

Swan Ultra Short-Term Bond – EUR

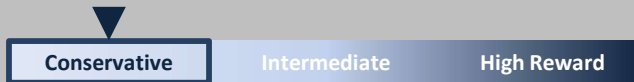
December 2023



Strategy

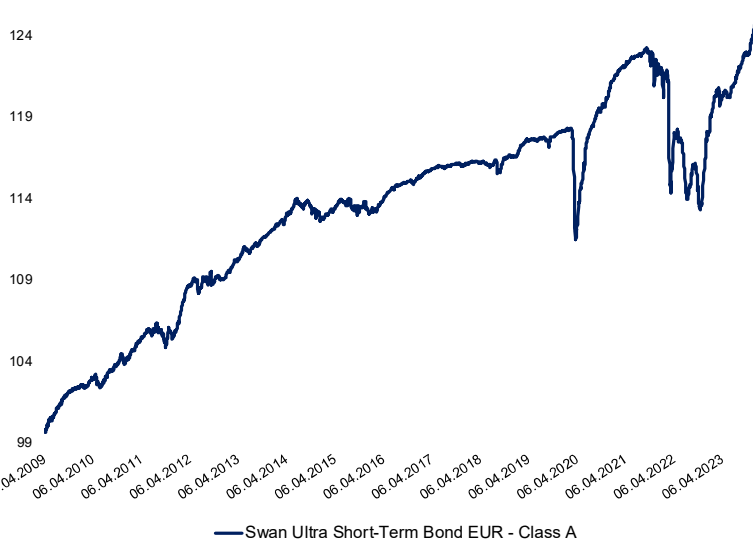
Swan Ultra Short-Term Bond is the UCITS version of our Fixed Income Conservative risk profile. The strategy invests in a highly diversified buy and hold portfolio of liquid short-term fixed income securities, with an average maturity of 1 year. Target Return is 3 months LIBOR + 150 bps.

Risk Profile



Performance

MTD :	0.88%	Fund Assets (mIn) :	248.8 €
Since inception	25.45%	1 Year Std Dev :	1.00%
Last 12 Months :	6.27%	1 Year Sharpe Ratio :	3.05
NAVps :	EUR 125.45	positive months %:	73%



Period	Class C*	Class A	Portfolio info	
MTD	0.91%	0.88%	# of Securities	163
YTD	6.45%	6.27%	% Weight	99.77%
6 months	3.78%	3.72%	Int Dur	1.07
1 year	6.45%	6.27%	Yield (gross) in EUR	6.95%
2022	-2.89%	-3.14%	Spread Duration	1.39
2021	0.78%	0.59%	Z-spread	369
2020	2.67%	2.58%		
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.

Global market picture

High Yield Credit markets reported a positive performance in December ranging from +3.20% for EM corp HY to +2.79% of the EU HY in tandem with positive equity markets, S&P500 (+4.42%) and Eurostoxx50 (+3.18%). The IG EUR market was positive by +2.98% while the short-term (1-3 year) H1WN global HY index reported a positive performance of 1.80%. The Global unconstrained (in terms of maturity) HY index was positive at +3.30%. The FED had its policy decision meeting on the 13th of December: interest rates remained at 22 years highs but forecasts showed that US officials believe rates will end next year at 4.5% / 4.75%, implying three quarter point rate cuts. In addition, the unexpected dovish stance by Jerome Powell during the press conference, further boosted market optimism about lower rates for 2024. The day after the FED decision, both the ECB and the BOE held interest rates steady at 4% and 5.25% respectively, with Christine Lagarde and Andrew Bailey affirming that there is still some work to do before inflation falls back to their target. Markets responded to this news continuing the bond rally started in November even if inflation data did not further surprise on the downside: November core CPI YoY was stable at 4% in US, while in Europe November core inflation was stable at 3.6% YoY. Rates market incorporated a relatively high probability of easing by both the FED and ECB during the next quarters, even if we believe central banks will act only when they will be convinced that inflation will remain below 3% on a sustained basis. The 10 years bund yield was lower at 2.02% (-43bps in the month), in tandem with the 10 years Treasury at 3.88% (-45bps in the month). Oil moved lower to 77\$ per barrel, while US dollar lost some ground with DXY at 101.33. Our funds have a yield to maturity between 7% and 9%, combined with an average spread duration around 17 months. The combination of diversification, good credit quality and high 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 92% of the positions (150 out of 163) 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 1.40 of spread duration), combined with a gross yield of 6.95% (in EUR) and z-spread of 369 basis points.

FX breakdown (fully hedged)

USD	21.22%
EUR	51.42%
NOK	13.09%
SEK	8.20%
CHF	2.78%
GBP	3.29%
TOTAL	100.00%

Geographic breakdown

EU	42.42%
US	8.67%
Oth DEV	32.94%
LATAM	2.10%
EMEA	13.31%
ASIA	0.57%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.53%
BBB	16.64%
tot IG	17.17%
BB	30.40%
B	10.93%
CCC	0.53%
tot HY	41.87%
NR	40.96%
TOTAL	100.00%

Sector breakdown - Top 10

Banking	10.12%
Real Estate - Mgmt Res	6.31%
Shipping - Gas	5.27%
Telecom - Wireline Integra	4.99%
Finance - NPL collector	4.54%
Oil Field Equipment & Ser	4.35%
Investments & Misc Finan	3.40%
Real Estate - Dev Res	3.38%
Software/Service	2.96%
Pharmaceuticals	2.94%

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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