

Swan Ultra Short-Term Bond – EUR

July 2019



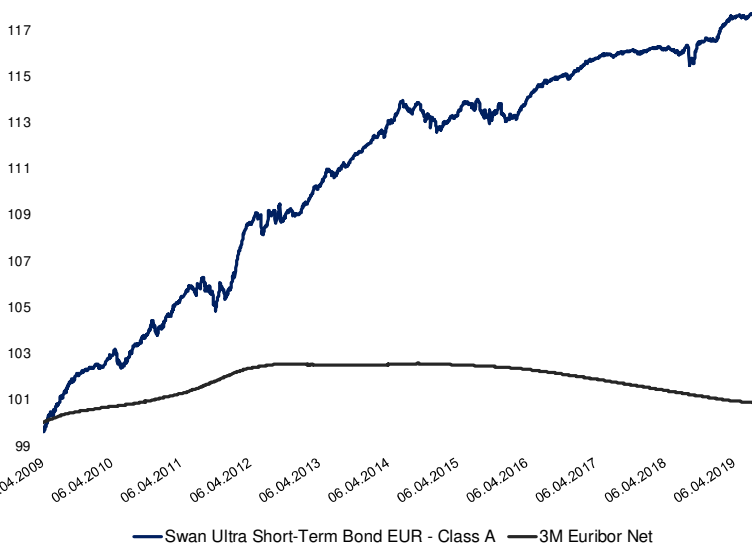
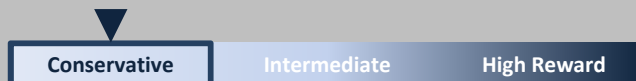
Strategy

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 :	0.07%	Fund Assets (mIn) :	279.5 €
Since inception	17.74%	1 Year Std Dev :	0.57%
Last 12 Months :	1.22%	1 Year Sharpe Ratio :	3.11
NAVps :	EUR 117.74	positive months %:	76%

Risk Profile



Period	Class C*	Class A
MTD	0.08%	0.07%
YTD	1.18%	1.04%
6 months	0.68%	0.56%
1 year	1.44%	1.22%
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	128
% Weight	89.69%
Int Dur	0.30
Yield (gross)	1.69%
Spread Duration	0.76
Z-spread	220

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

FX breakdown (fully hedged)

USD	41.25%
EUR	24.44%
NOK	21.81%
SEK	5.63%
CHF	4.88%
GBP	1.64%
AUD	0.35%
TOTAL	100.00%

Geographic breakdown

EU	14.71%
US	0.00%
Oth DEV	33.97%
LAT AM	5.54%
EMEA	21.25%
ASIA	24.53%
TOTAL	100.00%

Global market picture

July was a mixed month for financial markets: European credit markets were positive (H9PC Index +0.56%), while equity markets were negative in Europe (Eurostoxx 50 - 0.20%) and positive in US (S&P 500 +1.31%). Release of 2Q GDP in US (2.1% vs 3.1% in 1Q), coupled with weak flash manufacturing PMI, confirmed that economy is slowing, adding pressure on FED decision on rates. FOMC meeting took place the 31st of July and committee voted for a cut of 25bps of FED funds (now between 2% and 2.25%), but market was disappointed by an hawkish press conference with Jerome Powell calling the move a “mid-cycle adjustment policy” that was “not the beginning of a long series of rate cuts”. The ECB meeting was the other important event of the period: Draghi confirmed that interest rates are expected to remain “at their present or lower levels” at least through first half of 2020. The ECB President added that a new package of stimulus is under review and discussions are taking place about the “options for the size and composition of potential new net asset purchase”. This environment of dovish Central Banks pushed the yield of government bonds further lower (around \$13trn of debt exhibit negative yield): German 10 years Bund closed the month at -0.44% (-11bps during the month) while 10 Years Treasury was unchanged at 2%. Emerging markets reported a positive performance (+1.02%) with LATAM being the best performer during the month. EM performance was mainly due to the rally in Treasury and generic dovish stance of central bankers around the world, with the continuous “tweets” by Trump on trade war not impacting seriously the generic positive tone of the market. Oil was substantially flat during the month around 66USD per barrel.

Yield-type strategy

The bucket generated a gross positive contribution to the monthly performance, with 96% of the positions (93 out of 97) 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 (10 months or 0.85 of spread duration), combined with a gross yield of 1.69% (in EUR) and z-spread of 220 basis points.

Rating breakdown

AAA	0.00%
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A	1.41%
BBB	14.68%
tot IG	16.09%
BB	28.38%
B	14.42%
CCC	0.00%
tot HY	42.80%
NR	41.11%
TOTAL	100.00%

Sector breakdown - Top 10

Real Estate	23.16%
Services	22.76%
Banking	21.85%
Energy	8.50%
Financial Services	5.39%
Sovereign	3.82%
Capital Goods	3.76%
Media	2.00%
Leisure	1.63%
Technology & Electronics	1.52%

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

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