

Swan Ultra Short-Term Bond – EUR September 2022



Strategy

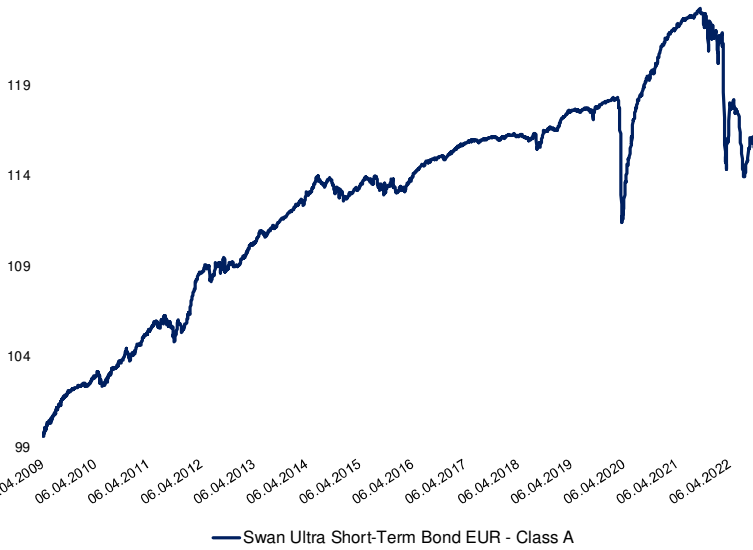
Swan Ultra Short-Term Bond is the UCITS version of our Fixed Income Conservative risk profile. The strategy invests in a highly diversified buy and hold portfolio of liquid short-term fixed income securities, with an average maturity of 1 year. Target Return is 3 months LIBOR + 150 bps.

Risk Profile

Conservative

Intermediate

High Reward



Global market picture

Credit markets remained extremely negative with year to date performances ranging from -23.02% for EM corp HY to -15.32% of the EU HY. The IG EUR market is also negative by -15.07% YTD, mainly due to the rates component. The short-term (1-3 year) H1WN global HY index also reports a performance of -12.86% YTD while the Global unconstrained (in terms of maturity) HY lost -17.19%. Inflation continued its march higher around the globe with US core CPI printing 6.3% YoY (6.1% expected) in tandem with Eurozone that exceeded expectations by 0.2% at 4.3% YoY. Faced with faster than expected rise in prices, central bankers further tightened their position against inflation: FED raised rates by 75bps for the time in a row, reinforcing its commitment to "higher for longer" rates, clearly flagging its intention to keep monetary policy tight. ECB raised its main rate by 75bps, with Christine Lagarde saying that investors should not assume moves on this scale were "the norm", but there would be "several" rate rises in the coming months. The tension between Russia and Nato members further increased after the sabotage of both Nordstream 1 and 2, while Russia declared annexation of four Ukrainian regions. 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). Huge volatility was registered on UK Gilt market, where BOE was forced to intervene to avoid a "material risk to UK financial stability" after that Liz Truss' government announced a fiscal plan that caused a spike of the 30 years yield to 5%. 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 negative gross contribution to the monthly performance, with 35% of the positions (51 out of 144) 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 1.14 of spread duration), combined with a gross yield of 8.96% (in EUR) and z-spread of 725 basis points.

Performance

MTD :	-1.28%	Fund Assets (mIn) :	272.8 €
Since inception	14.52%	1 Year Std Dev :	3.19%
Last 12 Months :	-6.83%	1 Year Sharpe Ratio :	-1.99
NAVps :	EUR 114.52	positive months %:	73%



Period	Class C*	Class A	Portfolio info	
MTD	-1.25%	-1.28%	# of Securities	144
YTD	-5.86%	-6.04%	% Weight	97.95%
6 months	-1.98%	-2.10%	Int Dur	0.62
1 year	-6.64%	-6.83%	Yield (gross)	8.96%
2021	0.78%	0.59%	Spread Duration	1.14
2020	2.67%	2.58%	Z-spread	725
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	27.54%
EUR	28.05%
NOK	25.57%
SEK	16.27%
CHF	0.03%
GBP	2.54%
TOTAL	100.00%

Geographic breakdown

EU	21.76%
US	7.91%
Oth DEV	52.43%
LAT AM	0.48%
EMEA	11.74%
ASIA	5.69%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	6.40%
tot IG	6.40%
BB	23.30%
B	12.44%
CCC	2.59%
tot HY	38.32%
NR	55.28%
TOTAL	100.00%

Sector breakdown - Top 10

Services	26.41%
Real Estate	23.31%
Basic Industry	10.10%
Financial Services	6.64%
Transportation	5.08%
Energy	4.74%
Automotive	4.27%
Leisure	3.13%
Healthcare	2.64%
Consumer Goods	2.56%

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

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.