

Swan Bond Enhanced Sicav–SIF EUR

April 2019



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

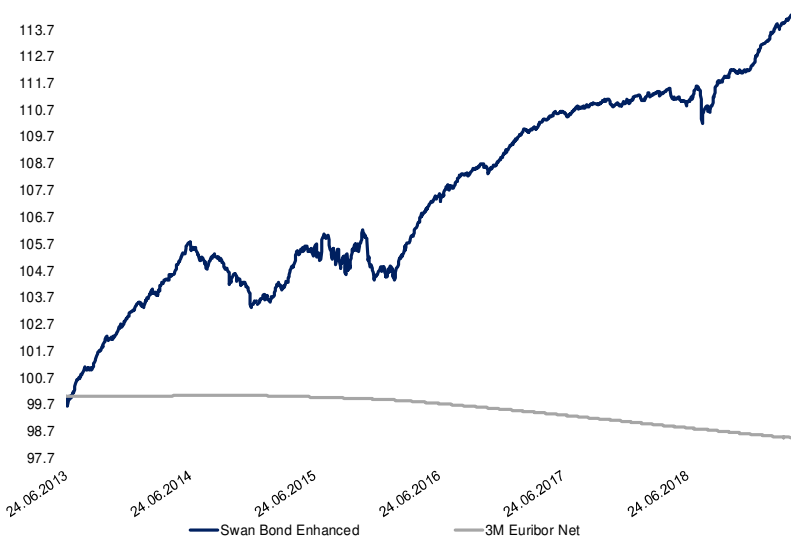
MTD :	0.33%	Fund Assets (mln) :	116.8 €
Since inception	14.11%	1 Year Std Dev :	1.02%
Last 12 Months :	2.34%	1 Year Sharpe Ratio :	2.61
NAVps :	EUR 114.11	% of positive months :	76%

Risk Profile

Conservative

Intermediate

High Reward



Global market picture

April was another strong month: European credit markets were positive (H9PC Index +1.41%), likewise equity markets with Eurostoxx 50 and S&P 500 gaining respectively 4.86% and 3.93%. Economic data sent opposite messages in US: labor market and 1Q GDP release were strong (change in NFP at 196k vs 177k and 1Q GDP at 3.2% vs 2.3%) in contrast with CPI at just 2%, while CESIUSD index reached its lowest level in two years at -58.7. FED minutes confirmed how patient will be the Committee in raising rates and also how markets participants are skeptical about imminent hikes, with Fed funds futures pricing no rate movements in 2019 and one rate cut to December 2020. 10 years Treasury moved higher, to 2.50% from 2.41%, in tandem with yield on 10 Years German Bund that closed the month at 0.01% (8bps during the month) notwithstanding weak data from Europe. Mario Draghi speech after ECB meeting on 10th of April reinforced the view that rates in Europe will remain on hold for longer expected, and that the new TLTRO will provide sufficient liquidity to European banks. Political risk was concentrated on the Brexit saga: the final date was postponed to 31st of October, leaving some additional months to find an agreement and removing the immediate risk of a no-deal. Emerging markets reported a positive performance (+0.72%) with Emea being the best performer during the month. EM resilience was mainly due to the dovish tone of all the Central Banks around the world and constructive talks between US and China (even if we are still waiting for a final agreement), in addition to continued strength of oil prices (Brent up 6% at 73 USD per barrel).

Yield-type strategy

The bucket generated a positive gross contribution to the monthly performance, with 91% of the positions (85 out of 93) contributing positively. Positive contributions were homogeneously distributed, the only exceptions being KOC 04/20, DNONO 06/20 and ISCTR 04/20, while there were not significant negative contributions. The average life of the yield-type portfolio is very short (10 months or average spread duration of 0.82), combined with a yield of 2.83% (net of funding cost in EUR) and z-spread of 406 basis points. The fund is levered, being invested at about 159% currently.

Period	Perf.	Portfolio info	
MTD	0.33%	# of Securities	119
YTD	1.75%	% Weight	158.67%
6 months	1.97%	Int Dur	0.83
1 year	2.34%	Yield (gross)	2.83%
2018	1.00%	Spread Duration	1.28
2017	1.83%	Z-spread	406
2016	4.13%		
2015	1.16%		
2014	0.37%		
2013	3.14%		

FX breakdown (fully hedged)

USD	45.70%
EUR	18.85%
NOK	19.91%
SEK	8.99%
CHF	4.00%
GBP	2.29%
AUD	0.25%
TOTAL	100.00%

Geographic breakdown

EU	10.63%
US	0.00%
Oth DEV	35.19%
LATAM	6.59%
EMEA	27.05%
ASIA	20.53%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	1.36%
BBB	8.89%
tot IG	10.25%
BB	22.31%
B	26.47%
CCC	0.54%
tot HY	49.32%
TOTAL	100.00%

Sector breakdown - Top 10

Real Estate	25.95%
Services	23.27%
Banking	20.07%
Financial Services	5.83%
Energy	5.55%
Foreign Sovereign	5.09%
Transportation	3.05%
Leisure	2.31%
Technology & Electronics	1.61%
Capital Goods	1.55%

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, Leutschenbachstrasse 50, 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.