

Swan Bond Enhanced Sicav–SIF CHF

February 2022



Strategy

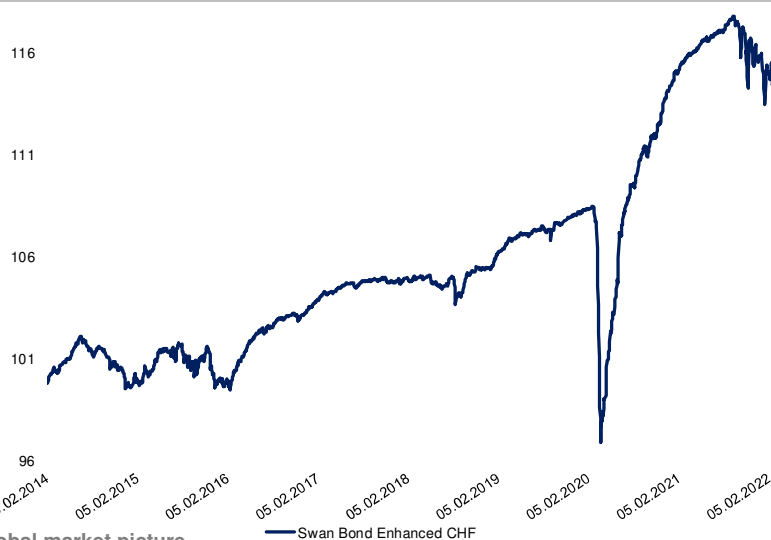
Swan Bond Enhanced SIF is the alternative version of our Fixed Income Intermediate risk profile. The strategy is focused on a highly diversified buy and hold portfolio of liquid short-term fixed income securities, in a levered format. Leverage is normally included between 50% and 150% of the NAV. Target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

Risk Profile

Conservative

Intermediate

High Reward



Global market picture

During February European credit markets experienced a negative performance (H9PC Index -2.98%), in tandem with the movement of the Eurostoxx 50 (-6.00%) and S&P 500 (-3.14%). In particular, the credit market environment was extremely negative with year to date performances ranging from -7.5% for EM corp HY to -3.78% of the EU HY component. The IG EUR market is also negative by about 3.93% YTD, mainly due to the rates component. The short-term (1-3 year) H1WN global HY index also reports a performance of -4.64% YTD while the Global unconstrained HY lost 4.59%. Sell-off intensified in the last week of February following Russian invasion of Ukraine: at the moment objectives of the operation are not clear yet, but market did not expect a full invasion and immediately started pricing in very negative scenarios. In this context, the 10 years bund yield was higher at +0.13% (+12bps in the month) in tandem with the 10 years Treasury at 1.82% (+5bps in the month), mainly due to concerns on inflationary pressure linked to energy cost, with oil prices reaching highest level (101\$ per barrel) since 2014. The funds' strategy remains focused on the short term: we remain committed to our investment philosophy of constant and significant excess returns, coupled with low volatility (last period was an extraordinary one). Excluding specific idiosyncratic situations (China real estate and Russia/Ukraine), the rest of the portfolio has continued to behave in line with expectations, generating a slightly negative performance compared with a context of extreme negativity in the market. The expected return of the portfolio (excluding China and Russia/Ukraine), will be able to generate a significant performance during 2022 which, added to the potential recovery of the two idiosyncratic components, will allow a significant rebound from current levels.

Yield-type strategy

The bucket generated a negative gross contribution to the monthly performance, with 44% of the positions (42 out of 95) contributing positively. During the month we increased our invested capital: conditions are always 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 0.94), combined with a yield of 15.15% (net of funding cost in EUR) and z-spread of 1575 basis points. The fund is levered, being invested at about 186% currently.

Performance

MTD :	-3.39%	Fund Assets (mln) :	138.0 €
Since inception :	11.07%	1 Year Std Dev :	3.29%
Last 12 Months :	-3.94%	1 Year Sharpe Ratio :	-0.95
NAVps :	CHF 111.07	% of positive months :	74%

Period	Perf.	Portfolio info	
MTD	-3.39%	# of Securities	143
YTD	-4.17%	% Weight	185.85%
6 months	-5.58%	Int Dur	0.84
1 year	-3.94%	Yield (gross)	15.15%
2021	1.35%	Spread Duration	1.76
2020	5.67%	Z-spread	1575
2019	2.65%		
2018	0.52%		
2017	1.33%		
2016	3.57%		
2015	0.27%		
2014	-0.34%		

FX breakdown (fully hedged)

USD	49.06%
EUR	14.98%
NOK	19.06%
SEK	13.68%
CHF	1.92%
GBP	1.30%
AUD	0.00%
TOTAL	100.00%

Geographic breakdown

EU	12.97%
US	5.01%
Oth DEV	51.55%
LATAM	1.48%
EMEA	18.15%
ASIA	10.84%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	3.35%
tot IG	3.35%
BB	16.18%
B	21.00%
CCC	2.47%
tot HY	39.65%
NR	57.00%
TOTAL	100.00%

Sector breakdown - Top 10

Services	31.61%
Real Estate	21.98%
Energy	6.98%
Basic Industry	6.23%
Banking	6.16%
Financial Services	5.26%
Leisure	4.66%
Transportation	3.05%
Agency	2.26%
Supranational	2.13%

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: SWBENAF LX

ISIN: LU1019165965

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