

# Swan Bond Enhanced Sicav–SIF USD

## June 2023



### Strategy

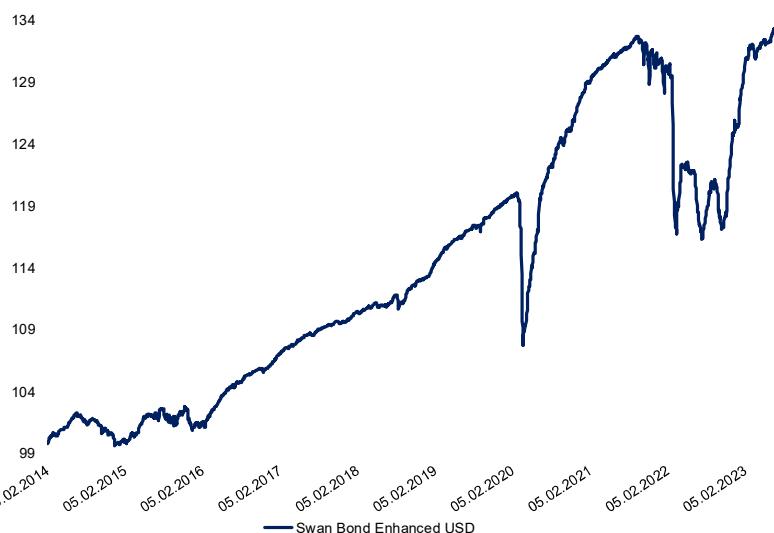
Swan Bond Enhanced SIF is the alternative version of our Fixed Income Intermediate risk profile. The strategy is focused on a highly diversified buy and hold portfolio of liquid short-term fixed income securities, in a levered format. Leverage is normally included between 50% and 150% of the NAV. Target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

### Risk Profile



### Performance

MTD :	<b>0.81%</b>	Fund Assets (mln) :	146.2 €
Since inception	<b>33.38%</b>	1 Year Std Dev :	2.69%
Last 12 Months :	<b>13.16%</b>	1 Year Sharpe Ratio :	3.38
NAVps :	USD 133.38	% of positive months :	77%



### Global market picture

High Yield Credit markets reported a positive performance in June ranging from +1.86% for EM corp HY to +0.54% of the EU HY in tandem with the movement of the S&P500 (+6.47%) and Eurostoxx50 (+4.29%). The IG EUR market was negative by -0.42%, while the short-term (1-3 year) H1WN global HY index reports a positive performance of +0.90%. The Global unconstrained (in terms of maturity) HY gained +1.25%. Inflation and central banks decisions were still the main arguments of the month. The FED held rates on hold for the first time in more than a year following 10 consecutive increases. The updated "dot plot" indicated that officials are projecting two more quarter-point increases this year, implying a range between 5.5% and 5.75% at end 2023, the highest level since early 2000s. The ECB raised policy rates by 25bps, bringing the deposit rate to 3.5% and reiterating the data-dependent meeting-by-meeting approach; there was no reference that rates are getting closer to a peak leaving substantial risk for further rate hikes. Both central banks are facing the difficult task of determining how much more to squeeze the economy, without impacting excessively growth and hiring. Core CPI in US and Eurozone was at 5.3% YoY, still significantly higher than their target, but economies still showed resiliency (unemployment rate still below 4% in US) notwithstanding ISM/PMI index are moving downward. Oil moved higher to 75\$ per barrel, while US dollar lost some ground with DXY at 102.91. Thanks to the recent volatility spike we have been able to add several new credit stories at very interesting levels of credit spreads: our funds have a yield to maturity between 7.5% and 12%, combined with an average spread duration around 16 months. The combination of higher diversification, higher credit quality and higher expected yields paves the way for extremely attractive returns in the next future.

### Yield-type strategy

The bucket generated a positive gross contribution to the monthly performance, with 83% of the positions (158 out of 190) contributing positively. During the month we slightly decreased our invested capital and conditions remain attractive in the short-term part of the credit curve. The average life of the yield-type portfolio is very short (15 months or average spread duration of 1.22), combined with a yield of 11.30% (net of funding cost in EUR) and z-spread of 771 basis points. The fund is levered, being invested at about 198% currently.

Period	Perf.	Portfolio info	
MTD	<b>0.81%</b>	# of Securities	190
YTD	<b>6.38%</b>	% Weight	198.32%
6 months	<b>6.38%</b>	Int Dur	1.70
1 year	<b>13.16%</b>	Yield (gross)	11.30%
2022	<b>-4.14%</b>	Spread Duration	2.42
2021	<b>2.14%</b>	Z-spread	771
2020	<b>7.31%</b>		
2019	<b>5.35%</b>		
2018	<b>3.07%</b>		
2017	<b>3.32%</b>		
2016	<b>4.99%</b>		
2015	<b>1.53%</b>		
2014	<b>-0.21%</b>		

### FX breakdown (fully hedged)

USD	26.13%
EUR	39.59%
NOK	21.26%
SEK	10.08%
CHF	1.37%
GBP	1.56%
AUD	0.00%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	36.41%
US	6.86%
Oth DEV	44.45%
LATAM	0.79%
EMEA	9.86%
ASIA	1.62%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	8.64%
<b>tot IG</b>	<b>8.64%</b>
BB	26.62%
B	11.97%
CCC	2.49%
<b>tot HY</b>	<b>41.08%</b>
NR	50.28%
<b>TOTAL</b>	<b>100.00%</b>

### Sector breakdown - Top 10

Banking	8.21%
Shipping - Gas	6.49%
Gaming - Online Gaming	5.22%
Oil and gas E&P - All	5.00%
Real Estate - Mgmt Res	4.65%
Real Estate - Mgmt Comr	4.43%
Air Transportation	3.34%
Oil Field Equipment & Se	3.32%
Finance - NPL collector	3.04%
Shipping - Crude	2.93%

\* Portfolio 100%

### 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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