

# Swan Bond Enhanced Sicav–SIF CHF

## April 2018



### Strategy

The sub-fund aims to generate significant excess return vs 3m Libor CHF 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

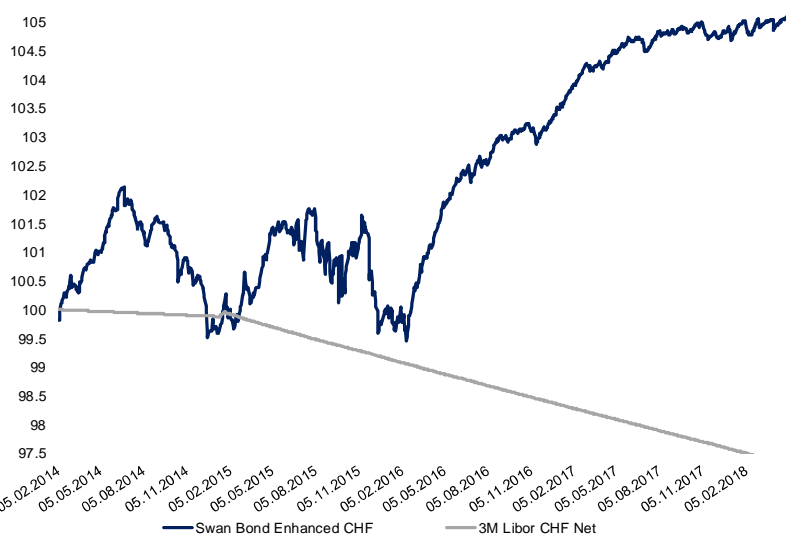
|                  |            |                        |         |
|------------------|------------|------------------------|---------|
| MTD :            | 0.06%      | Fund Assets (mln) :    | 101.8 € |
| Since inception  | 5.11%      | 1 Year Std Dev :       | 0.54%   |
| Last 12 Months : | 0.57%      | 1 Year Sharpe Ratio :  | 2.46    |
| NAVps :          | CHF 105.11 | % of positive months : | 73%     |

### Risk Profile

Conservative

Intermediate

High Reward



### Global market picture

Main topic of the month was the possible softening in growth, with CESI of G10 economies dipping below zero after recent highs at the end of 2017: investors did not seem to be excessively worried about this, and during April, European credit markets experienced a positive performance (H9PC Index +0.65%), in tandem with a positive movement of the Eurostoxx 50 (+5.21%); S&P500 also realized positive performance (+0.27%), reversing the correction started in February. Yield on 10 years Bund, after an initial rebound to 0.65%, pulled back to 0.55%, while flattening movement on US curve continued, with the 2 years/10 years maturity steepness reaching a multi years low of 50bps. On central banks' side, the ECB meeting did not bring significant changes in monetary policy: Draghi confirmed his confidence on inflation outlook, postponing any decision on QE to July/September meeting and signaling how the ECB is still on a data-watching mode. Important changes in rhetoric had been made by BoE Governor Carney, that after disappointing 1Q18 GDP data, flagged uncertainty about a possible rate hike in May, with markets that had to reduce the probability of such an event from close to 100% to below 10%. Emerging markets credit performance was negative (EMHB index -0.58%), with spread to worst 13bps wider at 366bps, notwithstanding Brent reached new highs at 75USD per barrel. Finally, the meeting between Kim Jong-Un and South Korea President Moon Jae-in was an historical event (last meeting took place in 2007), and paved the way for a possible summit between US and North Korea in June.

### Yield-type strategy

The bucket generated a positive gross contribution to the monthly performance, thanks to 92% of the positions (97 out of 105) 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 (8 months or average spread duration of 0.70), combined with a yield of 3.35% (net of funding cost) and z-spread of 434 basis points. The fund is levered, being invested at about 201% 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)

| Period   | Perf.  |
|----------|--------|
| MTD      | 0.06%  |
| YTD      | 0.22%  |
| 6 months | 0.10%  |
| 1 year   | 0.57%  |
| 2017     | 1.33%  |
| 2016     | 3.57%  |
| 2015     | 0.27%  |
| 2014     | -0.34% |

### Portfolio info

|                 |         |
|-----------------|---------|
| # of Securities | 122     |
| % Weight        | 200.66% |
| Int Dur         | 0.94    |
| Yield (gross)   | 3.35%   |
| Spread Duration | 1.38    |
| Z-spread        | 434     |

### FX breakdown (fully hedged)

|              |                |
|--------------|----------------|
| USD          | 50.36%         |
| EUR          | 16.32%         |
| NOK          | 16.82%         |
| GBP          | 3.01%          |
| SEK          | 7.33%          |
| SGD          | 0.00%          |
| CHF          | 4.78%          |
| AUD          | 1.37%          |
| <b>TOTAL</b> | <b>100.00%</b> |

### Geographic breakdown

|              |                |
|--------------|----------------|
| EU           | 6.27%          |
| US           | 0.46%          |
| Oth DEV      | 28.33%         |
| LATAM        | 10.94%         |
| EMEA         | 35.42%         |
| ASIA         | 18.57%         |
| <b>TOTAL</b> | <b>100.00%</b> |

### Rating breakdown

|              |                |        |
|--------------|----------------|--------|
| AAA          | 0.00%          |        |
| AA           | 0.00%          |        |
| A            | 1.72%          |        |
| BBB          | 20.85%         |        |
|              | tot IG         | 22.57% |
| BB           | 28.65%         |        |
| B            | 18.47%         |        |
| CCC          | 0.36%          |        |
|              | tot HY         | 47.48% |
| <b>TOTAL</b> | <b>100.00%</b> |        |

### Sector breakdown - Top 10

|                    |        |
|--------------------|--------|
| Banking            | 27.49% |
| Services           | 22.34% |
| Real Estate        | 21.72% |
| Basic Industry     | 6.92%  |
| Energy             | 5.60%  |
| Financial Services | 4.30%  |
| Foreign Sovereign  | 3.30%  |
| Supranational      | 2.12%  |
| Agency             | 1.30%  |
| Transportation     | 1.08%  |

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: SWBENAF LX

ISIN: LU1019165965

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