

Swan Ultra Short-Term Bond – EUR August 2019



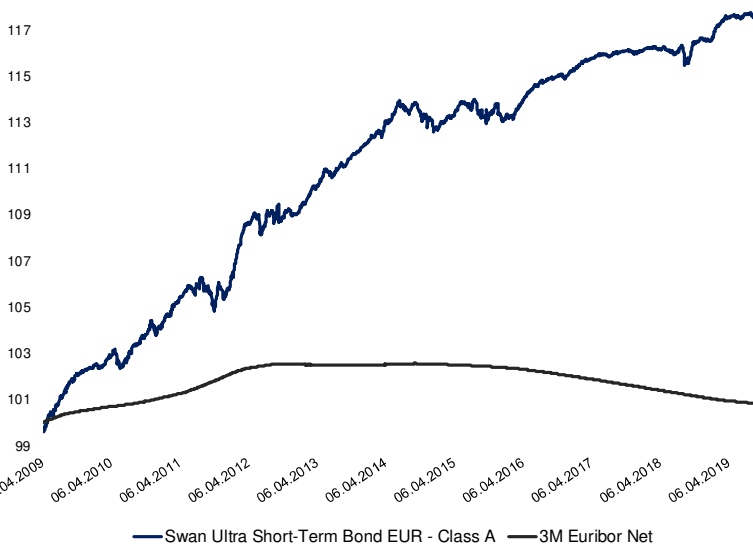
Strategy

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 :	-0.16%	Fund Assets (mIn) :	288.1 €
Since inception	17.55%	1 Year Std Dev :	0.39%
Last 12 Months :	1.74%	1 Year Sharpe Ratio :	5.85
NAVps :	EUR 117.55	positive months %:	75%

Risk Profile



Period	Class C*	Class A
MTD	-0.16%	-0.16%
YTD	1.02%	0.88%
6 months	0.27%	0.17%
1 year	1.92%	1.74%
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	134
% Weight	92.51%
Int Dur	0.32
Yield (gross)	1.86%
Spread Duration	0.75
Z-spread	246

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

FX breakdown (fully hedged)

USD	41.70%
EUR	25.44%
NOK	20.29%
SEK	5.81%
CHF	4.87%
GBP	1.55%
AUD	0.33%
TOTAL	100.00%

Geographic breakdown

EU	14.10%
US	0.00%
Oth DEV	32.39%
LATAM	7.25%
EMEA	23.31%
ASIA	22.95%
TOTAL	100.00%

Global market picture

August was a mixed month for financial markets: European credit markets were positive (H9PC Index +0.64%), while equity markets were negative both in Europe (Eurostoxx 50 -1.16%) and in US (S&P 500 -1.81%). The month started with a bounce in volatility due to renewed tension on trade war: Trump tweeted that US would place a 10% tariff on additional \$300bn Chinese goods starting from 1st of September while China retaliated with a ban on imports of agricultural products from United States and further devaluation of CNY above the psychological level of 7 USDCNY. Additional pressure on growth expectations has been generated by negative economic data in Europe: a bigger than expected fall in industrial production in Germany was confirmed by a negative (-0.1% QoQ in 2Q) GDP reading, while at the same time the Italian coalition reached a breaking point with League leader Matteo Salvini asking for snap elections. Negative sentiment pushed yield on government bonds further lower: German 10 years Bund closed the month at -0.70% (-26bps during the month) while 10 Years Treasury reached 2016 lows at 1.50% (-52bps during the month). The central banks' dovish tone added pressure on “risk-free” rates: the FED is expected to cut rates for the second time at its September meeting, while a new QE plan coupled with a rate cut could be unveiled by the ECB next month. Emerging markets reported a negative performance (-2.60%) with LATAM being the worst performer during the month. Argentina was the main driver of this movement: ARS lost a fifth of its value after opposition candidate Fernandez won primary election, forcing current president Macri to delay \$7bn of payment on short term local debt and seek a voluntary reprofiling of \$50bn of longer-term debt.

Yield-type strategy

The bucket generated a gross negative contribution to the monthly performance, with 85% of the positions (88 out of 103) contributing positively. Positive contributions were homogeneously distributed, while a negative contribution was generated YPF DAR 09/19. The average life of the yield-type portfolio is very short (10 months or 0.81 of spread duration), combined with a gross yield of 1.86% (in EUR) and z-spread of 246 basis points.

Rating breakdown

AAA	0.00%
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A	2.42%
BBB	14.57%
tot IG	16.99%
BB	28.53%
B	15.03%
CCC	0.00%
tot HY	43.56%
NR	39.45%
TOTAL	100.00%

Sector breakdown - Top 10

Banking	23.06%
Services	21.21%
Real Estate	21.05%
Energy	8.30%
Sovereign	5.12%
Financial Services	4.40%
Capital Goods	4.15%
Telecommunications	2.64%
Media	1.86%
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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