

# Swan Bond Enhanced Sicav–SIF EUR

## December 2020



### 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

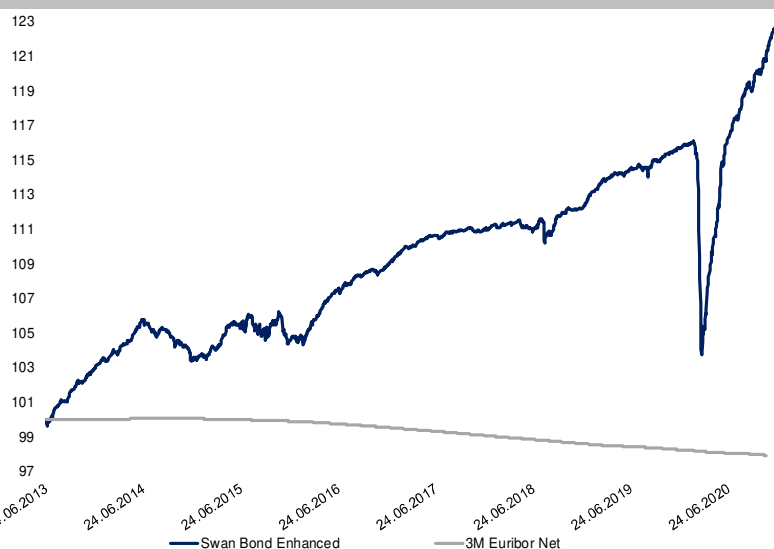
MTD :	1.07%	Fund Assets (mln) :	128.9 €
Since inception	22.73%	1 Year Std Dev :	4.14%
Last 12 Months :	6.12%	1 Year Sharpe Ratio :	1.6
NAVps :	EUR 122.73	% of positive months :	78%

### Risk Profile

Conservative

Intermediate

High Reward



### Global market picture

During December European credit markets experienced a positive performance (H9PC Index +0.80%), in tandem with the movement of the Eurostoxx 50 (+1.72%) and S&P 500 (3.71%). In this context Swan funds continued to move higher with a positive monthly performance ranging between +0.47% and 1.23%: SIF funds closed the year in positive territory (+6.96% SLSC and +6.12% for SBE), UCITS funds registered significant positive performance in 2020 (+2.2% USTB and +2.65% for STHY), while credit markets reported low single digit positive returns (European HY +2.76%, Emerging HY +7.23%, US HY +4.31% and EUR IG +2.65%). Mass vaccinations campaigns started all around the world: US was the first to move, followed by UK and European countries, but several obstacles (vaccine availability and willingness of the population to participate being the major ones) appeared to threaten the objective of a quick herd immunity. On the political side, the EU-UK deal on Brexit reached in the last days of the year, avoided a no deal scenario that would have hurt severely both economies; expectations for Euro area GDP are -10% q/q in 4Q followed by a significant rebound, especially in 2Q21 (+10%) and 3Q21 (+9%). In the United States an agreement was reached on fiscal stimulus, with an additional 900bn\$ plan approved, while Donald Trump continued to challenge elections' results. In this context, the 10 years bund yield was substantially flat at -0.57%, while the 10 years Treasury moved higher 7bps to 0.91%. We think that this is still an interesting entry point for our strategy: current YTM, albeit reduced, give us confidence on the capability to generate positive performance in line with targets during 2021; average maturity of the bonds in our portfolios is still around 1 year and should help reduce volatility in case of new episodes of market stress.

### Yield-type strategy

The bucket generated a positive gross contribution to the monthly performance, with 94% of the positions (104 out of 111) contributing positively. During the month we slightly 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 (10 months or average spread duration of 0.83), combined with a yield of 4.73% (net of funding cost in EUR) and z-spread of 609 basis points. The fund is levered, being invested at about 174% currently.

Period	Perf.
MTD	1.07%
YTD	6.12%
6 months	5.84%
1 year	6.12%
2019	3.12%
2018	1.00%
2017	1.83%
2016	4.13%
2015	1.16%
2014	0.37%
2013	3.14%

Portfolio info	
# of Securities	146
% Weight	174.40%
Int Dur	1.08
Yield (gross)	4.73%
Spread Duration	1.44
Z-spread	609

### FX breakdown (fully hedged)

USD	55.04%
EUR	19.00%
NOK	17.82%
SEK	5.82%
CHF	1.33%
GBP	0.99%
AUD	0.00%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	15.14%
US	3.72%
Oth DEV	33.61%
LATAM	4.20%
EMEA	30.91%
ASIA	12.42%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	9.82%
<b>tot IG</b>	<b>9.82%</b>
BB	22.02%
B	24.13%
CCC	1.64%
<b>tot HY</b>	<b>47.78%</b>
<b>TOTAL</b>	<b>100.00%</b>

### Sector breakdown - Top 10

Services	24.70%
Banking	18.89%
Real Estate	17.32%
Basic Industry	8.10%
Foreign Sovereign	3.09%
Financial Services	3.02%
Energy	2.95%
Telecommunications	2.56%
Gaming	2.53%
Transportation	2.38%

### 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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