

# Swan Ultra Short-Term Bond – EUR

## July 2022



### Strategy

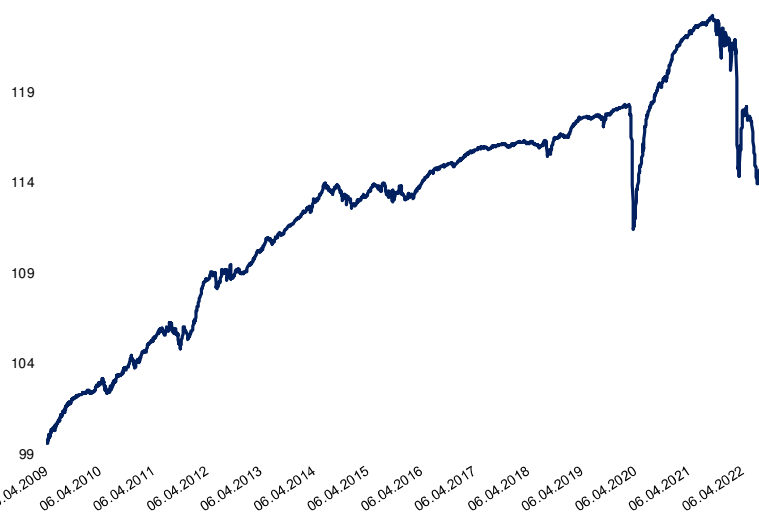
Swan Ultra Short-Term Bond is the UCITS version of our Fixed Income Conservative risk profile. The strategy invests in a highly diversified buy and hold portfolio of liquid short-term fixed income securities, with an average maturity of 1 year. Target Return is 3 months LIBOR + 150 bps.

### 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 -18.96% for EM corp HY to -10.45% of the EU HY component in tandem with the movement of the Eurostoxx 50 (-13.73% YTD) and S&P 500 (-13.34% YTD). The IG EUR market is also negative by -8.10% YTD, mainly due to the rates component. The short-term (1-3 year) H1WN global HY index also reports a performance of -10.44% YTD while the Global unconstrained (in terms of maturity) HY lost -11.68%. US entered technical recession, with growth of -0.9% in 2nd quarter following a contraction of 1.6% in first three months of 2022. During its meeting the FED raised benchmark policy rate by 75bps for the second month in a row, maintaining aggressive stance against inflation, but at the same time signaling that current range is close to what most of the officials see as "neutral rate". FED will be data dependent in its forthcoming decisions, with consequently strong attention reserved to next inflation and labour data. Also the ECB followed other central banks, increasing rates by 50bps (25bps more of what suggested) in its first rise in the last decade. In addition the ECB announced a new program in order to prevent a surge in yield for most vulnerable European countries. In this context, the 10 years bund yield was lower at +0.82% (-52bps in the month) while the 10 years Treasury closed the month at 2.65% (-36bps). Oil price corrected lower, with Brent now at 110\$ per barrel. Thanks to recent volatility spike we have been able to add several new credit stories at very interesting level of credit spreads. The new entries are companies with good credit metrics that were too tight before the sell-off. The combination of higher diversification, higher credit quality and higher expected yields paves the way for attractive returns in the next future.

### Yield-type strategy

The bucket generated a gross negative contribution to the monthly performance, with 75% of the positions (107 out of 142) 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 1.21 of spread duration), combined with a gross yield of 7.37% (in EUR) and z-spread of 697 basis points.

### Performance

MTD :	<b>-0.25%</b>	Fund Assets (mIn) :	285.6 €
Since inception	<b>14.60%</b>	1 Year Std Dev :	3.11%
Last 12 Months :	<b>-6.61%</b>	1 Year Sharpe Ratio :	-1.97
NAVps :	EUR 114.60	positive months %:	73%



Period	Class C*	Class A	Portfolio info	
MTD	<b>-0.23%</b>	<b>-0.25%</b>	# of Securities	142
YTD	<b>-5.82%</b>	<b>-5.97%</b>	% Weight	94.77%
6 months	<b>-5.49%</b>	<b>-5.62%</b>	Int Dur	0.55
1 year	<b>-6.40%</b>	<b>-6.61%</b>	Yield (gross)	7.37%
2021	<b>0.78%</b>	<b>0.59%</b>	Spread Duration	1.14
2020	<b>2.67%</b>	<b>2.58%</b>	Z-spread	697
2019	<b>1.59%</b>	<b>1.36%</b>		
2018	<b>0.58%</b>	<b>0.39%</b>		
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	28.19%	EU	17.48%
EUR	25.05%	US	4.74%
NOK	26.81%	Oth DEV	56.83%
SEK	16.99%	LAT AM	0.84%
CHF	0.03%	EMEA	14.75%
GBP	2.93%	ASIA	5.38%
<b>TOTAL</b>	<b>100.00%</b>	<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

### Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	5.67%
<b>tot IG</b>	<b>5.67%</b>
BB	26.27%
B	11.78%
CCC	2.91%
<b>tot HY</b>	<b>40.96%</b>
NR	53.37%
<b>TOTAL</b>	<b>100.00%</b>

### Sector breakdown - Top 10

Services	26.49%
Real Estate	24.49%
Basic Industry	11.02%
Financial Services	6.65%
Leisure	5.06%
Energy	3.53%
Automotive	3.20%
Telecommunications	3.18%
Transportation	3.17%
Consumer Goods	2.70%

### 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.*