

Swan Bond Opportunity – EUR

December 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

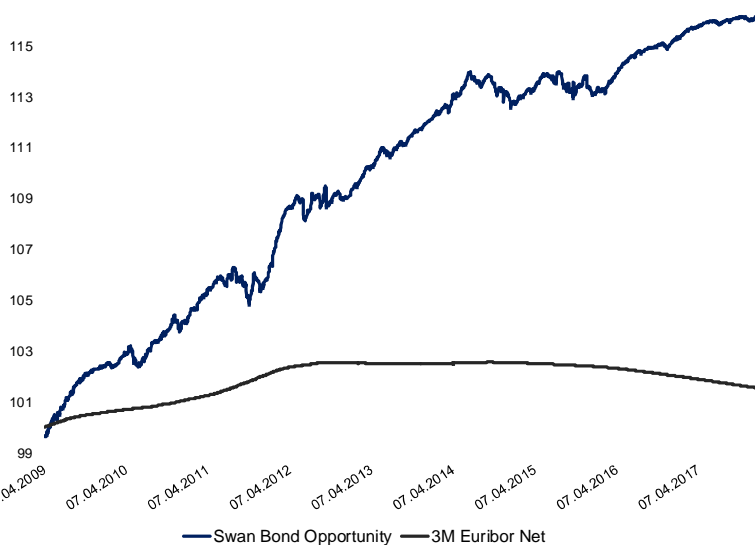
MTD :	0.10%	Fund Assets (mIn) :	176.7 €
Since inception	16.08%	1 Year Std Dev :	0.28%
Last 12 Months :	0.75%	1 Year Sharpe Ratio :	3.84
NAVps :	EUR 116.08	positive months %:	77%

Risk Profile

Conservative

Intermediate

High Reward



Global market picture

During December, European credit markets experienced a slightly negative performance (H9PC Index -0.04%) in tandem with a negative movement of the Eurostoxx 50 (-1.85%), while S&P500 reached new historical highs at 2'674 (+0.98% during the month). Central banks meetings were once again one of the main events during the period: the ECB did not surprise the market, being on autopilot until mid-2018 with monetary policy, but revised its growth outlook higher for both 2018 and 2019 while remained cautious on inflation. On the other side the FED continued on its policy normalization, raising FED funds target range by 25bps to 1.25%/1.5%; the dots were little changed, still signaling three hikes for 2018, while markets consider a lower movement to rates. Tax Reform in US was the other main topic of the month: on Wednesday 20th of December the House of Representatives passed the most important tax overhaul since the 1980's (1.5tn USD tax cut in 10 years), a very important topic of Trump's agenda. Rates reaction was quite muted, with 10 years Treasury flat during the month around 2.41%, while 10 years Bund was 6bps higher to 0.43%. Emerging markets credit performance was slightly positive (EMHB index +0.28%); Brent Crude price reached its highest level since April 2015 (around 67USD per barrel).

Yield-type strategy

The bucket generated a gross positive contribution to the monthly performance, thanks to 86% of the positions (68 out of 79) 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 (8 months or 0.70 of spread duration), combined with a yield of 1.48% and z-spread of 183 basis points.

Period	Perf.
MTD	0.10%
YTD	0.75%
6 months	0.20%
1 year	0.75%
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	98.59%
Int Dur	0.34
Yield (gross)	1.48%
Spread Duration	0.69
Z-spread	183

FX breakdown (fully hedged)

USD	50.47%
EUR	9.59%
NOK	16.09%
GBP	5.71%
SEK	6.61%
CHF	9.08%
AUD	2.44%
SGD	0.00%
TOTAL	100.00%

Geographic breakdown

EU	8.46%
US	0.22%
Oth DEV	24.02%
LATAM	5.14%
EMEA	51.36%
ASIA	10.81%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	1.33%
BBB	42.50%
tot IG	43.84%
BB	16.71%
B	14.57%
CCC	0.22%
tot HY	31.50%
NR	24.67%
TOTAL	100.00%

Sector breakdown - Top 10

Banking	33.64%
Services	19.41%
Real Estate	16.80%
Energy	10.67%
Financial Services	3.66%
Transportation	3.51%
Supranational	2.57%
Utility	2.14%
Foreign Sovereign	2.02%
Agency	1.64%

