

# Swan Bond Enhanced Sicav–SIF USD

## March 2021



### Strategy

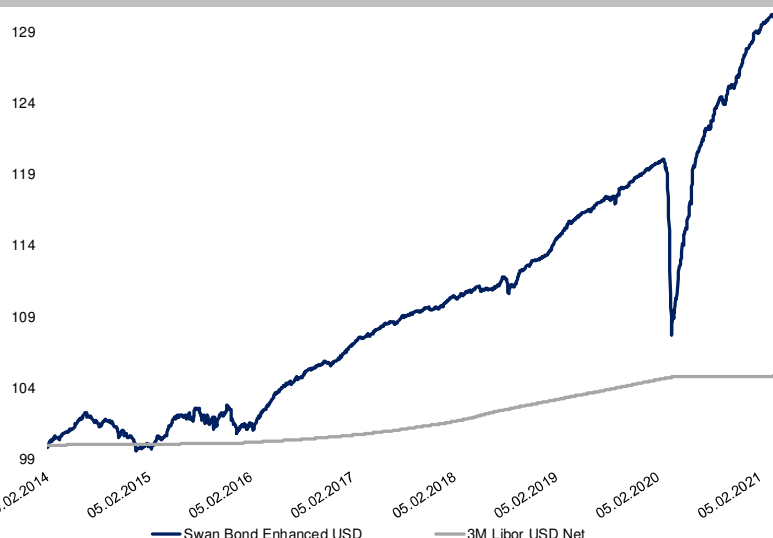
Swan Bond Enhanced SIF is the alternative version of our Fixed Income Intermediate risk profile. The strategy is focused on a highly diversified buy and hold portfolio of liquid short-term fixed income securities, in a levered format. Leverage is normally included between 50% and 150% of the NAV. Target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

### Risk Profile

Conservative

**Intermediate**

High Reward



### Global market picture

During March European credit markets experienced a positive performance (H9PC Index +0.50%), in tandem with the movement of the Eurostoxx 50 (+7.78%) and S&P 500 (+4.24%). After Biden's stimulus plan of 1.9 \$trn approval, the attention moved to the infrastructure package, with proposals ranging from \$2trn to \$4trn; the big question is how this plan will be funded: it could be a mix of higher taxes and increased deficit, with US growth that should be around 5.7% in 2021. Anti-COVID-19 mass vaccination campaign failed to gain pace in continental Europe: AstraZeneca vaccine has been stopped for some days by EMA, pending further investigations, while Pfizer reported delays on drug delivery; at this pace herd immunity could be reached at the end of the summer, posing risk on Eurozone growth rebound. Officials from both the FED and the ECB confirmed their commitment in supporting the economy during their meeting: the FOMC raised its growth forecast but did not signal any intention to change monetary policy, adding that eventual spike in inflation above the 2% core PCE target will be tolerated, while Christine Lagarde announced that PEPP program will be "conducted at a significantly higher pace" in the next quarter. In this context, the 10 years bund yield was slightly lower at -0.29% (-3bps in the month), while the 10 years Treasury was significantly higher at 1.72% (+31bps in the month). Oil was stable, with Brent @ 63 USD per barrel, while gold was a lower at 1698 \$ 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 81% of the positions (86 out of 106) 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 0.83), combined with a yield of 4.56% (net of funding cost in EUR) and z-spread of 586 basis points. The fund is levered, being invested at about 173% currently.

### Performance

MTD :	<b>0.39%</b>	Fund Assets (mln) :	136.0 €
Since inception	<b>30.21%</b>	1 Year Std Dev :	2.16%
Last 12 Months :	<b>19.58%</b>	1 Year Sharpe Ratio :	9.02
NAVps :	USD 130.21	% of positive months :	83%

Period	Perf.	Portfolio info	
MTD	<b>0.39%</b>	# of Securities	141
YTD	<b>1.68%</b>	% Weight	172.62%
6 months	<b>5.07%</b>	Int Dur	1.10
1 year	<b>19.58%</b>	Yield (gross)	4.56%
2020	<b>7.31%</b>	Spread Duration	1.43
2019	<b>5.35%</b>	Z-spread	586
2018	<b>3.07%</b>		
2017	<b>3.32%</b>		
2016	<b>4.99%</b>		
2015	<b>1.53%</b>		
2014	<b>-0.21%</b>		

### FX breakdown (fully hedged)

USD	63.15%
EUR	18.00%
NOK	12.53%
SEK	3.75%
CHF	1.36%
GBP	1.21%
AUD	0.00%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	12.86%
US	3.88%
Oth DEV	30.05%
LATAM	4.38%
EMEA	31.75%
ASIA	17.08%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	6.10%
<b>tot IG</b>	<b>6.10%</b>
BB	24.68%
B	26.12%
CCC	0.50%
<b>tot HY</b>	<b>51.30%</b>
NR	42.60%
<b>TOTAL</b>	<b>100.00%</b>

### Sector breakdown - Top 10

Services	23.69%
Real Estate	17.14%
Banking	16.82%
Basic Industry	7.46%
Leisure	4.92%
Energy	4.53%
Financial Services	3.65%
Capital Goods	3.32%
Media	2.88%
Telecommunications	2.44%

### 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

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