manner. In US the probability of a rate cut in May lowered after the inflation data that reported stable core inflation at 3.9% YoY while CPI slowed less than expected at 3.1% YoY and FED minutes reinforced the patient approach to cutting rates that Powell voiced in the post meeting press conference. We believe central banks will act only when they will be convinced that inflation will stay below target on a sustained basis and we are not close to that time yet. The 10 years bund yield was higher at 2.41% (+24bps in the month), in tandem with the 10 years Treasury at 4.25% (+34bps in the month). Oil moved lower to 84\$ per barrel, while US dollar rebounded with DXY at 104.16. Our funds have a yield to maturity between 6.5% and 8.5%, 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 87% of the positions (168 out of 194) 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 (17 months or average spread duration of 1.44), combined with a yield of 8.44% (net of funding cost in EUR) and z-spread of 501 basis points. The fund is levered, being invested at about 179% currently.

Performance

MTD :	0.54%	Fund Assets (mln) :	170.5 €
Since inception	32.78%	1 Year Std Dev :	1.36%
Last 12 Months :	7.67%	1 Year Sharpe Ratio :	2.93
NAVps :	EUR 132.78	% of positive months :	74%

Period	Perf.	Portfolio info	
MTD	0.54%	# of Securities	194
YTD	1.66%	% Weight	178.99%
6 months	5.31%	Int Dur	1.82
1 year	7.67%	Yield (gross) in EUR	8.44%
2023	11.25%	Spread Duration	2.58
2022	-5.91%	Z-spread	501
2021	1.66%		
2020	6.12%		
2019	3.12%		
2018	1.00%		
2017	1.83%		
2016	4.13%		
2015	1.16%		
2014	0.37%		
2013	3.14%		

FX breakdown (fully hedged)

USD	24.89%
EUR	43.90%
NOK	18.33%
SEK	7.65%
CHF	2.17%
GBP	3.07%
AUD	0.00%
TOTAL	100.00%

Geographic breakdown

EU	39.28%
US	8.95%
Oth DEV	38.21%
LATAM	2.84%
EMEA	10.26%
ASIA	0.46%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	11.24%
tot IG	11.24%
BB	31.65%
B	8.81%
CCC	0.52%
tot HY	40.98%
NR	47.78%
TOTAL	100.00%

Sector breakdown - Top 10

Banking	10.39%
Shipping - Gas	5.65%
Oil Field Equipment & Se	5.26%
Real Estate - Mgmt Res	5.24%
Software/Service	4.88%
Telecom - Wireline Integr	4.84%
Oil and gas E&P - All	4.39%
Finance - NPL collector	3.09%
Real Estate - Dev Res	3.07%
Industry - Renewables	3.05%

* 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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