

Swan Bond Enhanced Sicav–SIF USD

April 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

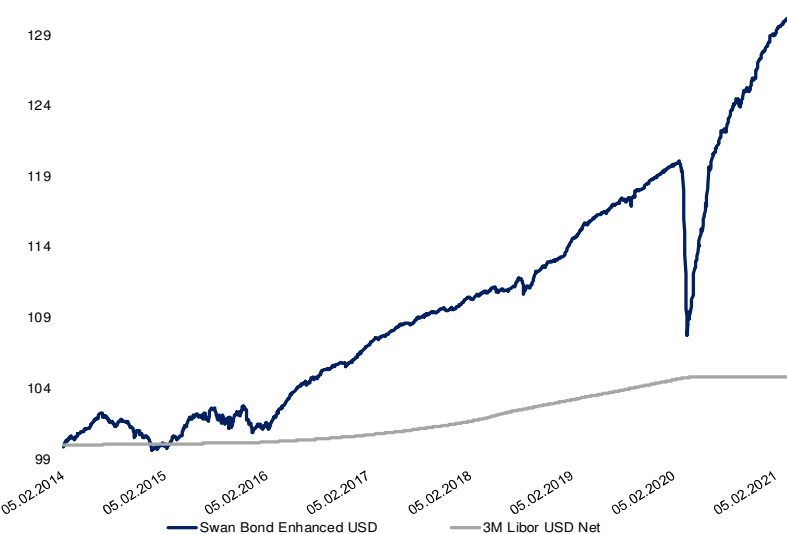
MTD :	0.43%	Fund Assets (mln) :	138.6
Since inception :	30.77%	1 Year Std Dev :	1.78%
Last 12 Months :	15.14%	1 Year Sharpe Ratio :	8.47
NAVps :	USD 130.77	% of positive months :	83%

Risk Profile

Conservative

Intermediate

High Reward



Global market picture

During April European credit markets experienced a positive performance (H9PC Index +0.64%), in tandem with the movement of the Eurostoxx 50 (+1.42%) and S&P 500 (+5.24%). Anti-COVID-19 mass vaccination campaign gathered pace in Europe: Italy reached the 500k inoculations per day, while Germany did better with 1mio jab in 24 hours. Notwithstanding this huge effort, cases are still elevated in Europe, and additional threat came from Indian variant that hit more than 360'000 persons in a single day in the Asian country. According to ECB projection Eurozone economy is likely to contract in the first quarter and then rebound 1.3% from April to June, while Christine Lagarde confirmed that "ample degree of monetary accommodation" is still necessary and an "ambitious and co-ordinated fiscal stance" from governments "remain crucial". US economy showed signs of strong recovery, posting the biggest monthly gain in retail sales in 10 years in addition to mounting evidence that labor market and economic activity are recovering quickly; GDP grew 6.4% in 1Q, bringing real GDP just 1% shy of its pre pandemic level. Biden's attention remained on the \$2.3tn infrastructure spending bill and \$1.8tn expansion of the social safety net, with the latter funded mainly with higher taxes on corporations and wealthy. In this context, the 10 years bund yield was higher at -0.20% (+9bps in the month), while the 10 years Treasury was lower at 1.63% (-11bps in the month). Oil jumped to 67 USD per barrel, while gold rebounded to 1769 \$ per ounce. 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 83% of the positions (82 out of 99) 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 (11 months) or average spread duration of 0.89), combined with a yield of 4.25% (net of funding cost in EUR) and z-spread of 526 basis points. The fund is levered, being invested at about 161% currently.

Period	Perf.	Portfolio info	
MTD	0.43%	# of Securities	136
YTD	2.12%	% Weight	160.55%
6 months	4.56%	Int Dur	1.07
1 year	15.14%	Yield (gross)	4.25%
2020	7.31%	Spread Duration	1.43
2019	5.35%	Z-spread	526
2018	3.07%		
2017	3.32%		
2016	4.99%		
2015	1.53%		
2014	-0.21%		

FX breakdown (fully hedged)

USD	60.56%
EUR	18.03%
NOK	14.97%
SEK	3.75%
CHF	1.44%
GBP	1.26%
AUD	0.00%
TOTAL	100.00%

Geographic breakdown

EU	13.87%
US	3.91%
Oth DEV	31.22%
LATAM	3.98%
EMEA	28.81%
ASIA	18.21%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	6.28%
	tot IG 6.28%
BB	25.64%
B	23.53%
CCC	0.91%
	tot HY 50.07%
NR	43.65%
TOTAL	100.00%

Sector breakdown - Top 10

Services	24.79%
Real Estate	18.63%
Banking	13.09%
Basic Industry	8.39%
Leisure	5.14%
Energy	4.10%
Financial Services	3.86%
Capital Goods	3.48%
Telecommunications	2.53%
Agency	2.49%

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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