

Swan Bond Opportunity – CHF October 2017



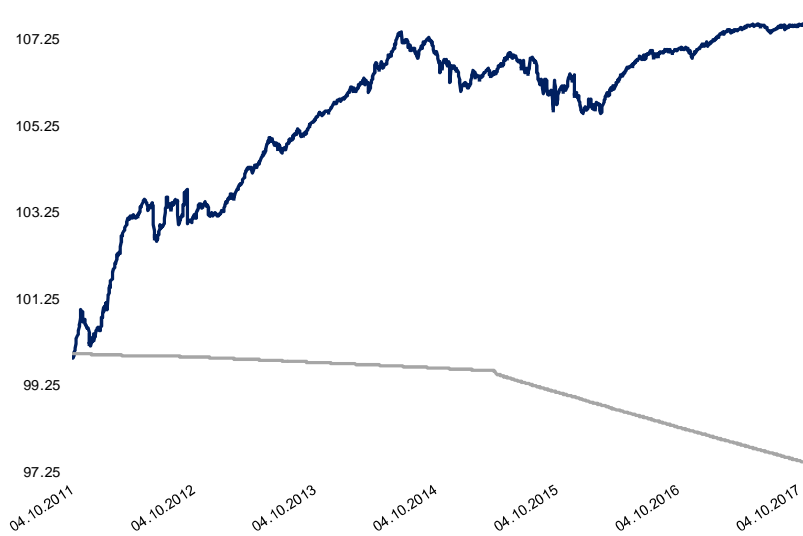
Strategy

The sub-fund aims to generate significant excess return vs 3m Libor CHF 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 :	-0.01%	Fund Assets (mln) :	184.0 €
Since inception	7.56%	1 Year Std Dev :	0.31%
Last 12 Months :	0.49%	1 Year Sharpe Ratio :	4.05
NAVps :	CHF 107.56	% of positive months :	71%

Risk Profile



Global market picture

During October, European credit markets experienced a positive performance (H9PC Index +1.07%) in tandem with a positive movement of the Eurostoxx 50 (+2.20%), while S&P500 reached new historical highs at 2'575 (+2.22% during the month). The ECB meeting was one of the main topic of the month: Mario Draghi reiterated the ECB accommodative stance announcing a reduction in monthly purchases to €30bn from January to September 2018, with no sudden stop of the program thereafter. In US president Trump and his staff started discussions on next FED chairman: Yellen or Powell appointment would represent continuity, while Taylor or Warsh a more hawkish solution (final decision will be announced before the Presidential Asian trip). From a macro point of view, US economic data continued to confirm a solid path of growth, with Q3 GDP ahead of expectations at 3%, and the reporting season was strong globally with US, Europe and Japan posting EPS growth of 7%, 8% and 10% respectively. EM credit markets generated positive returns this month (EMHB Index +0.73%), helped also by Xi Jinping reappointment as General Secretary of the CPC after the party congress.

Yield-type strategy

The bucket generated a gross positive contribution to the monthly performance, thanks to 94% of the positions (74 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 0.74 of spread duration), combined with a yield of 1.45% and z-spread of 205 basis points.

Period	Perf.
MTD	-0.01%
YTD	0.40%
6 months	0.00%
1 year	0.49%
2016	1.43%
2015	-0.53%
2014	0.27%
2013	2.54%
2012	2.42%
2011	0.83%

Portfolio info

# of Securities	97
% Weight	101.31%
Int Dur	0.40
Yield (gross)	1.45%
Spread Duration	0.75
Z-spread	205

FX breakdown (fully hedged)

USD	49.78%
EUR	7.55%
NOK	18.13%
GBP	5.73%
SEK	7.90%
CHF	8.62%
AUD	2.29%
SGD	0.00%
TOTAL	100.00%

Geographic breakdown

EU	8.23%
US	0.21%
Oth DEV	27.49%
LAT AM	5.01%
EMEA	48.41%
ASIA	10.66%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.46%
BBB	38.53%
tot IG	38.99%
BB	16.49%
B	16.78%
CCC	0.21%
tot HY	33.48%
NR	27.54%
TOTAL	100.00%

Sector breakdown - Top 10

Banking	31.08%
Services	22.28%
Real Estate	16.03%
Energy	10.09%
Financial Services	4.20%
Transportation	3.30%
Foreign Sovereign	2.70%
Supranational	2.52%
Utility	2.46%
Agency	1.52%

Active Strategies

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

Sicav Structure – Terms & Conditions

Domicile: Luxembourg

Inception Date: 4 October 2011

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: CBSWBAC LX, class C: CBSWBCC LX

ISIN: class A: LU0681571880, class C: LU0681572268

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