

Swan Bond Enhanced Sicav–SIF EUR

March 2023



Strategy

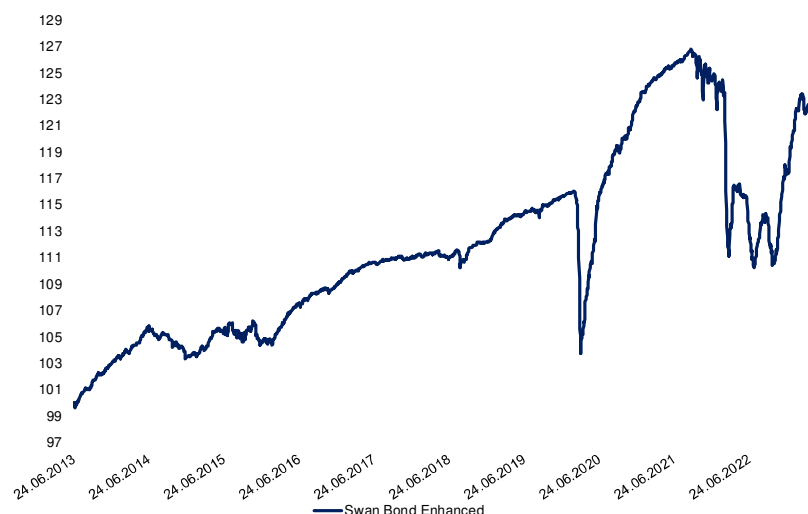
Swan Bond Enhanced SIF is the alternative version of our Fixed Income Intermediate risk profile. The strategy is focused on a highly diversified buy and hold portfolio of liquid short-term fixed income securities, in a levered format. Leverage is normally included between 50% and 150% of the NAV. Target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

Risk Profile

Conservative

Intermediate

High Reward



Global market picture

High Yield Credit markets reported a mixed performance in March ranging from -0.16% for EM corp HY to -0.13% of the EU HY in contrast with the movement of the S&P500 (+3.51%) Eurostoxx50 (+1.8%). The IG EUR market was positive by 1.02%. The short-term (1-3 year) H1WN global HY index also reports a negative performance of -0.14% YTD while the Global unconstrained (in terms of maturity) HY gained +0.42%. The month was dominated by news on banking crisis from both US and EU. First signs of deterioration came from US, where Silicon Valley Bank was hit by a bank run after the news of a possible capital increase due to heavy loss on its Treasury positions. The FED had to set up a special liquidity line for the banking system, in addition to full guarantee on all deposits, in order to avoid a possible collapse of the entire regional banking system in the US. In Europe, after an interview of Saudi National Bank CEO, Credit Suisse fell in a negative spiral, forcing the Swiss National Bank to orchestrate an acquisition of CS by UBS, with a consequent bail in of AT1 bonds that surprised the market. In this negative context, both the FED and the ECB continued their hiking cycle, due to inflation that did not show significant sign of weakness: the FED raised rates by 25bps while the ECB added 50bps to its main refinancing rate. Oil was stable at around 75\$ per barrel, while US dollar lost some ground with DXY at 102.5. Thanks to the recent volatility spike we have been able to add several new credit stories at very interesting levels of credit spreads: our funds have a yield to maturity between 7.5% and 12.5%, combined with an average spread duration of below 16 months. The combination of higher diversification, higher credit quality and higher expected yields paves the way for extremely attractive returns in the next future.

Yield-type strategy

The bucket generated a negative gross contribution to the monthly performance, with 64% of the positions (122 out of 191) contributing positively. During the month we increased our invested capital: conditions remain attractive in the short-term part of the credit curve. The average life of the yield-type portfolio is very short (15 months or average spread duration of 1.22), combined with a yield of 12.15% (net of funding cost in EUR) and z-spread of 914 basis points. The fund is levered, being invested at about 211% currently.

Performance

MTD :	-0.77%	Fund Assets (mln) :	139.0 €
Since inception	22.37%	1 Year Std Dev :	3.12%
Last 12 Months :	6.71%	1 Year Sharpe Ratio :	1.81
NAVps :	EUR 122.37	% of positive months :	73%

Period	Perf.	Portfolio info	
MTD	-0.77%	# of Securities	191
YTD	4.23%	% Weight	210.77%
6 months	9.38%	Int Dur	1.82
1 year	6.71%	Yield (gross)	12.15%
2022	-5.91%	Spread Duration	2.58
2021	1.66%	Z-spread	914
2020	6.12%		
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	28.80%
EUR	38.12%
NOK	19.37%
SEK	10.88%
CHF	0.63%
GBP	2.20%
AUD	0.00%
TOTAL	100.00%

Geographic breakdown

EU	32.03%
US	8.53%
Oth DEV	43.43%
LATAM	2.05%
EMEA	11.50%
ASIA	2.47%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	4.97%
tot IG	4.97%
BB	26.23%
B	17.77%
CCC	2.21%
tot HY	46.21%
NR	48.82%
TOTAL	100.00%

Sector breakdown - Top 10

Banking	7.26%
Real Estate - Mgmt Res	5.48%
Shipping - Gas	5.14%
Gaming - Online Gaming	4.96%
Shipping - Chemicals	4.31%
Real Estate - Dev Res	4.24%
Real Estate - Mgmt Comr	3.95%
Chemicals	3.83%
Oil and gas E&P - All	3.80%
Investments & Misc Finar	3.77%

* Portfolio 100%

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

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