Swan Ultra Short-Term Bond – CHF
August 2020

SWAN
Managers of your future

Strategy

The sub-fund aims to generate excess return vs 3m Libor CHF 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 an

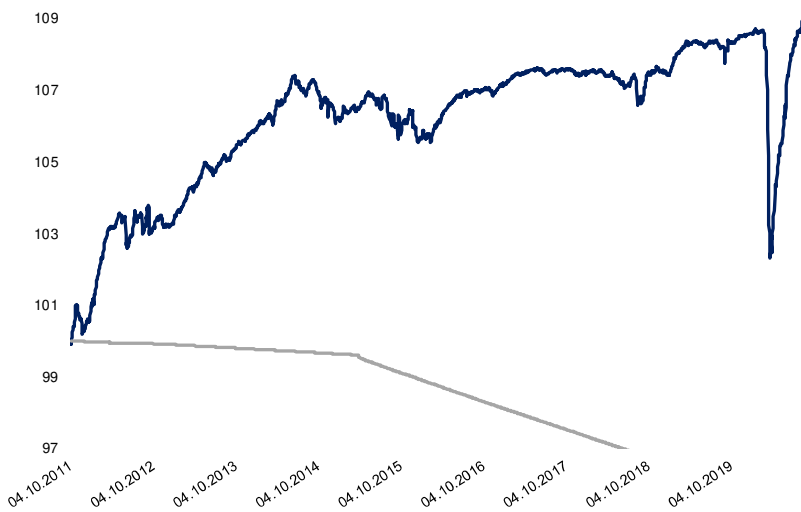d FX active strategies.

Risk Profile

Conservative	Intermediate	High Reward

Performance

MTD :	**0.56%**	Fund Assets (mln) :		273.9 €
Since inception	**9.23%**	1 Year Std Dev :		2.20%
Last 12 Months :	**0.97%**	1 Year Sharpe Ratio :		0.88
NAVps :	CHF 109.23	% of positive months :		71%

300 MIGLIORI FONDI 2019   LIQUIDITÀ AREA EURO   BEST 300

Swan Ultra Short-Term Bond CHF - Class A — 3M Libor CHF Net

Period	Class C*	Class A
MTD	0.58%	0.56%
YTD	0.74%	0.61%
6 months	1.03%	0.93%
1 year	1.20%	0.97%
2019	1.24%	1.04%
2018	0.19%	0.01%
2017	0.58%	0.29%
2016	1.54%	1.43%
2015	-0.29%	-0.53%
2014	0.49%	0.27%
2013	2.73%	2.54%
2012	2.71%	2.42%
2011	1.08%	0.83%

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

Portfolio info

# of Securities	142
% Weight	97.74%
Int Dur	0.39
Yield (gross)	4.20%
Spread Duration	0.81
Z-spread	520

FX breakdown (fully hedged)

USD	47.46%
EUR	28.89%
NOK	14.70%
SEK	5.51%
CHF	3.13%
GBP	0.30%
AUD	0.00%
TOTAL	100.00%

Geographic breakdown

EU	21.27%
US	1.08%
Oth DEV	30.35%
LATAM	7.75%
EMEA	22.17%
ASIA	17.39%
TOTAL	100.00%

Rating breakdown

AAA		0.00%
AA		0.00%
A		0.31%
BBB		17.84%
	tot IG	18.15%
BB		27.66%
B		17.95%
CCC		0.25%
	tot HY	45.86%
NR		35.99%
TOTAL		100.00%

Sector breakdown - Top 10

Services	21.06%
Real Estate	16.62%
Banking	16.44%
Basic Industry	7.82%
Financial Services	5.48%
Transportation	5.36%
Energy	5.34%
Capital Goods	4.25%
Sovereign	4.02%
Retail	2.57%

Global market picture

During August European credit markets experienced a positive performance (H9PC Index +1.41%), in tandem with the positive movement of the Eurostoxx 50 (+3.09%) and S&P 500 (+7.01%). In this context Swan funds continued to move higher, with a significant positive monthly performance ranging from +0.58% to 1.28%: our SIF funds are in positive territory (+3.27% SLSC and +2.72% for SBE) and also UCITS funds registered positive performance YTD (+0.93% USTB and +0.92% for STHY), while several credit markets are still reporting negative returns YTD (European HY -1.74%, Emerging HY +1.89%, US HY -0.73% and EUR IG +0.73%). Flash PMI in US was stronger than expected and existing home sales jumped 24.7%, reaching the highest level since 2007, supported by historically low interest rates, while consumer spending was struggling due to expiring unemployment benefits. In Europe alternative indicators (mobility statistics) indicated that activity continued to increase during the month with GDP on track to rebound 60% on 3Q20, notwithstanding a resurgence in COVID19 case, especially in Spain and France. Both ECB and FED minutes did not provide significant news, with focus now on the FED September meeting that should reveal the conclusion of the framework review. Government bond yields moved higher (10yrs Bund @ -0.40% and 10yrs Treasury @ 0.70%) but still at ultra-low levels, while gold remained just below $2000 per ounce. We think that this is an interesting entry point for our strategy: current YTM combined with an average maturity of the bonds around 1 year give us confidence on the capability to generate positive performance in line with targets during 2020 and give us the opportunity to build portfolios with attractive returns on a 1 year horizon.

Yield-type strategy

The bucket generated a gross positive contribution to the monthly performance, with 91% of the positions (93 out of 113) contributing positively. The YTM remains attractive and conditions are always interesting in the short-term part of the credit curve. The average life of the yield-type portfolio is very short (10 months or 0.83 of spread duration), combined with a gross yield of 4.20% (in EUR) and z-spread of 520 basis points.