Swan Bond Enhanced Sicav–SIF USD
June 2019

SWAN
Managers of your future

Strategy

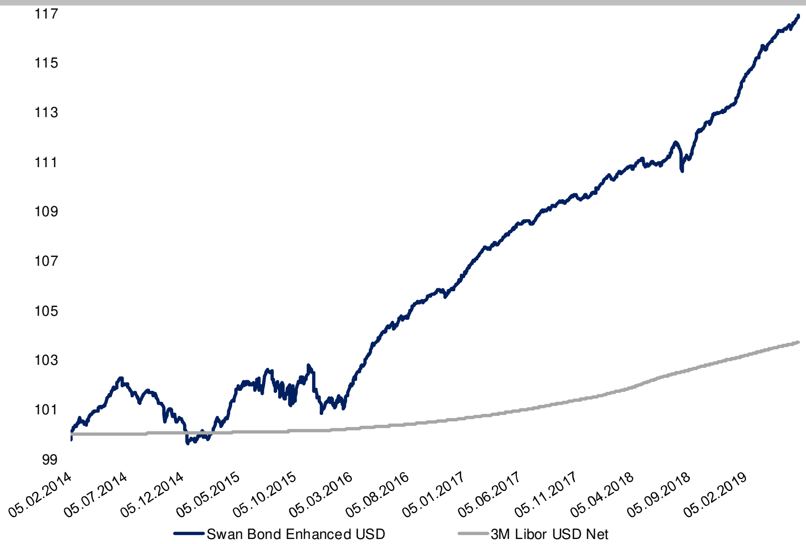
The sub-fund aims to generate significant excess return vs 3m Libor in combination with extremely low volatility. The strategy is focused on the "buy and hold" levered investment in a highly diversified and granular portfolio of liquid short-term fixed income securities. Leverage is normally included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

Performance

MTD :	0.37%	Fund Assets (mln) :	121.1 €
Since inception	16.93%	1 Year Std Dev :	0.88%
Last 12 Months :	5.32%	1 Year Sharpe Ratio :	3.47
NAVps :	USD 116.93	% of positive months :	80%

Risk Profile

Conservative | **Intermediate** | High Reward



Period	Perf.
MTD	0.37%
YTD	3.22%
6 months	3.22%
1 year	5.32%
2018	3.07%
2017	3.32%
2016	4.99%
2015	1.53%
2014	-0.21%

Portfolio info	
# of Securities	128
% Weight	156.51%
Int Dur	0.88
Yield (gross)	2.84%
Spread Duration	1.39
Z-spread	435

FX breakdown (fully hedged)	
USD	46.00%
EUR	19.32%
NOK	21.96%
SEK	9.11%
CHF	2.08%
GBP	1.30%
AUD	0.23%
TOTAL	100.00%

Geographic breakdown	
EU	9.12%
US	0.00%
Oth DEV	37.80%
LATAM	6.81%
EMEA	23.64%
ASIA	22.63%
TOTAL	100.00%

Rating breakdown		
AAA		0.00%
AA		0.00%
A		1.31%
BBB		7.14%
	tot IG	8.45%
BB		21.88%
B		25.40%
CCC		1.14%
	tot HY	48.42%
NR		43.13%
TOTAL		100.00%

Sector breakdown - Top 10	
Services	25.48%
Real Estate	24.24%
Banking	17.66%
Financial Services	6.05%
Foreign Sovereign	5.85%
Energy	5.54%
Capital Goods	2.67%
Transportation	1.99%
Media	1.98%
Basic Industry	1.90%

Global market picture

June reversed the negative returns experienced during May: European credit markets were positive (H9PC Index +2.17%), likewise equity markets with Eurostoxx 50 and S&P 500 gaining respectively +6.89% and 5.89%. Weak labor market in US coupled with manufacturing PMI slightly above 50 (at 50.5) increased concerns about the future path of US economy; these circumstances added to ongoing trade tensions with China caused a continuation in downward movement of 10 years Treasury from 2.12% to 2.01% (lowest level since August 2017). The G20 meeting held in Japan in the last days of the month did not deliver significant improvements, with Trump and Xi agreeing on a new truce and on a new round of negotiations: this result avoid an immediate escalation but leaves significant uncertainty over the evolution of this saga. On the central banks side, the most remarkable event was Mario Draghi speech at Sintra, that opened the doors to rate cuts and a new round of QE by the ECB: Yield on 10 years German Bund was significantly impacted and closed the month at -0.33% (lowest level on history). The FED left rates unchanged on its June meeting, but there are increasing chances that several "insurance cuts" will be delivered in 2019: markets price close to three cuts in 2019, while consensus expect two cuts before year end. Emerging markets reported a positive performance (+2.49%) with EMEA being the best performer during the month (thanks in particular to a rebound in Turkish credits). EM performance was mainly due to the rally in Treasury and generic dovish tone of central bankers around the world. Oil partially recovered previous month loss (Brent up 3.19% at 66USD per barrel) due to renewed tensions on global supply.

Yield-type strategy

The bucket generated a positive gross contribution to the monthly performance, with 94% of the positions (92 out of 98) contributing positively. Positive contributions were homogeneously distributed, the only exception being KOC 04/20, while a negative contribution was generated by DOFSUB 05/20. The average life of the yield-type portfolio is very short (11 months or average spread duration of 0.90), combined with a yield of 2.84% (net of funding cost in EUR) and z-spread of 435 basis points. The fund is levered, being invested at about 157% 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)

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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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.