

# Swan Bond Enhanced Sicav–SIF CHF

## February 2021



### Strategy

Swan Bond Enhanced SIF is the alternative version of our Fixed Income Intermediate risk profile. The strategy is focused on a highly diversified buy and hold portfolio of liquid short-term fixed income securities, in a levered format. Leverage is normally included between 50% and 150% of the NAV. Target Return is 3 months LIBOR + 350 bps.

### Performance

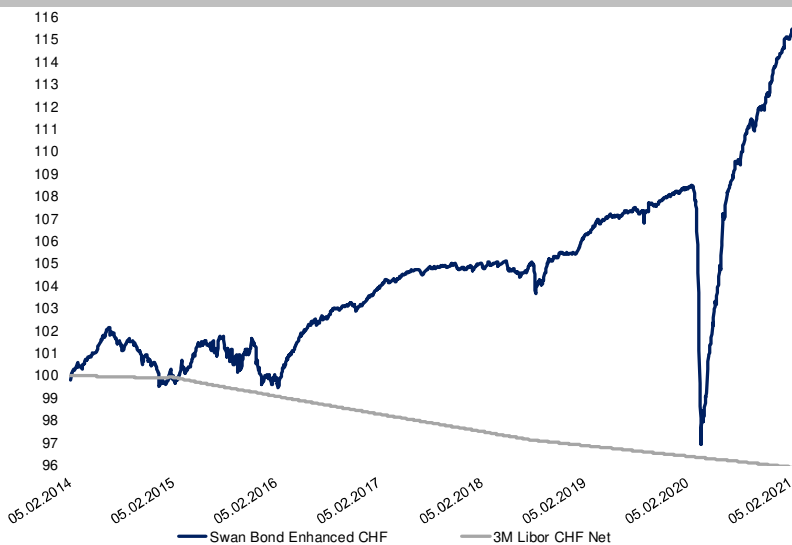
MTD :	<b>0.57%</b>	Fund Assets (mln) :	135.5 €
Since inception	<b>15.63%</b>	1 Year Std Dev :	4.17%
Last 12 Months :	<b>6.93%</b>	1 Year Sharpe Ratio :	1.86
NAVps :	CHF 115.63	% of positive months :	76%

### Risk Profile

Conservative

**Intermediate**

High Reward



### Global market picture

During February European credit markets experienced a positive performance (H9PC Index +0.50%), in tandem with the movement of the Eurostoxx 50 (+4.45%) and S&P 500 (+2.61%). The Democratic controlled House of representatives passed Biden's stimulus plan of 1.9\$trn, that should strongly support the rebound in US economy: 4Q growth was confirmed at 4.1%, and early Q1 data look promising; US growth should exceed 6% in 2021, while in the Eurozone expectations point to a 5.7%. Anti-COVID-19 mass vaccination campaign proceeded at different speed: while in UK around 30% of the population received at least 1 dose and Boris Johnson spoke about a possible relaxation of mobility restriction, in Italy only 1.4mio can be "declared" protected against the virus and severe lockdown measures are still in place; also Germany and France are still struggling to source vaccine doses due to continued delivery delays announced in particular by Astra Zeneca; consequently herd immunity should not be reached before year end. Both FED and ECB officials confirmed their commitment in supporting the economy with ultra-low rates for the next years, but market began pricing a first FED hike in 2023, and about 4 hikes by end 2024. In this context, the 10 years bund yield was higher at -0.26% (+26bps in the month), in tandem with the 10 years Treasury at 1.40% (+34bps in the month). Oil continued its rebound, with Brent @ 66 USD per barrel thanks also to the Texas polar blast, while gold was a lower at 1734 \$ per ounce due to higher real yields. We think that this is still an interesting entry point for our strategy: current YTM gives 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 93% of the positions (97 out of 104) contributing positively. During the month we slightly increased our invested capital because 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 0.84), combined with a yield of 3.68% (net of funding cost in EUR) and z-spread of 494 basis points. The fund is levered, being invested at about 166% currently.

Period	Perf.	Portfolio info	
MTD	<b>0.57%</b>	# of Securities	136
YTD	<b>1.11%</b>	% Weight	166.42%
6 months	<b>4.36%</b>	Int Dur	1.04
1 year	<b>6.93%</b>	Yield (gross)	3.68%
2020	<b>5.67%</b>	Spread Duration	1.36
2019	<b>2.65%</b>	Z-spread	494
2018	<b>0.52%</b>		
2017	<b>1.33%</b>		
2016	<b>3.57%</b>		
2015	<b>0.27%</b>		
2014	<b>-0.34%</b>		

### FX breakdown (fully hedged)

USD	58.48%
EUR	17.81%
NOK	16.96%
SEK	4.09%
CHF	1.42%
GBP	1.24%
AUD	0.00%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	12.28%
US	3.91%
Oth DEV	34.21%
LATAM	4.19%
EMEA	29.49%
ASIA	15.91%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	6.22%
<b>tot IG</b>	<b>6.22%</b>
BB	24.12%
B	23.17%
CCC	1.14%
<b>tot HY</b>	<b>48.44%</b>
NR	45.34%
<b>TOTAL</b>	<b>100.00%</b>

### Sector breakdown - Top 10

Services	27.47%
Real Estate	17.03%
Banking	15.17%
Basic Industry	9.19%
Leisure	5.06%
Financial Services	3.77%
Energy	3.51%
Capital Goods	2.63%
Telecommunications	2.48%
Consumer Goods	2.30%

### 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

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