

# Swan Bond Enhanced Sicav–SIF EUR

## May 2019



### Strategy

The sub-fund aims to generate significant excess return vs 3m Euribor 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

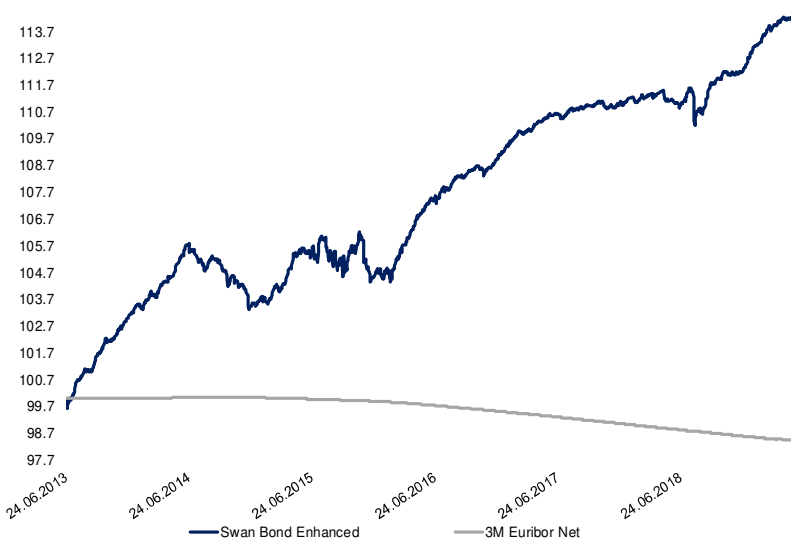
MTD :	<b>0.11%</b>	Fund Assets (mln) :	118.5 €
Since inception	<b>14.23%</b>	1 Year Std Dev :	0.98%
Last 12 Months :	<b>2.79%</b>	1 Year Sharpe Ratio :	3.16
NAVps :	EUR 114.23	% of positive months :	76%

### Risk Profile

Conservative

**Intermediate**

High Reward



### Global market picture

May was the first negative month of 2019: European credit markets were negative (H9PC Index -1.39%), likewise equity markets with Eurostoxx 50 and S&P 500 losing respectively -6.66% and -6.58%. Economic data sent negative messages in US: flash PMI at 50.9 coupled with weak retail sales indicated possible further weakness in the economy; these circumstances added to ongoing trade tensions with China caused a significant downward movement in 10 years Treasury from 2.50% to 2.12% (lowest level since August 2017). The FED left rates unchanged on 1st May meeting and during the conference Jerome Powell was quite hawkish, rejecting the possibility of rates cut, but markets participants continued to be highly skeptical about FED policy, pricing around two cumulative cuts for 2019 and three and a half for 2020. Yield on 10 years German Bund was influenced by the risk-off tone of the markets, closing the month at -0.20% (lowest level on history). Political risk was concentrated on the Brexit saga (with Theresa May announcing to step down) and continuous trade war between China and US: new sanctions imposed by Trump administration on tech giant Huawei caused retaliation by China that threatened bans on export of rare earth. Emerging markets reported a slightly negative performance (-0.15%) with LATAM being the best performer during the month. EM resilience was mainly due to the rally in Treasury and generic dovish tone of central bankers around the world. Oil retraced significantly during the month (Brent down 11% at 64USD per barrel) due to renewed worries on global growth.

### Yield-type strategy

The bucket generated a positive gross contribution to the monthly performance, with 91% of the positions (83 out of 97) contributing positively. Positive contributions were homogeneously distributed, while negative contribution was generated by the COFP complex. The average life of the yield-type portfolio is very short (10 months or average spread duration of 0.82), combined with a yield of 3.20% (net of funding cost in EUR) and z-spread of 448 basis points. The fund is levered, being invested at about 159% currently.

Period	Perf.
MTD	<b>0.11%</b>
YTD	<b>1.85%</b>
6 months	<b>1.90%</b>
1 year	<b>2.79%</b>
2018	<b>1.00%</b>
2017	<b>1.83%</b>
2016	<b>4.13%</b>
2015	<b>1.16%</b>
2014	<b>0.37%</b>
2013	<b>3.14%</b>

### Portfolio info

# of Securities	123
% Weight	159.27%
Int Dur	0.84
Yield (gross)	3.20%
Spread Duration	1.28
Z-spread	448

### FX breakdown (fully hedged)

USD	43.49%
EUR	19.13%
NOK	21.86%
SEK	9.85%
CHF	4.00%
GBP	1.32%
AUD	0.34%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	9.75%
US	0.33%
Oth DEV	38.32%
LATAM	6.53%
EMEA	25.66%
ASIA	19.41%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%
AA	0.00%
A	1.34%
BBB	8.84%
<b>tot IG</b>	<b>10.18%</b>
BB	20.51%
B	24.42%
CCC	0.54%
<b>tot HY</b>	<b>45.48%</b>
<b>TOTAL</b>	<b>100.00%</b>

### Sector breakdown - Top 10

Services	25.23%
Real Estate	23.98%
Banking	19.35%
Energy	6.30%
Financial Services	6.30%
Foreign Sovereign	4.96%
Transportation	3.45%
Technology & Electronics	1.57%
Capital Goods	1.53%
Basic Industry	1.53%

### 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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*The State of the origin of the Fund is Luxembourg. This Fund may only be distributed in or from Switzerland to qualified investors within the meaning of Art. 10 Para. 3, 3bis and 3ter CISA. In Switzerland, the Representative is ACOLIN Fund Services AG, Leutschenbachstrasse 50, CH-8050 Zurich, whilst the Paying agent is Cornèr Banca SA, Via Canova 16, CH – 6900 Lugano. In respect of the units distributed in Switzerland, the competent Courts shall be at the registered office of the Representative in Switzerland. The Basic documents of the Fund as defined in Art. 13a CISO as well as the annual and, if applicable, semi-annual reports may be obtained free of charge at the office of the Swiss Representative. The performance shown does not take account of any commissions and costs charged when subscribing to and redeeming shares. Past performance may not be reliable guide to future performance. The current document is intended for information purposes only and shall not to be used as an offer to buy and/or sell shares.*