

# Swan Ultra Short-Term Bond – USD September 2023



## Strategy

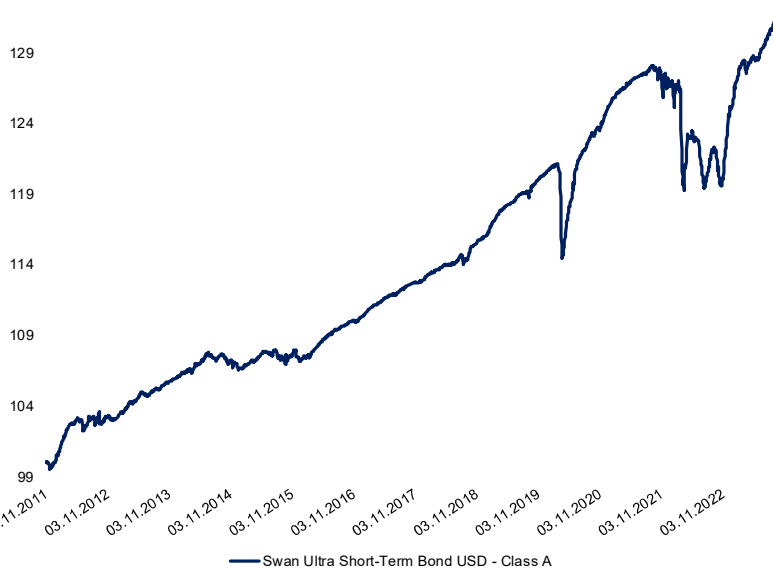
Swan Ultra Short-Term Bond is the UCITS version of our Fixed Income Conservative risk profile. The strategy invests in a highly diversified buy and hold portfolio of liquid short-term fixed income securities, with an average maturity of 1 year. Target Return is 3 months LIBOR + 150 bps.

## Performance

MTD :	<b>0.51%</b>	Fund Assets (mln) :	261.5 €
Since inception	<b>31.81%</b>	1 Year Std Dev :	1.41%
Last 12 Months :	<b>9.20%</b>	1 Year Sharpe Ratio :	3.22
NAVps :	USD 131.81	% of positive months :	77%



## Risk Profile



## Global market picture

High Yield Credit markets reported a contrasting performance in September ranging from -0.40% for EM corp HY to +0.44% of the EU HY while equity markets were negative with both the S&P500 (-4.87%) and Eurostoxx50 (-2.85%). The IG EUR market was negative by -0.86% while the short-term (1-3 year) H1WN global HY index reported a positive performance of +0.26%. The Global unconstrained (in terms of maturity) HY index was negative at -0.80%. Central banks were back on the headlines with their September meetings: the ECB opted for a "dovish" hike, delivering one more hike but indicating that this would be very likely the last one. The door is open for further increases, but next movement will be data dependent and markets seem to be more concentrated now on how long rates will remain at 4%, the highest level ever reached in the Eurozone. The FED kept rates unchanged, but the overall message and the forecasts were more hawkish than expected: Jerome Powell explained that the committee is still unsure about whether rates have been put into sufficiently restrictive territory, given how resilient the economy has been. Inflation printed downside surprise in both UK and EU, while in US the Core CPI confirmed its downward trend moving to 4.3% YoY vs the 4.7% of the previous month. Markets repriced expectations, factoring in higher for longer rates: consequently the 10 years bund yield was higher at 2.84% (+37bps in the month), in tandem with the 10 years Treasury at 4.57% (+46bps in the month). Oil moved higher to 95\$ per barrel, while US dollar recover some ground with DXY at 106.17. Our funds have a yield to maturity between 7.5% and 10.5%, combined with an average spread duration around 16 months. The combination of higher diversification, higher credit quality and higher expected yields pave 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 80% of the positions (135 out of 168) 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 (16 months or 1.37 of spread duration), combined with a gross yield of 7.76% (in EUR) and z-spread of 407 basis points.

Period	Class C*	Class A	Portfolio info	
MTD	0.52%	0.51%	# of Securities	168
YTD	5.20%	5.11%	% Weight	101.75%
6 months	2.96%	2.89%	Int Dur	1.03
1 year	9.32%	9.20%	Yield (gross) in EUR	7.76%
2022	-0.90%	-1.19%	Spread Duration	1.39
2021	1.57%	1.27%	Z-spread	407
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	24.87%
EUR	43.64%
NOK	15.94%
SEK	10.69%
CHF	1.95%
GBP	2.91%
<b>TOTAL</b>	<b>100.00%</b>

## Geographic breakdown

EU	38.37%
US	9.51%
Oth DEV	37.61%
LATAM	1.75%
EMEA	10.94%
ASIA	1.83%
<b>TOTAL</b>	<b>100.00%</b>

## Rating breakdown

AAA	0.00%
AA	0.00%
A	0.78%
BBB	12.43%
<b>tot IG</b>	<b>13.21%</b>
BB	27.41%
B	10.04%
CCC	0.74%
<b>tot HY</b>	<b>38.20%</b>
NR	48.59%
<b>TOTAL</b>	<b>100.00%</b>

## Sector breakdown - Top 10

Banking	9.34%
Real Estate - Mgmt Res	8.39%
Shipping - Gas	5.16%
Oil Field Equipment & Ser	4.77%
Oil and gas E&P - All	4.60%
Shipping - Crude	3.48%
Real Estate - Mgmt Comm	3.47%
Pharmaceuticals	3.39%
Finance - NPL collector	3.38%
Real Estate - Dev Res	3.36%

## 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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