

Swan Ultra Short-Term Bond – USD September 2019



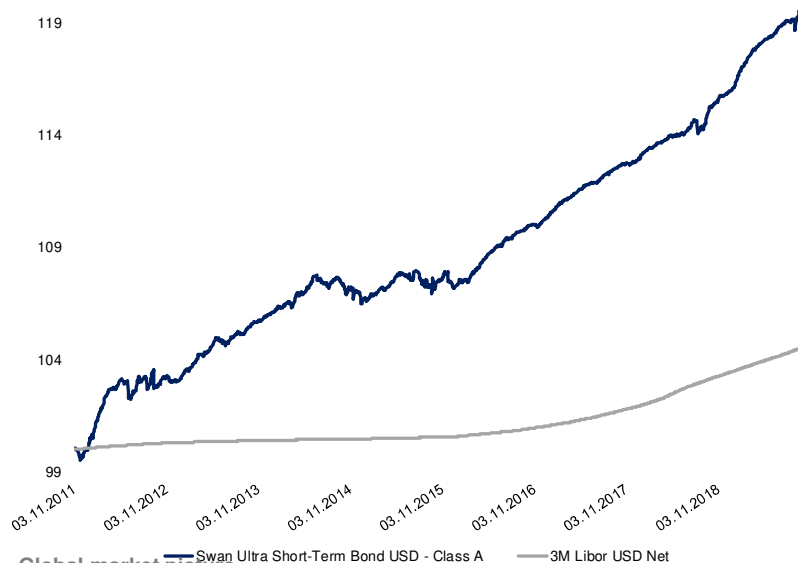
Strategy

The sub-fund aims to generate 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 and residual allocation of the promised average spread over risk free rate to a number of interest rate and FX active strategies.

Performance

MTD :	0.35%	Fund Assets (mln) :	293.8
Since inception	19.57%	1 Year Std Dev :	0.64%
Last 12 Months :	3.77%	1 Year Sharpe Ratio :	2.32
NAVps :	USD 119.57	% of positive months :	81%

Risk Profile



Period	Class C*	Class A	Portfolio info	
MTD	0.30%	0.35%	# of Securities	130
YTD	2.82%	2.99%	% Weight	89.23%
6 months	1.43%	1.49%	Int Dur	0.31
1 year	4.02%	3.77%	Yield (gross)	1.69%
2018	2.91%	2.66%	Spread Duration	0.71
2017	2.68%	2.43%	Z-spread	238
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	43.96%
EUR	26.57%
NOK	18.37%
SEK	5.75%
CHF	3.40%
GBP	1.61%
AUD	0.33%
TOTAL	100.00%

Geographic breakdown

EU	14.80%
US	0.00%
Oth DEV	30.71%
LAT AM	6.25%
EMEA	24.69%
ASIA	23.54%
TOTAL	100.00%

Rating breakdown

AAA	0.00%	
AA	0.00%	
A	2.48%	
BBB	14.71%	
	tot IG	17.19%
BB	29.39%	
B	15.91%	
CCC	0.00%	
	tot HY	45.31%
NR	37.51%	
TOTAL	100.00%	

Sector breakdown - Top 10

Banking	25.08%
Real Estate	21.30%
Services	19.20%
Energy	7.21%
Sovereign	4.97%
Financial Services	4.60%
Capital Goods	4.25%
Telecommunications	2.70%
Media	1.90%
Technology & Electronics	1.54%

Global market picture

September was a mixed month for financial markets: European credit markets were negative (H9PC Index -0.22%), while equity markets were positive both in Europe (Eurostoxx 50 +4.16%) and in US (S&P 500 +1.72%). The month started with a weak US Manufacturing ISM (first time below 50 since August 2016) while a slowing German economy was confirmed by PMI data slightly above 40. The central banks' dovish tone used during the summer was confirmed in September: the ECB launched a new open-ended QE program (purchase of €20bio per month), cut rates on deposit to -0.50% in connection with a tiering system and announced a more generous term for TLTRO III operation, while the FED cut rates by 25bps leaving space for an additional reduction in FED funds before year end. Notwithstanding the continuous dovish statement and movement from central bank around the world, German 10 years Bund closed the month at -0.58% (+12bps during the month) while 10 Years Treasury rebounded to 1.66% (+17bps during the month), both recovering from the ultra-low levels of August. On the political side, the main news was the impeachment inquiry for Donald Trump proposed by Nancy Pelosi, after a whistleblower revealed a conversation between the US president and the Ukrainian leader Zelensky during which Trump asked for an investigation on his rival Joe Biden. Emerging markets reported a positive performance (+1.36%) with LATAM being the best performer during the month: Argentina was the main driver of this movement after the huge sell-off experienced in August following the proposal of debt extension. Oil prices bounced on the 16th of September immediately after the main Saudi refinery was attacked: Brent jumped by 15% to 69USD per barrel, but after clarification that global supply would have only been partially impacted, it closed the month at 60USD (flat during the month).

Yield-type strategy

The bucket generated a gross positive contribution to the monthly performance, with 85% of the positions (87 out of 102) contributing positively. Positive contributions were homogeneously distributed, while a negative contribution was generated DOFSUB 05/20. The average life of the yield-type portfolio is very short (10 months or 0.80 of spread

duration), combined with a gross yield of 1.69% (in EUR) and z-spread of 238 basis points.

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: 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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