

# Swan Ultra Short-Term Bond – EUR

## April 2019



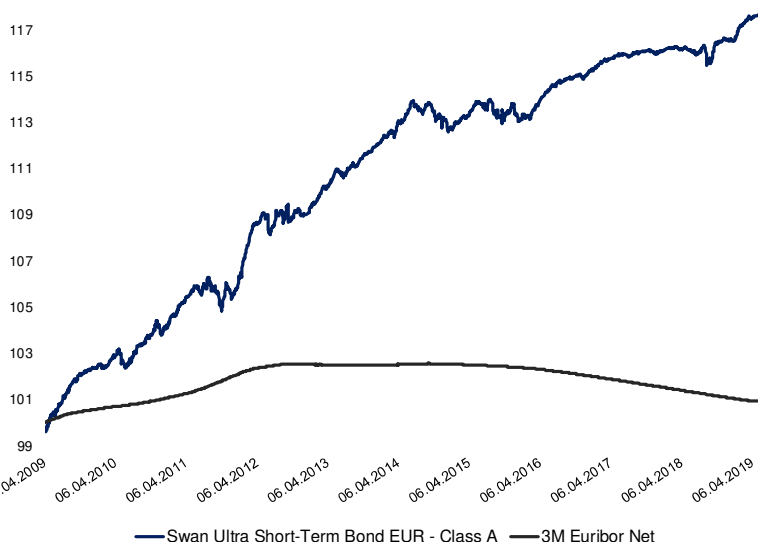
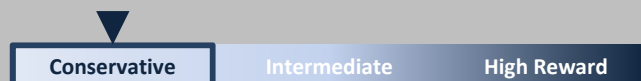
### Strategy

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

### Performance

MTD :	<b>0.10%</b>	Fund Assets (mIn) :	222.0 €
Since inception	<b>17.61%</b>	1 Year Std Dev :	0.58%
Last 12 Months :	<b>1.18%</b>	1 Year Sharpe Ratio :	2.92
NAVps :	EUR 117.61	positive months %:	76%

### Risk Profile



Period	Class C*	Class A
MTD	0.12%	0.10%
YTD	1.01%	0.93%
6 months	1.05%	0.94%
1 year	1.39%	1.18%
2018	0.58%	0.39%
2017	0.92%	0.75%
2016	2.05%	1.86%
2015	0.58%	0.35%
2014	0.63%	0.54%
2013	3.00%	2.77%
2012	3.05%	2.84%
2011	2.07%	1.85%
2010	1.90%	1.73%
2009	2.63%	2.38%

Portfolio info	
# of Securities	118
% Weight	95.97%
Int Dur	0.21
Yield (gross)	1.67%
Spread Duration	0.71
Z-spread	209

\*Class A adjusted for management fee difference used for periods before Class C inception.

### FX breakdown (fully hedged)

USD	40.47%
EUR	24.14%
NOK	19.59%
SEK	7.17%
CHF	6.27%
GBP	1.93%
AUD	0.43%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	14.40%
US	0.96%
Oth DEV	33.62%
LAT AM	3.77%
EMEA	27.13%
ASIA	20.12%
<b>TOTAL</b>	<b>100.00%</b>

### Global market picture

April was another strong month: European credit markets were positive (H9PC Index +1.41%), likewise equity markets with Eurostoxx 50 and S&P 500 gaining respectively 4.86% and 3.93%. Economic data sent opposite messages in US: labor market and 1Q GDP release were strong (change in NFP at 196k vs 177k and 1Q GDP at 3.2% vs 2.3%) in contrast with CPI at just 2%, while CESIUSD index reached its lowest level in two years at -58.7. FED minutes confirmed how patient will be the Committee in raising rates and also how markets participants are skeptical about imminent hikes, with Fed funds futures pricing no rate movements in 2019 and one rate cut to December 2020. 10 years Treasury moved higher, to 2.50% from 2.41%, in tandem with yield on 10 Years German Bund that closed the month at 0.01% (8bps during the month) notwithstanding weak data from Europe. Mario Draghi speech after ECB meeting on 10th of April reinforced the view that rates in Europe will remain on hold for longer expected, and that the new TLTRO will provide sufficient liquidity to European banks. Political risk was concentrated on the Brexit saga: the final date was postponed to 31st of October, leaving some additional months to find an agreement and removing the immediate risk of a no-deal. Emerging markets reported a positive performance (+0.72%) with Emea 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 6% at 73 USD per barrel).

### Yield-type strategy

The bucket generated a gross positive contribution to the monthly performance, with 90% of the positions (82 out of 90) 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 gross yield of 1.67% (in EUR) and z-spread of 209 basis points.

### Rating breakdown

AAA	0.00%
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A	2.92%
BBB	17.04%
<b>tot IG</b>	<b>19.96%</b>
BB	19.53%
B	20.46%
CCC	0.00%
<b>tot HY</b>	<b>39.99%</b>
NR	40.05%
<b>TOTAL</b>	<b>100.00%</b>

### Sector breakdown - Top 10

Banking	27.88%
Real Estate	23.03%
Services	20.96%
Financial Services	7.06%
Energy	6.14%
Transportation	3.34%
Sovereign	3.11%
Leisure	2.39%
Technology & Electronics	1.56%
Telecommunications	1.55%

### 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: 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: CBSWBOA LX, class C: CBSWBOC LX

ISIN: class A: LU0417109773, class C: LU0417110193

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