

# Swan Bond Enhanced Sicav–SIF CHF

## June 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

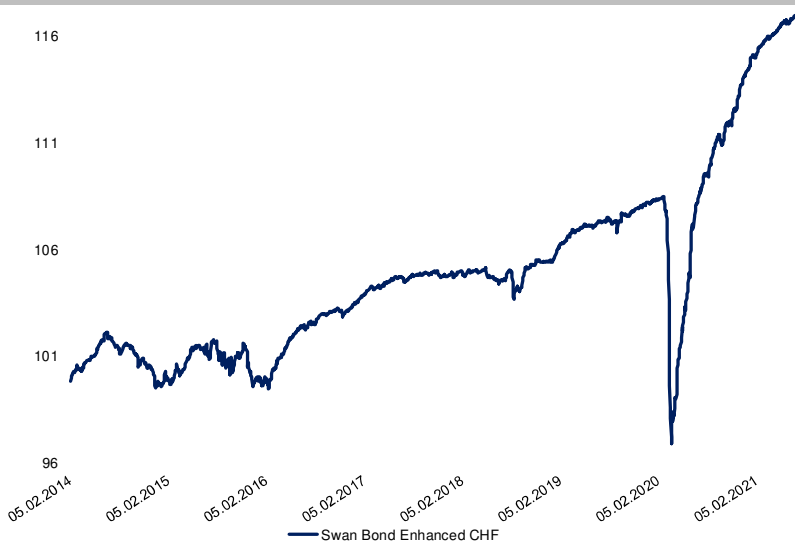
MTD :	0.26%	Fund Assets (mln) :	141.9 €
Since inception	16.95%	1 Year Std Dev :	1.09%
Last 12 Months :	8.05%	1 Year Sharpe Ratio :	8.1
NAVps :	CHF 116.95	% of positive months :	78%

### Risk Profile

Conservative

**Intermediate**

High Reward



### Global market picture

During June European credit markets experienced a positive performance (H9PC Index +0.60%), in tandem with the movement of the Eurostoxx 50 (+0.61%) and S&P 500 (+2.22%). Main topic of the month was inflation and Central Banks meetings: the FED left rates unchanged between 0% and 0.25%, but the tone of minutes and press conference was hawkish, with seven of the 18 members projecting a rate hike next year (versus just four in March) and Jerome Powell announcing that taper could be discussed in the next meeting. Officials agreed they should be poised to act if inflation or other risks materialize: main risk is a bounce in inflation, with PCE deflator, one of the preferred inflation measures of the FED, rising 3.9% in May, even if consensus still views this move as a transitory one, mainly due to base effect. The ECB maintained its purchases at the "significantly" faster pace seen in the last few months, confirming its accommodative policy, even if GDP growth trajectory was revised significantly up, largely reflecting higher growth in Q3. The Delta variant of COVID 19 virus is spreading all around the world causing a significant increase in cases, but hospitalization remained lower thanks to mass vaccination campaigns. In this context, the 10 years bund yield was substantially flat at -0.21% (-2bps in the month), while the 10 years Treasury was lower at 1.47% (-12bps in the month). Gold retraced to 1773 \$ per ounce, while oil jumped to 75 USD per barrel supported by optimism on fuel consumption for travel. 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 88% of the positions (84 out of 95) contributing positively. During the month we slightly increased our invested capital and 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 3.42% (net of funding cost in EUR) and z-spread of 460 basis points. The fund is levered, being invested at about 161% currently.

Period	Perf.	Portfolio info	
MTD	0.26%	# of Securities	133
YTD	2.26%	% Weight	161.10%
6 months		Int Dur	1.02
1 year	8.05%	Yield (gross)	3.42%
2020	5.67%	Spread Duration	1.48
2019	2.65%	Z-spread	460
2018	0.52%		
2017	1.33%		
2016	3.57%		
2015	0.27%		
2014	-0.34%		

### FX breakdown (fully hedged)

USD	58.36%
EUR	16.90%
NOK	15.16%
SEK	6.26%
CHF	2.08%
GBP	1.24%
AUD	0.00%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	14.00%
US	4.06%
Oth DEV	32.07%
LATAM	3.88%
EMEA	28.72%
ASIA	17.26%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	5.99%
<b>tot IG</b>	<b>5.99%</b>
BB	26.02%
B	21.19%
CCC	1.16%
<b>tot HY</b>	<b>48.37%</b>
NR	45.65%
<b>TOTAL</b>	<b>100.00%</b>

### Sector breakdown - Top 10

Services	26.17%
Real Estate	21.18%
Banking	11.68%
Basic Industry	9.37%
Financial Services	4.76%
Leisure	4.31%
Energy	4.01%
Telecommunications	2.50%
Agency	2.44%
Consumer Goods	2.42%

### 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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