

Swan Bond Enhanced Sicav–SIF EUR

May 2024



Strategy

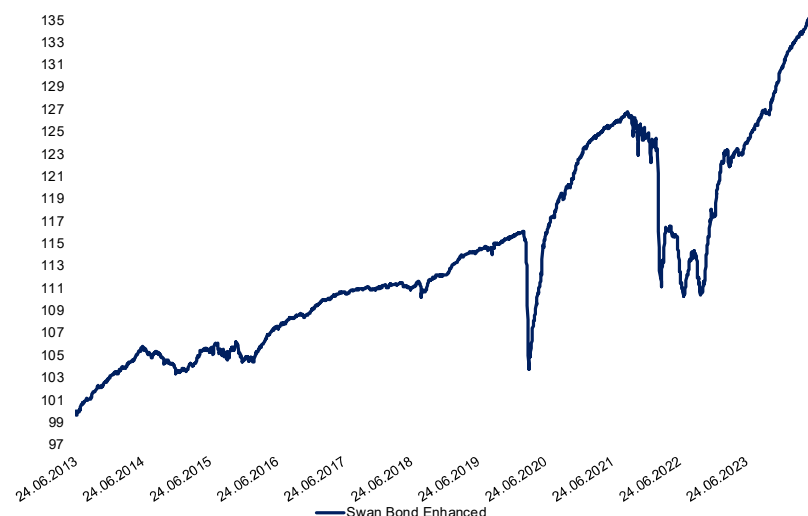
Swan Bond Enhanced SIF is the alternative version of our Fixed Income Intermediate risk profile. The strategy is focused on a highly diversified buy and hold portfolio of liquid short-term fixed income securities, in a levered format. Leverage is normally included between 50% and 150% of the NAV. Target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

Risk Profile

Conservative

Intermediate

High Reward



Global market picture

High Yield Credit markets reported a positive performance in May ranging from +1.73% for EM corp HY to +0.88% of the EU HY in tandem with positive equity markets, S&P500 (+4.80%) and Eurostoxx50 (+1.27%). The IG EUR market was positive by 0.24% in line with the short-term (1-3 year) H1WN global HY index that reported a positive performance of 0.94%. The Global unconstrained (in terms of maturity) HY index was positive at +1.12%. In Europe inflation continued to retrace, with core CPI print at 2.7% in April (vs 2.9% in March), but most important April release provided reassurances that the sharp increases in services prices in January and February were a bump, this confirming that services inflation is not reaccelerating. Markets expect the ECB to start its easing cycle at the monetary policy meeting to be held on 6th June due to projections of a rapid recovery in activity and a gradual disinflation process to continue. After its meeting on the 1st of May, the FOMC signaled that "a lack of further progress" towards the bank's 2% inflation target will mean US borrowing costs are likely to remain higher for longer; however, officials also indicated that they were not yet concerned enough by uptick in inflation to consider rate rises. Indeed, inflation print in line with expectations at 3.4% (core CPI at 3.6%) for April reinforced the market view for two possible cuts in 2024. The 10 years bund yield was lower at 2.58% (+28bps in the month), in tandem with the 10 years Treasury at 4.68% (+48bps in the month). Oil was down at 82\$ per barrel, while US dollar was lower, with DXY at 104.67. Our funds have a yield to maturity between 6% and 8%, combined with an average spread duration around 18 months. The combination of diversification, good credit quality and high expected yields pave 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 93% of the positions (185 out of 200) contributing positively. During the month our invested capital decrease even if conditions remain attractive in the short-term part of the credit curve. The average life of the yield-type portfolio is very short (18 months or average spread duration of 1.48), combined with a yield of 7.93% (net of funding cost in EUR) and z-spread of 450 basis points. The fund is levered, being invested at about 173% currently.

Performance

MTD :	0.80%	Fund Assets (mln) :	167.9 €
Since inception	35.14%	1 Year Std Dev :	0.97%
Last 12 Months :	9.76%	1 Year Sharpe Ratio :	6.08
NAVps :	EUR 135.14	% of positive months :	75%

Period	Perf.	Portfolio info	
MTD	0.80%	# of Securities	200
YTD	3.47%	% Weight	173.24%
6 months	4.78%	Int Dur	1.93
1 year	9.76%	Yield (gross) in EUR	7.93%
2023	11.25%	Spread Duration	2.56
2022	-5.91%	Z-spread	450
2021	1.66%		
2020	6.12%		
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	27.43%
EUR	43.62%
NOK	15.98%
SEK	6.50%
CHF	3.37%
GBP	3.10%
AUD	0.00%
TOTAL	100.00%

Geographic breakdown

EU	36.47%
US	8.24%
Oth DEV	38.28%
LATAM	5.47%
EMEA	11.07%
ASIA	0.46%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	13.62%
tot IG	13.62%
BB	29.89%
B	11.23%
CCC	1.21%
tot HY	42.33%
NR	44.04%
TOTAL	100.00%

Sector breakdown - Top 10

Banking	12.91%
Telecom - Wireline Integr	6.22%
Real Estate - Mgmt Res	5.27%
Oil and gas E&P - All	4.96%
Shipping - Gas	4.49%
Finance - NPL collector	3.99%
Oil Field Equipment & Se	3.79%
Air Transportation	3.32%
Industry - Renewables	3.20%
Real Estate - Dev Res	3.02%

* Portfolio 100%

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

Contacts at Swan Asset Management SA:

E-mail: info@swan-am.ch - Tel: +41 91 986 31 90

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