

Swan Ultra Short-Term Bond – EUR

December 2022



Strategy

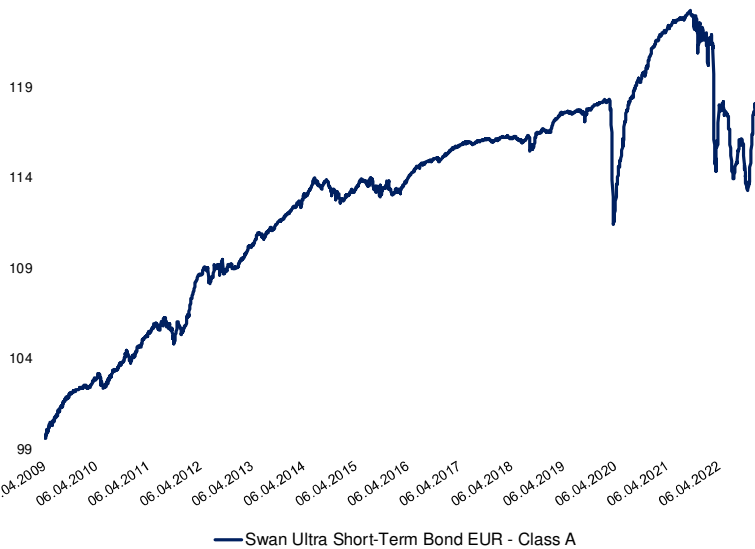
Swan Ultra Short-Term Bond is the UCITS version of our Fixed Income Conservative risk profile. The strategy invests in a highly diversified buy and hold portfolio of liquid short-term fixed income securities, with an average maturity of 1 year. Target Return is 3 months LIBOR + 150 bps.

Risk Profile

Conservative

Intermediate

High Reward



Global market picture

Credit markets returns in 2022 were extremely negative with performances ranging from -17.01% for EM corp HY to -11.22% of the EU HY. The IG EUR market is also negative by -13.94% YTD, mainly due to the rates component. The short-term (1-3 year) H1WN global HY index also reports a performance of -10.07% YTD while the Global unconstrained (in terms of maturity) HY lost -13.60%. US CPI came lower than expected again in November at 7.1% YoY, giving the FED the possibility to raise rates by 50bps only, ending a months-long string of 0.75% rate increases. The revised "dots plot" signals fed funds rate at 5.1% by the end of 2023, 50bps higher than previous forecasts, a clear signal that the battle against inflation is not finished yet. The ECB also raised its deposit rate by 50bps to 2%, followed by very hawkish declarations by Christine Lagarde, who affirmed that the ECB will "raise interest rates at a 50bps pace for a period of time". Both the FED and the ECB warned that further actions are needed to curb prices rise and that inflation could take a long time to return to target levels of 2%. The 10 years bund yield was lower at +2.57% (+64bps in the month) in tandem with the 10 years Treasury that closed the month at 3.88% (+27bps). Thanks to the recent volatility spike we have been able to add several new credit stories at very interesting levels of credit spreads: our funds have a yield to maturity between 8% and 15%, combined with an average spread duration of below 16 months. The combination of higher diversification, higher credit quality and higher expected yields paves the way for extremely attractive returns in the next future.

Yield-type strategy

The bucket generated a positive gross contribution to the monthly performance, with 77% of the positions (115 out of 149) 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 1.19 of spread duration), combined with a gross yield of 7.44% (in EUR) and z-spread of 484 basis points.

Performance

MTD :	1.23%	Fund Assets (mIn) :	307.6 €
Since inception	18.05%	1 Year Std Dev :	3.18%
Last 12 Months :	-3.14%	1 Year Sharpe Ratio :	-1.08
NAVps :	EUR 118.05	positive months %:	73%



Period	Class C*	Class A	Portfolio info	
MTD	1.25%	1.23%	# of Securities	149
YTD	-2.89%	-3.14%	% Weight	86.44%
6 months	2.88%	2.75%	Int Dur	0.65
1 year	-2.89%	-3.14%	Yield (gross)	7.44%
2021	0.78%	0.59%	Spread Duration	1.05
2020	2.67%	2.58%	Z-spread	484
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	26.99%	EU	27.22%
EUR	34.33%	US	8.22%
NOK	24.32%	Oth DEV	46.90%
SEK	10.73%	LAT AM	1.48%
CHF	0.12%	EMEA	11.95%
GBP	3.51%	ASIA	4.22%
TOTAL	100.00%	TOTAL	100.00%

Geographic breakdown

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	9.27%
	tot IG 9.27%
BB	23.40%
B	14.53%
CCC	3.27%
	tot HY 41.19%
NR	49.54%
TOTAL	100.00%

Sector breakdown - Top 10

Real Estate - Dev Res	5.69%
Real Estate - Mgmt Res	4.95%
Real Estate - Mgmt Comm	4.51%
Shipping - Gas	4.44%
Shipping - Chemicals	4.10%
Banking	4.02%
Investments & Misc Finan	3.89%
Automakers	3.56%
Finance - NPL collector	3.38%
Telecom - Wireline Integra	3.06%

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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