

# Swan Bond Enhanced Sicav–SIF CHF

## July 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

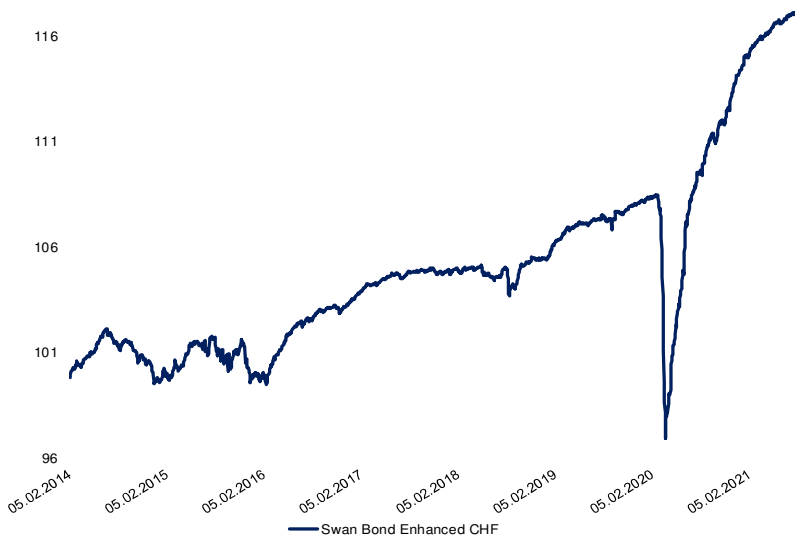
MTD :	<b>0.10%</b>	Fund Assets (mln) :	144.1 €
Since inception :	<b>17.07%</b>	1 Year Std Dev :	1.06%
Last 12 Months :	<b>6.95%</b>	1 Year Sharpe Ratio :	7.32
NAVps :	CHF 117.07	% of positive months :	78%

### Risk Profile

Conservative

**Intermediate**

High Reward



— Swan Bond Enhanced CHF

### Global market picture

During July European credit markets experienced a positive performance (H9PC Index +0.41%), in tandem with the movement of the Eurostoxx 50 (+0.62%) and S&P 500 (+2.27%). PCE core deflator was up 4% YoY in US, while consumer price rose 5.4% YoY (fastest pace since 2008), challenging the view that high inflation will be temporary. FOMC statement indicated that economy is moving toward the goals that FED set out to begin tapering, but the tone used by Jerome Powell during the press conference was less hawkish: he told that the labor market is still “some way away” from justifying tapering, postponing any decision to September/November meeting. European Central Bank did not change its monetary policy; changes were only made on the forward guidance but nothing on the QE or the PEPP: ECB will continue buy bonds and maintain its deeply negative rates in an effort to bring Eurozone out of its persistent pattern of sluggish inflation. In addition ECB terminated its strategy review (the first for 18 years) setting a new 2% inflation targets where “negative and positive deviation of inflations from target are equally undesirable”, a shift that gives policymakers flexibility to keep rates at historic lows for longer. In this context, the 10 years bund yield was significantly lower at -0.46% (-25bps in the month), in tandem with the 10 years Treasury at 1.22% (-25bps in the month). Gold rose to 1814 \$ per ounce, while oil was stable at 76 USD per barrel supported by OPEC+ deal that limited increase in production. 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 77% of the positions (72 out of 93) 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 3.88% (net of funding cost in EUR) and z-spread of 496 basis points. The fund is levered, being invested at about 156% currently.

Period	Perf.	Portfolio info	
MTD	<b>0.10%</b>	# of Securities	131
YTD	<b>2.37%</b>	% Weight	155.60%
6 months	<b>1.82%</b>	Int Dur	0.93
1 year	<b>6.95%</b>	Yield (gross)	3.88%
2020	<b>5.67%</b>	Spread Duration	1.39
2019	<b>2.65%</b>	Z-spread	496
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	57.29%
EUR	17.60%
NOK	15.31%
SEK	6.35%
CHF	2.16%
GBP	1.29%
AUD	0.00%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	14.35%
US	3.07%
Oth DEV	32.43%
LATAM	2.72%
EMEA	29.64%
ASIA	17.80%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	7.28%
	<b>tot IG</b>
BB	23.05%
B	22.89%
CCC	1.19%
	<b>tot HY</b>
NR	45.60%
<b>TOTAL</b>	<b>100.00%</b>

### Sector breakdown - Top 10

Services	26.08%
Real Estate	22.04%
Banking	12.06%
Basic Industry	8.08%
Financial Services	4.87%
Energy	3.98%
Leisure	3.28%
Consumer Goods	3.06%
Agency	2.51%
Telecommunications	2.29%

### 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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