

Swan Bond Opportunity – EUR

November 2017



Strategy

The sub-fund aims to generate significant excess return vs 3m Euribor 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

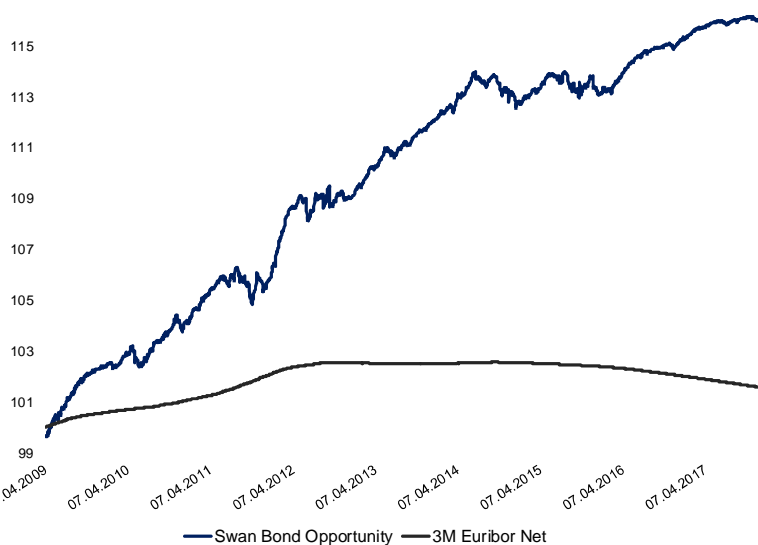
MTD :	-0.13%	Fund Assets (mIn) :	183.5 €
Since inception	15.96%	1 Year Std Dev :	0.30%
Last 12 Months :	0.79%	1 Year Sharpe Ratio :	3.74
NAVps :	EUR 115.96	positive months %:	77%

Risk Profile

Conservative

Intermediate

High Reward



— Swan Bond Opportunity — 3M Euribor Net

Global market picture

During November, European credit markets experienced a negative performance (H9PC Index -0.44%) in tandem with a negative movement of the Eurostoxx 50 (-2.83%), while S&P500 reached new historical highs at 2'648 (+2.81% during the month). With the ECB on autopilot until mid-2018 after October meeting, the FED took center stage: at the beginning of the month President Donald Trump nominated Jerome Powell to run the FED, in a move widely expected and unlikely to disturb the rally in stock markets. Also the 1st November FOMC meeting confirmed expectations, with a December hike now fully priced by the market, while expectations for 2018 are more mixed: indeed market consensus expects three to four hikes, while market just prices in only one or two full hikes. On the political front, there was a decent progress on the tax bill reform, with increasing probability of a successful scenario. EM credit markets generated negative returns this month (EMHB Index -0.40%), due mainly to stretched valuations and idiosyncratic events: PDVSA repaid in full the bond matured the 2nd of November, but at the same time President Nicolas Maduro announced the intention to restructure foreign debt of the country, while tensions mounted in Lebanon after Hariri resignation. On a positive note the OPEC/non OPEC summit extended production cuts by nine months to end-2018.

Yield-type strategy

The bucket generated a gross positive contribution to the monthly performance, thanks to 81% of the positions (62 out of 77) contributing positively. Positive contributions were homogeneously distributed, while there were not significant negative contributions, the only exception being DOFSUB 05/18 under pressure after company's request of maturity extension. The average life of the yield-type portfolio is very short (8 months or 0.70 of spread duration), combined with a yield of 1.43% and z-spread of 197 basis points.

Period	Perf.
MTD	-0.13%
YTD	0.64%
6 months	0.02%
1 year	0.79%
2016	1.86%
2015	0.35%
2014	0.54%
2013	2.77%
2012	2.84%
2011	1.85%
2010	1.73%
2009	2.38%

Portfolio info	
# of Securities	91
% Weight	95.37%
Int Dur	0.34
Yield (gross)	1.43%
Spread Duration	0.67
Z-spread	197

FX breakdown (fully hedged)

USD	49.65%
EUR	8.05%
NOK	17.90%
GBP	5.70%
SEK	7.33%
CHF	9.01%
AUD	2.37%
SGD	0.00%
TOTAL	100.00%

Geographic breakdown

EU	8.29%
US	0.22%
Oth DEV	26.72%
LATAM	5.16%
EMEA	49.40%
ASIA	10.22%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	1.21%
BBB	38.54%
tot IG	39.76%
BB	17.15%
B	16.09%
CCC	0.22%
tot HY	33.45%
NR	26.79%
TOTAL	100.00%

Sector breakdown - Top 10

Banking	31.38%
Services	21.27%
Real Estate	16.11%
Energy	10.63%
Financial Services	4.43%
Transportation	3.48%
Supranational	2.57%
Utility	2.56%
Foreign Sovereign	2.01%
Agency	1.62%

Active Strategies

The bucket generated a negligible contribution this month due to the short position on 10yrs Bund Future.

Sicav Structure – Terms & Conditions

Domicile: Luxembourg

Inception Date: 1 April 2009

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: CBSWBOA LX, class C: CBSWBOC LX

ISIN: class A: LU0417109773, class C: LU0417110193

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