

# Swan Bond Enhanced Sicav–SIF USD

## October 2017



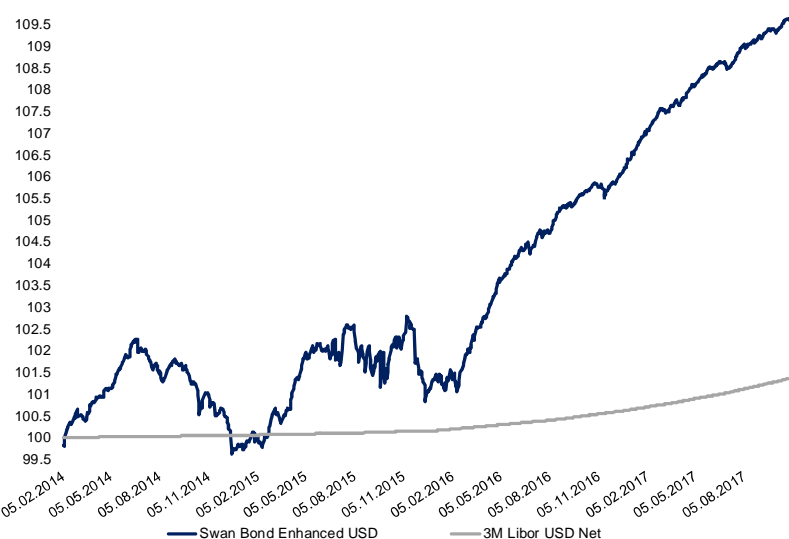
### Strategy

The sub-fund aims to generate significant excess return vs 3m Libor 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 :	<b>0.22%</b>	Fund Assets (mln) :	93.0 €
Since inception	<b>9.64%</b>	1 Year Std Dev :	0.54%
Last 12 Months :	<b>3.60%</b>	1 Year Sharpe Ratio :	5.38
NAVps :	USD 109.64	% of positive months :	78%

### Risk Profile



### 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	<b>0.22%</b>	# of Securities	124
YTD	<b>3.06%</b>	% Weight	188.76%
6 months	<b>1.42%</b>	Int Dur	1.00
1 year	<b>3.60%</b>	Yield (gross)	2.37%
2016	<b>4.99%</b>	Spread Duration	1.41
2015	<b>1.53%</b>	Z-spread	339
2014	<b>-0.21%</b>		

### 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%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

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

### Rating breakdown

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

### 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: 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  
 Contacts at Swan Asset Management SA:  
 E-mail: info@swan-am.ch - Tel: +41 91 986 31 90

*The State of the origin of the Fund is Luxembourg. This Fund may only be distributed in or from Switzerland to qualified investors within the meaning of Art. 10 Para. 3, 3bis and 3ter CISA. In Switzerland, the Representative is ACOLIN Fund Services AG, Affolternstrasse 56, CH-8050 Zurich, whilst the Paying agent is Cornèr Banca SA, Via Canova 16, CH – 6900 Lugano. In respect of the units distributed in Switzerland, the competent Courts shall be at the registered office of the Representative in Switzerland. The Basic documents of the Fund as defined in Art. 13a CISO as well as the annual and, if applicable, semi-annual reports may be obtained free of charge at the office of the Swiss Representative. The performance shown does not take account of any commissions and costs charged when subscribing to and redeeming shares. Past performance may not be reliable guide to future performance. The current document is intended for information purposes only and shall not to be used as an offer to buy and/or sell shares.*