

Swan Ultra Short-Term Bond – USD November 2020



Strategy

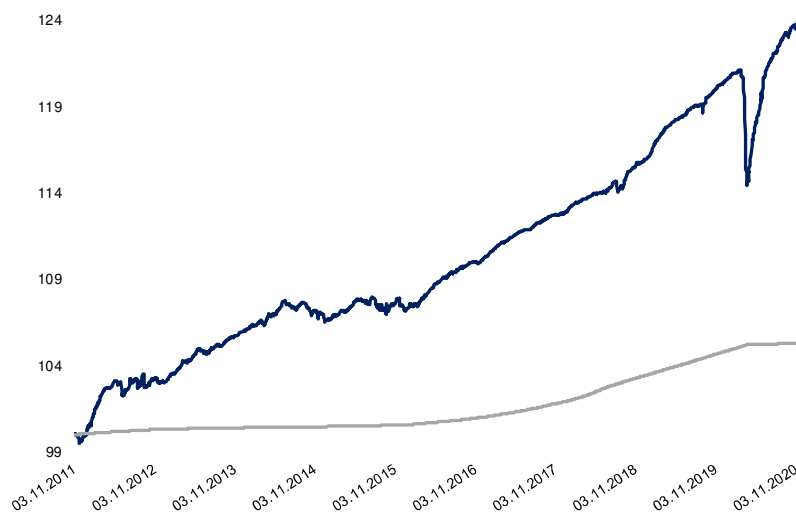
The sub-fund aims to generate excess return vs 3m Libor in combination with extremely low volatility. The strategy combines the “buy and hold” investment in a highly diversified and granular portfolio of liquid short-term fixed income securities with the opportunistic and residual allocation of the promised average spread over risk free rate to a number of interest rate and FX active strategies.

Performance

MTD :	0.83%	Fund Assets (mln) :	283.5 €
Since inception	24.53%	1 Year Std Dev :	2.15%
Last 12 Months :	3.51%	1 Year Sharpe Ratio :	1.5
NAVps :	USD 124.53	% of positive months :	82%



Risk Profile



Global market picture

During November European credit markets experienced an extremely positive performance (H9PC Index +4.37%), in tandem with the movement of the Eurostoxx 50 (+18.06%) and S&P 500 (10.75%). In this context Swan funds continued to move higher with a positive monthly performance ranging from +0.78% to 1.52%: our SIF funds are in positive territory (+5.65% SLSC and +5.00% for SBE) and also UCITS funds registered significant positive performance YTD (+2.2% USTB and +2.65% for STHY), while credit markets are reporting low single digit positive returns YTD (European HY +1.94%, Emerging HY +4.52%, US HY +2.51% and EUR IG +2.49%). The massive resurgence of Covid-19 infections caused new, but less severe, lockdowns in Europe: Q4 contraction is estimated at -9% (2020 should deliver a negative GDP growth of -7%), while consensus in US is for a -3.6% YoY growth in 2020. Disappointing growth data were more than compensated by the announcement that several anti-Covid vaccines have been positively tested: mass vaccinations should start in late 2020 in US and in the first quarter in 2021 in Europe. November was also the US presidential election month: Joe Biden, as expected, won, but the Senate majority is still not defined yet; Donald Trump did not immediately accept the loss, and started preparing a hard transition to his rival. In this context, the 10 years bund yield moved higher by 5 bps to -0.57% while the 10 years Treasury moved lower 3bps to 0.84%. We think that this is still an interesting entry point for our strategy: current YTM, albeit reduced, give us confidence on the capability to generate positive performance in line with targets during 2021; average maturity of the bonds in our portfolios is still around 1 year and should help reduce volatility in case of new episodes of market stress.

Yield-type strategy

The bucket generated a gross positive contribution to the monthly performance, with 95% of the positions (111 out of 117) contributing positively. The YTM remains attractive and conditions are always interesting in the short-term part of the credit curve. 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 2.85% (in EUR) and z-spread of 408 basis points.

Period	Class C*	Class A	Portfolio info	
MTD	0.80%	0.83%	# of Securities	145
YTD	3.36%	3.19%	% Weight	96.85%
6 months	4.27%	4.23%	Int Dur	0.37
1 year	3.67%	3.51%	Yield (gross)	2.85%
2019	3.90%	3.94%	Spread Duration	0.78
2018	2.91%	2.66%	Z-spread	408
2017	2.68%	2.43%		
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	53.95%
EUR	20.19%
NOK	15.97%
SEK	5.37%
CHF	3.24%
GBP	1.28%
AUD	0.00%
TOTAL	100.00%

Geographic breakdown

EU	14.43%
US	0.24%
Oth DEV	36.77%
LAT AM	6.81%
EMEA	28.17%
ASIA	13.58%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	14.28%
	tot IG
	14.28%
BB	25.95%
B	18.64%
CCC	0.81%
	tot HY
	45.40%
NR	40.31%
TOTAL	100.00%

Sector breakdown - Top 10

Services	24.54%
Real Estate	15.61%
Banking	16.96%
Basic Industry	10.87%
Financial Services	5.12%
Energy	3.83%
Transportation	2.77%
Sovereign	2.93%
Telecommunications	2.98%
Leisure	2.55%

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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The basic documents of the fund as well as the annual and if applicable the semi-annual report may be obtained free of charge from the representative. Past performance is no indication of current or future performance. The performance data do not take account of the commissions and costs incurred on the issue and redemption units.