

Swan Bond Enhanced Sicav–SIF EUR

February 2021



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.

Performance

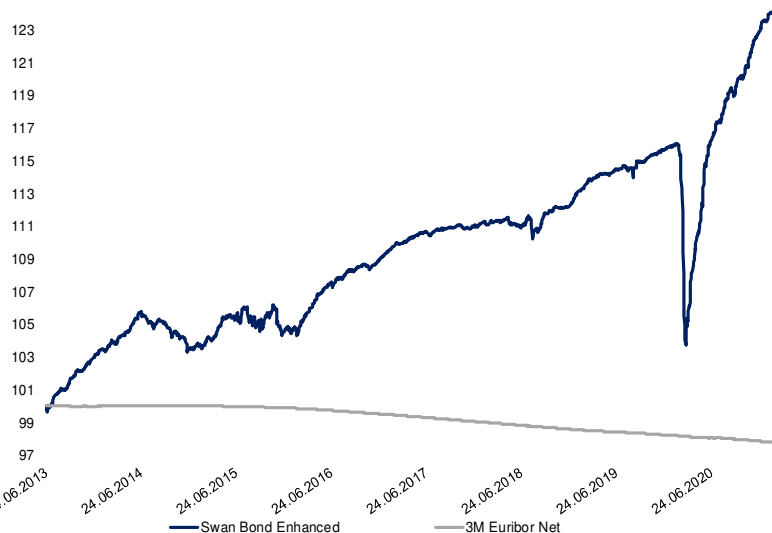
MTD :	0.57%	Fund Assets (mln) :	135.5 €
Since inception	24.19%	1 Year Std Dev :	4.16%
Last 12 Months :	7.34%	1 Year Sharpe Ratio :	1.9
NAVps :	EUR 124.19	% of positive months :	78%

Risk Profile

Conservative

Intermediate

High Reward



Global market picture

During February European credit markets experienced a positive performance (H9PC Index +0.50%), in tandem with the movement of the Eurostoxx 50 (+4.45%) and S&P 500 (+2.61%). The Democratic controlled House of representatives passed Biden's stimulus plan of 1.9\$trn, that should strongly support the rebound in US economy: 4Q growth was confirmed at 4.1%, and early Q1 data look promising; US growth should exceed 6% in 2021, while in the Eurozone expectations point to a 5.7%. Anti-COVID-19 mass vaccination campaign proceeded at different speed: while in UK around 30% of the population received at least 1 dose and Boris Johnson spoke about a possible relaxation of mobility restriction, in Italy only 1.4mio can be "declared" protected against the virus and severe lockdown measures are still in place; also Germany and France are still struggling to source vaccine doses due to continued delivery delays announced in particular by Astra Zeneca; consequently herd immunity should not be reached before year end. Both FED and ECB officials confirmed their commitment in supporting the economy with ultra-low rates for the next years, but market began pricing a first FED hike in 2023, and about 4 hikes by end 2024. In this context, the 10 years bund yield was higher at -0.26% (+26bps in the month), in tandem with the 10 years Treasury at 1.40% (+34bps in the month). Oil continued its rebound, with Brent @ 66 USD per barrel thanks also to the Texas polar blast, while gold was a lower at 1734 \$ per ounce due to higher real yields. We think that this is still an interesting entry point for our strategy: current YTM gives us confidence on the capability to generate positive performance in line with targets during 2021; average maturity of the bonds in our portfolios is still around 1 year and should help reduce volatility in case of new episodes of market stress.

Yield-type strategy

The bucket generated a positive gross contribution to the monthly performance, with 93% of the positions (97 out of 104) contributing positively. During the month we slightly 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 (10 months or average spread duration of 0.84), combined with a yield of 3.68% (net of funding cost in EUR) and z-spread of 494 basis points. The fund is levered, being invested at about 166% currently.

Period	Perf.	Portfolio info	
MTD	0.57%	# of Securities	136
YTD	1.19%	% Weight	166.42%
6 months	4.55%	Int Dur	1.04
1 year	7.34%	Yield (gross)	3.68%
2020	6.12%	Spread Duration	1.36
2019	3.12%	Z-spread	494
2018	1.00%		
2017	1.83%		
2016	4.13%		
2015	1.16%		
2014	0.37%		
2013	3.14%		

FX breakdown (fully hedged)

USD	58.48%
EUR	17.81%
NOK	16.96%
SEK	4.09%
CHF	1.42%
GBP	1.24%
AUD	0.00%
TOTAL	100.00%

Geographic breakdown

EU	12.28%
US	3.91%
Oth DEV	34.21%
LATAM	4.19%
EMEA	29.49%
ASIA	15.91%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	6.22%
tot IG	6.22%
BB	24.12%
B	23.17%
CCC	1.14%
tot HY	48.44%
NR	45.34%
TOTAL	100.00%

Sector breakdown - Top 10

Services	27.47%
Real Estate	17.03%
Banking	15.17%
Basic Industry	9.19%
Leisure	5.06%
Financial Services	3.77%
Energy	3.51%
Capital Goods	2.63%
Telecommunications	2.48%
Consumer Goods	2.30%

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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