

Swan Bond Enhanced Sicav–SIF EUR

April 2022



Strategy

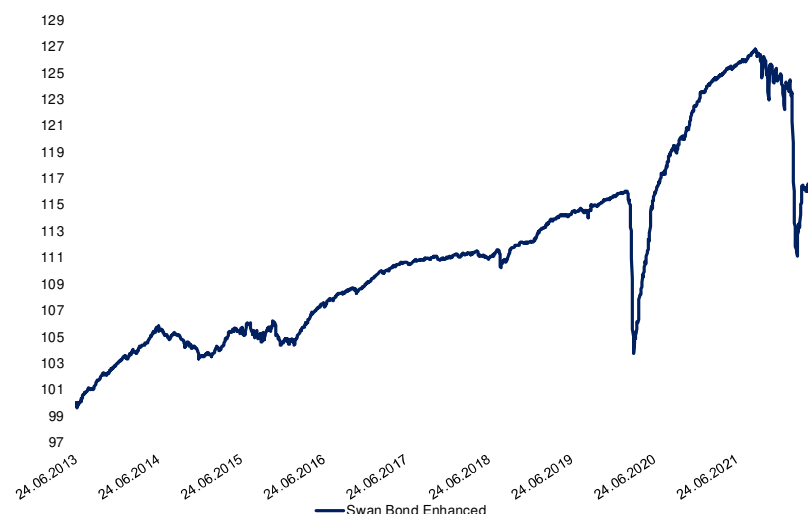
Swan Bond Enhanced SIF is the alternative version of our Fixed Income Intermediate risk profile. The strategy is focused on a highly diversified buy and hold portfolio of liquid short-term fixed income securities, in a levered format. Leverage is normally included between 50% and 150% of the NAV. Target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

Risk Profile

Conservative

Intermediate

High Reward



Global market picture

Credit markets remained extremely negative with year to date performances ranging from -12.90% for EM corp HY to -7.04% of the EU HY component in tandem with the movement of the Eurostoxx 50 (-18.04% YTD) and S&P 500 (-13.3% YTD). The IG EUR market is also negative by 7.89% YTD, mainly due to the rates component. The short-term (1-3 year) H1WN global HY index also reports a performance of -7.35% YTD while the Global unconstrained (in terms of maturity) HY lost 9.02%. The Russian invasion of Ukraine remained the main theme of the month: peace talks did not reach significant results, while on the ground Ukrainian troops continued their resistance thanks to the continuous support of weapons provided by NATO members. Inflation did not stop rising: FED tone was increasingly hawkish, with Jerome Powell saying that "it is appropriate in my view to be moving a little more quickly" and market now pricing 50bps hike during both May and June meeting. There were no signs of panic at the ECB meeting notwithstanding the 7.5% inflation print, with the only material change being a higher probability of QE ending in 3Q22. In this context, the 10 years bund yield was higher at +0.94% (+39bps in the month, highest level since 2015) in tandem with the 10 years Treasury at 2.93% (+60bps in the month), mainly due to concerns on inflationary pressure linked to energy cost, with oil prices closing the month at 109 per barrel. 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 positive performance compared with a context of extreme negativity in the market. The expected return of the portfolio 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 positive gross contribution to the monthly performance, with 86% of the positions (75 out of 87) contributing positively. During the month we decreased 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 (12 months or average spread duration of 1.00), combined with a yield of 10.08% (net of funding cost in EUR) and z-spread of 1068 basis points. The fund is levered, being invested at about 169% currently.

Performance

| | | | |
|------------------|---------------|------------------------|---------|
| MTD : | 1.33% | Fund Assets (mln) : | 142.3 € |
| Since inception | 16.20% | 1 Year Std Dev : | 4.83% |
| Last 12 Months : | -7.11% | 1 Year Sharpe Ratio : | -1.34 |
| NAVps : | EUR 116.20 | % of positive months : | 76% |

| Period | Perf. | Portfolio info | |
|----------|---------------|-----------------|---------|
| MTD | 1.33% | # of Securities | 136 |
| YTD | -6.87% | % Weight | 168.91% |
| 6 months | -7.56% | Int Dur | 0.78 |
| 1 year | -7.11% | Yield (gross) | 10.08% |
| 2021 | 1.66% | Spread Duration | 1.69 |
| 2020 | 6.12% | Z-spread | 1068 |
| 2019 | 3.12% | | |
| 2018 | 1.00% | | |
| 2017 | 1.83% | | |
| 2016 | 4.13% | | |
| 2015 | 1.16% | | |
| 2014 | 0.37% | | |
| 2013 | 3.14% | | |

FX breakdown (fully hedged)

| | |
|--------------|----------------|
| USD | 44.83% |
| EUR | 14.78% |
| NOK | 19.96% |
| SEK | 15.44% |
| CHF | 2.30% |
| GBP | 2.69% |
| AUD | 0.00% |
| TOTAL | 100.00% |

Geographic breakdown

| | |
|--------------|----------------|
| EU | 14.80% |
| US | 5.92% |
| Oth DEV | 50.08% |
| LATAM | 2.91% |
| EMEA | 17.38% |
| ASIA | 8.92% |
| TOTAL | 100.00% |

Rating breakdown

| | |
|---------------|----------------|
| AAA | 0.00% |
| AA | 0.00% |
| A | 0.00% |
| BBB | 3.34% |
| tot IG | 3.34% |
| BB | 19.23% |
| B | 16.42% |
| CCC | 2.98% |
| tot HY | 38.63% |
| NR | 58.03% |
| TOTAL | 100.00% |

Sector breakdown - Top 10

| | |
|--------------------|--------|
| Services | 29.58% |
| Real Estate | 19.51% |
| Energy | 8.43% |
| Basic Industry | 7.72% |
| Banking | 6.73% |
| Financial Services | 5.56% |
| Leisure | 5.47% |
| Transportation | 3.30% |
| Agency | 2.56% |
| Consumer Goods | 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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