

# Swan Bond Enhanced Sicav–SIF EUR

## September 2017



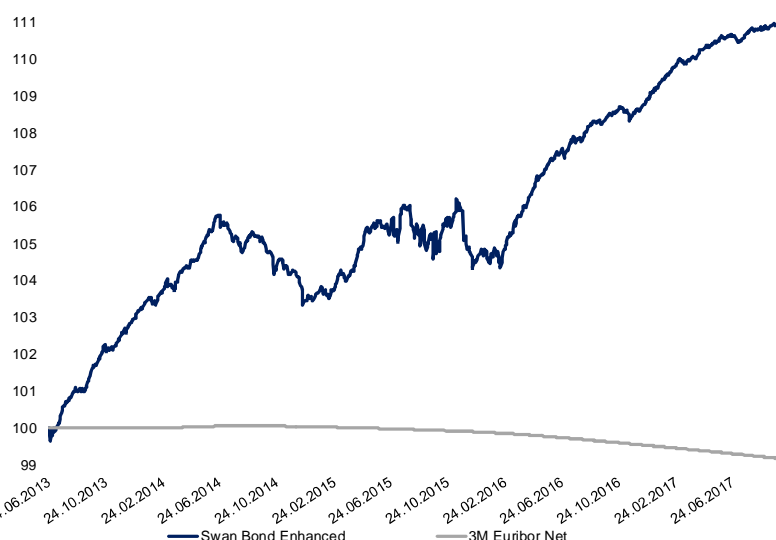
### Strategy

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>0.05%</b>	Fund Assets (mln) :	93.4 €
Since inception	<b>10.93%</b>	1 Year Std Dev :	0.51%
Last 12 Months :	<b>2.29%</b>	1 Year Sharpe Ratio :	5.16
NAVps :	EUR 110.93	% of positive months :	75%

### Risk Profile



### Global market picture

During September, European credit markets experienced a positive performance (H9PC Index +0.51%) in tandem with a positive movement of the Eurostoxx 50 (+5.07%), while S&P500 reached new historical highs at 2'519 (+1.93% during the month) thanks also to reduced noise from North Korea. Central banks meetings were the main topic of the month: ECB did not surprise the market, postponing any decision on tapering to October and reassuring investors that rates will remain low even after the end of central bank's purchases; due to Draghi's dovish tone, consensus is now pricing the first hike for 1Q19. On the other side both the FED and BoE launched hawkish signals: Janet Yellen clearly indicated December 2017 as the next date to continue its tightening policy (median dots now calling for 3 hikes in 2018), while the BoE gave an hint of possible rate hikes in the next months; both statements surprised the market as it was expecting a more dovish message due to absent wage pressure despite tight labor markets and generally weak inflation. EM credit market had a positive return this month, continuing the recent trend and benefiting from the continuous inflows and pursuit of attractive yield from investors.

### Yield-type strategy

The bucket generated a positive gross contribution to the monthly performance, thanks to 86% of the positions (89 out of 103) 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 0.75), combined with a yield of 1.98% (net of funding cost) and z-spread of 300 basis points. The fund is levered, being invested at about 175% currently.

Period	Perf.
MTD	<b>0.05%</b>
YTD	<b>1.73%</b>
6 months	<b>0.80%</b>
1 year	<b>2.29%</b>
2016	<b>4.13%</b>
2015	<b>1.16%</b>
2014	<b>0.37%</b>
2013	<b>3.14%</b>

Portfolio info	
# of Securities	124
% Weight	174.74%
Int Dur	0.95
Yield (gross)	1.98%
Spread Duration	1.32
Z-spread	300

### FX breakdown (fully hedged)

USD	51.26%
EUR	14.76%
NOK	17.43%
GBP	4.80%
SEK	7.39%
SGD	0.49%
CHF	3.10%
AUD	0.78%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	8.03%
US	0.10%
Oth DEV	26.15%
LATAM	12.00%
EMEA	39.61%
ASIA	14.11%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%
AA	0.00%
A	0.37%
BBB	24.73%
<b>tot IG</b>	<b>25.09%</b>
BB	30.71%
B	15.60%
CCC	0.43%
<b>tot HY</b>	<b>46.75%</b>
NR	28.16%
<b>TOTAL</b>	<b>100.00%</b>

### Sector breakdown - Top 10

Banking	30.54%
Services	18.94%
Real Estate	15.00%
Energy	7.35%
Basic Industry	7.26%
Foreign Sovereign	5.73%
Financial Services	5.13%
Utility	2.45%
Supranational	1.99%
Consumer Goods	1.91%

### 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  
 Contacts at Swan Asset Management SA:  
 E-mail: info@swan-am.ch - Tel: +41 91 986 31 90

*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.*