

# Swan Ultra Short-Term Bond – EUR

## March 2020



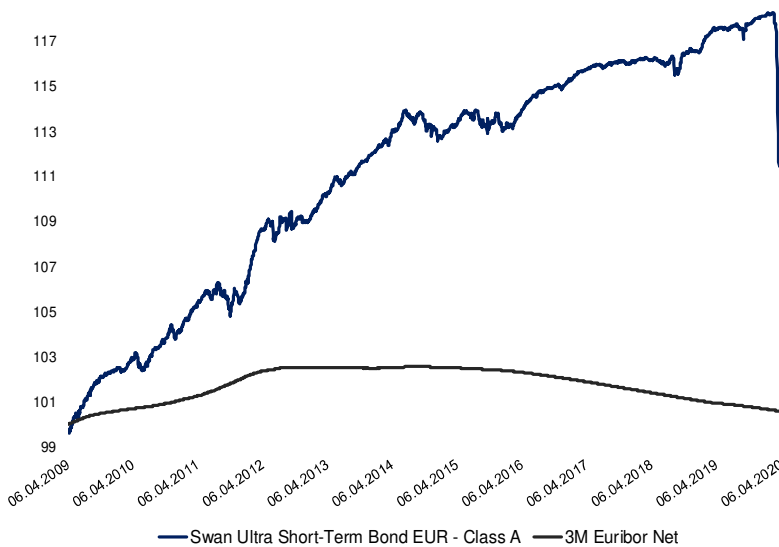
### Strategy

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

### Performance

MTD :	<b>-4.85%</b>	Fund Assets (mln) :	265.3 €
Since inception :	<b>12.08%</b>	1 Year Std Dev :	3.32%
Last 12 Months :	<b>-4.60%</b>	1 Year Sharpe Ratio :	-0.54
NAVps :	EUR 112.08	positive months % :	75%

### Risk Profile



Period	Class C*	Class A	Portfolio info	
MTD	<b>-4.83%</b>	<b>-4.85%</b>	# of Securities	140
YTD	<b>-5.06%</b>	<b>-5.11%</b>	% Weight	98.06%
6 months	<b>-4.72%</b>	<b>-4.82%</b>	Int Dur	0.36
1 year	<b>-4.40%</b>	<b>-4.60%</b>	Yield (gross)	12.24%
2019	<b>1.59%</b>	<b>1.36%</b>	Spread Duration	0.75
2018	<b>0.58%</b>	<b>0.39%</b>	Z-spread	1251
2017	<b>0.92%</b>	<b>0.75%</b>		
2016	<b>2.05%</b>	<b>1.86%</b>		
2015	<b>0.58%</b>	<b>0.35%</b>		
2014	<b>0.63%</b>	<b>0.54%</b>		
2013	<b>3.00%</b>	<b>2.77%</b>		
2012	<b>3.05%</b>	<b>2.84%</b>		
2011	<b>2.07%</b>	<b>1.85%</b>		
2010	<b>1.90%</b>	<b>1.73%</b>		
2009	<b>2.63%</b>	<b>2.38%</b>		

\*Class A adjusted for management fee difference used for periods before Class C inception.

#### FX breakdown (fully hedged)

USD	50.50%
EUR	24.30%
NOK	17.38%
SEK	5.19%
CHF	2.02%
GBP	0.31%
AUD	0.30%
<b>TOTAL</b>	<b>100.00%</b>

#### Geographic breakdown

EU	13.19%
US	0.00%
Oth DEV	33.30%
LATAM	5.52%
EMEA	27.10%
ASIA	20.88%
<b>TOTAL</b>	<b>100.00%</b>

#### Rating breakdown

AAA	0.00%
AA	0.00%
A	0.33%
BBB	10.64%
<b>tot IG</b>	<b>10.98%</b>
BB	32.51%
B	20.56%
CCC	0.24%
<b>tot HY</b>	<b>53.31%</b>
NR	35.71%
<b>TOTAL</b>	<b>100.00%</b>

#### Sector breakdown - Top 10

Banking	22.08%
Services	20.61%
Real Estate	20.45%
Energy	8.19%
Financial Services	6.01%
Sovereign	5.85%
Capital Goods	5.03%
Basic Industry	3.16%
Transportation	1.60%
Leisure	1.35%

### Global market picture

During March European credit markets experienced a negative performance (H9PC Index -13.10%), in tandem with a negative movement of the Eurostoxx 50 (-16.30%) and the S&P 500 (-12.51%). In this context Swan Ultra-Short-Term Bond contained the loss at -4.8%, thanks to its ultra-low duration: bond price movement was too fast and the carry generated did not compensate it. The catalysts were the Covid-19 global diffusion and the Oil price shock, that changed the global growth outlook to a possible recession in only two weeks, influencing investor sentiment and global financial conditions. On top of the macro considerations, a very bad technical picture hurt credit markets, due to strong outflows from credit funds and ETFs: market participants sold bonds to generate liquidity. The price action was indiscriminate, penalizing also short-term bonds and quality credits; apparently, company fundamentals were not considered by investors, who sold quality bonds only because they had a lower drawdown. Conditions are extremely attractive now in the short-term part of the credit curve because of this huge movement and markets could rebound quickly, as happened during GFC, when it took just 9 months for credit markets to recover from the bottom to the previous peak. Portfolio is mainly composed by good credit stories: some companies are buying back bonds at discounted prices, while others have already refinanced their near-term maturities. At the moment none of the credits in our portfolio is in default; in the next months credit selection will be one of the key drivers of performance that in connection with the low duration will help to get back quickly the YTD losses. This is an extremely attractive entry point also considering the strongest ever measures delivered by central banks to support credit markets.

### Yield-type strategy

The bucket generated a gross negative contribution to the monthly performance, with 14% of the positions (16 out of 114) contributing positively. During the month the YTM increased significantly: conditions are much more attractive now in the short-term part of the credit curve. The average life of the yield-type portfolio is very short (9 months or 0.75 of spread duration), combined with a gross yield of 12.24% (in EUR) and z-spread of 1251 basis points.

### Sicav Structure – Terms & Conditions

Domicile: Luxembourg

Inception Date: 1 April 2009

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: CBSWBOA LX, class C: CBSWBOC LX

ISIN: class A: LU0417109773, class C: LU0417110193

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