Swan Bond Enhanced Sicav–SIF CHF
February 2019

SWAN
Managers of your future

Strategy

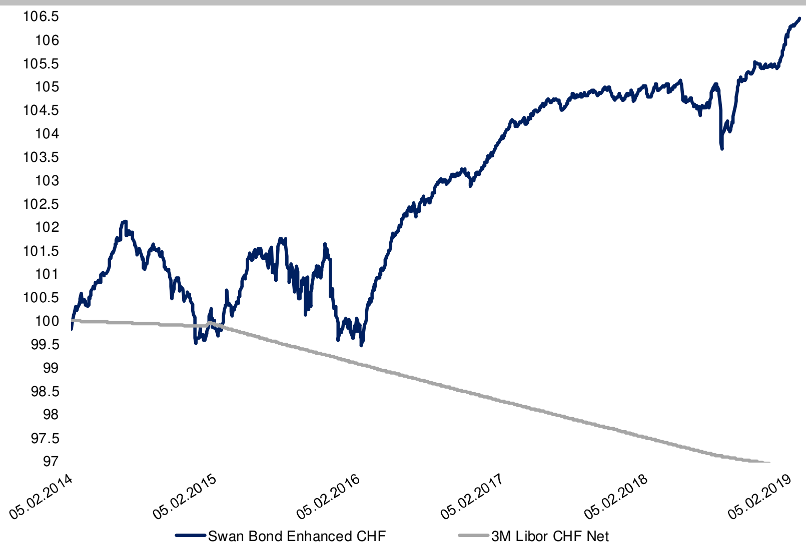
The sub-fund aims to generate significant excess return vs 3m Libor CHF in combination with extremely low volatility. The strategy is focused on the "buy and hold" levered investment in a highly diversified and granular portfolio of liquid short-term fixed income securities. Leverage is normally included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

Performance

MTD :	0.32%	Fund Assets (mln) :	109.7 €
Since inception	6.45%	1 Year Std Dev :	1.06%
Last 12 Months :	1.33%	1 Year Sharpe Ratio :	1.95
NAVps :	CHF 106.45	% of positive months :	72%

Risk Profile

Conservative | **Intermediate** | High Reward



Period	Perf.
MTD	0.32%
YTD	0.97%
6 months	2.24%
1 year	1.33%
2018	0.52%
2017	1.33%
2016	3.57%
2015	0.27%
2014	-0.34%

Portfolio info	
# of Securities	114
% Weight	171.44%
Int Dur	0.97
Yield (gross)	3.15%
Spread Duration	1.35
Z-spread	423

FX breakdown (fully hedged)	
USD	43.69%
EUR	20.57%
NOK	19.39%
SEK	9.91%
CHF	3.94%
GBP	2.26%
AUD	0.24%
TOTAL	100.00%

Geographic breakdown	
EU	12.96%
US	1.44%
Oth DEV	33.16%
LATAM	8.58%
EMEA	30.14%
ASIA	13.71%
TOTAL	100.00%

Rating breakdown		
AAA		0.00%
AA		0.00%
A		1.31%
BBB		12.35%
	tot IG	13.66%
BB		25.54%
B		22.58%
CCC		0.52%
	tot HY	48.64%
NR		37.70%
TOTAL		100.00%

Sector breakdown - Top 10	
Banking	27.00%
Services	22.35%
Real Estate	21.88%
Energy	5.84%
Financial Services	5.74%
Foreign Sovereign	4.48%
Transportation	2.68%
Leisure	2.29%
Consumer Goods	2.18%
Capital Goods	1.64%

Global market picture

February was a very strong month: European credit markets were positive (H9PC Index +1.85%), likewise equity markets with Eurostoxx 50 and S&P 500 gaining respectively 4.39% and 2.97%. The FOMC minutes on January were a little bit more hawkish than expected, revealing that a small bias for the next move to be a hike remains even if comments from FED officials remained on the dovish side. In the meanwhile, US data on economy continued to be soft: weaker than expected retail sales and durable goods order caused a revision of 1Q19 growth to just around 2% (it would be the lowest level since Q42015). Futures on FED funds imply a FED on hold for 2019 and a rate cut for 2020, while DOTS are still indicating 2 hikes: the FED will likely use a wait and see approach and the rate path will be one of the main driver of 2019 markets' performance. Data from Europe signaled a small improvement to a higher level of growth; next ECB meeting at the beginning of March should likely provide more color on a new eventual TLTRO, even if details should be disclosed in April. Yield on 10 Years German Bund rebounded from recent lows (+3bps at 0.18%) in tandem with yield on 10 years Treasury down to 2.71% (+9bps in February). Markets' rally continued in February, although economic uncertainty remains a concern for risky assets: current pace of global growth is around 2.6%, but several headwinds have still to be resolved (US/China trade deal, Brexit and weak growth in Europe). Emerging markets reported a positive performance (+1.33%) with Asia being the best performer during the month. EM resilience was mainly due to the dovish FED tone and constructive talks between US and China (even if we are still waiting for a final agreement), in addition to continued strength of oil prices (Brent closed up 7% at 66USD).

Yield-type strategy

The bucket generated a positive gross contribution to the monthly performance, with 92% of the positions (94 out of 102) contributing positively. Positive contributions were homogeneously distributed, the only exception being GMLP 05/20, while there were not significant negative contributions. The average life of the yield-type portfolio is very short (10 months or average spread duration of 0.80), combined with a yield of 3.15% (net of funding cost) and z-spread of 423 basis points. The fund is levered, being invested at about 171% currently.

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: SWBENAF LX
ISIN: LU1019165965

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.