

# Swan Bond Enhanced Sicav–SIF USD

## March 2019



### Strategy

The sub-fund aims to generate significant excess return vs 3m Libor in combination with extremely low volatility. The strategy is focused on the “buy and hold” levered investment in a highly diversified and granular portfolio of liquid short-term fixed income securities. Leverage is normally included between 100% and 200% of the NAV with invested capital between 2x and 3x the NAV.

### Performance

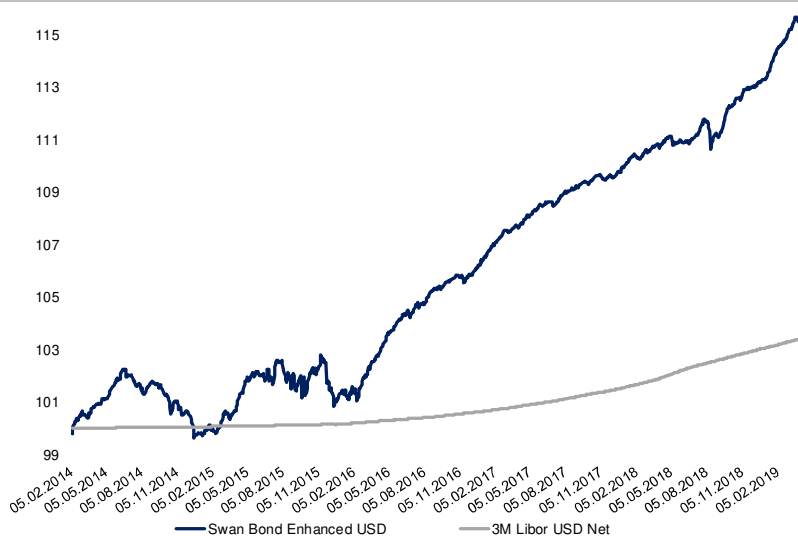
MTD :	<b>0.51%</b>	Fund Assets (mln) :	113.4 €
Since inception	<b>15.52%</b>	1 Year Std Dev :	0.93%
Last 12 Months :	<b>4.22%</b>	1 Year Sharpe Ratio :	2.23
NAVps :	USD 115.52	% of positive months :	79%

### Risk Profile

Conservative

**Intermediate**

High Reward



### Global market picture

March was another strong month: European credit markets were positive (H9PC Index +0.97%), likewise equity markets with Eurostoxx 50 and S&P 500 gaining respectively 1.62% and 1.79%. Once again, central banks' meetings took the center of the stage: the FED sent a dovish message, with a bigger than expected number of FOMC participants that now expects no rates hikes in 2019 and DOTS signaling just one hike over the next 2 years. Markets participants took very seriously the message launched by Jerome Powell, with Fed funds futures pricing one rate cut to December 2020 and other central banks joining the dovish stance embraced by the FED. General dovishness coupled with mixed economic data flow in US (CESIUSD was stable around -40) caused a significant downward movement in the 10 years Treasury, down from 2.71% to 2.41%. Data from Europe remained on the weak side and ECB was forced to take a supportive position during the March meeting, announcing the possibility of a new TLTRO program and shifting its forward guidance on rates to be unchanged until the end of 2019. Yield on 10 Years German Bund reacted strongly to ECB announcements, closing the month at the lowest level in the last three years (-0.07%). Political risks receded in the month: Mueller report did not impact seriously Trump's Administration while Brexit saga seemed to exclude a no deal scenario. Emerging markets reported a positive performance (+0.74%) with Asia being the best performer during the month. EM resilience was mainly due to the dovish tone of all the Central Banks around the world and constructive talks between US and China (even if we are still waiting for a final agreement), in addition to continued strength of oil prices (Brent up 4% at 68 USD per barrel).

### Yield-type strategy

The bucket generated a positive gross contribution to the monthly performance, with 85% of the positions (83 out of 98) contributing positively. Positive contributions were homogeneously distributed, the only exception being AABAR 03/20, while significant negative contributions were generated by KOC 04/20 and ISCTR 04/20. The average life of the yield-type portfolio is very short (10 months or average spread duration of 0.85), combined with a yield of 2.87% (net of funding cost) and z-spread of 425 basis points. The fund is levered, being invested at about 167% currently.

### 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)

Period	Perf.	Portfolio info	
MTD	<b>0.51%</b>	# of Securities	118
YTD	<b>1.98%</b>	% Weight	167.48%
6 months	<b>2.93%</b>	Int Dur	0.99
1 year	<b>4.22%</b>	Yield (gross)	2.87%
2018	<b>3.07%</b>	Spread Duration	1.40
2017	<b>3.32%</b>	Z-spread	425
2016	<b>4.99%</b>		
2015	<b>1.53%</b>		
2014	<b>-0.21%</b>		

### FX breakdown (fully hedged)

USD	46.26%
EUR	19.44%
NOK	18.61%
SEK	9.24%
CHF	3.98%
GBP	2.24%
AUD	0.24%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	12.09%
US	1.44%
Oth DEV	32.71%
LATAM	7.63%
EMEA	29.81%
ASIA	16.33%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%	
AA	0.00%	
A	1.32%	
BBB	12.74%	
	<b>tot IG</b>	<b>14.06%</b>
BB	23.57%	
B	24.05%	
CCC	0.52%	
	<b>tot HY</b>	<b>48.15%</b>
<b>TOTAL</b>	<b>37.79%</b>	<b>100.00%</b>

### Sector breakdown - Top 10

Banking	25.52%
Real Estate	22.54%
Services	22.07%
Energy	5.81%
Financial Services	5.22%
Foreign Sovereign	4.85%
Leisure	2.27%
Basic Industry	2.18%
Consumer Goods	2.18%
Transportation	2.10%

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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