

Swan Bond Enhanced Sicav–SIF EUR

October 2017



Strategy

The sub-fund aims to generate significant excess return vs 3m Euribor in combination with extremely low volatility. The strategy is focused on the “buy and hold” levered investment in a highly diversified and granular portfolio of liquid short-term fixed income securities. Leverage is normally included between 100% and 200% of the NAV with invested capital between 2x and 3x the NAV.

Performance

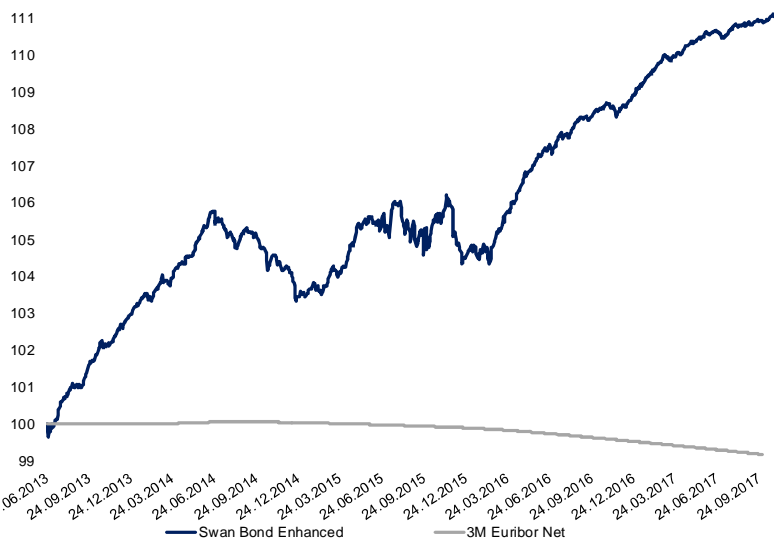
MTD :	0.14%	Fund Assets (mln) :	93.0 €
Since inception	11.09%	1 Year Std Dev :	0.50%
Last 12 Months :	2.22%	1 Year Sharpe Ratio :	5.05
NAVps :	EUR 111.09	% of positive months :	75%

Risk Profile

Conservative

Intermediate

High Reward



Global market picture

During October, European credit markets experienced a positive performance (H9PC Index +1.07%) in tandem with a positive movement of the Eurostoxx 50 (+2.20%), while S&P500 reached new historical highs at 2'575 (+2.22% during the month). The ECB meeting was one of the main topic of the month: Mario Draghi reiterated the ECB accommodative stance announcing a reduction in monthly purchases to €30bn from January to September 2018, with no sudden stop of the program thereafter. In US president Trump and his staff started discussions on next FED chairman: Yellen or Powell appointment would represent continuity, while Taylor or Warsh a more hawkish solution (final decision will be announced before the Presidential Asian trip). From a macro point of view, US economic data continued to confirm a solid path of growth, with Q3 GDP ahead of expectations at 3%, and the reporting season was strong globally with US, Europe and Japan posting EPS growth of 7%, 8% and 10% respectively. EM credit markets generated positive returns this month (EMHB Index +0.73%), helped also by Xi Jinping reappointment as General Secretary of the CPC after the party congress.

Yield-type strategy

The bucket generated a positive gross contribution to the monthly performance, thanks to 95% of the positions (102 out of 107) contributing positively. Positive contributions were homogeneously distributed, while there were not significant negative contributions. The average life of the yield-type portfolio is very short (9 months or average spread duration of 0.75), combined with a yield of 2.37% (net of funding cost) and z-spread of 339 basis points. The fund is levered, being invested at about 189% currently.

Period	Perf.	Portfolio info	
MTD	0.14%	# of Securities	124
YTD	1.88%	% Weight	188.76%
6 months	0.66%	Int Dur	1.00
1 year	2.22%	Yield (gross)	2.37%
2016	4.13%	Spread Duration	1.41
2015	1.16%	Z-spread	339
2014	0.37%		
2013	3.14%		

FX breakdown (fully hedged)

USD	54.08%
EUR	13.75%
NOK	16.82%
GBP	3.97%
SEK	6.43%
SGD	0.00%
CHF	4.23%
AUD	0.72%
TOTAL	100.00%

Geographic breakdown

EU	6.67%
US	0.41%
Oth DEV	24.82%
LATAM	11.21%
EMEA	42.47%
ASIA	14.42%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.99%
BBB	23.85%
tot IG	24.83%
BB	31.36%
B	15.68%
CCC	1.18%
tot HY	48.23%
NR	26.94%
TOTAL	100.00%

Sector breakdown - Top 10

Banking	31.39%
Services	18.63%
Real Estate	15.54%
Energy	7.50%
Basic Industry	6.39%
Foreign Sovereign	5.72%
Financial Services	3.50%
Supranational	2.05%
Consumer Goods	1.62%
Utility	1.54%

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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