

Swan Bond Opportunity – USD September 2017



Strategy

The sub-fund aims to generate significant excess return vs 3m Libor 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 allocation of the promised average spread over risk free rate to a number of interest rate and FX active strategies.

Performance

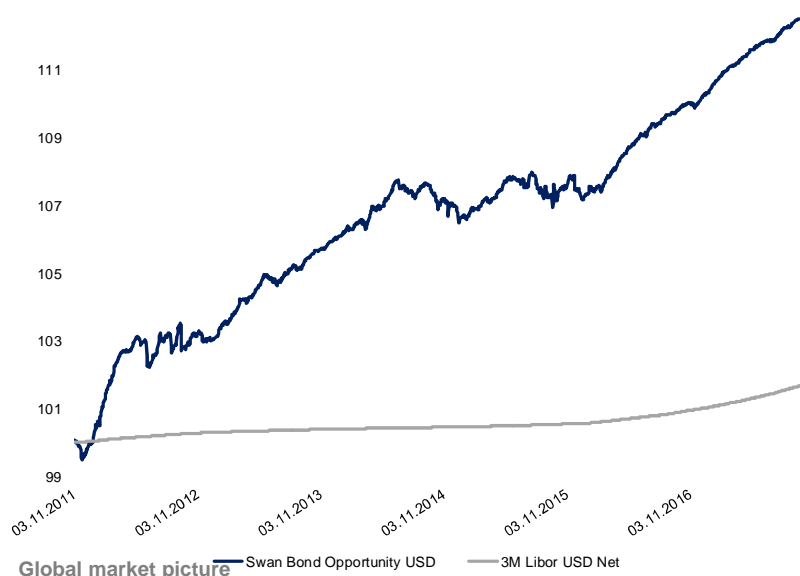
MTD :	0.19%	Fund Assets (mln) :	193.0 €
Since inception	12.57%	1 Year Std Dev :	0.28%
Last 12 Months :	2.49%	1 Year Sharpe Ratio :	6.21
NAVps :	USD 112.57	% of positive months :	78%

Risk Profile

Conservative

Intermediate

High Reward



Global market picture

During September, European credit markets experienced a positive performance (H9PC Index +0.51%) in tandem with a positive movement of the Eurostoxx 50 (+5.07%), while S&P500 reached new historical highs at 2'519 (+1.93% during the month) thanks also to reduced noise from North Korea. Central banks meetings were the main topic of the month: ECB did not surprise the market, postponing any decision on tapering to October and reassuring investors that rates will remain low even after the end of central bank's purchases; due to Draghi's dovish tone, consensus is now pricing the first hike for 1Q19. On the other side both the FED and BoE launched hawkish signals: Janet Yellen clearly indicated December 2017 as the next date to continue its tightening policy (median dots now calling for 3 hikes in 2018), while the BoE gave an hint of possible rate hikes in the next months; both statements surprised the market as it was expecting a more dovish message due to absent wage pressure despite tight labor markets and generally weak inflation. EM credit market had a positive return this month, continuing the recent trend and benefiting from the continuous inflows and pursuit of attractive yield from investors.

Yield-type strategy

The bucket generated a gross positive contribution to the monthly performance, thanks to 89% of the positions (71 out of 80) contributing positively. Positive contributions were homogeneously distributed, while there were not significant negative contributions. The average life of the yield-type portfolio is very short (9 months or 0.72 of spread duration), combined with a yield of 1.21% and z-spread of 172 basis points.

Period	Perf.
MTD	0.19%
YTD	1.96%
6 months	1.16%
1 year	2.49%
2016	2.88%
2015	0.63%
2014	0.53%
2013	2.86%
2012	2.86%
2011	0.27%

Portfolio info	
# of Securities	103
% Weight	97.29%
Int Dur	0.41
Yield (gross)	1.21%
Spread Duration	0.70
Z-spread	172

FX breakdown (fully hedged)

USD	47.97%
EUR	10.13%
NOK	16.44%
GBP	7.20%
SEK	7.81%
CHF	6.30%
AUD	3.29%
SGD	0.84%
TOTAL	100.00%

Geographic breakdown

EU	10.38%
US	0.00%
Oth DEV	26.22%
LATAM	4.43%
EMEA	46.46%
ASIA	12.51%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	1.14%
BBB	42.30%
tot IG	43.44%
BB	16.58%
B	14.60%
CCC	0.00%
tot HY	31.18%
NR	25.38%
TOTAL	100.00%

Sector breakdown - Top 10

Banking	29.88%
Services	19.35%
Real Estate	14.36%
Energy	10.42%
Financial Services	6.55%
Basic Industry	3.69%
Foreign Sovereign	3.37%
Transportation	3.31%
Utility	3.27%
Supranational	3.01%

Active Strategies

The bucket generated a slightly positive contribution thanks to the short position on 10yrs Bund Future.

Sicav Structure – Terms & Conditions

Domicile: Luxembourg

Inception Date: 3 November 2011

Minimum Investment: 1 share

Liquidity / Reporting: Daily

Fees: 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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