

Swan Ultra Short-Term Bond – USD

May 2019



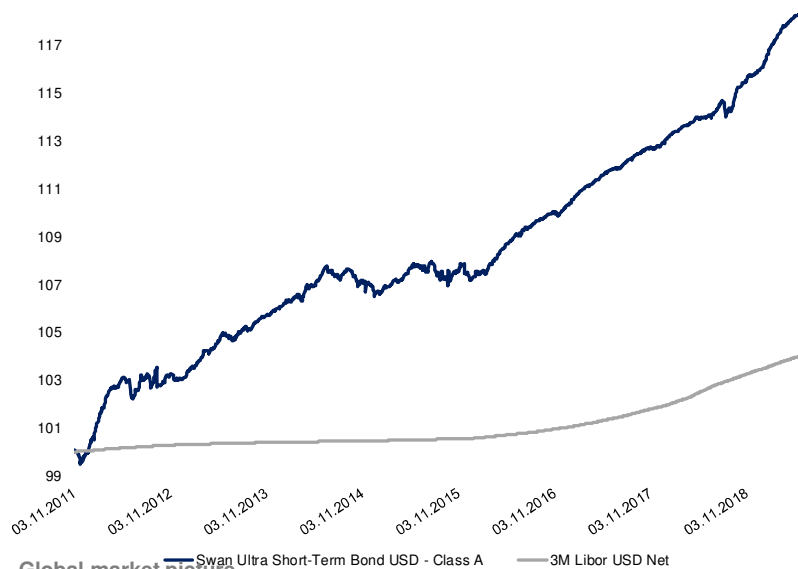
Strategy

The sub-fund aims to generate excess return vs 3m Libor 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 and residual allocation of the promised average spread over risk free rate to a number of interest rate and FX active strategies.

Performance

MTD :	0.19%	Fund Assets (mln) :	243.6
Since inception	18.41%	1 Year Std Dev :	0.54%
Last 12 Months :	3.90%	1 Year Sharpe Ratio :	3.05
NAVps :	USD 118.41	% of positive months :	80%

Risk Profile



Period	Class C*	Class A	Portfolio info
MTD	0.19%	0.19%	# of Securities
YTD	1.88%	1.99%	119
6 months	2.15%	2.25%	% Weight
1 year	4.15%	3.90%	92.00%
2018	2.91%	2.66%	Int Dur
2017	2.68%	2.43%	0.22
2016	3.13%	2.88%	Yield (gross)
2015	0.88%	0.63%	1.86%
2014	0.78%	0.53%	Spread Duration
2013	3.11%	2.86%	0.70
2012	3.11%	2.86%	Z-spread
2011	0.52%	0.27%	231

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

FX breakdown (fully hedged)

USD	37.14%
EUR	22.48%
NOK	24.53%
SEK	7.81%
CHF	6.29%
GBP	1.37%
AUD	0.39%
TOTAL	100.00%

Geographic breakdown

EU	12.58%
US	0.16%
Oth DEV	39.58%
LAT AM	3.94%
EMEA	24.62%
ASIA	19.11%
TOTAL	100.00%

Global market picture

May was the first negative month of 2019: European credit markets were negative (H9PC Index -1.39%), likewise equity markets with Eurostoxx 50 and S&P 500 losing respectively -6.66% and -6.58%. Economic data sent negative messages in US: flash PMI at 50.9 coupled with weak retail sales indicated possible further weakness in the economy; these circumstances added to ongoing trade tensions with China caused a significant downward movement in 10 years Treasury from 2.50% to 2.12% (lowest level since August 2017). The FED left rates unchanged on 1st May meeting and during the conference Jerome Powell was quite hawkish, rejecting the possibility of rates cut, but markets participants continued to be highly skeptical about FED policy, pricing around two cumulative cuts for 2019 and three and a half for 2020. Yield on 10 years German Bund was influenced by the risk-off tone of the markets, closing the month at -0.20% (lowest level on history). Political risk was concentrated on the Brexit saga (with Teresa May announcing to step down) and continuous trade war between China and US: new sanctions imposed by Trump administration on tech giant Huawei caused retaliation by China that threatened bans on export of rare earth. Emerging markets reported a slightly negative performance (-0.15%) with LATAM being the best performer during the month. EM resilience was mainly due to the rally in Treasury and generic dovish tone of central bankers around the world. Oil retraced significantly during the month (Brent down 11% at 64USD per barrel) due to renewed worries on global growth.

Yield-type strategy

The bucket generated a gross positive contribution to the monthly performance, with 87% of the positions (80 out of 92) contributing positively. Positive contributions were homogeneously distributed, while negative contribution was generated by the COFP complex. The average life of the yield-type portfolio is very short (9 months or 0.76 of spread duration), combined with a gross yield of 1.86% (in EUR) and z-spread of 231 basis points.

Rating breakdown

AAA	0.00%
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A	2.79%
BBB	14.25%
	tot IG
	17.04%
BB	19.86%
B	18.36%
CCC	0.00%
	tot HY
	38.22%
NR	44.75%
TOTAL	100.00%

Sector breakdown - Top 10

Services	25.55%
Banking	24.08%
Real Estate	21.37%
Energy	7.72%
Financial Services	6.93%
Transportation	3.36%
Sovereign	2.98%
Leisure	1.84%
Technology & Electronics	1.58%
Basic Industry	1.27%

Active Strategies

The bucket generated a negative contribution this month due to the short position on 10yrs Bund Future

Sicav Structure – Terms & Conditions

Domicile: Luxembourg

Inception Date: 3 November 2011

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: CBSBAUH LX, class C: CBSBCUH LX

ISIN: class A: LU0698400198, class C: LU0698400354

Contacts at Swan Asset Management SA:

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