

Swan Ultra Short-Term Bond – USD

August 2023



Strategy

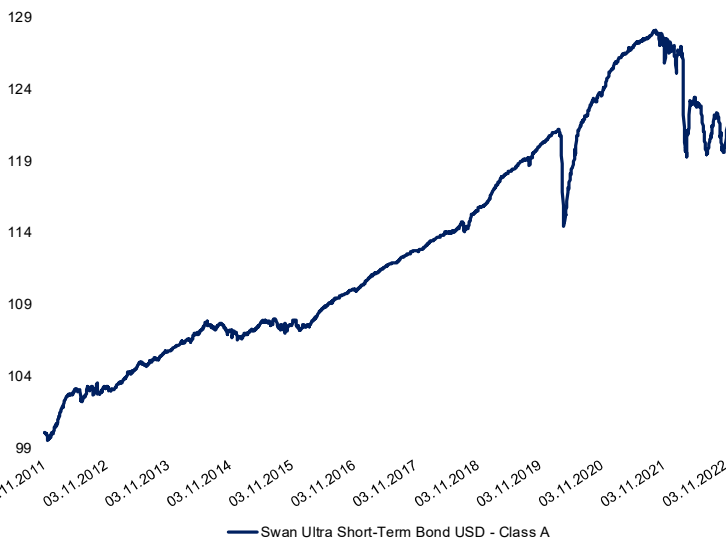
Swan Ultra Short-Term Bond is the UCITS version of our Fixed Income Conservative risk profile. The strategy invests in a highly diversified buy and hold portfolio of liquid short-term fixed income securities, with an average maturity of 1 year. Target Return is 3 months LIBOR + 150 bps.

Risk Profile



Performance

MTD :	0.70%	Fund Assets (mln) :	260.2 €
Since inception	31.14%	1 Year Std Dev :	1.55%
Last 12 Months :	7.44%	1 Year Sharpe Ratio :	1.93
NAVps :	USD 131.14	% of positive months :	77%



Global market picture

High Yield Credit markets reported a contrasting performance in August ranging from -0.87% for EM corp HY to +0.25% of the EU HY while equity markets were negative with both the S&P500 (-1.77%) and Eurostoxx50 (-3.9%). The IG EUR market was positive by +0.38% and the short-term (1-3 year) H1WN global HY index reports a positive performance of +0.08%. The Global unconstrained (in terms of maturity) HY index was flat at -0.02%. Central banks were on holiday due to summer period, but the Jackson Hole meeting gave some idea of next steps in monetary policy: Jerome Powell reiterated the message that inflation remains too high and interest rates will likely be higher for longer, leaving doors open for a rate hike in September, even if decision will be data dependent; on the same tone, Christine Lagarde did not give a clear view on next ECB movement. In Europe the decline in headline inflation stalled in August, as it remained at 5.3%: however, core inflation, which remain key to ECB, eased from 5.5% to 5.3% YoY. In US inflation data was broadly in line, while flash PMI for both services and manufacturing came below expectations. Pressure remained high in China, with continuous downward revision of 2H growth, even in the last day of the months several new measure to revive growth have been approved. In this context, the 10 years bund yield was substantially flat at 2.47% (-3bps in the month), while the 10 years Treasury was higher at 4.11% (+15bps in the month). Oil moved higher to 87\$ per barrel, while US dollar recover some ground with DXY at 103.61. Our funds have a yield to maturity between 7.5% and 11%, combined with an average spread duration around 16 months. The combination of higher diversification, higher credit quality and higher expected yields paves the way for extremely attractive returns in the next future.

Yield-type strategy

The bucket generated a positive gross contribution to the monthly performance, with 78% of the positions (126 out of 162) 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 (16 months or 1.34 of spread duration), combined with a gross yield of 7.51% (in EUR) and z-spread of 397 basis points.

Period	Class C*	Class A	Portfolio info
MTD	0.70%	0.70%	# of Securities 162
YTD	4.65%	4.58%	% Weight 97.64%
6 months	2.29%	2.20%	Int Dur 0.99
1 year	7.60%	7.44%	Yield (gross) in EUR 7.51%
2022	-0.90%	-1.19%	Spread Duration 1.31
2021	1.57%	1.27%	Z-spread 397
2020	3.96%	3.84%	
2019	3.90%	3.94%	
2018	2.91%	2.66%	
2017	2.68%	2.43%	
2016	3.13%	2.88%	
2015	0.88%	0.63%	
2014	0.78%	0.53%	
2013	3.11%	2.86%	
2012	3.11%	2.86%	
2011	0.52%	0.27%	

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

FX breakdown (fully hedged)

USD	27.19%	EU	36.94%
EUR	42.80%	US	9.44%
NOK	15.49%	Oth DEV	39.39%
SEK	10.51%	LATAM	1.77%
CHF	2.06%	EMEA	10.60%
GBP	1.94%	ASIA	1.86%
TOTAL	100.00%	TOTAL	100.00%

Geographic breakdown

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	10.50%
tot IG	10.50%
BB	25.75%
B	12.86%
CCC	1.09%
tot HY	39.70%
NR	49.17%
TOTAL	99.37%

Sector breakdown - Top 10

Banking	9.22%
Real Estate - Mgmt Res	7.72%
Oil and gas E&P - All	5.50%
Oil Field Equipment & Ser	4.56%
Shipping - Gas	4.27%
Real Estate - Mgmt Comm	3.49%
Shipping - Crude	3.37%
Pharmaceuticals	3.36%
Real Estate - Dev Res	3.21%
Telecom - Wireline Integra	3.09%

Sicav Structure – Terms & Conditions

Domicile: Luxembourg

Inception Date: 3 November 2011

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: CBSBAUH LX, class C: CBSBCUH LX

ISIN: class A: LU0698400198, class C: LU0698400354

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