

Swan Bond Opportunity – EUR August 2017



Strategy

The sub-fund aims to generate significant excess return vs 3m Euribor in combination with extremely low volatility. The strategy combines the “buy and hold” investment in a highly diversified and granular portfolio of liquid short-term fixed income securities with the opportunistic allocation of the promised average spread over risk free rate to a number of interest rate and FX active strategies.

Performance

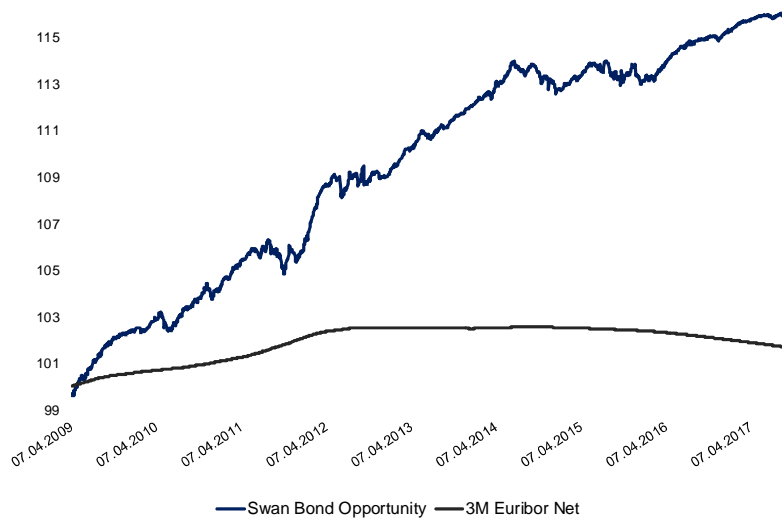
MTD :	0.04%	Fund Assets (mIn) :	191.0 €
Since inception	16.01%	1 Year Std Dev :	0.32%
Last 12 Months :	0.97%	1 Year Sharpe Ratio :	4.34
NAVps :	EUR 116.01	positive months %:	77%

Risk Profile

Conservative

Intermediate

High Reward



Period	Perf.
MTD	0.04%
YTD	0.69%
6 months	0.29%
1 year	0.97%
2016	1.86%
2015	0.35%
2014	0.54%
2013	2.77%
2012	2.84%
2011	1.85%
2010	1.73%
2009	2.38%

Portfolio info

# of Securities	102
% Weight	97.29%
Int Dur	0.41
Yield (gross)	1.29%
Spread Duration	0.74
Z-spread	175

FX breakdown (fully hedged)

USD	49.05%
EUR	10.24%
NOK	16.09%
GBP	6.93%
SEK	7.80%
CHF	5.77%
AUD	3.27%
SGD	0.85%
TOTAL	100.00%

Geographic breakdown

EU	10.17%
US	0.00%
Oth DEV	25.43%
LATAM	4.20%
EMEA	47.67%
ASIA	12.52%
TOTAL	100.00%

Global market picture

During August, European credit markets experienced a slightly negative performance (Xover 2bps wider at 236bps) in tandem with a negative movement of the Eurostoxx 50 (-0.81%), while S&P500 reached new historical highs at 2'471, almost flat during the month. Nervousness arose in the market due to North Korea missile tests, that increased tensions with the US and showed different positions among the different parties (US, South Korea, China and Russia) on how to reply to this offence: for the moment it seems that the situation will not escalate to war as it would be negative for all parties; anyway it remains an issue that can give some volatility in the future. On the macro side, global growth is still solid while inflation remains missing: this makes the tapering for the ECB more difficult to be implemented, postponing again market consensus on the reduction of monthly purchases to October (from € 60bn to € 40bn); EURUSD strength is not helping on this, with a possible reduction on inflation projections for the future; while the FED seems ready to announce the start of balance sheet normalization during its September meeting. On the rates side the 10 Treasury yield was lower at around 2.11% (-18 bps) due to North Korea tensions, the same for the 10 Year Bund yield lower at 0.36% (-18bps). EM credit market had a positive return this month, continuing the recent trend and benefiting from the tapering postponement from DM central banks.

Yield-type strategy

The bucket generated a gross positive contribution to the monthly performance, thanks to 95% of the positions (75 out of 79) contributing positively. Positive contributions were homogeneously distributed, while there were not significant negative contributions. The average life of the yield-type portfolio is very short (9 months or 0.76 of spread duration), combined with a yield of 1.29% and z-spread of 175 basis points.

Rating breakdown

AAA	0.00%
AA	0.00%
A	1.14%
BBB	42.72%
tot IG	43.86%
BB	16.31%
B	15.54%
CCC	0.00%
tot HY	31.85%
NR	24.29%
TOTAL	100.00%

Sector breakdown - Top 10

Banking	30.59%
Services	18.67%
Real Estate	14.54%
Energy	10.74%
Financial Services	6.32%
Basic Industry	3.71%
Foreign Sovereign	3.38%
Utility	3.29%
Transportation	3.22%
Supranational	3.02%

Active Strategies

The bucket generated a slightly positive contribution thanks to the short position on 10yrs Bund Future.

Sicav Structure – Terms & Conditions

Domicile: Luxembourg

Inception Date: 1 April 2009

Minimum Investment: 1 share

Liquidity / Reporting: Daily

Fees: 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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