

# Swan Bond Enhanced Sicav–SIF EUR

## September 2022



### Strategy

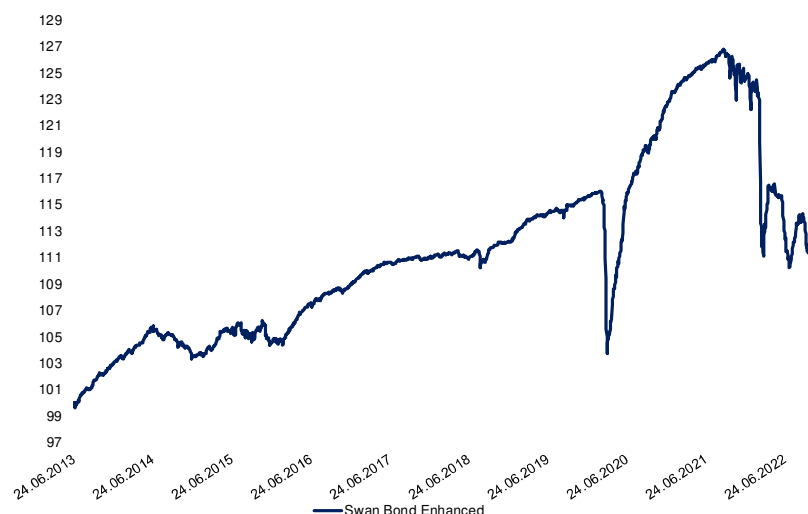
Swan Bond Enhanced SIF is the alternative version of our Fixed Income Intermediate risk profile. The strategy is focused on a highly diversified buy and hold portfolio of liquid short-term fixed income securities, in a levered format. Leverage is normally included between 50% and 150% of the NAV. Target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

### Risk Profile

Conservative

**Intermediate**

High Reward



### Global market picture

Credit markets remained extremely negative with year to date performances ranging from -23.02% for EM corp HY to -15.32% of the EU HY. The IG EUR market is also negative by -15.07% YTD, mainly due to the rates component. The short-term (1-3 year) H1WN global HY index also reports a performance of -12.86% YTD while the Global unconstrained (in terms of maturity) HY lost -17.19%. Inflation continued its march higher around the globe with US core CPI printing 6.3% YoY (6.1% expected) in tandem with Eurozone that exceeded expectations by 0.2% at 4.3% YoY. Faced with faster than expected rise in prices, central bankers further tightened their position against inflation: FED raised rates by 75bps for the time in a row, reinforcing its commitment to "higher for longer" rates, clearly flagging its intention to keep monetary policy tight. ECB raised its main rate by 75bps, with Christine Lagarde saying that investors should not assume moves on this scale were "the norm", but there would be "several" rate rises in the coming months. The tension between Russia and Nato members further increased after the sabotage of both Nordstream 1 and 2, while Russia declared annexation of four Ukrainian regions. The 10 years bund yield was higher at +1.54% (+72bps in the month) while the 10 years Treasury closed the month at 3.20% (+54bps). Huge volatility was registered on UK Gilt market, where BOE was forced to intervene to avoid a "material risk to UK financial stability" after that Liz Truss' government announced a fiscal plan that caused a spike of the 30 years yield to 5%. Thanks to recent volatility spike we have been able to add several new credit stories at very interesting level of credit spreads. The combination of higher diversification, higher credit quality and higher expected yields paves the way for attractive returns in the next future.

### Yield-type strategy

The bucket generated a negative gross contribution to the monthly performance, with 34% of the positions (60 out of 174) contributing positively. During the month we increased our invested capital: conditions remain attractive in the short-term part of the credit curve. The average life of the yield-type portfolio is very short (13 months or average spread duration of 1.09), combined with a yield of 16.48% (net of funding cost in EUR) and z-spread of 1477 basis points. The fund is levered, being invested at about 235% currently.

### 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)

### Performance

MTD :	<b>-2.03%</b>	Fund Assets (mln) :	126.1 €
Since inception	<b>11.88%</b>	1 Year Std Dev :	5.16%
Last 12 Months :	<b>-11.45%</b>	1 Year Sharpe Ratio :	-2.15
NAVps :	EUR 111.88	% of positive months :	73%

Period	Perf.	Portfolio info	
MTD	<b>-2.03%</b>	# of Securities	174
YTD	<b>-10.33%</b>	% Weight	234.56%
6 months	<b>-2.43%</b>	Int Dur	1.48
1 year	<b>-11.45%</b>	Yield (gross)	16.48%
2021	<b>1.66%</b>	Spread Duration	2.55
2020	<b>6.12%</b>	Z-spread	1477
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	32.62%
EUR	29.51%
NOK	22.18%
SEK	12.03%
CHF	1.31%
GBP	2.34%
AUD	0.00%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	23.19%
US	9.62%
Oth DEV	43.75%
LATAM	2.74%
EMEA	16.32%
ASIA	4.37%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	4.12%
<b>tot IG</b>	<b>4.12%</b>
BB	26.93%
B	17.85%
CCC	3.25%
<b>tot HY</b>	<b>48.04%</b>
NR	47.84%
<b>TOTAL</b>	<b>100.00%</b>

### Sector breakdown - Top 10

Services	26.02%
Real Estate	17.02%
Basic Industry	9.54%
Financial Services	5.90%
Energy	5.84%
Transportation	5.61%
Leisure	5.42%
Banking	4.52%
Telecommunications	4.37%
Automotive	3.49%

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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