

Swan Ultra Short-Term Bond – EUR

April 2020



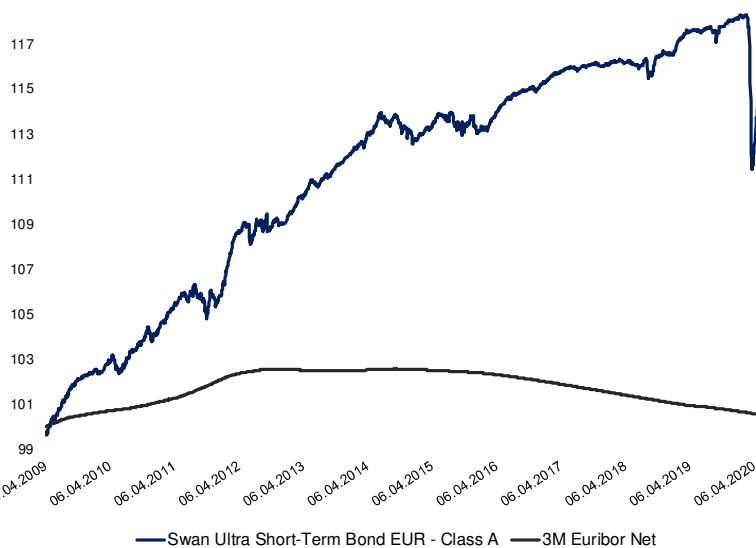
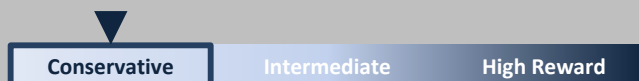
Strategy

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 :	2.26%	Fund Assets (mIn) :	278.6 €
Since inception	14.61%	1 Year Std Dev :	2.03%
Last 12 Months :	-2.55%	1 Year Sharpe Ratio :	-0.95
NAVps :	EUR 114.61	positive months %:	75%

Risk Profile



Period	Class C*	Class A
MTD	2.28%	2.26%
YTD	-2.89%	-2.97%
6 months	-2.65%	-2.77%
1 year	-2.33%	-2.55%
2019	1.59%	1.36%
2018	0.58%	0.39%
2017	0.92%	0.75%
2016	2.05%	1.86%
2015	0.58%	0.35%
2014	0.63%	0.54%
2013	3.00%	2.77%
2012	3.05%	2.84%
2011	2.07%	1.85%
2010	1.90%	1.73%
2009	2.63%	2.38%

Portfolio info	
# of Securities	140
% Weight	97.25%
Int Dur	0.52
Yield (gross)	8.31%
Spread Duration	0.92
Z-spread	850

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

FX breakdown (fully hedged)

USD	50.82%
EUR	25.70%
NOK	15.76%
SEK	5.44%
CHF	1.97%
GBP	0.29%
AUD	0.00%
TOTAL	100.00%

Geographic breakdown

EU	17.42%
US	1.00%
Oth DEV	34.12%
LAT AM	6.73%
EMEA	21.15%
ASIA	19.58%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.34%
BBB	14.94%
tot IG	15.28%
BB	28.61%
B	17.27%
CCC	0.74%
tot HY	46.62%
NR	38.10%
TOTAL	100.00%

Sector breakdown - Top 10

Services	21.59%
Real Estate	20.81%
Banking	18.30%
Energy	8.88%
Financial Services	5.76%
Basic Industry	5.05%
Sovereign	4.12%
Capital Goods	3.74%
Retail	2.52%
Telecommunications	1.56%

Global market picture

During April European credit markets experienced a positive performance (H9PC Index +6.08%), in tandem with a positive movement of the Eurostoxx 50 (+5.06%) and the S&P 500 (+12.68%). In this context Swan Ultra-Short-Term Bond partially recovered the loss realized in the 1st quarter, with a significantly positive monthly performance of +2.28%; YTD performance is -2.89% while credit markets registered close to double digit negative returns YTD (EUR HY -9.54%, EM HY -10.75%, US HY -10.48% and EUR IG -2.71%). Economic data signaled a significant negative growth in 1Q20, with Eurozone at -3.4% and US at -4.8%, while estimates are for a contraction on the full year of -3.9% in US and -5.3% in Europe. Oil collapse had its peak during the last trading days of the WTI Future contract with expiration in May: price for that maturity went in negative territory with oil producers paying buyers to take the commodity off their hands over fears that storage capacity could run out. On the central banks side, ECB reiterated that it is willing to use all available flexibilities to support the economy, but rates remained unchanged and there was no upsize in its asset purchase programs, while more generous conditions will be applied in upcoming TLTRO operations. The FED did not change its monetary policy during last meeting, but pledged readiness for further action in case of need; Jerome Powell already took quick and significant actions in late March to stabilize financial markets and seems to be in a wait and see mode now, stimulating US administration to use “the great fiscal power of the United States”. We still think that this is an extremely attractive entry point for our strategy: a duration adjusted YTM close to combined with an average maturity of the bonds in portfolio below 1 year (10 months) give us confidence on the capability to recover YTD losses and generate positive performance in 2020.

Yield-type strategy

The bucket generated a gross positive contribution to the monthly performance, with 88% of the positions (93 out of 109) contributing positively. The YTM remains significantly attractive: conditions are much more interesting now in the short-term part of the credit curve. The average life of the yield-type portfolio is very short (11 months or 0.94 of spread duration), combined with a gross yield of 8.31% (in EUR) and z-spread of 850 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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