

Swan Ultra Short-Term Bond – USD

February 2020



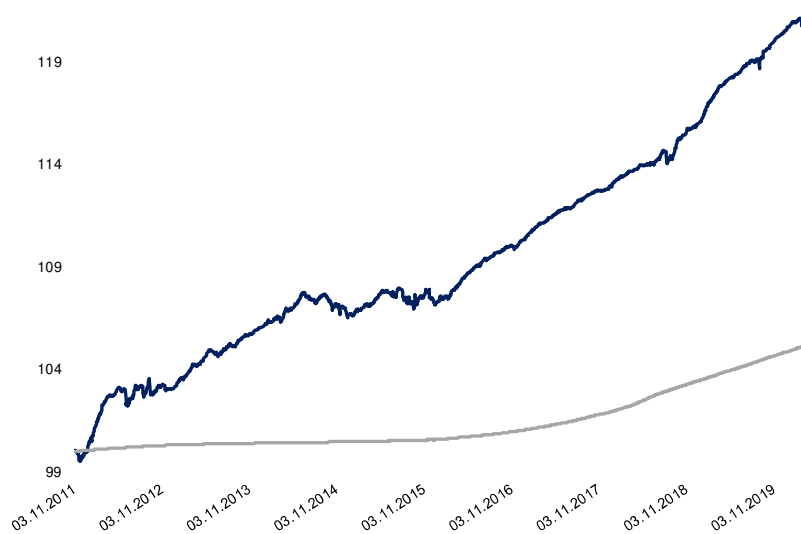
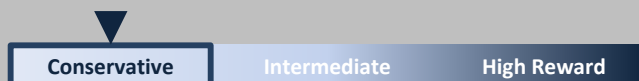
Strategy

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 :	-0.12%	Fund Assets (mln) :	309.7 €
Since inception	20.75%	1 Year Std Dev :	0.64%
Last 12 Months :	2.83%	1 Year Sharpe Ratio :	1.38
NAVps :	USD 120.75	% of positive months :	81%

Risk Profile



Period	Class C*	Class A	Portfolio info
MTD	-0.11%	-0.12%	# of Securities
YTD	0.10%	0.06%	136
6 months	1.44%	1.34%	% Weight
1 year	2.84%	2.83%	92.55%
2019	3.90%	3.94%	Int Dur
2018	2.91%	2.66%	0.30
2017	2.68%	2.43%	Yield (gross)
2016	3.13%	2.88%	2.01%
2015	0.88%	0.63%	Spread Duration
2014	0.78%	0.53%	0.68
2013	3.11%	2.86%	Z-spread
2012	3.11%	2.86%	262
2011	0.52%	0.27%	

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

FX breakdown (fully hedged)

USD	51.49%
EUR	22.44%
NOK	18.64%
SEK	4.96%
CHF	1.89%
GBP	0.29%
AUD	0.29%
TOTAL	100.00%

Geographic breakdown

EU	10.95%
US	0.00%
Oth DEV	33.74%
LAT AM	5.78%
EMEA	26.71%
ASIA	22.82%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	1.01%
BBB	11.11%
	tot IG
	12.12%
BB	30.78%
B	20.94%
CCC	0.26%
	tot HY
	51.97%
NR	35.91%
TOTAL	100.00%

Sector breakdown - Top 10

Real Estate	22.29%
Services	21.72%
Banking	19.84%
Energy	8.05%
Sovereign	5.92%
Financial Services	5.27%
Capital Goods	4.87%
Basic Industry	2.71%
Transportation	2.04%
Telecommunications	1.67%

Global market picture

During February European credit markets experienced a negative performance (H9PC Index -1.90%), in tandem with a negative movement of the Eurostoxx 50 (-8.55%) and the S&P 500 (-8.41%). The month started with US NFP above consensus (225k vs 165k) and unemployment rate that ticked up to 3.6%, but still close to its 50 years low, while in Europe industrial production contracted 4.1%, confirming poor data reported by Germany, France and Italy. In the second part of the month Corona virus outbreak took the center of the stage, sending markets in a downward spiral: the diffusion of the virus in Italy and in other European countries, with restrictions imposed on flights and creation of quarantine area, generated panic selling. The S&P500 registered its worst week since 2008 (-11.49%), Eurostoxx50 lost 11.24% in five days, Xover widened 73bps and 10 Years Treasury reached record low level at 1.15% (German 10 years Bund -17bps @ -0.61%). Central banks did not remain on the sideline: Jerome Powell declared that the FED was “closely monitoring” the risks to US economy from virus outbreak, further reassuring investors saying that the FED “will use its tools and act as appropriate to support the economy”, while Christine Lagarde was more prudent on imminent monetary policy changes. Notwithstanding cautious comment by ECB chair market is pricing two cuts of depo rate by March in Europe, while in US expectations are for a 50bps cut at the next meeting. Emerging Credit markets reported a negative performance (-0.74%), with ASIA area being the best performer during the month, thanks to China resilience. Oil was volatile and closed the month at 50.52 USD per barrel (-13.14%), due to downward revision to growth linked to Corona virus effects.

Yield-type strategy

The bucket generated a gross negative contribution to the monthly performance, with 65% of the positions (73 out of 113) 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 0.73 of spread duration), combined with a gross yield of 2.01% (in EUR) and z-spread of 262 basis points.

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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