

Swan Bond Enhanced Sicav–SIF EUR

November 2021



Strategy

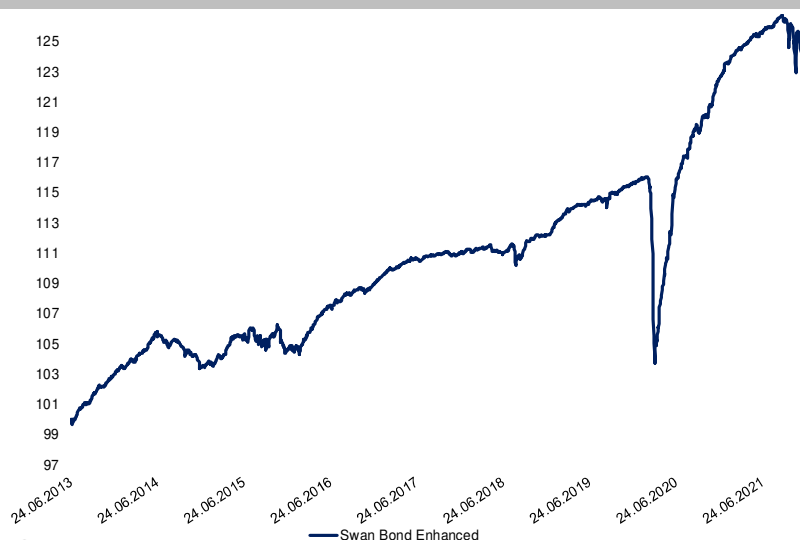
Swan Bond Enhanced SIF is the alternative version of our Fixed Income Intermediate risk profile. The strategy is focused on a highly diversified buy and hold portfolio of liquid short-term fixed income securities, in a levered format. Leverage is normally included between 50% and 150% of the NAV. Target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

Risk Profile

Conservative

Intermediate

High Reward



Global market picture

During November, European credit markets experienced a negative performance (H9PC Index -0.52%), in tandem with the movement of the Eurostoxx 50 (-4.41%) and S&P 500 (-0.83%). Last days of the month saw an increased level of volatility due to surging COVID-19 cases linked to Omicron variant: several countries imposed tighter quarantine measures and fresh restrictions on travels, with Austria declaring three weeks of lockdown in addition to mandatory vaccination in order to ease pressure on hospitals. The economic surprise index in US turned positive in November, thanks in particular to strong retail sales and industrial production release, while in Europe the surprise index just recovered to parity due to new restrictions' impact on economic activity. During its meeting at the beginning of the month the FED announced that it will begin scaling back bond buying starting from mid-November; Joe Biden named Jerome Powell for a second term as FED chair: during his testimony at the Congress Powell signaled that "economy is very strong and inflation pressures are high" signaling that taper could run faster than initially declared. Inflation in Germany printed highest level since 1992 at 5.2%, but ECB continued reassuring investors that price increase will be only transitory. In this context, the 10 years bund yield was lower at -0.35% (-24bps in the month), in tandem with the 10 years Treasury at 1.44% (-11bps in the month). In China there were signs of relaxation to the real estate sector: mortgages and loans to developer strongly increased in October, while PBOC indicated that it could relax three red lines rules applied to sovereign owned properties developers to take over assets of most indebted entities; volatility will continue to affect the sector but we think higher quality names will be able to manage the situation properly.

Yield-type strategy

The bucket generated a negative gross contribution to the monthly performance, with 48% of the positions (47 out of 98) contributing positively. During the month we increased our invested capital: conditions are always attractive in the short-term part of the credit curve. The average life of the yield-type portfolio is very short (12 months or average spread duration of 1.02), combined with a yield of 7.1% (net of funding cost in EUR) and z-spread of 770 basis points. The fund is levered, being invested at about 164% currently.

Performance

MTD :	-0.92%	Fund Assets (mln) :	152.6 €
Since inception	24.54%	1 Year Std Dev :	2.16%
Last 12 Months :	2.56%	1 Year Sharpe Ratio :	1.45
NAVps :	EUR 124.54	% of positive months :	77%

Period	Perf.
MTD	-0.92%
YTD	1.47%
6 months	-0.67%
1 year	2.56%
2020	6.12%
2019	3.12%
2018	1.00%
2017	1.83%
2016	4.13%
2015	1.16%
2014	0.37%
2013	3.14%

Portfolio info	
# of Securities	143
% Weight	163.70%
Int Dur	0.89
Yield (gross)	7.10%
Spread Duration	1.66
Z-spread	770

FX breakdown (fully hedged)

USD	54.50%
EUR	13.57%
NOK	15.81%
SEK	12.05%
CHF	1.99%
GBP	2.09%
AUD	0.00%
TOTAL	100.00%

Geographic breakdown

EU	13.58%
US	2.86%
Oth DEV	45.02%
LATAM	1.14%
EMEA	22.69%
ASIA	14.71%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	3.89%
tot IG	3.89%
BB	19.24%
B	22.49%
CCC	1.34%
tot HY	43.07%
NR	52.97%
TOTAL	99.93%

Sector breakdown - Top 10

Services	27.40%
Real Estate	24.45%
Banking	7.43%
Basic Industry	7.15%
Energy	5.76%
Consumer Goods	4.34%
Financial Services	4.26%
Leisure	4.16%
Agency	2.32%
Supranational	2.18%

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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