

Swan Ultra Short-Term Bond – EUR

August 2022



Strategy

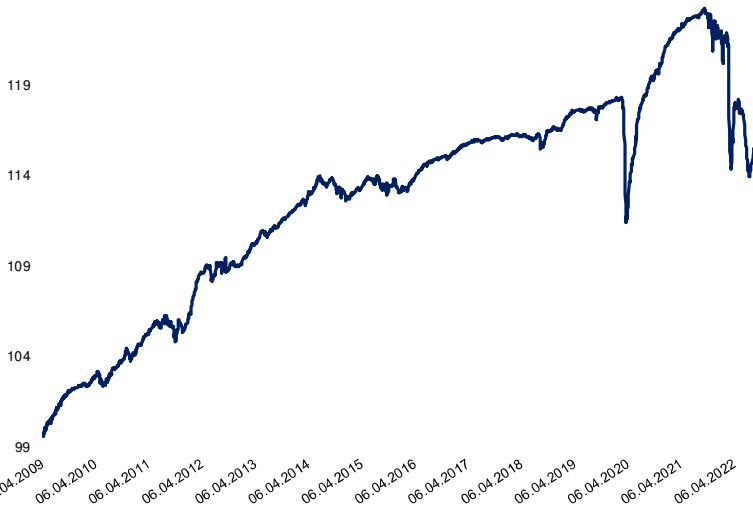
Swan Ultra Short-Term Bond is the UCITS version of our Fixed Income Conservative risk profile. The strategy invests in a highly diversified buy and hold portfolio of liquid short-term fixed income securities, with an average maturity of 1 year. Target Return is 3 months LIBOR + 150 bps.

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 -18.43% for EM corp HY to -11.49% of the EU HY component in tandem with the movement of the Eurostoxx 50 (-18.17% YTD) and S&P 500 (-17.01% YTD). The IG EUR market is also negative by -12.01% YTD, mainly due to the rates component. The short-term (1-3 year) H1WN global HY index also reports a performance of -10.56% YTD while the Global unconstrained (in terms of maturity) HY lost -13.26%. US entered technical recession, with growth of -0.9% during the 2nd quarter following the 1Q22 contraction of 1.6%. Inflation and consequently the ECB and FED members comments were the main drivers of the month: in US, a CPI print at 8.5%, a slower annual increase compared with June, initially eased concerns on next FED movements but during his speech at Jackson Hole Powell declared that interest rate will stay at a level that restrains growth "for some time". The ECB officials also sent a hawkish message to the markets, that are now pricing 75bps hike at September meeting to fight inflation. Higher energy prices were the main reason of a high CPI print in Eurozone at 8.9%, and the possible stop of flows from Nordstream1 pipeline from Russia, caused further rise in gas price and additional worries of possible stop in production at several manufacturers. In this context, the 10 years bund yield was higher at +1.54% (+72bps in the month) while the 10 years Treasury closed the month at 3.20% (+54bps). Oil price corrected lower, with Brent now at 96\$ per barrel, due to increased concerns on global recession. Thanks to recent volatility spike we have been able to add several new credit stories at very interesting level of credit spreads. 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 positive gross contribution to the monthly performance, with 76% of the positions (111 out of 146) 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 1.15 of spread duration), combined with a gross yield of 7.74% (in EUR) and z-spread of 664 basis points.

Performance

| | | | |
|------------------|------------|-----------------------|---------|
| MTD : | 1.22% | Fund Assets (mIn) : | 284.5 € |
| Since inception | 16.00% | 1 Year Std Dev : | 3.16% |
| Last 12 Months : | -5.75% | 1 Year Sharpe Ratio : | -1.63 |
| NAVps : | EUR 116.00 | positive months %: | 73% |



| Period | Class C* | Class A | Portfolio info | |
|----------|----------|---------|-----------------|---------|
| MTD | 1.24% | 1.22% | # of Securities | 146 |
| YTD | -4.66% | -4.82% | % Weight | 100.58% |
| 6 months | -0.90% | -1.02% | Int Dur | 0.59 |
| 1 year | -5.56% | -5.75% | Yield (gross) | 7.74% |
| 2021 | 0.78% | 0.59% | Spread Duration | 1.16 |
| 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 | 28.65% | EU | 21.17% |
| EUR | 27.21% | US | 8.52% |
| NOK | 25.53% | Oth DEV | 49.32% |
| SEK | 16.15% | LAT AM | 0.98% |
| CHF | 0.03% | EMEA | 14.60% |
| GBP | 2.44% | ASIA | 5.42% |
| TOTAL | 100.00% | TOTAL | 100.00% |

Geographic breakdown

Rating breakdown

| | | | | |
|--------------|----------------|--------------------|----------------|-------|
| AAA | 0.00% | Services | 25.12% | |
| AA | 0.00% | Real Estate | 23.06% | |
| A | 0.00% | Basic Industry | 11.72% | |
| BBB | 5.84% | Financial Services | 6.76% | |
| | tot IG | 5.84% | Transportation | 4.91% |
| BB | 25.55% | Leisure | 4.28% | |
| B | 13.99% | Energy | 3.81% | |
| CCC | 2.57% | Automotive | 3.77% | |
| | tot HY | 42.11% | Consumer Goods | 2.58% |
| NR | 52.05% | Healthcare | 2.51% | |
| TOTAL | 100.00% | | | |

Sector breakdown - Top 10

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

Contacts at Swan Asset Management SA:

E-mail: info@swan-am.ch - Tel: +41 91 986 31 90

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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.