

Swan Ultra Short-Term Bond – USD

March 2019



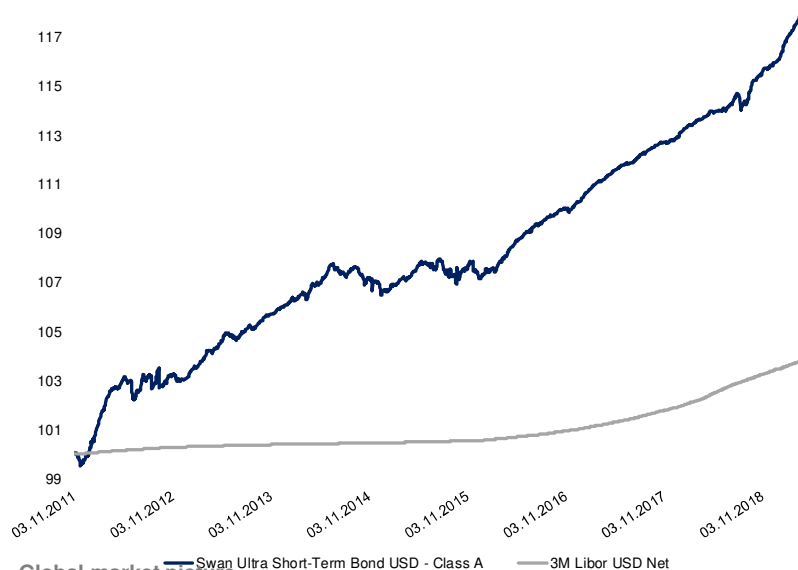
Strategy

The sub-fund aims to generate excess return vs 3m Libor 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 and residual allocation of the promised average spread over risk free rate to a number of interest rate and FX active strategies.

Performance

MTD :	0.32%	Fund Assets (mln) :	219.2
Since inception	17.81%	1 Year Std Dev :	0.55%
Last 12 Months :	3.57%	1 Year Sharpe Ratio :	2.6
NAVps :	USD 117.81	% of positive months :	80%

Risk Profile



Period	Class C*	Class A	Portfolio info	
MTD	0.25%	0.32%	# of Securities	108
YTD	1.37%	1.47%	% Weight	100.00%
6 months	2.37%	2.24%	Int Dur	0.28
1 year	3.82%	3.57%	Yield (gross)	1.76%
2018	2.91%	2.66%	Spread Duration	0.82
2017	2.68%	2.43%	Z-spread	223
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	40.77%
EUR	22.86%
NOK	19.90%
SEK	8.19%
CHF	5.66%
GBP	2.14%
AUD	0.48%
TOTAL	100.00%

Geographic breakdown

EU	14.89%
US	1.27%
Oth DEV	33.44%
LAT AM	3.73%
EMEA	30.91%
ASIA	15.75%
TOTAL	100.00%

Rating breakdown

AAA	0.00%	
AA	0.00%	
A	3.24%	
BBB	16.85%	
	tot IG	20.08%
BB	20.02%	
B	22.08%	
CCC	0.00%	
	tot HY	42.10%
NR	37.82%	
TOTAL	100.00%	

Sector breakdown - Top 10

Banking	30.42%
Real Estate	21.78%
Services	21.58%
Energy	6.66%
Financial Services	6.09%
Sovereign	3.07%
Leisure	2.71%
Basic Industry	2.64%
Transportation	1.95%
Technology & Electronics	1.21%

Global market picture

March was another strong month: European credit markets were positive (H9PC Index +0.97%), likewise equity markets with Eurostoxx 50 and S&P 500 gaining respectively 1.62% and 1.79%. Once again, central banks' meetings took the center of the stage: the FED sent a dovish message, with a bigger than expected number of FOMC participants that now expects no rates hikes in 2019 and DOTS signaling just one hike over the next 2 years. Markets participants took very seriously the message launched by Jerome Powell, with Fed funds futures pricing one rate cut to December 2020 and other central banks joining the dovish stance embraced by the FED. General dovishness coupled with mixed economic data flow in US (CESIUSD was stable around -40) caused a significant downward movement in the 10 years Treasury, down from 2.71% to 2.41%. Data from Europe remained on the weak side and ECB was forced to take a supportive position during the March meeting, announcing the possibility of a new TLTRO program and shifting its forward guidance on rates to be unchanged until the end of 2019. Yield on 10 Years German Bund reacted strongly to ECB announcements, closing the month at the lowest level in the last three years (-0.07%). Political risks receded in the month: Mueller report did not impact seriously Trump's Administration while Brexit saga seemed to exclude a no deal scenario. Emerging markets reported a positive performance (+0.74%) with Asia being the best performer during the month. EM resilience was mainly due to the dovish tone of all the Central Banks around the world and constructive talks between US and China (even if we are still waiting for a final agreement), in addition to continued strength of oil prices (Brent up 4% at 68 USD per barrel).

Yield-type strategy

The bucket generated a gross positive contribution to the monthly performance, with 89% of the positions (78 out of 88) contributing positively. Positive contributions were homogeneously distributed, the only exception being AABAR 03/20, while there were not significant negative contributions. The average life of the yield-type portfolio is very short (10 months or 0.82 of spread duration), combined with a yield of 1.76% and z-spread of 223 basis points.

Active Strategies

The bucket generated a negative contribution this month due to the short position on 10yrs Bund Future

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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