

Swan Bond Enhanced Sicav–SIF EUR

March 2022



Strategy

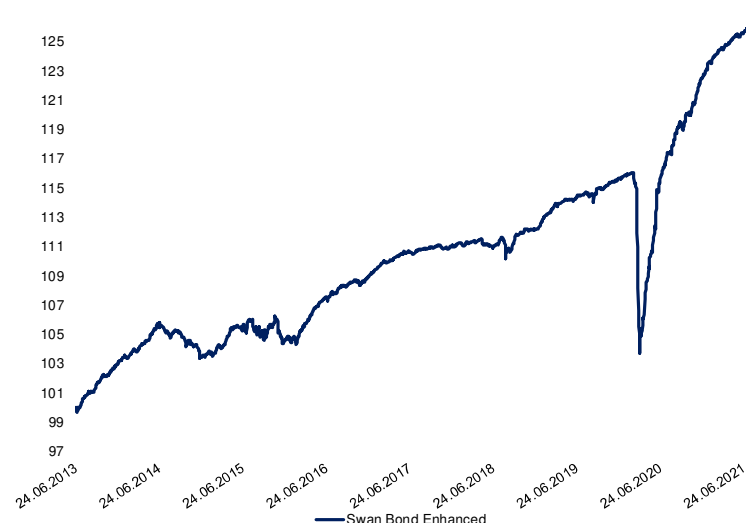
Swan Bond Enhanced SIF is the alternative version of our Fixed Income Intermediate risk profile. The strategy is focused on a highly diversified buy and hold portfolio of liquid short-term fixed income securities, in a levered format. Leverage is normally included between 50% and 150% of the NAV. Target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

Risk Profile

Conservative

Intermediate

High Reward



Global market picture

The credit market environment remained extremely negative with year to date performances ranging from -10.5% for EM corp HY to -4.29% of the EU HY component. The IG EUR market is also negative by about 5.26% YTD, mainly due to the rates component. The short-term (1-3 year) H1WN global HY index also reports a performance of -6.25% YTD while the Global unconstrained (in terms of maturity) HY lost 5.76%. The Russian invasion of Ukraine remained the main theme of the month: there were several rounds of negotiations between the parties, but a ceasefire or any other sort of agreement seems unlikely to be reached immediately, even if sanctions imposed by western allies increased pressure on Russian economy. In this context, the 10 years bund yield was higher at +0.54% (+41bps in the month, highest level since 2018) in tandem with the 10 years Treasury at 2.34% (+51bps in the month), mainly due to concerns on inflationary pressure linked to energy cost, with oil prices reaching new year to date high at 108 per barrel. FOMC raised rates by 25bps during its march committee with Jerome Powell saying that FED need to move "expeditiously" towards tighter monetary policy, while ECB remained on hold notwithstanding mounting inflation pressure. Excluding specific idiosyncratic situations (China real estate and Russia/Ukraine), the rest of the portfolio has continued to behave in line with expectations, generating a slightly positive performance compared with a context of extreme negativity in the market. The expected return of the portfolio will be able to generate a significant performance during 2022 which, added to the potential recovery of the two idiosyncratic components, will allow a significant rebound from current levels.

Yield-type strategy

The bucket generated a negative gross contribution to the monthly performance, with 49% of the positions (45 out of 92) 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 0.98), combined with a yield of 11.91% (net of funding cost in EUR) and z-spread of 1251 basis points. The fund is levered, being invested at about 192% currently.

Performance

MTD :	-4.19%	Fund Assets (mln) :	124.5 €
Since inception	14.67%	1 Year Std Dev :	4.73%
Last 12 Months :	-7.98%	1 Year Sharpe Ratio :	-1.55
NAVps :	EUR 114.67	% of positive months :	75%

Period	Perf.	Portfolio info	
MTD	-4.19%	# of Securities	141
YTD	-8.09%	% Weight	192.09%
6 months	-9.24%	Int Dur	0.89
1 year	-7.98%	Yield (gross)	11.91%
2021	1.66%	Spread Duration	1.87
2020	6.12%	Z-spread	1251
2019	3.12%		
2018	1.00%		
2017	1.83%		
2016	4.13%		
2015	1.16%		
2014	0.37%		
2013	3.14%		

FX breakdown (fully hedged)

USD	45.07%
EUR	15.55%
NOK	19.80%
SEK	14.98%
CHF	2.30%
GBP	2.31%
AUD	0.00%
TOTAL	100.00%

Geographic breakdown

EU	14.41%
US	5.48%
Oth DEV	49.78%
LATAM	2.90%
EMEA	18.38%
ASIA	9.04%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	3.22%
tot IG	3.22%
BB	17.83%
B	19.60%
CCC	3.33%
tot HY	40.76%
NR	56.02%
TOTAL	100.00%

Sector breakdown - Top 10

Services	28.97%
Real Estate	21.67%
Energy	7.91%
Basic Industry	7.40%
Banking	6.45%
Financial Services	5.43%
Leisure	5.07%
Transportation	3.23%
Agency	2.42%
Consumer Goods	2.23%

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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