

# Swan Bond Opportunity – EUR October 2017



## Strategy

The sub-fund aims to generate significant excess return vs 3m Euribor in combination with extremely low volatility. The strategy combines the “buy and hold” investment in a highly diversified and granular portfolio of liquid short-term fixed income securities with the opportunistic allocation of the promised average spread over risk free rate to a number of interest rate and FX active strategies.

## Performance

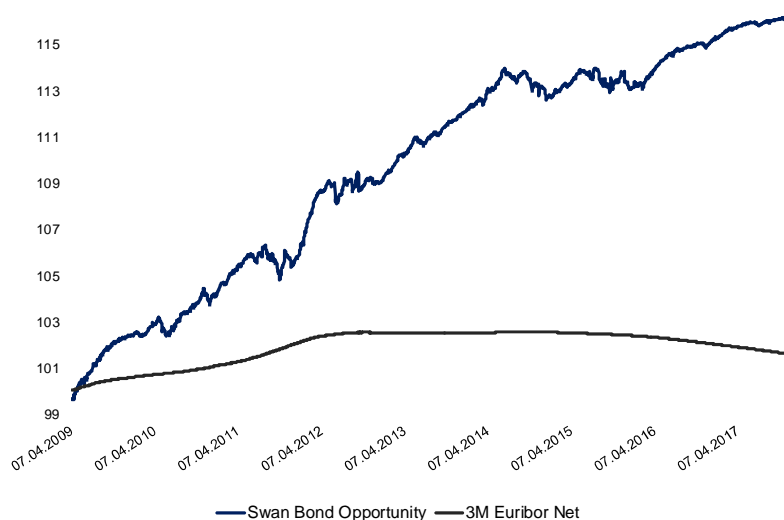
MTD :	0.03%	Fund Assets (mIn) :	184.0 €
Since inception	16.11%	1 Year Std Dev :	0.32%
Last 12 Months :	0.91%	1 Year Sharpe Ratio :	3.9
NAVps :	EUR 116.11	positive months %:	78%

## Risk Profile

Conservative

Intermediate

High Reward



Period	Perf.
MTD	0.03%
YTD	0.77%
6 months	0.20%
1 year	0.91%
2016	1.86%
2015	0.35%
2014	0.54%
2013	2.77%
2012	2.84%
2011	1.85%
2010	1.73%
2009	2.38%

## Portfolio info

# of Securities	97
% Weight	101.31%
Int Dur	0.40
Yield (gross)	1.45%
Spread Duration	0.75
Z-spread	205

## FX breakdown (fully hedged)

USD	49.78%
EUR	7.55%
NOK	18.13%
GBP	5.73%
SEK	7.90%
CHF	8.62%
AUD	2.29%
SGD	0.00%
<b>TOTAL</b>	<b>100.00%</b>

## Geographic breakdown

EU	8.23%
US	0.21%
Oth DEV	27.49%
LATAM	5.01%
EMEA	48.41%
ASIA	10.66%
<b>TOTAL</b>	<b>100.00%</b>

## Global market picture

During October, European credit markets experienced a positive performance (H9PC Index +1.07%) in tandem with a positive movement of the Eurostoxx 50 (+2.20%), while S&P500 reached new historical highs at 2'575 (+2.22% during the month). The ECB meeting was one of the main topic of the month: Mario Draghi reiterated the ECB accommodative stance announcing a reduction in monthly purchases to €30bn from January to September 2018, with no sudden stop of the program thereafter. In US president Trump and his staff started discussions on next FED chairman: Yellen or Powell appointment would represent continuity, while Taylor or Warsh a more hawkish solution (final decision will be announced before the Presidential Asian trip). From a macro point of view, US economic data continued to confirm a solid path of growth, with Q3 GDP ahead of expectations at 3%, and the reporting season was strong globally with US, Europe and Japan posting EPS growth of 7%, 8% and 10% respectively. EM credit markets generated positive returns this month (EMHB Index +0.73%), helped also by Xi Jinping reappointment as General Secretary of the CPC after the party congress.

## Yield-type strategy

The bucket generated a gross positive contribution to the monthly performance, thanks to 94% of the positions (74 out of 79) contributing positively. Positive contributions were homogeneously distributed, while there were not significant negative contributions. The average life of the yield-type portfolio is very short (9 months or 0.74 of spread duration), combined with a yield of 1.45% and z-spread of 205 basis points.

## Rating breakdown

AAA	0.00%
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A	0.46%
BBB	38.53%
<b>tot IG</b>	<b>38.99%</b>
BB	16.49%
B	16.78%
CCC	0.21%
<b>tot HY</b>	<b>33.48%</b>
NR	27.54%
<b>TOTAL</b>	<b>100.00%</b>

## Sector breakdown - Top 10

Banking	31.08%
Services	22.28%
Real Estate	16.03%
Energy	10.09%
Financial Services	4.20%
Transportation	3.30%
Foreign Sovereign	2.70%
Supranational	2.52%
Utility	2.46%
Agency	1.52%

## Active Strategies

The bucket generated a slightly negative contribution thanks to the short position on 10yrs Bund Future.

## Sicav Structure – Terms & Conditions

Domicile: Luxembourg

Inception Date: 1 April 2009

Minimum Investment: 1 share

Liquidity / Reporting: Daily

Fees: 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