Active Strategies

The bucket generated a positive 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

Contacts at Swan Asset Management SA:

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Swan Bond Opportunity – CHF December 2017



Strategy

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

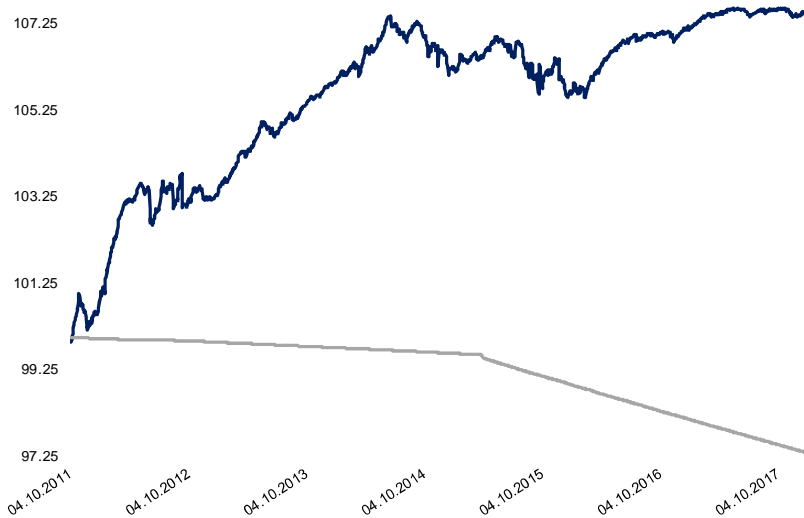
MTD :	0.05%	Fund Assets (mln) :	176.7 €
Since inception	7.44%	1 Year Std Dev :	0.30%
Last 12 Months :	0.29%	1 Year Sharpe Ratio :	3.38
NAVps :	CHF 107.44	% of positive months :	71%

Risk Profile

Conservative

Intermediate

High Reward



Global market picture

During December, European credit markets experienced a slightly negative performance (H9PC Index -0.04%) in tandem with a negative movement of the Eurostoxx 50 (-1.85%), while S&P500 reached new historical highs at 2'674 (+0.98% during the month). Central banks meetings were once again one of the main events during the period: the ECB did not surprise the market, being on autopilot until mid-2018 with monetary policy, but revised its growth outlook higher for both 2018 and 2019 while remained cautious on inflation. On the other side the FED continued on its policy normalization, raising FED funds target range by 25bps to 1.25%/1.5%; the dots were little changed, still signaling three hikes for 2018, while markets consider a lower movement to rates. Tax Reform in US was the other main topic of the month: on Wednesday 20th of December the House of Representatives passed the most important tax overhaul since the 1980's (1.5tn USD tax cut in 10 years), a very important topic of Trump's agenda. Rates reaction was quite muted, with 10 years Treasury flat during the month around 2.41%, while 10 years Bund was 6bps higher to 0.43%. Emerging markets credit performance was slightly positive (EMHB index +0.28%); Brent Crude price reached its highest level since April 2015 (around 67USD per barrel).

Yield-type strategy

The bucket generated a gross positive contribution to the monthly performance, thanks to 86% of the positions (68 out of 79) 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 (8 months or 0.70 of spread duration), combined with a yield of 1.48% and z-spread of 183 basis points.

Period	Perf.
MTD	0.05%
YTD	0.29%
6 months	-0.01%
1 year	0.29%
2016	1.43%
2015	-0.53%
2014	0.27%
2013	2.54%
2012	2.42%
2011	0.83%

Portfolio info

# of Securities	91
% Weight	98.59%
Int Dur	0.34
Yield (gross)	1.48%
Spread Duration	0.69
Z-spread	183

FX breakdown (fully hedged)

USD	50.47%
EUR	9.59%
NOK	16.09%
GBP	5.71%
SEK	6.61%
CHF	9.08%
AUD	2.44%
SGD	0.00%
TOTAL	100.00%

Geographic breakdown

EU	8.46%
US	0.22%
Oth DEV	24.02%
LATAM	5.14%
EMEA	51.36%
ASIA	10.81%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	1.33%
BBB	42.50%
tot IG	43.84%
BB	16.71%
B	14.57%
CCC	0.22%
tot HY	31.50%
NR	24.67%
TOTAL	100.00%

