

# Swan Bond Enhanced Sicav–SIF USD

## September 2021



### Strategy

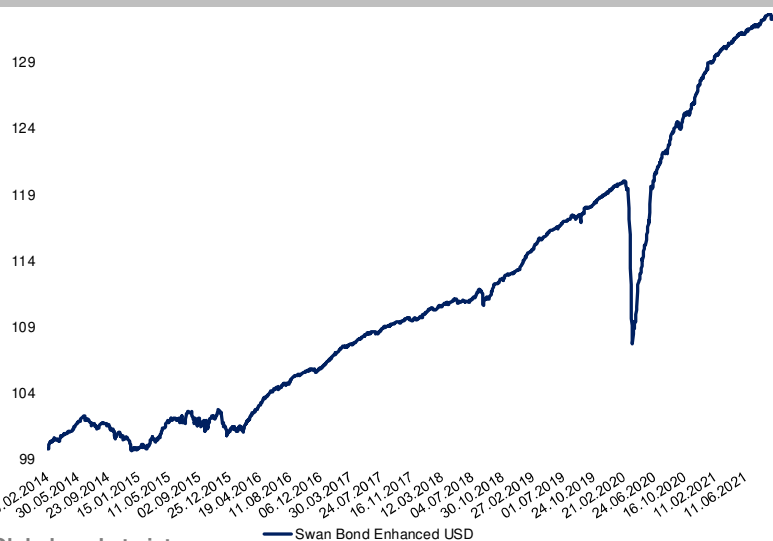
Swan Bond Enhanced SIF is the alternative version of our Fixed Income Intermediate risk profile. The strategy is focused on a highly diversified buy and hold portfolio of liquid short-term fixed income securities, in a levered format. Leverage is normally included between 50% and 150% of the NAV. Target Return is 3 months LIBOR + 350 bps.

### Risk Profile

Conservative

**Intermediate**

High Reward



### Performance

MTD :	<b>-0.11%</b>	Fund Assets (mln) :	156.5 €
Since inception	<b>32.32%</b>	1 Year Std Dev :	0.94%
Last 12 Months :	<b>6.77%</b>	1 Year Sharpe Ratio :	7.13
NAVps :	USD 132.32	% of positive months :	83%

Period	Perf.	Portfolio info	
MTD	<b>-0.11%</b>	# of Securities	140
YTD	<b>3.33%</b>	% Weight	169.60%
6 months	<b>1.62%</b>	Int Dur	0.90
1 year	<b>6.77%</b>	Yield (gross)	4.01%
2020	<b>7.31%</b>	Spread Duration	1.49
2019	<b>5.35%</b>	Z-spread	522
2018	<b>3.07%</b>		
2017	<b>3.32%</b>		
2016	<b>4.99%</b>		
2015	<b>1.53%</b>		
2014	<b>-0.21%</b>		

### FX breakdown (fully hedged)

USD	56.13%
EUR	16.47%
NOK	15.30%
SEK	8.37%
CHF	1.82%
GBP	1.92%
AUD	0.00%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	15.05%
US	3.09%
Oth DEV	35.75%
LATAM	1.86%
EMEA	28.84%
ASIA	15.41%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	6.53%
<b>tot IG</b>	<b>6.53%</b>
BB	19.55%
B	23.70%
CCC	1.45%
<b>tot HY</b>	<b>44.70%</b>
NR	48.77%
<b>TOTAL</b>	<b>100.00%</b>

### Sector breakdown - Top 10

Services	25.52%
Real Estate	22.34%
Banking	13.94%
Basic Industry	6.20%
Financial Services	5.35%
Energy	3.99%
Leisure	3.81%
Consumer Goods	2.77%
Agency	2.15%
Automotive	1.97%

### Global market picture

During September, European credit markets experienced a negative performance (H9PC Index -0.07%), in tandem with the movement of the Eurostoxx 50 (-3.53%) and S&P 500 (-4.76%). The liquidity crisis that hit Evergrande, the biggest China Property developer, negatively impacted both equity and credit markets: the company has close to \$300bn in liabilities and missed payment on a coupon the 28th of September. While the Chinese Government did not release any statement suggesting a possible bail-out of bondholders, the PBOC injected substantial liquidity in the financial system in order to support the economy. In the end, we think the government will act to prevent a domino effect on the sector and on the financial system, facilitating an orderly restructuring of Evergrande liabilities avoiding an immediate potential systemic risk. Strong inflation data in US and Europe further raised concerns that the move up in prices could not be transitory as widely expected: inflation is raising in many countries due to post pandemic reopening and pressure is mounting on central banks to start winding down stimulus launched in 2020. Norwegian Central Bank was the first to raise rates, indicating another rate hike in December this year and BOE said the case for tightening policy has "strengthened" recently; the FED expects tapering before the end of the year and a first rate hike in 2022, while the ECB said it will buy less bonds in a sign of confidence that economic recovery will not derail. In this context, the 10 years bund yield was higher at -0.20% (+18bps in the month), in tandem with the 10 years Treasury at 1.49% (+18bps in the month). Gold was lower at 1758 \$ per ounce, while oil was up at 79 USD per barrel, highest level since 2018. 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 negative gross contribution to the monthly performance, with 57% of the positions (55 out of 97) contributing positively. During the month we increased our invested capital and conditions remain attractive in the short-term part of the credit curve. The average life of the yield-type portfolio is very short (11 months or average spread duration of 0.88), combined with a yield of 4.01% (net of funding cost in EUR) and z-spread of 522 basis points. The fund is levered, being invested at about 170% 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)

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: SWBENAU LX

ISIN: LU1019165882

Contacts at Swan Asset Management SA:

E-mail: info@swan-am.ch - Tel: +41 91 986 31 90

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