

# Swan Ultra Short-Term Bond – EUR November 2019



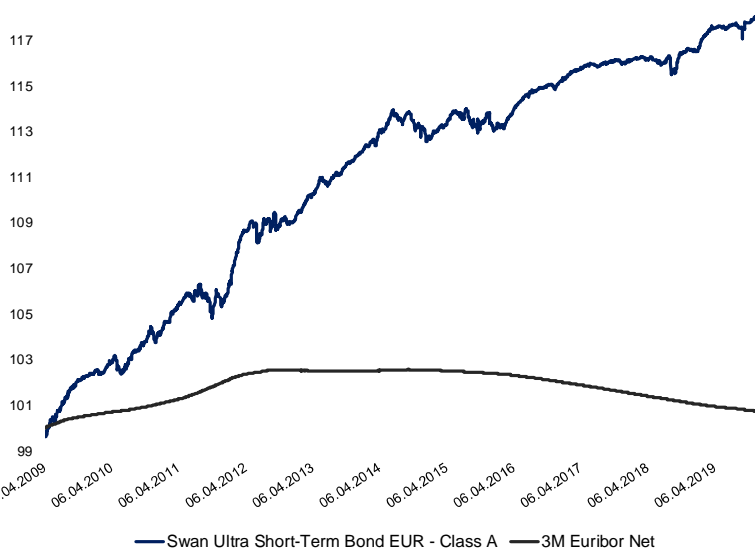
## Strategy

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>0.14%</b>	Fund Assets (mIn) :	309.0 €
Since inception	<b>18.05%</b>	1 Year Std Dev :	0.65%
Last 12 Months :	<b>1.28%</b>	1 Year Sharpe Ratio :	2.86
NAVps :	EUR 118.05	positive months %:	76%

## Risk Profile



Period	Class C*	Class A
MTD	0.17%	0.14%
YTD	1.52%	1.30%
6 months	0.53%	0.43%
1 year	1.51%	1.28%
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	139
% Weight	93.13%
Int Dur	0.31
Yield (gross)	1.39%
Spread Duration	0.70
Z-spread	202

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

### FX breakdown (fully hedged)

USD	49.75%
EUR	21.45%
NOK	21.05%
SEK	4.39%
CHF	1.54%
GBP	1.53%
AUD	0.29%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	11.99%
US	0.00%
Oth DEV	32.58%
LAT AM	5.64%
EMEA	24.86%
ASIA	24.92%
<b>TOTAL</b>	<b>100.00%</b>

## Global market picture

November was a positive month for financial markets: European credit markets were positive (H9PC Index +1.11%), and equity markets were positive both in Europe (Eurostoxx 50 +2.75%) and in US (S&P 500 +3.40%). The month started with a small rebound in the US Manufacturing ISM, signaling that the economy could be close to a bottom: GDP release confirmed that US economy grew at around 2% in 3Q, while unemployment remained low at 3.6%. With the resilience demonstrated by US data, the FED seems to consider monetary policy in a “good place” and markets are forecasting slightly more than one cut until December 2020. Christine Lagarde started her mandate as ECB president during November: her speeches did not send clear signals about an imminent action on monetary policy, that we expect to remain supportive for markets. Data from Eurozone were slightly positive, with flash PMI rebounding and 3Q19 lackluster growth in Germany linked to a drag from inventories. German 10 years Bund closed the month at -0.36% (+5bps during the month) in tandem with 10 Years Treasury +1.78% (+8bps during the month). Bullish sentiment on the markets was mainly due to optimism coming from progress in the US-China negotiations on a potential deal: we saw several headlines announcing a possible Phase One deal, immediately followed by denials and postponements, and we think this dispute will not be resolved anytime soon. Emerging markets reported a positive performance (+0.73%) with ASIA being the best performer during the month thanks mainly to China; in Argentina Fernandez still has to approach investors for a possible debt restructuring, while pressure is mounting in LEBANON, where government resigned after harsh public protests. Oil was up 3.65% in the month, closing at 62.43 USD per barrel.

## Yield-type strategy

The bucket generated a gross positive contribution to the monthly performance, with 89% of the positions (101 out of 114) 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 0.75 of spread duration), combined with a gross yield of 1.39% (in EUR) and z-spread of 202 basis points.

## Rating breakdown

AAA	0.00%
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A	1.01%
BBB	12.10%
<b>tot IG</b>	<b>13.10%</b>
BB	23.67%
B	28.34%
CCC	0.20%
<b>tot HY</b>	<b>52.21%</b>
NR	34.68%
<b>TOTAL</b>	<b>100.00%</b>

## Sector breakdown - Top 10

Real Estate	24.87%
Services	22.47%
Banking	21.32%
Energy	7.71%
Sovereign	5.68%
Capital Goods	4.81%
Financial Services	4.21%
Transportation	2.76%
Telecommunications	1.66%
Basic Industry	1.36%

## 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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