

Swan Bond Opportunity – EUR

April 2018



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

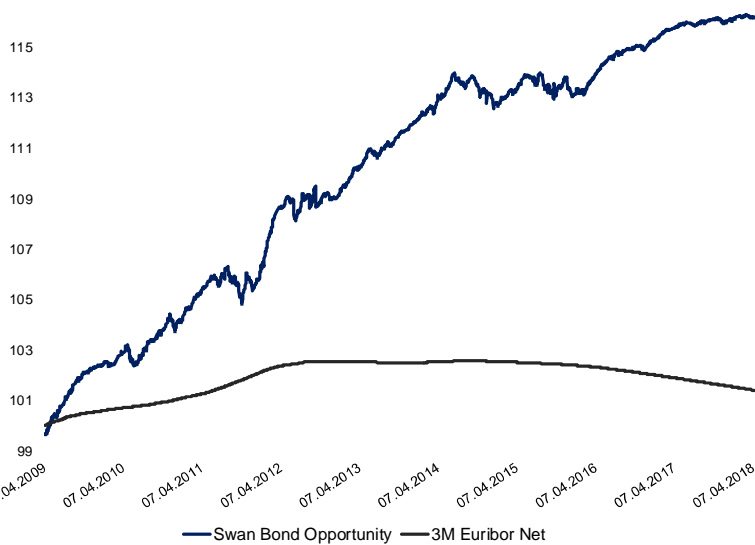
MTD :	0.05%	Fund Assets (mIn) :	174.5 €
Since inception	16.24%	1 Year Std Dev :	0.28%
Last 12 Months :	0.31%	1 Year Sharpe Ratio :	2.32
NAVps :	EUR 116.24	positive months %:	77%

Risk Profile

Conservative

Intermediate

High Reward



Period	Perf.
MTD	0.05%
YTD	0.14%
6 months	0.11%
1 year	0.31%
2017	0.75%
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	107
% Weight	105.76%
Int Dur	0.25
Yield (gross)	1.87%
Spread Duration	0.80
Z-spread	233

FX breakdown (fully hedged)

USD	45.54%
EUR	12.80%
NOK	17.90%
GBP	5.11%
SEK	6.40%
CHF	8.94%
AUD	3.30%
SGD	0.00%
TOTAL	100.00%

Geographic breakdown

EU	8.21%
US	0.20%
Oth DEV	31.14%
LATAM	4.61%
EMEA	40.31%
ASIA	15.51%
TOTAL	100.00%

Global market picture

Main topic of the month was the possible softening in growth, with CESI of G10 economies dipping below zero after recent highs at the end of 2017: investors did not seem to be excessively worried about this, and during April, European credit markets experienced a positive performance (H9PC Index +0.65%), in tandem with a positive movement of the Eurostoxx 50 (+5.21%); S&P500 also realized positive performance (+0.27%), reversing the correction started in February. Yield on 10 years Bund, after an initial rebound to 0.65%, pulled back to 0.55%, while flattening movement on US curve continued, with the 2 years/10 years maturity steepness reaching a multi years low of 50bps. On central banks' side, the ECB meeting did not bring significant changes in monetary policy: Draghi confirmed his confidence on inflation outlook, postponing any decision on QE to July/September meeting and signaling how the ECB is still on a data-watching mode. Important changes in rhetoric had been made by BoE Governor Carney, that after disappointing 1Q18 GDP data, flagged uncertainty about a possible rate hike in May, with markets that had to reduce the probability of such an event from close to 100% to below 10%. Emerging markets credit performance was negative (EMHB index -0.58%), with spread to worst 13bps wider at 366bps, notwithstanding Brent reached new highs at 75USD per barrel. Finally, the meeting between Kim Jong-Un and South Korea President Moon Jae-in was an historical event (last meeting took place in 2007), and paved the way for a possible summit between US and North Korea in June.

Yield-type strategy

The bucket generated a gross positive contribution to the monthly performance, thanks to 85% of the positions (76 out of 89) contributing positively. Positive contributions were homogeneously distributed, while there were not significant

Rating breakdown

AAA	0.00%
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A	1.04%
BBB	36.44%
tot IG	37.47%
BB	15.35%
B	16.45%
CCC	0.20%
tot HY	32.01%
NR	30.52%
TOTAL	100.00%

Sector breakdown - Top 10

Banking	27.91%
Services	23.85%
Real Estate	21.71%
Energy	9.78%
Financial Services	5.09%
Supranational	2.61%
Transportation	1.93%
Agency	1.73%
Basic Industry	1.50%
Foreign Sovereign	1.49%

negative contributions. The average life of the yield-type portfolio is very short (9 months or 0.75 of spread duration), combined with a yield of 1.87% and z-spread of 233 basis points.

Active Strategies

The bucket generated a positive contribution this month due 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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