

Swan Ultra Short-Term Bond – EUR

May 2022



Strategy

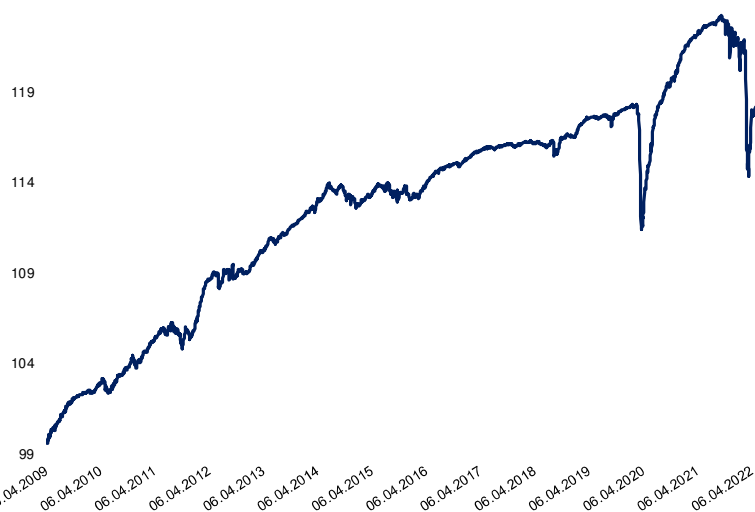
Swan Ultra Short-Term Bond is the UCITS version of our Fixed Income Conservative risk profile. The strategy invests in a highly diversified buy and hold portfolio of liquid short-term fixed income securities, with an average maturity of 1 year. Target Return is 3 months LIBOR + 150 bps.

Risk Profile

Conservative

Intermediate

High Reward



— Swan Ultra Short-Term Bond EUR - Class A

Global market picture

Credit markets remained extremely negative with year to date performances ranging from -14.15% for EM corp HY to -8.36% of the EU HY component in tandem with the movement of the Eurostoxx 50 (-11.84% YTD) and S&P 500 (-13.3% YTD). The IG EUR market is also negative by -9.07% YTD, mainly due to the rates component. The short-term (1-3 year) H1WN global HY index also reports a performance of -8.13% YTD while the Global unconstrained (in terms of maturity) HY lost -9.46%. Hostilities in Ukraine continued, with no significant results obtained by both side, the only exception being the storming of Mariupol by Russian army. Inflation did not stop rising: US consumer prices remained at four decades high of 8.3% (core at 6.2%), reinforcing the view that inflation will be a broad-based trend affecting all sectors. During its meeting FED hiked rates by 50bps, suggesting that further half point rate hikes will follow during the year, with market expecting FED funds at 2.65% in December 2022. Christine Lagarde supported with strong confidence a lift-off in July and a second rate hike in September, that could bring Eurozone out of negative rates territory "by the end of the third quarter". In this context, the 10 years bund yield was higher at +1.12% (+18bps in the month, highest level since 2014) while the 10 years Treasury lost 9bps at 2.84%. Oil price continued its march higher, with Brent now at 122.84\$ per barrel, supported by a EU-UK pact on ships carrying Russian oils. Excluding specific idiosyncratic situations (China real estate and Russia/Ukraine), the rest of the portfolio has continued to behave in line with expectations, generating a positive performance compared with a context of extreme negativity in the market. The expected return of the portfolio will be able to generate a significant performance during 2022 which, added to the potential recovery of the two idiosyncratic components, will allow a significant rebound from current levels.

Yield-type strategy

The bucket generated a gross negative contribution to the monthly performance, with 58% of the positions (49 out of 85) 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 (14 months or 1.17 of spread duration), combined with a gross yield of 6.04% (in EUR) and z-spread of 664 basis points.

Performance

MTD :	-0.52%	Fund Assets (mIn) :	308.1 €
Since inception	17.45%	1 Year Std Dev :	3.03%
Last 12 Months :	-4.22%	1 Year Sharpe Ratio :	-1.14
NAVps :	EUR 117.45	positive months %:	74%



Period	Class C*	Class A	Portfolio info	
MTD	-0.49%	-0.52%	# of Securities	146
YTD	-3.52%	-3.63%	% Weight	98.48%
6 months	-3.41%	-3.53%	Int Dur	0.55
1 year	-4.02%	-4.22%	Yield (gross)	6.04%
2021	0.78%	0.59%	Spread Duration	1.17
2020	2.67%	2.58%	Z-spread	664
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%		

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

FX breakdown (fully hedged)

USD	34.76%
EUR	22.53%
NOK	22.66%
SEK	16.92%
CHF	1.25%
GBP	1.88%
TOTAL	100.00%

Geographic breakdown

EU	15.16%
US	3.92%
Oth DEV	57.97%
LAT AM	0.27%
EMEA	15.52%
ASIA	7.15%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	5.95%
tot IG	5.95%
BB	22.58%
B	13.07%
CCC	2.52%
tot HY	38.16%
NR	55.89%
TOTAL	100.00%

Sector breakdown - Top 10

Real Estate	24.76%
Services	23.97%
Basic Industry	9.23%
Energy	7.80%
Financial Services	5.77%
Leisure	5.68%
Transportation	3.99%
Automotive	2.85%
Telecommunications	2.25%
Consumer Goods	2.24%

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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This is an advertising document. The state of origin of the fund is Luxembourg. In Switzerland the representative of the SICAV is Cornèr Banca S.A., with registered office in Via Canova 16, CH-6901 Lugano and the payment service is provided by Cornèr Banca S.A., Via Canova 16, CH-6901 Lugano.

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.