

# Swan Bond Enhanced Sicav–SIF EUR

## August 2017



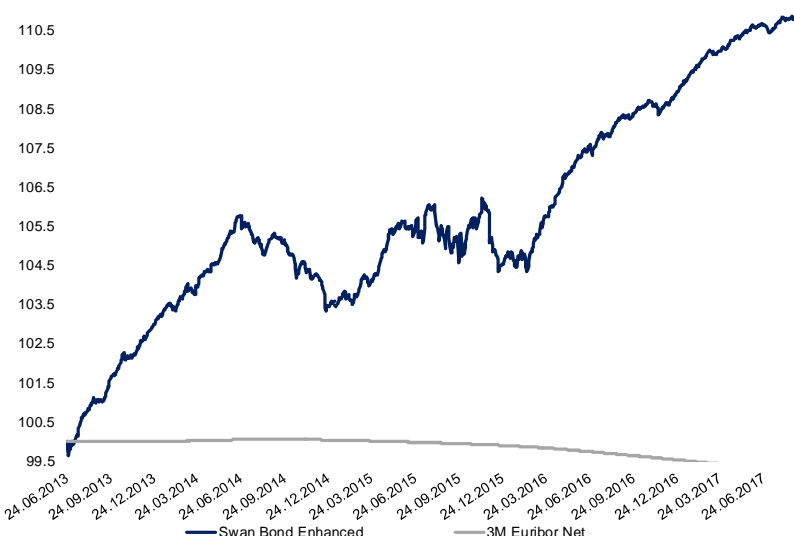
### Strategy

The sub-fund aims to generate significant excess return vs 3m Euribor in combination with extremely low volatility. The strategy is focused on the “buy and hold” levered investment in a highly diversified and granular portfolio of liquid short-term fixed income securities. Leverage is normally included between 100% and 200% of the NAV with invested capital between 2x and 3x the NAV.

### Performance

MTD :	<b>0.07%</b>	Fund Assets (mln) :	93.0 €
Since inception	<b>10.88%</b>	1 Year Std Dev :	0.52%
Last 12 Months :	<b>2.38%</b>	1 Year Sharpe Ratio :	5.87
NAVps :	EUR 110.88	% of positive months :	75%

### Risk Profile



### Global market picture

During August, European credit markets experienced a slightly negative performance (Xover 2bps wider at 236bps) in tandem with a negative movement of the Eurostoxx 50 (-0.81%), while S&P500 reached new historical highs at 2'471, almost flat during the month. Nervousness arose in the market due to North Korea missile tests, that increased tensions with the US and showed different positions among the different parties (US, South Korea, China and Russia) on how to reply to this offence: for the moment it seems that the situation will not escalate to war as it would be negative for all parties; anyway it remains an issue that can give some volatility in the future. On the macro side, global growth is still solid while inflation remains missing: this makes the tapering for the ECB more difficult to be implemented, postponing again market consensus on the reduction of monthly purchases to October (from € 60bn to € 40bn); EURUSD strength is not helping on this, with a possible reduction on inflation projections for the future; while the FED seems ready to announce the start of balance sheet normalization during its September meeting. On the rates side the 10 Treasury yield was lower at around 2.11% (-18 bps) due to North Korea tensions, the same for the 10 Year Bund yield lower at 0.36% (-18bps). EM credit market had a positive return this month, continuing the recent trend and benefiting from the tapering postponement from DM central banks.

### Yield-type strategy

The bucket generated a positive gross contribution to the monthly performance, thanks to 92% of the positions (93 out of 101) contributing positively. Positive contributions were homogeneously distributed, while there were not significant negative contributions. The average life of the yield-type portfolio is very short (9 months or average spread duration of 0.77), combined with a yield of 1.99% (net of funding cost) and z-spread of 299 basis points. The fund is levered, being invested at about 170% currently.

Period	Perf.	Portfolio info	
MTD	<b>0.07%</b>	# of Securities	124
YTD	<b>1.69%</b>	% Weight	169.67%
6 months	<b>0.83%</b>	Int Dur	0.96
1 year	<b>2.38%</b>	Yield (gross)	1.99%
2016	<b>4.13%</b>	Spread Duration	1.31
2015	<b>1.16%</b>	Z-spread	299
2014	<b>0.37%</b>		
2013	<b>3.14%</b>		

### FX breakdown (fully hedged)

USD	51.56%
EUR	14.44%
NOK	17.83%
GBP	4.71%
SEK	6.93%
SGD	0.50%
CHF	3.20%
AUD	0.82%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	7.96%
US	0.11%
Oth DEV	25.77%
LATAM	11.37%
EMEA	41.47%
ASIA	13.32%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%
AA	0.00%
A	0.37%
BBB	26.11%
<b>tot IG</b>	<b>26.48%</b>
BB	29.07%
B	17.43%
CCC	0.44%
<b>tot HY</b>	<b>46.94%</b>
<b>TOTAL</b>	<b>100.00%</b>

### Sector breakdown - Top 10

Banking	31.31%
Services	19.06%
Real Estate	14.89%
Energy	7.46%
Basic Industry	7.16%
Foreign Sovereign	5.23%
Financial Services	5.14%
Utility	2.53%
Supranational	2.03%
Consumer Goods	1.97%

### 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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*The State of the origin of the Fund is Luxembourg. This Fund may only be distributed in or from Switzerland to qualified investors within the meaning of Art. 10 Para. 3, 3bis and 3ter CISA. In Switzerland, the Representative is ACOLIN Fund Services AG, Affolternstrasse 56, CH-8050 Zurich, whilst the Paying agent is Cornèr Banca SA, Via Canova 16, CH – 6900 Lugano. In respect of the units distributed in Switzerland, the competent Courts shall be at the registered office of the Representative in Switzerland. The Basic documents of the Fund as defined in Art. 13a CISO as well as the annual and, if applicable, semi-annual reports may be obtained free of charge at the office of the Swiss Representative. The performance shown does not take account of any commissions and costs charged when subscribing to and redeeming shares. Past performance may not be reliable guide to future performance. The current document is intended for information purposes only and shall not to be used as an offer to buy and/or sell shares.*