

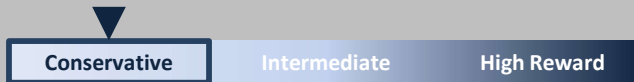
Swan Ultra Short-Term Bond – USD October 2023



Strategy

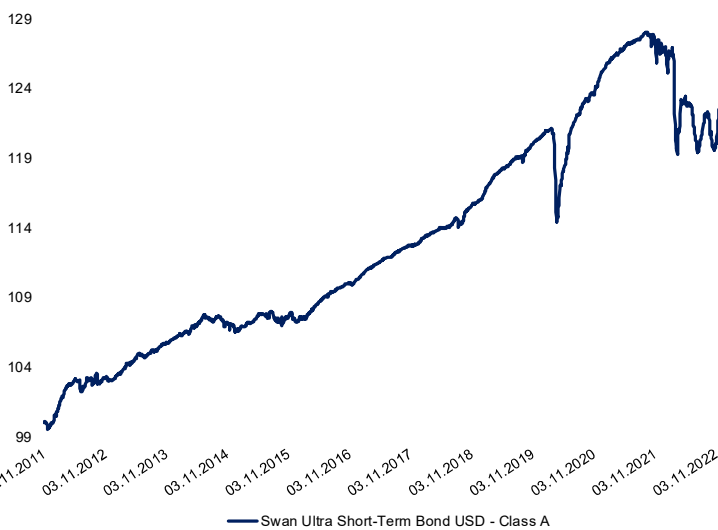
Swan Ultra Short-Term Bond is the UCITS version of our Fixed Income Conservative risk profile. The strategy invests in a highly diversified buy and hold portfolio of liquid short-term fixed income securities, with an average maturity of 1 year. Target Return is 3 months LIBOR + 150 bps.

Risk Profile



Performance

MTD :	0.39%	Fund Assets (mln) :	252.4 €
Since inception	32.32%	1 Year Std Dev :	1.26%
Last 12 Months :	10.27%	1 Year Sharpe Ratio :	4.3
NAVps :	USD 132.32	% of positive months :	77%



Global market picture

High Yield Credit markets reported a negative performance in October ranging from -1.24% for EM corp HY to -0.29% of the EU HY in tandem with negative equity markets, S&P500 (-2.20%) and Eurostoxx50 (-2.72%). The IG EUR market was positive by +0.41% while the short-term (1-3 year) H1WN global HY index reported a negative performance of -0.58%. The Global unconstrained (in terms of maturity) HY index was negative at -1.10%. The ECB had its policy decision meeting the last week of October: after 10 consecutive increases, rates did not move up, considering that eurozone inflation more than halved from its peak and that the economy is showing signs of weakness. The ECB president Christine Lagarde said she would not rule out other rates rise, adding it was "totally premature" to discuss about a potential cut. Preview of October inflation in the Eurozone hit two years low of 2.9% YoY after bigger than expected fall, reinforcing market expectations of no further increase in funding cost. In US the economy showed continued resiliency, expanding faster than expected at 4.9% YoY in the 3Q23, driven by strong consumer spending and still tight labor market. Inflation in US was stable during September (CPI at 3.7%YoY - CPI ex Food and Energy at 4.1% YoY) with market pricing the FED on hold at its November meeting. The 10 years bund yield was lower at 2.81% (-3bps in the month), while the 10 years Treasury was higher at 4.93% (+36bps in the month). Oil moved lower to 87\$ per barrel, while US dollar recover some ground with DXY at 106.66. Our funds have a yield to maturity between 7.5% and 11%, combined with an average spread duration around 17 months. The combination of higher diversification, higher credit quality and higher expected yields pave 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 74% of the positions (121 out of 163) 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 (17 months or 1.41 of spread duration), combined with a gross yield of 7.42% (in EUR) and z-spread of 378 basis points.

Period	Class C*	Class A	Portfolio info
MTD	0.39%	0.39%	# of Securities 163
YTD	5.61%	5.52%	% Weight 98.39%
6 months	2.84%	2.78%	Int Dur 1.06
1 year	10.39%	10.27%	Yield (gross) in EUR 7.42%
2022	-0.90%	-1.19%	Spread Duration 1.41
2021	1.57%	1.27%	Z-spread 378
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	22.13%
EUR	50.42%
NOK	12.31%
SEK	9.97%
CHF	2.06%
GBP	3.11%
TOTAL	100.00%

Geographic breakdown

EU	42.80%
US	9.27%
Oth DEV	32.79%
LATAM	1.89%
EMEA	12.66%
ASIA	0.59%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	13.33%
tot IG	13.33%
BB	33.63%
B	11.34%
CCC	0.82%
tot HY	45.78%
NR	40.89%
TOTAL	100.00%

Sector breakdown - Top 10

Banking	11.72%
Real Estate - Mgmt Res	8.69%
Telecom - Wireline Integra	4.66%
Shipping - Gas	4.45%
Finance - NPL collector	4.44%
Oil Field Equipment & Ser	4.29%
Oil and gas E&P - All	3.87%
Real Estate - Dev Res	3.20%
Investments & Misc Finan	3.09%
Software/Service	2.69%

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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