Sector breakdown - Top 10

Banking	33.64%
Services	19.41%
Real Estate	16.80%
Energy	10.67%
Financial Services	3.66%
Transportation	3.51%
Supranational	2.57%
Utility	2.14%
Foreign Sovereign	2.02%
Agency	1.64%

Active Strategies

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

Sicav Structure – Terms & Conditions

Domicile: Luxembourg

Inception Date: 4 October 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: CBSWBAC LX, class C: CBSWBCC LX

ISIN: class A: LU0681571880, class C: LU0681572268

Contacts at Swan Asset Management SA:

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Swan Bond Opportunity – USD December 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

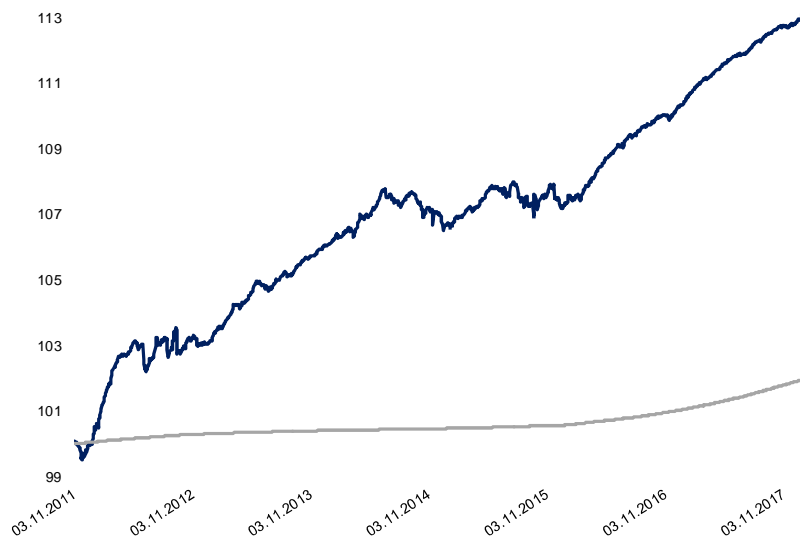
MTD :	0.30%	Fund Assets (mln) :	176.7 €
Since inception	13.09%	1 Year Std Dev :	0.27%
Last 12 Months :	2.43%	1 Year Sharpe Ratio :	5.52
NAVps :	USD 113.09	% of positive months :	79%

Risk Profile

Conservative

Intermediate

High Reward



Global market picture Swan Bond Opportunity USD — 3M Libor USD Net

During December, European credit markets experienced a slightly negative performance (H9PC Index -0.04%) in tandem with a negative movement of the Eurostoxx 50 (-1.85%), while S&P500 reached new historical highs at 2'674 (+0.98% during the month). Central banks meetings were once again one of the main events during the period: the ECB did not surprise the market, being on autopilot until mid-2018 with monetary policy, but revised its growth outlook higher for both 2018 and 2019 while remained cautious on inflation. On the other side the FED continued on its policy normalization, raising FED funds target range by 25bps to 1.25%/1.5%; the dots were little changed, still signaling three hikes for 2018, while markets consider a lower movement to rates. Tax Reform in US was the other main topic of the month: on Wednesday 20th of December the House of Representatives passed the most important tax overhaul since the 1980's (1.5tn USD tax cut in 10 years), a very important topic of Trump's agenda. Rates reaction was quite muted, with 10 years Treasury flat during the month around 2.41%, while 10 years Bund was 6bps higher to 0.43%. Emerging markets credit performance was slightly positive (EMHB index +0.28%); Brent Crude price reached its highest level since April 2015 (around 67USD per barrel).

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Period	Perf.
MTD	0.30%
YTD	2.43%
6 months	1.10%
1 year	2.43%
2016	2.88%
2015	0.63%
2014	0.53%
2013	2.86%
2012	2.86%
2011	0.27%

Portfolio info	
# of Securities	91
% Weight	98.59%
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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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