

Swan Bond Enhanced Sicav–SIF EUR

April 2023



Strategy

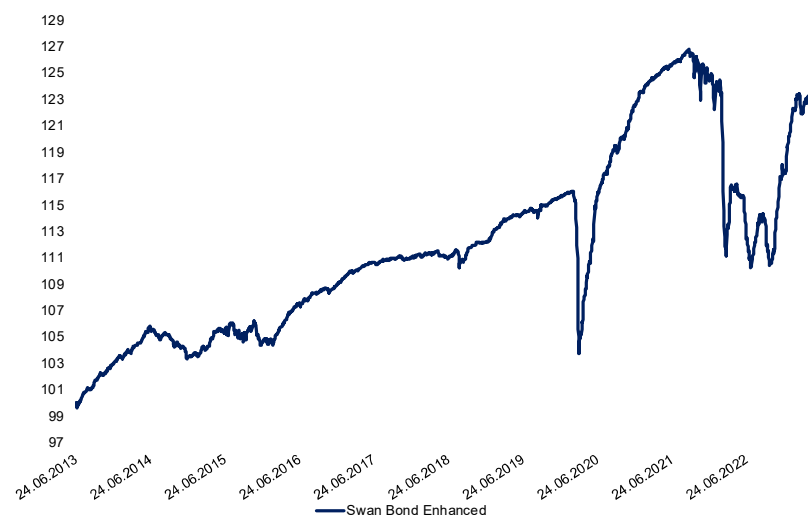
Swan Bond Enhanced SIF is the alternative version of our Fixed Income Intermediate risk profile. The strategy is focused on a highly diversified buy and hold portfolio of liquid short-term fixed income securities, in a levered format. Leverage is normally included between 50% and 150% of the NAV. Target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

Risk Profile

Conservative

Intermediate

High Reward



Global market picture

High Yield Credit markets reported a mixed performance in April ranging from -0.42% for EM corp HY to +0.37% of the EU HY in contrast with the movement of the S&P500 (+1.46%) Eurostoxx50 (+1.03%). The IG EUR market was positive by 0.70%. The short-term (1-3 year) H1WN global HY index also reports a positive performance of +0.24% YTD while the Global unconstrained (in terms of maturity) HY gained +0.51%. In US, economy expanded 1.1% YoY in 1Q23, below the consensus, while core CPI at 5.6% YoY remained significantly above FED objective; market continues to expect a 25bps hike at FOMC May meeting and significant pivot in the rates path during the 2H23. In Europe growth was 1.3% YoY, but April flash composite PMI at 54.4 indicated a possible rebound to 2% for the 2Q23; inflation did not show significant improvements, with core CPI at 5.7% YoY, influenced by tight labour market and increased inflation expectations. ECB speakers did not signal a clear view with regards to the possible hike at May meeting, with investors still debating if a 25 or 50bps will take place: markets is pricing a peak at 3.7% later in 2023 (current rate is 3%), implying that also ECB rush for higher rates could be close to an end. Tighter credit conditions were indicated both in US and Europe and this could influence growth in the 2H23. Oil was stable at around 79\$ per barrel, while US dollar lost some ground with DXY at 101.66. Thanks to the recent volatility spike we have been able to add several new credit stories at very interesting levels of credit spreads: our funds have a yield to maturity between 7.5% and 12.5%, combined with an average spread duration of below 16 months. The combination of higher diversification, higher credit quality and higher expected yields paves the way for extremely attractive returns in the next future.

Yield-type strategy

The bucket generated a positive gross contribution to the monthly performance, with 84% of the positions (157 out of 188) contributing positively. During the month we decreased our invested capital but conditions remain attractive in the short-term part of the credit curve. The average life of the yield-type portfolio is very short (15 months or average spread duration of 1.25), combined with a yield of 10.99% (net of funding cost in EUR) and z-spread of 790 basis points. The fund is levered, being invested at about 193% currently.

Performance

MTD :	0.72%	Fund Assets (mln) :	145.0 €
Since inception	23.25%	1 Year Std Dev :	3.03%
Last 12 Months :	6.07%	1 Year Sharpe Ratio :	1.56
NAVps :	EUR 123.25	% of positive months :	73%

Period	Perf.	Portfolio info	
MTD	0.72%	# of Securities	188
YTD	4.98%	% Weight	193.10%
6 months	10.79%	Int Dur	1.74
1 year	6.07%	Yield (gross)	10.99%
2022	-5.91%	Spread Duration	2.42
2021	1.66%	Z-spread	790
2020	6.12%		
2019	3.12%		
2018	1.00%		
2017	1.83%		
2016	4.13%		
2015	1.16%		
2014	0.37%		
2013	3.14%		

FX breakdown (fully hedged)

USD	26.51%
EUR	40.04%
NOK	19.27%
SEK	11.77%
CHF	0.93%
GBP	1.46%
AUD	0.00%
TOTAL	100.00%

Geographic breakdown

EU	33.72%
US	6.79%
Oth DEV	44.01%
LATAM	2.15%
EMEA	10.89%
ASIA	2.43%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	5.64%
tot IG	5.64%
BB	30.28%
B	13.27%
CCC	2.57%
tot HY	46.12%
NR	48.24%
TOTAL	100.00%

Sector breakdown - Top 10

Banking	8.17%
Real Estate - Mgmt Res	5.60%
Gaming - Online Gaming	5.46%
Shipping - Gas	5.01%
Real Estate - Mgmt Comr	4.29%
Shipping - Chemicals	4.18%
Oil and gas E&P - All	4.12%
Real Estate - Dev Res	3.68%
Telecom - Wireline Integr	3.16%
Air Transportation	3.07%

* Portfolio 100%

Fund Structure – Terms & Conditions

Domicile: Luxembourg

Inception Date: 24 June 2013

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: SWBDENA LX

ISIN: LU0849750368

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