

# Swan Ultra Short-Term Bond – USD

## June 2023



### Strategy

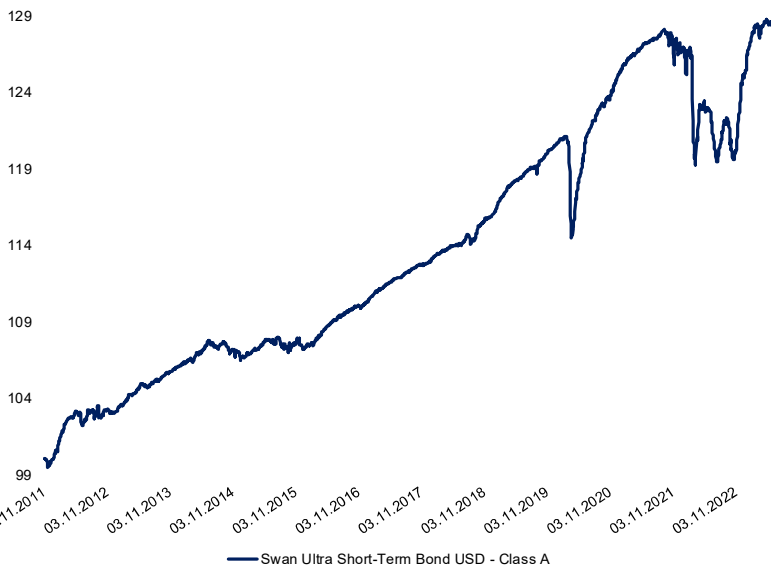
Swan Ultra Short-Term Bond is the UCITS version of our Fixed Income Conservative risk profile. The strategy invests in a highly diversified buy and hold portfolio of liquid short-term fixed income securities, with an average maturity of 1 year. Target Return is 3 months LIBOR + 150 bps.

### Performance

MTD :	<b>0.73%</b>	Fund Assets (mln) :	270.2 €
Since inception	<b>29.43%</b>	1 Year Std Dev :	1.69%
Last 12 Months :	<b>7.55%</b>	1 Year Sharpe Ratio :	2.16
NAVps :	USD 129.43	% of positive months :	77%



### Risk Profile



### Global market picture

High Yield Credit markets reported a positive performance in June ranging from +1.86% for EM corp HY to +0.54% of the EU HY in tandem with the movement of the S&P500 (+6.47%) and Eurostoxx50 (+4.29%). The IG EUR market was negative by -0.42%, while the short-term (1-3 year) H1WN global HY index reports a positive performance of +0.90%. The Global unconstrained (in terms of maturity) HY gained +1.25%. Inflation and central banks decisions were still the main arguments of the month. The FED held rates on hold for the first time in more than a year following 10 consecutive increases. The updated "dot plot" indicated that officials are projecting two more quarter-point increases this year, implying a range between 5.5% and 5.75% at end 2023, the highest level since early 2000s. The ECB raised policy rates by 25bps, bringing the deposit rate to 3.5% and reiterating the data-dependent meeting-by-meeting approach; there was no reference that rates are getting closer to a peak leaving substantial risk for further rate hikes. Both central banks are facing the difficult task of determining how much more to squeeze the economy, without impacting excessively growth and hiring. Core CPI in US and Eurozone was at 5.3% YoY, still significantly higher than their target, but economies still showed resiliency (unemployment rate still below 4% in US) notwithstanding ISM/PMI index are moving downward. Oil moved higher to 75\$ per barrel, while US dollar lost some ground with DXY at 102.91. 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 7.5% and 12%, combined with an average spread duration around 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 82% of the positions (135 out of 165) 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 (15 months or 1.25 of spread duration), combined with a gross yield of 7.83% (in EUR) and z-spread of 424 basis points.

Period	Class C*	Class A	Portfolio info
MTD	0.75%	0.73%	# of Securities 165
YTD	3.27%	3.21%	% Weight 97.50%
6 months	3.27%	3.21%	Int Dur 0.92
1 year	7.75%	7.55%	Yield (gross) 7.83%
2022	-0.90%	-1.19%	Spread Duration 1.26
2021	1.57%	1.27%	Z-spread 424
2020	3.96%	3.84%	
2019	3.90%	3.94%	
2018	2.91%	2.66%	
2017	2.68%	2.43%	
2016	3.13%	2.88%	
2015	0.88%	0.63%	
2014	0.78%	0.53%	
2013	3.11%	2.86%	
2012	3.11%	2.86%	
2011	0.52%	0.27%	

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

### FX breakdown (fully hedged)

USD	26.02%
EUR	41.59%
NOK	19.30%
SEK	10.52%
CHF	1.60%
GBP	0.98%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	35.64%
US	7.90%
Oth DEV	44.03%
LATAM	0.75%
EMEA	9.56%
ASIA	2.13%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	11.06%
<b>tot IG</b>	<b>11.06%</b>
BB	25.21%
B	11.30%
CCC	2.26%
<b>tot HY</b>	<b>38.76%</b>
NR	50.18%
<b>TOTAL</b>	<b>100.00%</b>

### Sector breakdown - Top 10

Banking	7.55%
Real Estate - Mgmt Res	6.20%
Oil and gas E&P - All	6.02%
Shipping - Gas	5.40%
Real Estate - Mgmt Comm	5.09%
Gaming - Online Gaming	3.85%
Finance - NPL collector	3.72%
Oil Field Equipment & Ser	3.44%
Real Estate - Dev Res	3.40%
Telecom - Wireline Integra	3.22%

### Sicav Structure – Terms & Conditions

Domicile: Luxembourg

Inception Date: 3 November 2011

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: CBSBAUH LX, class C: CBSBCUH LX

ISIN: class A: LU0698400198, class C: LU0698400354

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