

Swan Bond Enhanced Sicav–SIF EUR

January 2021



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

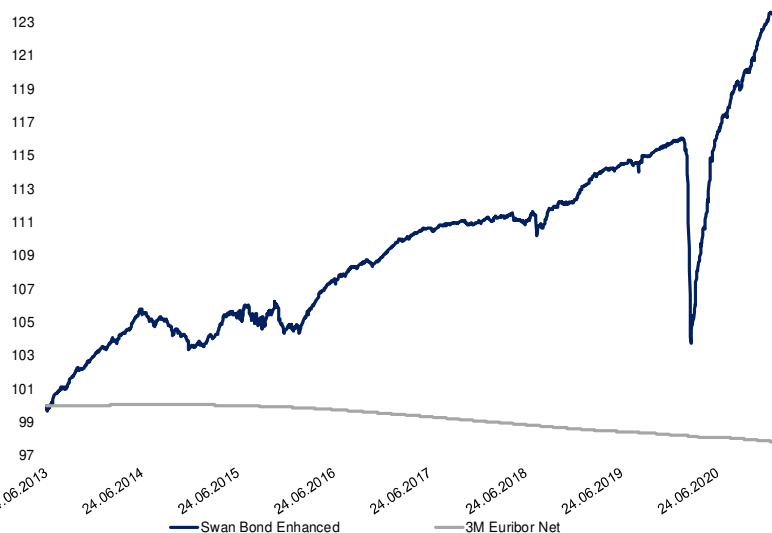
MTD :	0.61%	Fund Assets (mln) :	133.5 €
Since inception	23.48%	1 Year Std Dev :	4.17%
Last 12 Months :	6.58%	1 Year Sharpe Ratio :	1.71
NAVps :	EUR 123.48	% of positive months :	78%

Risk Profile

Conservative

Intermediate

High Reward



Global market picture

During January European credit markets experienced a positive performance (H9PC Index +0.48%), in contrast with the movement of the Eurostoxx 50 (-2.00%) and S&P 500 (-1.11%). Joe Biden took office as President of the United States of America and, after Democrats won also Georgia for the Senate, the focus shifted immediately on the size of potential additional stimulus, on top of the 900\$bn deal approved in December, giving the majority obtained. After tumultuous Capitol Hill assault, Trump left his office with one of the lowest approval ratings in last 50 years for a US president, while Biden started his mandate with an economy still heavily impacted by COVID. Second and third wave of the virus were spreading all around the world, and global growth is forecasted at just 1.3% in 1Q, firmly below potential. FED Chairman Jerome Powell affirmed that “is likely to take some time for substantial further progress” in the economy, confirming the central bank expansive policy and rejecting any possibility of tapering in the short term. ECB officials confirmed their commitment in supporting the economy, while in Italy a political crisis caused the resignation of PM Giuseppe Conte. In this context, the 10 years bund yield was higher at -0.52%, in tandem with the 10 years Treasury at 1.07% (+16bps in the month). Oil continued its rebound, with Brent @ 56 USD per barrel thanks to the 1mbd cut by Saudi in early January and lower inventories, while gold was a touch lower at 1848 \$ per ounce. We think that this is still an interesting entry point for our strategy: current YTM gives us confidence on the capability to generate positive performance in line with targets during 2021; average maturity of the bonds in our portfolios is still around 1 year and should help reduce volatility in case of new episodes of market stress.

Yield-type strategy

The bucket generated a positive gross contribution to the monthly performance, with 85% of the positions (91 out of 107) contributing positively. During the month we slightly 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 (10 months or average spread duration of 0.83), combined with a yield of 4.23% (net of funding cost in EUR) and z-spread of 531 basis points. The fund is levered, being invested at about 163% currently.

Period	Perf.
MTD	0.61%
YTD	0.61%
6 months	5.25%
1 year	6.58%
2020	6.12%
2019	3.12%
2018	1.00%
2017	1.83%
2016	4.13%
2015	1.16%
2014	0.37%
2013	3.14%

Portfolio info

# of Securities	136
% Weight	162.86%
Int Dur	1.04
Yield (gross)	4.23%
Spread Duration	1.39
Z-spread	531

FX breakdown (fully hedged)

USD	55.18%
EUR	19.50%
NOK	16.55%
SEK	5.99%
CHF	1.50%
GBP	1.27%
AUD	0.00%
TOTAL	100.00%

Geographic breakdown

EU	13.97%
US	4.06%
Oth DEV	34.71%
LATAM	4.38%
EMEA	28.02%
ASIA	14.85%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	8.25%
tot IG	8.25%
BB	23.35%
B	23.88%
CCC	1.11%
tot HY	48.35%
NR	43.40%
TOTAL	100.00%

Sector breakdown - Top 10

Services	25.09%
Real Estate	19.67%
Banking	16.81%
Basic Industry	8.56%
Leisure	4.87%
Financial Services	3.39%
Capital Goods	2.75%
Energy	2.62%
Telecommunications	2.27%
Transportation	2.26%

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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