

# Swan Bond Enhanced Sicav–SIF USD

## May 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

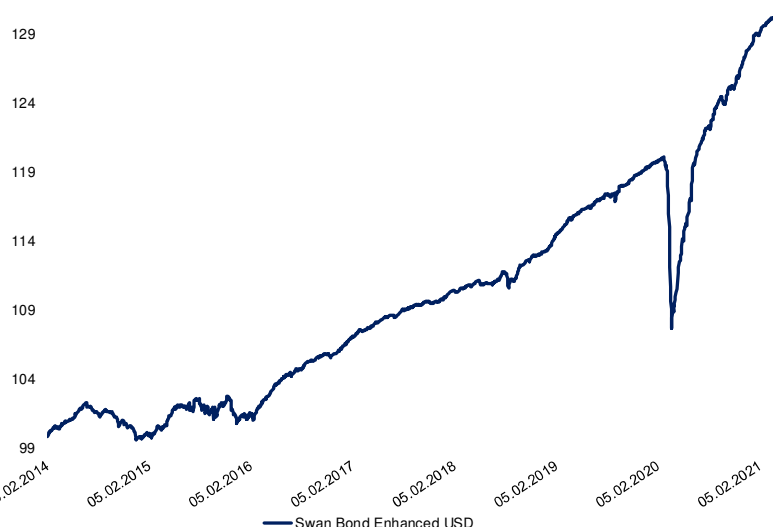
MTD :	0.27%	Fund Assets (mln) :	140.7 €
Since inception	31.12%	1 Year Std Dev :	1.60%
Last 12 Months :	11.99%	1 Year Sharpe Ratio :	7.47
NAVps :	USD 131.12	% of positive months :	83%

### Risk Profile

Conservative

**Intermediate**

High Reward



### Global market picture

During May European credit markets experienced a positive performance (H9PC Index +0.20%), in tandem with the movement of the Eurostoxx 50 (+1.63%) and S&P 500 (+0.55%). Main topic of the month was inflation and its possible impact on monetary policy and markets: US CPI rose 4.2% YoY in April, while consensus was much lower at 3.6%, feeding concerns that world's main economy is overheating. On the same tone, the PCE core deflator printed a 3.1% increase YoY, biggest jump since the 1990's, while the FED confirmed through its members that it will look through transitory inflation moves, focusing on long run inflation expectations. Higher prints in inflation indicators are linked to relaxed anti covid measures adopted in DM countries: mass vaccination campaigns are producing positive results with both new case and deaths significantly lower than last month; global growth is booming with high single digit growth forecasted for 2Q both in US and Western Europe. Additional boost to recovery could be provided by a suspension of intellectual property rights for vaccines, but Angela Merkel refused the proposal advanced by Joe Biden and supported by Vladimir Putin. In this context, the 10 years bund yield was substantially flat at -0.19% (+1bps in the month), while the 10 years Treasury was lower at 1.59% (-4bps in the month). Oil jumped to 69 USD per barrel, gold rebounded to 1906 \$ per ounce, while copper reached highest level of the last 5 years close to 500\$ level. 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 89% of the positions (87 out of 98) 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 0.92), combined with a yield of 3.61% (net of funding cost in EUR) and z-spread of 473 basis points. The fund is levered, being invested at about 158% currently.

Period	Perf.
MTD	0.27%
YTD	2.39%
6 months	3.59%
1 year	11.99%
2020	7.31%
2019	5.35%
2018	3.07%
2017	3.32%
2016	4.99%
2015	1.53%
2014	-0.21%

### Portfolio info

# of Securities	133
% Weight	158.39%
Int Dur	1.01
Yield (gross)	3.61%
Spread Duration	1.45
Z-spread	473

### FX breakdown (fully hedged)

USD	57.48%
EUR	18.35%
NOK	15.51%
SEK	5.26%
CHF	2.12%
GBP	1.27%
AUD	0.00%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	14.55%
US	3.89%
Oth DEV	33.36%
LATAM	3.97%
EMEA	27.42%
ASIA	16.80%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	5.44%
<b>tot IG</b>	<b>5.44%</b>
BB	25.18%
B	22.01%
CCC	0.91%
<b>tot HY</b>	<b>48.11%</b>
NR	46.45%
<b>TOTAL</b>	<b>100.00%</b>

### Sector breakdown - Top 10

Services	26.88%
Real Estate	19.59%
Banking	10.97%
Basic Industry	8.29%
Financial Services	4.85%
Energy	4.08%
Leisure	3.65%
Capital Goods	3.35%
Telecommunications	2.53%
Agency	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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