

Swan Bond Opportunity – CHF

April 2018



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

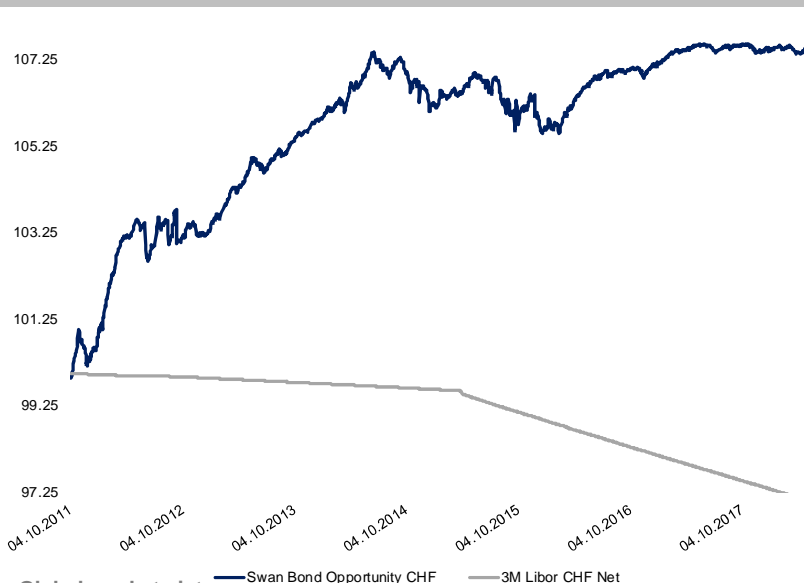
MTD :	0.03%	Fund Assets (mln) :	174.5 €
Since inception	7.45%	1 Year Std Dev :	0.31%
Last 12 Months :	-0.11%	1 Year Sharpe Ratio :	2.04
NAVps :	CHF 107.45	% of positive months :	71%

Risk Profile

Conservative

Intermediate

High Reward



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

Period

MTD	0.03%
YTD	0.01%
6 months	-0.10%
1 year	-0.11%
2017	0.29%
2016	1.43%
2015	-0.53%
2014	0.27%
2013	2.54%
2012	2.42%
2011	0.83%

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%

Rating breakdown

AAA	0.00%
AA	0.00%
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: 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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