Swan Bond Enhanced Sicav–SIF USD February 2021

SWAN
Managers of your future

Strategy

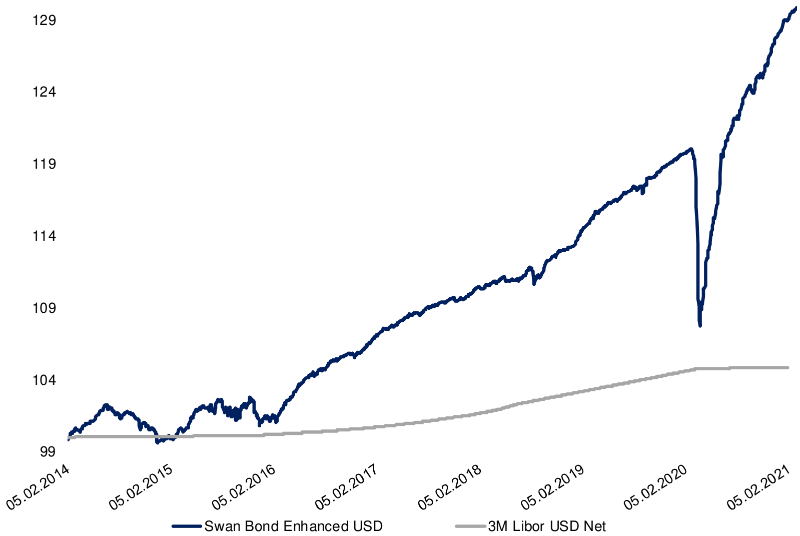
Swan Bond Enhanced SIF is the alternative version of our Fixed Income Intermediate risk profile. The strategy is focused on an highly diversified buy and hold portfolio of liquid short-term fixed income securities, in a levered format. Leverage is normally included between 50% and 150% of the NAV. Target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

Risk Profile

Conservative | **Intermediate** | High Reward

Performance

MTD :	0.63%	Fund Assets (mln) :	135.5 €
Since inception	29.71%	1 Year Std Dev :	4.10%
Last 12 Months :	8.35%	1 Year Sharpe Ratio :	2.04
NAVps :	USD 129.71	% of positive months :	82%



Period	Perf.
MTD	0.63%
YTD	1.29%
6 months	4.86%
1 year	8.35%
2020	7.31%
2019	5.35%
2018	3.07%
2017	3.32%
2016	4.99%
2015	1.53%
2014	-0.21%

Portfolio info	
# of Securities	136
% Weight	166.42%
Int Dur	1.04
Yield (gross)	3.68%
Spread Duration	1.36
Z-spread	494

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%

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.

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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