

Swan Bond Enhanced Sicav–SIF USD

March 2024



Strategy

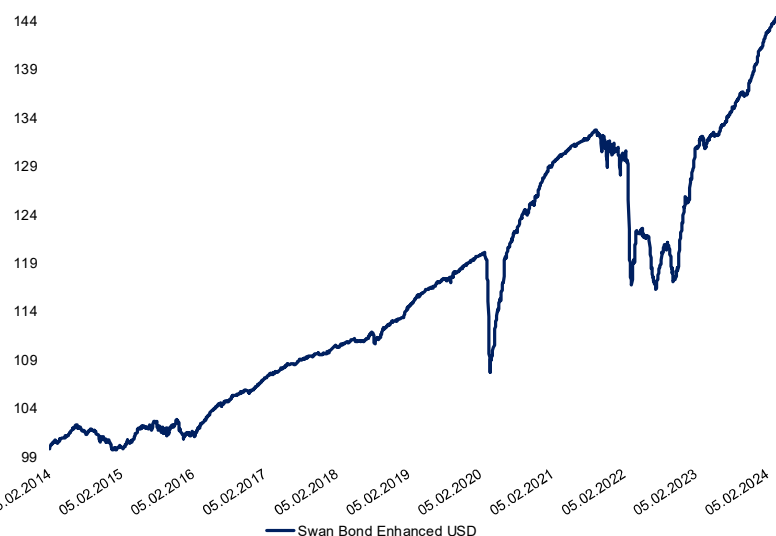
Swan Bond Enhanced SIF is the alternative version of our Fixed Income Intermediate risk profile. The strategy is focused on a highly diversified buy and hold portfolio of liquid short-term fixed income securities, in a levered format. Leverage is normally included between 50% and 150% of the NAV. Target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

Risk Profile

Conservative

Intermediate

High Reward



Global market picture

High Yield Credit markets reported a positive performance in March ranging from +1.55% for EM corp HY to +0.43% of the EU HY in tandem with positive equity markets, S&P500 (+3.10%) and Eurostoxx50 (+4.22%). The IG EUR market was positive by +1.21% while the short-term (1-3 year) H1WN global HY index reported a positive performance of 0.73%. The Global unconstrained (in terms of maturity) HY index was positive at +1.00%. In Europe inflation continued to retrace, with core CPI print at 3.1% in February (vs 3.3% in January), even if consensus expected a lower number (2.9%). The ECB meeting was characterized by the release of new staff forecast: the most significant surprise was the cut by 0.2% of the core inflation forecast for 2025 to 2.1%. Lagarde said that a "little more" information will be available in April and a "a lot more" in June: so a cut in April does not seem to be the base case, while doors are open for lower rates in June, even if final decision will still be data dependent. The FOMC and Powell reiterated January's guidance that the FED needs greater confidence in disinflationary pressures to initiate cuts. At the same time FED Chair sent a dovish message, saying that even though the firm January and February inflation prints did little to reinforce this confidence, monetary policy remains restrictive, and inflation is set to slow in coming months. The 10 years bund yield was lower at 2.30% (-11bps in the month), in tandem with the 10 years Treasury at 4.20% (-5bps in the month). Oil moved higher to 87\$ per barrel, while US dollar was stronger, with DXY at 104.49. Our funds have a yield to maturity between 6.5% and 8.5%, combined with an average spread duration around 17 months. The combination of diversification, good credit quality and high expected yields pave 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 86% of the positions (168 out of 196) contributing positively. During the month we increased our invested capital because conditions remain attractive in the short-term part of the credit curve. The average life of the yield-type portfolio is very short (16 months or average spread duration of 1.36), combined with a yield of 8.15% (net of funding cost in EUR) and z-spread of 481 basis points. The fund is levered, being invested at about 181% currently.

Performance

MTD :	0.63%	Fund Assets (mln) :	171.5 €
Since inception	44.54%	1 Year Std Dev :	1.05%
Last 12 Months :	10.05%	1 Year Sharpe Ratio :	4.53
NAVps :	USD 144.54	% of positive months :	79%

Period	Perf.	Portfolio info	
MTD	0.63%	# of Securities	196
YTD	2.47%	% Weight	181.31%
6 months	5.80%	Int Dur	1.77
1 year	10.05%	Yield (gross) in EUR	8.15%
2023	12.51%	Spread Duration	2.46
2022	-4.14%	Z-spread	481
2021	2.14%		
2020	7.31%		
2019	5.35%		
2018	3.07%		
2017	3.32%		
2016	4.99%		
2015	1.53%		
2014	-0.21%		

FX breakdown (fully hedged)

USD	27.91%
EUR	41.34%
NOK	18.35%
SEK	7.39%
CHF	2.07%
GBP	2.93%
AUD	0.00%
TOTAL	100.00%

Geographic breakdown

EU	35.79%
US	9.04%
Oth DEV	41.42%
LATAM	4.04%
EMEA	9.29%
ASIA	0.42%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	11.62%
tot IG	11.62%
BB	29.58%
B	10.52%
CCC	0.46%
tot HY	40.56%
NR	47.82%
TOTAL	100.00%

Sector breakdown - Top 10

Banking	10.01%
Oil Field Equipment & Se	6.75%
Shipping - Gas	5.54%
Software/Service	5.13%
Oil and gas E&P - All	5.03%
Telecom - Wireline Integr	4.76%
Real Estate - Mgmt Res	4.32%
Finance - NPL collector	3.39%
Industry - Renewables	2.95%
Real Estate - Dev Res	2.85%

* Portfolio 100%

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

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