

Swan Ultra Short-Term Bond – USD

November 2023



Strategy

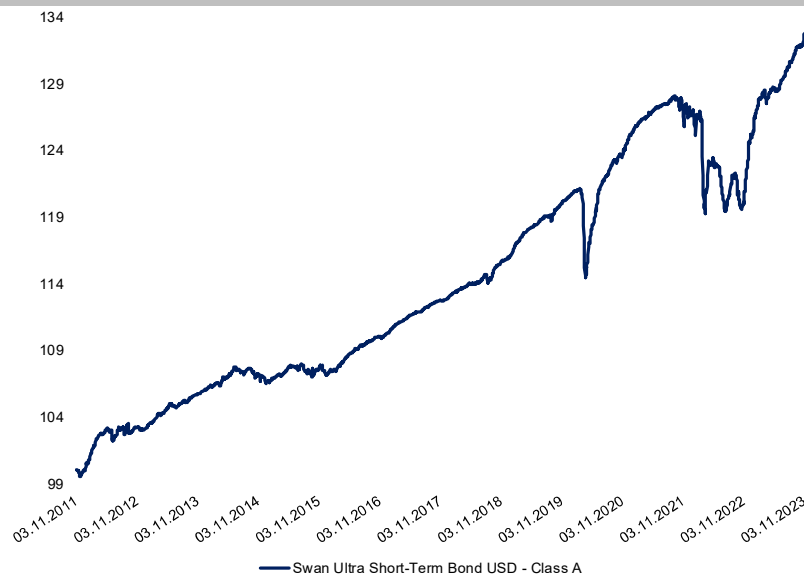
Swan Ultra Short-Term Bond is the UCITS version of our Fixed Income Conservative risk profile. The strategy invests in a highly diversified buy and hold portfolio of liquid short-term fixed income securities, with an average maturity of 1 year. Target Return is 3 months LIBOR + 150 bps.

Risk Profile



Performance

MTD :	1.13%	Fund Assets (mln) :	245.9 €
Since inception	33.81%	1 Year Std Dev :	1.11%
Last 12 Months :	8.38%	1 Year Sharpe Ratio :	3.1
NAVps :	USD 133.81	% of positive months :	77%



Global market picture

High Yield Credit markets reported a positive performance in November ranging from +3.64% for EM corp HY to +2.86% of the EU HY in tandem with positive equity markets, S&P500 (+8.92%) and Eurostoxx50 (+7.91%). The IG EUR market was positive by +2.30% while the short-term (1-3 year) H1WN global HY index reported a positive performance of 2.15%. The Global unconstrained (in terms of maturity) HY index was positive at +3.88%. The FED had its policy decision meeting the first week of November: interest rates remained at 22 years highs and Jerome Powell kept open the possibility of additional monetary tightening amid evidence that the US economy remain strong. But the FED Chair increasingly described risks as balanced with "considerable" progress on lowering inflation as they "have moved policy rate well into restrictive territory". Markets responded to this news reversing the bond yields spike of September/October thanks also to declining inflation data: October core CPI YoY was 4% in US vs 4.1% expected, while in Europe expectation for November core inflation were revised down to 3.6% YoY. Rates market incorporated relatively high probabilities of easing by both the FED and ECB during next quarters, even if we believe central banks will act only when they will be convinced that inflation will remain below 3% on a sustained basis. The 10 years bund yield was lower at 2.45% (-36bps in the month), in tandem with the 10 years Treasury at 4.33% (-60bps in the month). Oil moved lower to 82\$ per barrel, while US dollar lost some ground with DXY at 103.50. Our funds have a yield to maturity between 7.5% and 10%, 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 89% of the positions (146 out of 164) 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 1.43 of spread duration), combined with a gross yield of 7.44% (in EUR) and z-spread of 401 basis points.

Period	Class C*	Class A	Portfolio info
MTD	1.14%	1.13%	# of Securities 164
YTD	6.82%	6.71%	% Weight 100.01%
6 months	4.21%	4.14%	Int Dur 1.09
1 year	8.50%	8.38%	Yield (gross) in EUR 7.44%
2022	-0.90%	-1.19%	Spread Duration 1.43
2021	1.57%	1.27%	Z-spread 401
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	21.89%
EUR	50.71%
NOK	12.93%
SEK	8.52%
CHF	2.71%
GBP	3.24%
TOTAL	100.00%

Geographic breakdown

EU	42.04%
US	9.35%
Oth DEV	32.46%
LATAM	2.13%
EMEA	13.37%
ASIA	0.65%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	15.27%
tot IG	15.27%
BB	31.06%
B	11.34%
CCC	0.60%
tot HY	43.00%
NR	41.72%
TOTAL	100.00%

Sector breakdown - Top 10

Banking	12.39%
Real Estate - Mgmt Res	6.53%
Shipping - Gas	4.99%
Telecom - Wireline Integra	4.78%
Finance - NPL collector	4.53%
Oil Field Equipment & Ser	4.17%
Oil and gas E&P - All	3.94%
Real Estate - Dev Res	3.27%
Investments & Misc Finan	3.22%
Software/Service	2.81%

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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