

Swan Ultra Short-Term Bond – EUR January 2020



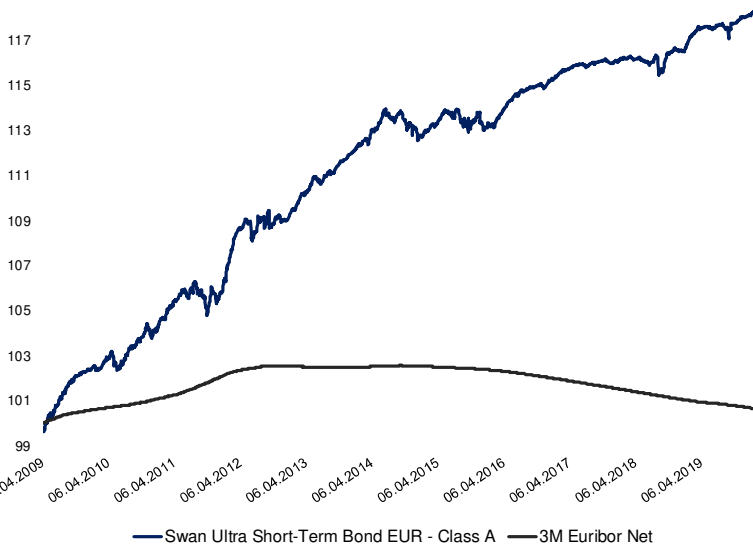
Strategy

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 :	0.03%	Fund Assets (mIn) :	306.2 €
Since inception	18.15%	1 Year Std Dev :	0.64%
Last 12 Months :	0.91%	1 Year Sharpe Ratio :	2.33
NAVps :	EUR 118.15	positive months %:	76%

Risk Profile



Period	Class C*	Class A
MTD	0.04%	0.03%
YTD	0.04%	0.03%
6 months	0.45%	0.35%
1 year	1.13%	0.91%
2019	1.59%	1.36%
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	136
% Weight	91.99%
Int Dur	0.29
Yield (gross)	1.45%
Spread Duration	0.68
Z-spread	187

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

FX breakdown (fully hedged)

USD	51.64%
EUR	22.28%
NOK	17.93%
SEK	4.46%
CHF	1.61%
GBP	1.79%
AUD	0.30%
TOTAL	100.00%

Geographic breakdown

EU	12.77%
US	0.00%
Oth DEV	31.22%
LAT AM	5.55%
EMEA	26.12%
ASIA	24.34%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	1.03%
BBB	12.58%
tot IG	13.61%
BB	32.62%
B	20.28%
CCC	0.26%
tot HY	53.16%
NR	33.23%
TOTAL	100.00%

Sector breakdown - Top 10

Real Estate	23.27%
Banking	22.31%
Services	20.26%
Energy	7.69%
Sovereign	6.02%
Capital Goods	4.93%
Financial Services	4.50%
Basic Industry	2.21%
Transportation	2.01%
Telecommunications	1.70%

Global market picture

January was a muted month for financial markets: European credit markets were flat (H9PC Index +0.02%), and equity markets were negative both in Europe (Eurostoxx 50 - 2.78%) and in US (S&P 500 -0.16%). The month started with the US Manufacturing ISM below consensus estimate (47.2 vs 49), at the lowest level since June 2009, while the 4Q19 US GDP at 2.1% was higher than consensus. The FED left rates unchanged, but expectations for a possible cut increased due to low print of core PCE at 1.6% and weak personal consumption. Similarly the ECB kept its policy rates unchanged, hinting that it could change its inflation target mandate during the toolkit review taking place this year. On the data front, the Eurozone PMI composite was stable at 50.9, while strong flash manufacturing PMI in Germany (45.2 vs 44.5), confirmed by the service index, suggested that the economy could have bottomed, notwithstanding the weak 4Q GDP print at 0.4%. Data release did not take into consideration any impact from the Corona Virus that spread in China during January: the fast expanding virus generated a sell-off movement with significant effects on German 10 years Bund that closed the month at -0.43% (-25bps during the month) in tandem with 10 Years Treasury at +1.51% (-41bps during the month). Emerging markets reported a positive performance (+1.20%) with EMEA area being the best performer during the month. Oil was volatile, with an initial spike close to 70 USD per barrel after the assassination of the general Soleimani by US and Iranian retaliation, followed by a sharp correction to 55 USD, due to renewed worries on global demand caused by the diffusion of the Corona Virus.

Yield-type strategy

The bucket generated a gross positive contribution to the monthly performance, with 93% of the positions (103 out of 115) 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 0.73 of spread duration), combined with a gross yield of 1.45% (in EUR) and z-spread of 187 basis points.

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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