

Swan Bond Enhanced Sicav–SIF EUR

April 2018



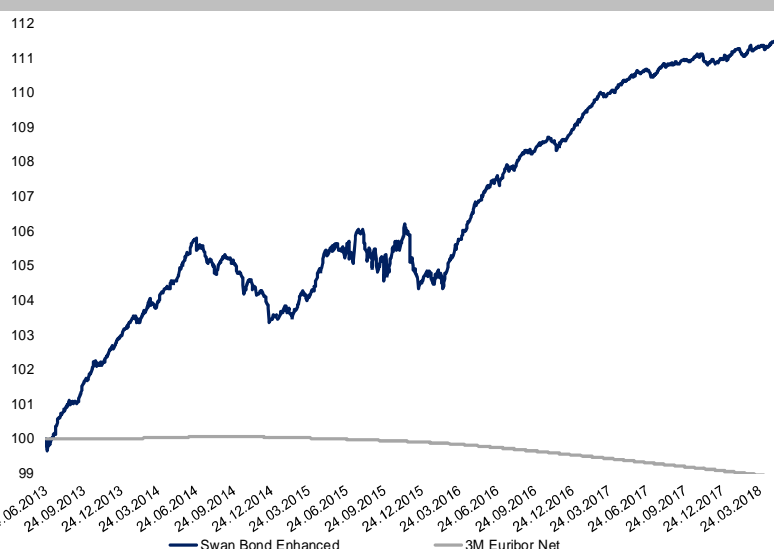
Strategy

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 :	0.12%	Fund Assets (mln) :	101.8 €
Since inception	11.50%	1 Year Std Dev :	0.49%
Last 12 Months :	1.03%	1 Year Sharpe Ratio :	2.79
NAVps :	EUR 111.50	% of positive months :	76%

Risk Profile



Global market picture

Main topic of the month was the possible softening in growth, with CESI of G10 economies dipping below zero after recent highs at the end of 2017: investors did not seem to be excessively worried about this, and during April, European credit markets experienced a positive performance (H9PC Index +0.65%), in tandem with a positive movement of the Eurostoxx 50 (+5.21%); S&P500 also realized positive performance (+0.27%), reversing the correction started in February. Yield on 10 years Bund, after an initial rebound to 100% to below 10%, pulled back to 0.55%, while flattening movement on US curve continued, with the 2 years/10 years maturity steepness reaching a multi years low of 50bps. On central banks' side, the ECB meeting did not bring significant changes in monetary policy: Draghi confirmed his confidence on inflation outlook, postponing any decision on QE to July/September meeting and signaling how the ECB is still on a data-watching mode. Important changes in rhetoric had been made by BoE Governor Carney, that after disappointing 1Q18 GDP data, flagged uncertainty about a possible rate hike in May, with markets that had to reduce the probability of such an event from close to 100% to below 10%. Emerging markets credit performance was negative (EMHB index -0.58%), with spread to worst 13bps wider at 366bps, notwithstanding Brent reached new highs at 75USD per barrel. Finally, the meeting between Kim Jong-Un and South Korea President Moon Jae-in was an historical event (last meeting took place in 2007), and paved the way for a possible summit between US and North Korea in June.

Yield-type strategy

The bucket generated a positive gross contribution to the monthly performance, thanks to 92% of the positions (97 out of 105) 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 (8 months or average spread duration of 0.70), combined with a yield of 3.35% (net of funding cost) and z-spread of 434 basis points. The fund is levered, being invested at about 201% currently.

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)

Period	Perf.	Portfolio info	
MTD	0.12%	# of Securities	122
YTD	0.41%	% Weight	200.66%
6 months	0.37%	Int Dur	0.94
1 year	1.03%	Yield (gross)	3.35%
2017	1.83%	Spread Duration	1.38
2016	4.13%	Z-spread	434
2015	1.16%		
2014	0.37%		
2013	3.14%		

FX breakdown (fully hedged)

USD	50.36%
EUR	16.32%
NOK	16.82%
GBP	3.01%
SEK	7.33%
SGD	0.00%
CHF	4.78%
AUD	1.37%
TOTAL	100.00%

Geographic breakdown

EU	6.27%
US	0.46%
Oth DEV	28.33%
LATAM	10.94%
EMEA	35.42%
ASIA	18.57%
TOTAL	100.00%

Rating breakdown

AAA	0.00%	
AA	0.00%	
A	1.72%	
BBB	20.85%	
	tot IG	22.57%
BB	28.65%	
B	18.47%	
CCC	0.36%	
	tot HY	47.48%
NR	29.95%	
TOTAL	100.00%	

Sector breakdown - Top 10

Banking	27.49%
Services	22.34%
Real Estate	21.72%
Basic Industry	6.92%
Energy	5.60%
Financial Services	4.30%
Foreign Sovereign	3.30%
Supranational	2.12%
Agency	1.30%
Transportation	1.08%

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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