

Swan Ultra Short-Term Bond – USD January 2024



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

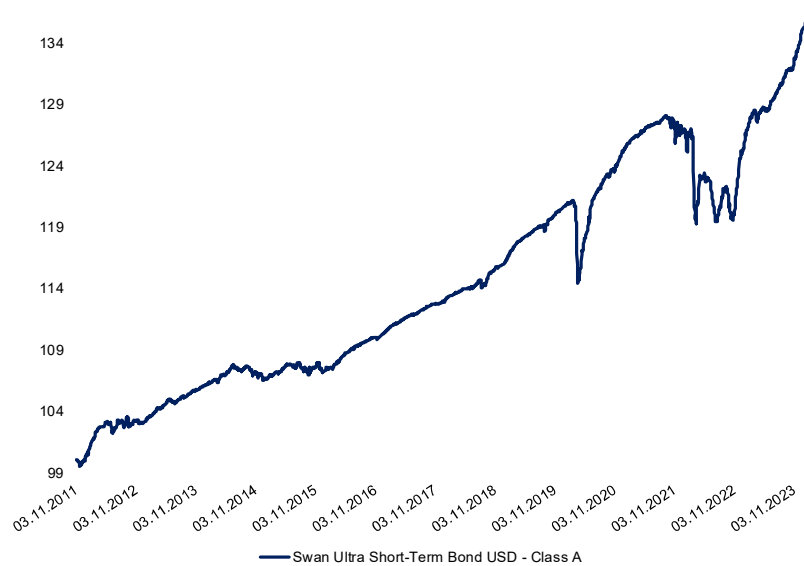
Conservative

Intermediate

High Reward

Performance

MTD :	0.96%	Fund Assets (mln) :	240.9 €
Since inception	36.51%	1 Year Std Dev :	0.89%
Last 12 Months :	7.10%	1 Year Sharpe Ratio :	2.31
NAVps :	USD 136.51	% of positive months :	78%



Global market picture

High Yield Credit markets reported a positive performance in January ranging from +1.11% for EM corp HY to +0.95% of the EU HY in tandem with positive equity markets, S&P500 (+1.59%) and Eurostoxx50 (+2.81%). The IG EUR market was positive by +0.09% while the short-term (1-3 year) H1WN global HY index reported a positive performance of 0.83%. The Global unconstrained (in terms of maturity) HY index was positive at +0.31%. The FED had its policy decision meeting on the 31st of January where it held interest rates deep in restrictive territory remaining at 23 years highs of 5.37%, signaling that while the bias towards further rise had gone, the FED is not ready to cut yet. Economic data continue to be strong in US, with 4Q23 growth at 3.3% YoY and core inflation slightly lower at 3.9% YoY. The ECB confirmed rates at 4%, noting that wage growth was showing signs of slowing and inflation falling in line with expectations. Core inflation in Eurozone remained stable at 3.4% YoY, but Lagarde remains confident that inflation could "decline more quickly in the near term" if energy prices continue to drop in line with expectations. 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 stay below target on a sustained basis. The 10 years bund yield was higher at 2.17% (+15bps in the month), in tandem with the 10 years Treasury at 3.91% (+3bps in the month). Oil moved lower to 82\$/per barrel, while US dollar rebounded with DXY at 103.27. 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 91% of the positions (147 out of 162) 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 (17 months or 1.39 of spread duration), combined with a gross yield of 6.84% (in EUR) and z-spread of 369 basis points.

Period	Class C*	Class A	Portfolio info
MTD	0.98%	0.96%	# of Securities 162
YTD	0.98%	0.96%	% Weight 100.36%
6 months	4.90%	4.82%	Int Dur 1.07
1 year	7.29%	7.10%	Yield (gross) in EUR 6.84%
2023	7.95%	7.82%	Spread Duration 1.39
2022	-0.90%	-1.19%	Z-spread 369
2021	1.57%	1.27%	
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	22.14%
EUR	49.16%
NOK	13.86%
SEK	8.54%
CHF	2.86%
GBP	3.44%
TOTAL	100.00%

Geographic breakdown

EU	40.52%
US	9.33%
Oth DEV	34.76%
LATAM	2.55%
EMEA	12.07%
ASIA	0.75%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.55%
BBB	16.14%
	tot IG 16.69%
BB	29.75%
B	10.61%
CCC	0.55%
	tot HY 40.91%
NR	42.40%
TOTAL	100.00%

Sector breakdown - Top 10

Banking	10.80%
Real Estate - Mgmt Res	6.59%
Shipping - Gas	5.22%
Telecom - Wireline Integra	4.67%
Finance - NPL collector	4.62%
Oil Field Equipment & Ser	4.57%
Software/Service	3.97%
Real Estate - Dev Res	3.70%
Investments & Misc Finan	3.42%
Pharmaceuticals	2.92%

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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