

# Swan Bond Enhanced Sicav–SIF USD

## November 2023



### Strategy

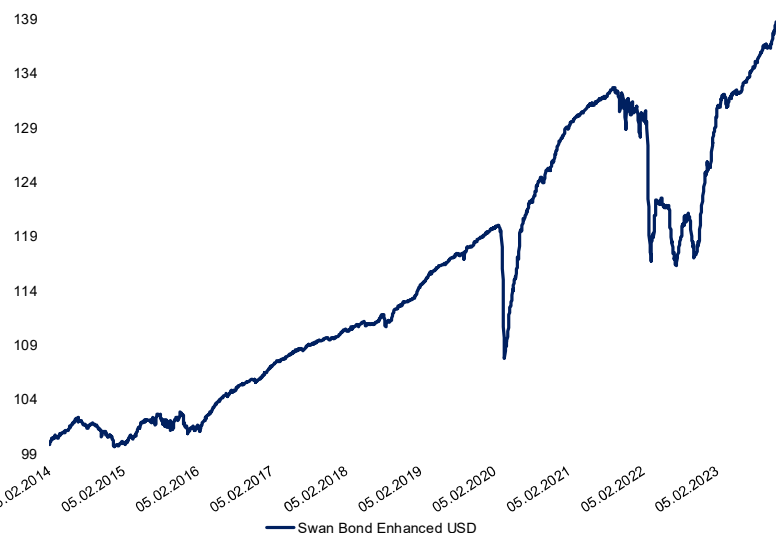
Swan Bond Enhanced SIF is the alternative version of our Fixed Income Intermediate risk profile. The strategy is focused on a highly diversified buy and hold portfolio of liquid short-term fixed income securities, in a levered format. Leverage is normally included between 50% and 150% of the NAV. Target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

### Risk Profile

Conservative

**Intermediate**

High Reward



### Global market picture

High Yield Credit markets reported a positive performance in November ranging from +3.64% for EM corp HY to +2.86% of the EU HY in tandem with positive equity markets, S&P500 (+8.92%) and Eurostoxx50 (+7.91%). The IG EUR market was positive by +2.30% while the short-term (1-3 year) H1WN global HY index reported a positive performance of 2.15%. The Global unconstrained (in terms of maturity) HY index was positive at +3.88%. The FED had its policy decision meeting the first week of November: interest rates remained at 22 years highs and Jerome Powell kept open the possibility of additional monetary tightening amid evidence that the US economy remain strong. But the FED Chair increasingly described risks as balanced with "considerable" progress on lowering inflation as they "have moved policy rate well into restrictive territory". Markets responded to this news reversing the bond yields spike of September/October thanks also to declining inflation data: October core CPI YoY was 4% in US vs 4.1% expected, while in Europe expectation for November core inflation were revised down to 3.6% YoY. Rates market incorporated relatively high probabilities of easing by both the FED and ECB during next quarters, even if we believe central banks will act only when they will be convinced that inflation will remain below 3% on a sustained basis. The 10 years bund yield was lower at 2.45% (-36bps in the month), in tandem with the 10 years Treasury at 4.33% (-60bps in the month). Oil moved lower to 82\$ per barrel, while US dollar lost some ground with DXY at 103.50. Our funds have a yield to maturity between 7.5% and 10%, combined with an average spread duration around 17 months. The combination of higher diversification, higher credit quality and higher expected yields pave the way for extremely attractive returns in the next future.

### Yield-type strategy

The bucket generated a positive gross contribution to the monthly performance, with 86% of the positions (173 out of 201) contributing positively. During the month we 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 (17 months or average spread duration of 1.38), combined with a yield of 10.48% (net of funding cost in EUR) and z-spread of 705 basis points. The fund is levered, being invested at about 199% currently.

### Performance

MTD :	<b>1.61%</b>	Fund Assets (mln) :	154.3 €
Since inception	<b>39.13%</b>	1 Year Std Dev :	1.83%
Last 12 Months :	<b>12.89%</b>	1 Year Sharpe Ratio :	4.28
NAVps :	USD 139.13	% of positive months :	78%

Period	Perf.
MTD	<b>1.61%</b>
YTD	<b>10.97%</b>
6 months	<b>5.15%</b>
1 year	<b>12.89%</b>
2022	<b>-4.14%</b>
2021	<b>2.14%</b>
2020	<b>7.31%</b>
2019	<b>5.35%</b>
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>

### Portfolio info

# of Securities	201
% Weight	199.43%
Int Dur	1.94
Yield (gross) in EUR	10.48%
Spread Duration	2.75
Z-spread	705

### FX breakdown (fully hedged)

USD	22.22%
EUR	46.86%
NOK	17.47%
SEK	8.44%
CHF	2.08%
GBP	2.93%
AUD	0.00%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	42.55%
US	7.72%
Oth DEV	35.93%
LATAM	1.98%
EMEA	11.40%
ASIA	0.42%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	9.93%
<b>tot IG</b>	<b>9.93%</b>
BB	31.23%
B	13.91%
CCC	0.54%
<b>tot HY</b>	<b>45.68%</b>
NR	44.39%
<b>TOTAL</b>	<b>100.00%</b>

### Sector breakdown - Top 10

Banking	10.67%
Real Estate - Mgmt Res	5.76%
Shipping - Gas	5.34%
Oil Field Equipment & Se	4.18%
Pharmaceuticals	3.95%
Oil and gas E&P - All	3.92%
Telecom - Wireline Integr	3.83%
Finance - NPL collector	3.77%
Air Transportation	3.46%
Software/Service	2.62%

\* Portfolio 100%

### 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

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