

# Swan Bond Enhanced Sicav–SIF EUR

## December 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

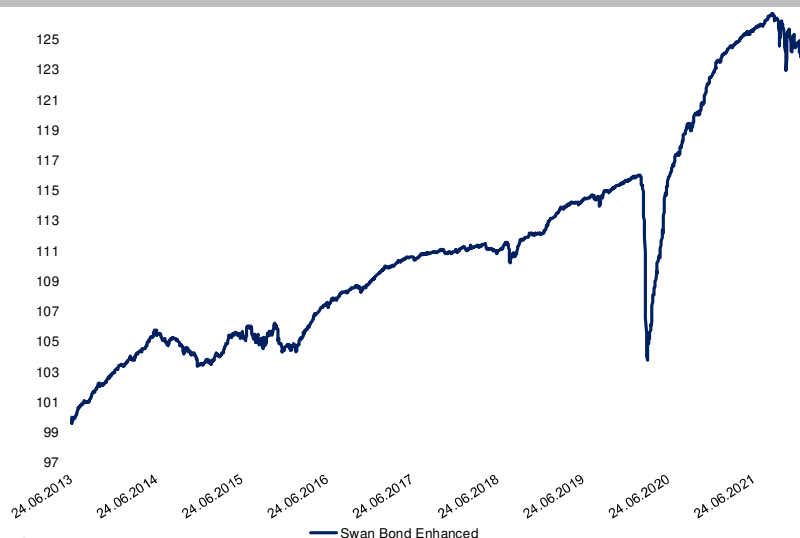
MTD :	<b>0.18%</b>	Fund Assets (mln) :	151.5
Since inception :	<b>24.77%</b>	1 Year Std Dev :	2.24%
Last 12 Months :	<b>1.66%</b>	1 Year Sharpe Ratio :	1
NAVps :	EUR 124.77	% of positive months :	78%

### Risk Profile

Conservative

**Intermediate**

High Reward



### Global market picture

During December, European credit markets experienced a positive performance (H9PC Index +0.86%), in tandem with the movement of the Eurostoxx 50 (+5.79%) and S&P 500 (+4.36%). Surging COVID-19 cases linked to Omicron variant continued to impact economies: some European countries imposed new lock-down measures to limit impact on hospitals, while more vaccinated countries like Italy were still reluctant to issue fresh restrictions. Notwithstanding this new Covid wave, US economy should grow close to 7% in 4Q21 thanks to growth in inventories, while high vaccination rate should help Euro area GDP to return to the pre-pandemic levels by the end of 2022. During its meeting the FED announced that it will double the monthly pace of tapering: median forecast now signals three rate hikes in 2022. The ECB was not as hawkish as the FED, reiterating the view that inflation pressures are only transitory and that rates are unlikely to be raised in 2022. Inflation prints continued their march higher: in US CPI was 6.8% YoY (core +4.9% YoY), while Eurozone reached 4.9% and 2.6% respectively. In next months a significant increase to European inflation could come from energy prices: gas delivered Europe reached new highs in December, with prices up more than 800% in 2021. In this context, the 10 years bund yield was higher at -0.18% (+17bps in the month), in tandem with the 10 years Treasury at 1.51% (+7bps in the month). Oil partially recovered the loss experienced in November and closed the month at 78 USD per barrel. After a strong 2020, performances of our funds were below target, but we honored our mandate to generate positive performance for the 13th year in a row, since inception. Funds offers attractive returns for 2022, even if market volatility could persist in the first half of the year.

### Yield-type strategy

The bucket generated a positive gross contribution to the monthly performance, with 73% of the positions (69 out of 94) contributing positively. During the month we decreased our invested capital even if 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 0.96), combined with a yield of 6.86% (net of funding cost in EUR) and z-spread of 746 basis points. The fund is levered, being invested at about 160% currently.

Period	Perf.	Portfolio info	
MTD	<b>0.18%</b>	# of Securities	137
YTD	<b>1.66%</b>	% Weight	159.76%
6 months	<b>-0.76%</b>	Int Dur	0.79
1 year	<b>1.66%</b>	Yield (gross)	6.86%
2021	<b>1.66%</b>	Spread Duration	1.54
2020	<b>6.12%</b>	Z-spread	746
2019	<b>3.12%</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>		

### FX breakdown (fully hedged)

USD	50.71%
EUR	14.46%
NOK	17.50%
SEK	13.07%
CHF	2.07%
GBP	2.19%
AUD	0.00%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	14.50%
US	2.96%
Oth DEV	47.64%
LATAM	1.19%
EMEA	18.66%
ASIA	15.05%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	3.85%
	<b>tot IG</b>
BB	19.30%
B	20.51%
CCC	2.11%
	<b>tot HY</b>
NR	54.23%
<b>TOTAL</b>	<b>100.00%</b>

### Sector breakdown - Top 10

Services	28.55%
Real Estate	25.08%
Basic Industry	7.30%
Banking	6.50%
Energy	6.35%
Leisure	5.01%
Financial Services	4.43%
Agency	2.38%
Supranational	2.25%
Automotive	1.99%

### 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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