

Swan Ultra Short-Term Bond – EUR

February 2024



Strategy

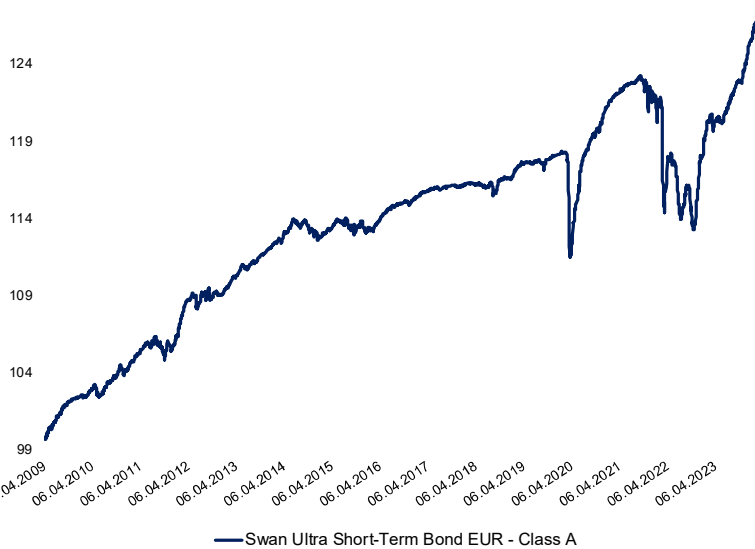
Swan Ultra Short-Term Bond is the UCITS version of our Fixed Income Conservative risk profile. The strategy invests in a highly diversified buy and hold portfolio of liquid short-term fixed income securities, with an average maturity of 1 year. Target Return is 3 months LIBOR + 150 bps.

Risk Profile



Performance

MTD :	0.62%	Fund Assets (mIn) :	241.1 €
Since inception	27.34%	1 Year Std Dev :	0.89%
Last 12 Months :	5.60%	1 Year Sharpe Ratio :	2.35
NAVps :	EUR 127.34	positive months %:	74%



Period	Class C*	Class A	Portfolio info
MTD	0.64%	0.62%	# of Securities 161
YTD	1.54%	1.51%	% Weight 96.85%
6 months	4.17%	4.06%	Int Dur 1.02
1 year	5.77%	5.60%	Yield (gross) in EUR 6.55%
2023	6.45%	6.27%	Spread Duration 1.35
2022	-2.89%	-3.14%	Z-spread 312
2021	0.78%	0.59%	
2020	2.67%	2.58%	
2019	1.59%	1.36%	
2018	0.58%	0.39%	
2017	0.92%	0.75%	
2016	2.05%	1.86%	
2015	0.58%	0.35%	
2014	0.63%	0.54%	
2013	3.00%	2.77%	
2012	3.05%	2.84%	
2011	2.07%	1.85%	
2010	1.90%	1.73%	
2009	2.63%	2.38%	

*Class A adjusted for management fee difference used for periods before Class C inception.

Global market picture

High Yield Credit markets reported a positive performance in February ranging from +0.89% for EM corp HY to +0.41% of the EU HY in tandem with positive equity markets, S&P500 (+5.17%) and Eurostoxx50 (+4.93%). The IG EUR market was negative by -0.89% while the short-term (1-3 year) H1WN global HY index reported a positive performance of 0.66%. The Global unconstrained (in terms of maturity) HY index was positive at +0.35%. Core inflation in Eurozone was a little bit lower at 3.3% YoY, even if concerns on future path remain because disinflation in service sector has stalled. On the same note, minutes of the ECB's January meeting contained a few dovish comments, while most of the discussion read on the hawkish side, concluding that it is still too early to have confidence that inflation will return to the target in a timely manner. In US the probability of a rate cut in May lowered after the inflation data that reported stable core inflation at 3.9% YoY while CPI slowed less than expected at 3.1% YoY and FED minutes reinforced the patient approach to cutting rates that Powell voiced in the post meeting press conference. We believe central banks will act only when they will be convinced that inflation will stay below target on a sustained basis and we are not close to that time yet. The 10 years bund yield was higher at 2.41% (+24bps in the month), in tandem with the 10 years Treasury at 4.25% (+34bps in the month). Oil moved lower to 84\$ per barrel, while US dollar rebounded with DXY at 104.16. Our funds have a yield to maturity between 6.5% and 8.5%, combined with an average spread duration around 17 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 86% of the positions (161 out of 138) contributing positively. The YTM remains attractive and conditions are always interesting in the short-term part of the credit curve. The average life of the yield-type portfolio is very short (17 months or 1.39 of spread duration), combined with a gross yield of 6.55% (in EUR) and z-spread of 312 basis points.

FX breakdown (fully hedged)

USD	23.35%
EUR	46.79%
NOK	15.23%
SEK	8.16%
CHF	2.92%
GBP	3.55%
TOTAL	100.00%

Geographic breakdown

EU	38.51%
US	9.87%
Oth DEV	37.33%
LATAM	2.67%
EMEA	10.82%
ASIA	0.80%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.86%
BBB	17.14%
tot IG	18.00%
BB	27.55%
B	8.41%
CCC	0.59%
tot HY	36.56%
NR	45.44%
TOTAL	100.00%

Sector breakdown - Top 10

Banking	10.77%
Real Estate - Mgmt Res	5.51%
Shipping - Gas	5.22%
Software/Service	5.19%
Oil Field Equipment & Ser	5.10%
Telecom - Wireline Integra	4.69%
Real Estate - Dev Res	3.68%
Investments & Misc Finan	3.41%
Finance - NPL collector	3.26%
Oil and gas E&P - All	3.15%

Sicav Structure – Terms & Conditions

Domicile: Luxembourg

Inception Date: 1 April 2009

Minimum Investment: 1 share

Liquidity / Reporting: Daily

Fees: Class C 0.75% / Class A 1.00% Management Fee

15% Performance Fee (high water mark)

Promoter / Distributor: Corner Banca SA

Investment Manager: Swan Asset Management SA

Custodian Bank: State Street Bank Lux

Administrator Agent: State Street Bank Lux

Auditor: Ernst & Young

Bloomberg: class A: CBSWBOA LX, class C: CBSWBOC LX

ISIN: class A: LU0417109773, class C: LU0417110193

Contacts at Swan Asset Management SA:

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

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