

Swan Ultra Short-Term Bond – EUR

June 2019



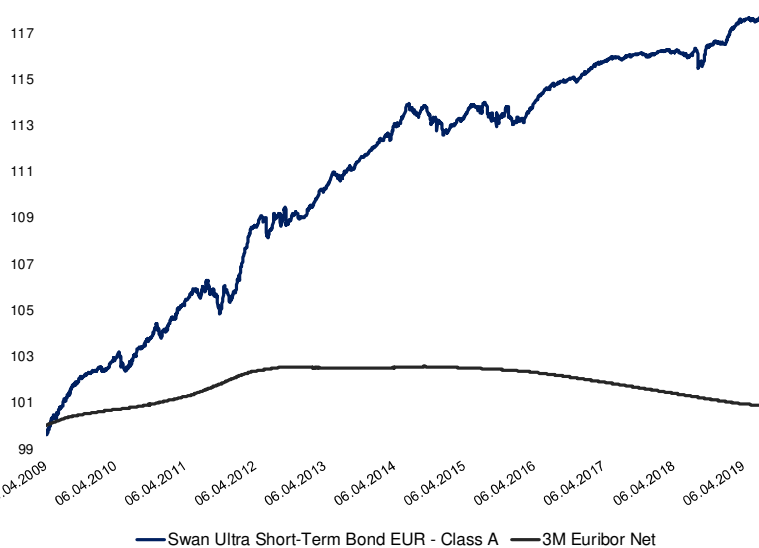
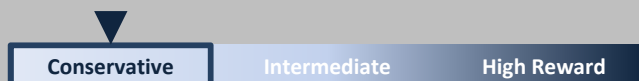
Strategy

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

Performance

| | | | |
|------------------|------------|-----------------------|---------|
| MTD : | 0.09% | Fund Assets (mIn) : | 253.7 € |
| Since inception | 17.66% | 1 Year Std Dev : | 0.57% |
| Last 12 Months : | 1.44% | 1 Year Sharpe Ratio : | 3.46 |
| NAVps : | EUR 117.66 | positive months %: | 76% |

Risk Profile



| Period | Class C* | Class A |
|----------|----------|---------|
| MTD | 0.11% | 0.09% |
| YTD | 1.10% | 0.97% |
| 6 months | 1.10% | 0.97% |
| 1 year | 1.65% | 1.44% |
| 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% |

| Portfolio info | |
|-----------------|--------|
| # of Securities | 127 |
| % Weight | 92.70% |
| Int Dur | 0.26 |
| Yield (gross) | 1.53% |
| Spread Duration | 0.78 |
| Z-spread | 212 |

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

FX breakdown (fully hedged)

| | |
|--------------|----------------|
| USD | 38.20% |
| EUR | 24.68% |
| NOK | 23.88% |
| SEK | 7.15% |
| CHF | 4.43% |
| GBP | 1.29% |
| AUD | 0.37% |
| TOTAL | 100.00% |

Geographic breakdown

| | |
|--------------|----------------|
| EU | 14.21% |
| US | 0.00% |
| Oth DEV | 37.51% |
| LAT AM | 5.43% |
| EMEA | 21.57% |
| ASIA | 21.27% |
| TOTAL | 100.00% |

Global market picture

June reversed the negative returns experienced during May: European credit markets were positive (H9PC Index +2.17%), likewise equity markets with Eurostoxx 50 and S&P 500 gaining respectively +6.89% and 5.89%. Weak labor market in US coupled with manufacturing PMI slightly above 50 (at 50.5) increased concerns about the future path of US economy; these circumstances added to ongoing trade tensions with China caused a continuation in downward movement of 10 years Treasury from 2.12% to 2.01% (lowest level since August 2017). The G20 meeting held in Japan in the last days of the month did not deliver significant improvements, with Trump and Xi agreeing on a new truce and on a new round of negotiations: this result avoid an immediate escalation but leaves significant uncertainty over the evolution of this saga. On the central banks side, the most remarkable event was Mario Draghi speech at Sintra, that opened the doors to rate cuts and a new round of QE by the ECB: Yield on 10 years German Bund was significantly impacted and closed the month at -0.33% (lowest level on history). The FED left rates unchanged on its June meeting, but there are increasing chances that several “insurance cuts” will be delivered in 2019: markets price close to three cuts in 2019, while consensus expect two cuts before year end. Emerging markets reported a positive performance (+2.49%) with EMEA being the best performer during the month (thanks in particular to a rebound in Turkish credits). EM performance was mainly due to the rally in Treasury and generic dovish tone of central bankers around the world. Oil partially recovered previous month loss (Brent up 3.19% at 66USD per barrel) due to renewed tensions on global supply.

Yield-type strategy

The bucket generated a gross positive contribution to the monthly performance, with 91% of the positions (88 out of 97) contributing positively. Positive contributions were homogeneously distributed, while a negative contribution was generated by DOFSUB 05/20. The average life of the yield-type portfolio is very short (10 months or 0.84 of spread duration), combined with a gross yield of 1.53% (in EUR) and z-spread of 212 basis points.

Rating breakdown

| | |
|---------------|----------------|
| AAA | 0.00% |
| AA | 0.00% |
| A | 2.54% |
| BBB | 13.13% |
| tot IG | 15.67% |
| BB | 26.37% |
| B | 13.91% |
| CCC | 0.33% |
| tot HY | 40.61% |
| NR | 43.72% |
| TOTAL | 100.00% |

Sector breakdown - Top 10

| | |
|--------------------------|--------|
| Services | 24.81% |
| Banking | 23.62% |
| Real Estate | 21.90% |
| Energy | 8.20% |
| Financial Services | 6.08% |
| Sovereign | 3.61% |
| Leisure | 1.76% |
| Technology & Electronics | 1.64% |
| Media | 1.43% |
| Capital Goods | 1.33% |

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: 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