

# Swan Ultra Short-Term Bond – USD December 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

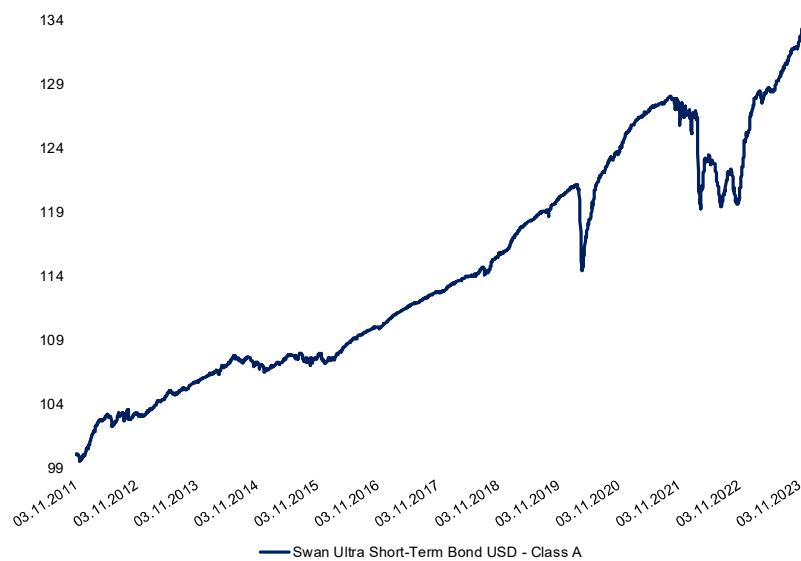
Conservative

Intermediate

High Reward

## Performance

MTD :	1.05%	Fund Assets (mln) :	248.8 €
Since inception	35.21%	1 Year Std Dev :	0.96%
Last 12 Months :	7.82%	1 Year Sharpe Ratio :	2.94
NAVps :	USD 135.21	% of positive months :	78%



## Global market picture

High Yield Credit markets reported a positive performance in December ranging from +3.20% for EM corp HY to +2.79% of the EU HY in tandem with positive equity markets, S&P500 (+4.42%) and Eurostoxx50 (+3.18%). The IG EUR market was positive by +2.98% while the short-term (1-3 year) H1WN global HY index reported a positive performance of 1.80%. The Global unconstrained (in terms of maturity) HY index was positive at +3.30%. The FED had its policy decision meeting on the 13th of December: interest rates remained at 22 years highs but forecasts showed that US officials believe rates will end next year at 4.5% / 4.75%, implying three quarter point rate cuts. In addition, the unexpected dovish stance by Jerome Powell during the press conference, further boosted market optimism about lower rates for 2024. The day after the FED decision, both the ECB and the BOE held interest rates steady at 4% and 5.25% respectively, with Christine Lagarde and Andrew Bailey affirming that there is still some work to do before inflation falls back to their target. Markets responded to this news continuing the bond rally started in November even if inflation data did not further surprise on the downside: November core CPI YoY was stable at 4% in US, while in Europe November core inflation was stable at 3.6% YoY. Rates market incorporated a relatively high probability of easing by both the FED and ECB during the 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 2.02% (-43bps in the month), in tandem with the 10 years Treasury at 3.88% (-45bps in the month). Oil moved lower to 77\$ per barrel, while US dollar lost some ground with DXY at 101.33. Our funds have a yield to maturity between 7% and 9%, combined with an average spread duration around 17 months. The combination of diversification, good credit quality and high 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 92% of the positions (150 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 (16 months or 1.40 of spread duration), combined with a gross yield of 6.95% (in EUR) and z-spread of 369 basis points.

Period	Class C*	Class A	Portfolio info
MTD	1.06%	1.05%	# of Securities 163
YTD	7.95%	7.82%	% Weight 99.77%
6 months	4.53%	4.47%	Int Dur 1.07
1 year	7.95%	7.82%	Yield (gross) in EUR 6.95%
2022	-0.90%	-1.19%	Spread Duration 1.39
2021	1.57%	1.27%	Z-spread 369
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	21.22%	EU	42.42%
EUR	51.42%	US	8.67%
NOK	13.09%	Oth DEV	32.94%
SEK	8.20%	LATAM	2.10%
CHF	2.78%	EMEA	13.31%
GBP	3.29%	ASIA	0.57%
<b>TOTAL</b>	<b>100.00%</b>	<b>TOTAL</b>	<b>100.00%</b>

## Geographic breakdown

## Rating breakdown

AAA	0.00%
AA	0.00%
A	0.53%
BBB	16.64%
	tot IG 17.17%
BB	30.40%
B	10.93%
CCC	0.53%
	tot HY 41.87%
NR	40.96%
<b>TOTAL</b>	<b>100.00%</b>

## Sector breakdown - Top 10

Banking	10.12%
Real Estate - Mgmt Res	6.31%
Shipping - Gas	5.27%
Telecom - Wireline Integra	4.99%
Finance - NPL collector	4.54%
Oil Field Equipment & Ser	4.35%
Investments & Misc Finan	3.40%
Real Estate - Dev Res	3.38%
Software/Service	2.96%
Pharmaceuticals	2.94%

## 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

Contacts at Swan Asset Management SA:

E-mail: info@swan-am.ch - Tel: +41 91 986 31 90

*This is an advertising document. The document has been prepared for information purposes only and does not constitute an offer, investment recommendation, personal advice or solicitation to purchase financial instruments and does not offer or promote - nor does it in any way intend to offer or promote - any form of investment. This document does not constitute investment advice on financial instruments and therefore the information made available in this document should not be construed as a recommendation or invitation to invest. The state of the origin of the fund is Luxembourg. In Switzerland the representative of the SICAV is Cornèr Banca S.A., with registered office in Via Canova 16, CH-6901 Lugano and the payment service is provided by Cornèr Banca S.A., Via Canova 16, CH-6901 Lugano. The basic documents of the fund as well as the annual and, if applicable, semi-annual report may be obtained free of charge from the representative. Past performance is no indication of current or future performance. The performance data do not take account of the commissions and costs incurred on the issue and redemption of units.*