

Swan Ultra Short-Term Bond – USD

June 2020



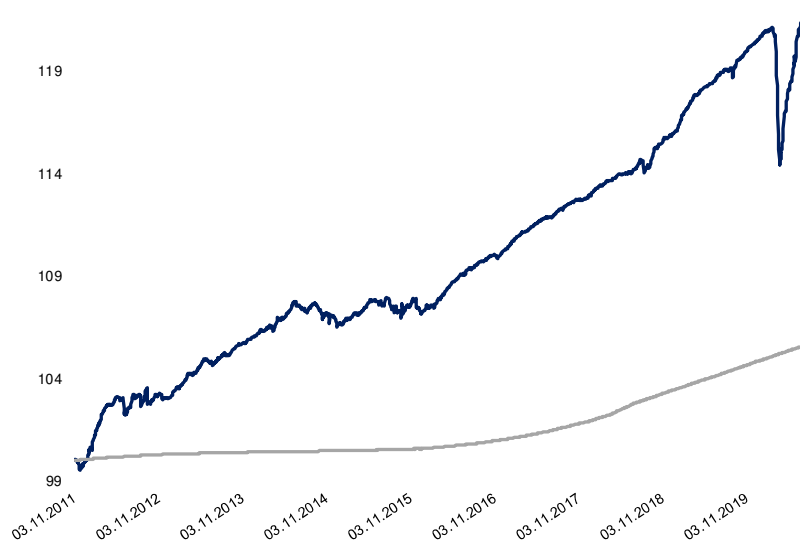
Strategy

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 :	1.61%	Fund Assets (mln) :	276.7 €
Since inception	21.40%	1 Year Std Dev :	2.18%
Last 12 Months :	2.21%	1 Year Sharpe Ratio :	0.54
NAVps :	USD 121.40	% of positive months :	81%

Risk Profile



Period	Class C*	Class A	Portfolio info
MTD	1.60%	1.61%	# of Securities
YTD	0.71%	0.60%	143
6 months	0.71%	0.60%	% Weight
1 year	2.38%	2.21%	99.09%
2019	3.90%	3.94%	Int Dur
2018	2.91%	2.66%	0.49
2017	2.68%	2.43%	Yield (gross)
2016	3.13%	2.88%	5.09%
2015	0.88%	0.63%	Spread Duration
2014	0.78%	0.53%	0.90
2013	3.11%	2.86%	Z-spread
2012	3.11%	2.86%	581
2011	0.52%	0.27%	

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

FX breakdown (fully hedged)

USD	50.40%
EUR	28.43%
NOK	13.50%
SEK	4.75%
CHF	2.64%
GBP	0.28%
AUD	0.00%
TOTAL	100.00%

Geographic breakdown

EU	20.41%
US	1.04%
Oth DEV	28.97%
LAT AM	7.27%
EMEA	22.93%
ASIA	19.39%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.32%
BBB	17.76%
tot IG	18.08%
BB	29.20%
B	18.04%
CCC	0.76%
tot HY	48.00%
NR	33.92%
TOTAL	100.00%

Sector breakdown - Top 10

Services	20.61%
Real Estate	19.87%
Banking	17.54%
Basic Industry	7.83%
Energy	5.38%
Financial Services	5.19%
Sovereign	4.21%
Transportation	4.15%
Capital Goods	3.71%
Retail	2.38%

Global market picture

During June European credit markets experienced a positive performance (H9PC Index +1.93%), in tandem with a positive movement of the Eurostoxx 50 (+6.03%) and the S&P 500 (+1.84%). In this context Swan funds continued to retrace the drawdown experienced during the 1st quarter, with a significant positive monthly performance ranging from +3.18% to 1.66%: our SIF funds are now in positive territory and UCITS funds are just some basis points below zero, while credit markets are still reporting deep negative returns YTD (EUR HY -5.10%, EM HY -2.94%, US HY -5.66% and EUR IG -1.28%). During the month, most data releases beat expectations: flash PMIs reported, for the second month in a row, double digit gains and retail sales in US bounced by 18% in May (but still 6.1% lower than a year ago). During his speech at the Senate FED Chairman Powell took a cautious tone with regards to economy warning of “significant uncertainty” threatening the “timing and strength” of the recovery, and the still elevated COVID-19 infection rates in US poses consistent risks for the next months. The IMF outlook on global economy worsened by 1.9% to a 4.9% from last release in April: biggest downgrades were for France and Spain and deterioration was driven by the more severe lockdown measures applied in previous months and a more gradual recovery forecasted for 2H2020. In Europe negotiations are still ongoing on structure and size of the Recovery Fund and the extraordinary meeting of 17th July will possibly be the final round of the match. Brent strongly recovered reaching 40 USD per barrel (+16% monthly performance) even if strong inventories remain a major concern. We still think that this is an interesting entry point for our strategy: attractive YTM combined with an average maturity of the bonds in portfolio around 1 year give us confidence on the capability to generate positive performance in line with targets during 2020.

Yield-type strategy

The bucket generated a gross positive contribution to the monthly performance, with 94% of the positions (103 out of 110) contributing positively. The YTM remains attractive: conditions are much more interesting now in the short-term part of the credit curve. The average life of the yield-type portfolio is very short (11 months or 0.91 of spread duration), combined with a gross yield of 5.09% (in EUR) and z-spread of 581 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

Contacts at Swan Asset Management SA:

E-mail: info@swan-am.ch - Tel: +41 91 986 31 90