Swan Ultra Short-Term Bond – CHF
October 2020

SWAN
Managers of your future

Strategy

The sub-fund aims to generate excess return vs 3m Libor CHF 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.

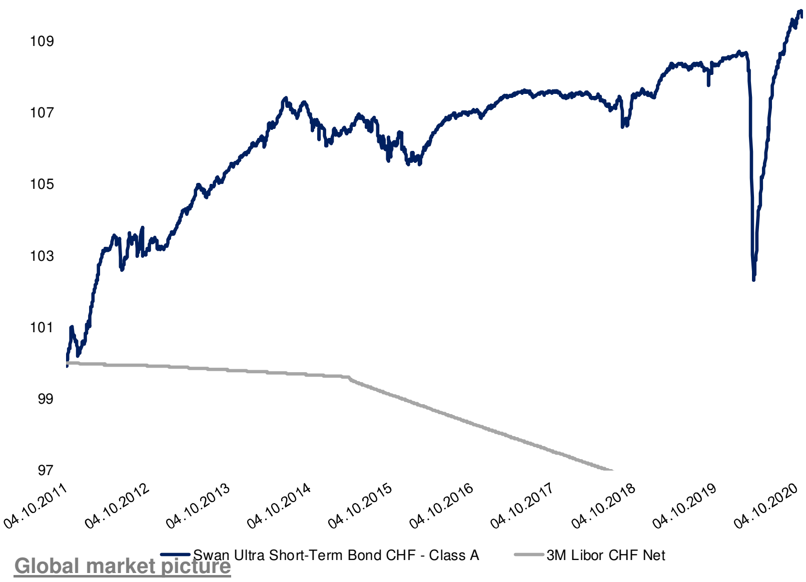
Risk Profile

Conservative | Intermediate | High Reward

Performance

MTD :	0.24%	Fund Assets (mln) :	269.3 €
Since inception	9.65%	1 Year Std Dev :	2.14%
Last 12 Months :	1.14%	1 Year Sharpe Ratio :	0.98
NAVps :	CHF 109.65	% of positive months :	72%

300 MIGLIORI FONDI 2019 – LIQUIDITÀ AREA EURO – BEST 300



Period	Class C*	Class A
MTD	0.26%	0.24%
YTD	1.18%	0.99%
6 months	4.34%	4.23%
1 year	1.38%	1.14%
2019	1.24%	1.04%
2018	0.19%	0.01%
2017	0.58%	0.29%
2016	1.54%	1.43%
2015	-0.29%	-0.53%
2014	0.49%	0.27%
2013	2.73%	2.54%
2012	2.71%	2.42%
2011	1.08%	0.83%

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

Portfolio info	
# of Securities	145
% Weight	99.73%
Int Dur	0.42
Yield (gross)	4.44%
Spread Duration	0.85
Z-spread	539

FX breakdown (fully hedged)	
USD	52.79%
EUR	22.33%
NOK	14.43%
SEK	6.02%
CHF	3.14%
GBP	1.28%
AUD	0.00%
TOTAL	100.00%

Geographic breakdown	
EU	16.63%
US	0.25%
Oth DEV	35.39%
LATAM	7.14%
EMEA	25.04%
ASIA	15.55%
TOTAL	100.00%

Rating breakdown	
AAA	0.00%
AA	0.00%
A	0.00%
BBB	15.09%
tot IG	15.09%
BB	27.16%
B	17.99%
CCC	0.84%
tot HY	45.98%
NR	38.93%
TOTAL	100.00%

Sector breakdown - Top 10	
Services	22.28%
Real Estate	17.95%
Banking	13.22%
Basic Industry	10.13%
Financial Services	5.57%
Energy	5.45%
Transportation	3.28%
Sovereign	3.06%
Telecommunications	3.04%
Leisure	2.64%

Global market picture

During October European credit markets experienced a positive performance (H9PC Index +0.42%), in contrast with the movement of the Eurostoxx 50 (-7.37%) and S&P 500 (-2.77%). In this context Swan funds continued to move higher with a positive monthly performance ranging from +0.28% to 0.91%: our SIF funds are in positive territory (+4.07% SLSC and +3.80% for SBE) and also UCITS funds registered positive performance YTD (+1.41% USTB and +1.50% for STHY), while credit markets are still reporting mixed returns YTD (European HY -2.32%, Emerging HY +0.24%, US HY -1.27% and EUR IG +1.45%). Monthly data continue to indicate a moderating but still above trend growth with significant regional differences: in China economy continued its recovery, with strong trade terms signaling strength of export sector, while in the US, notwithstanding strong PMIs, there are more risks of slowdown if Congress will not approve a fiscal stimulus package before the elections. Europe was the region with the most problematic situation: after a strong Q3, expectations for Q4 are for zero growth due to a massive resurgence of Covid-19 infections; France announced a semi-Lockdown lasting till December and other countries could quickly follow this path, especially Spain and Italy. The ECB remained extremely dovish during its meeting, announcing further monetary easing before year end to counter risks “clearly tilted to the downside”. In this environment 10yrs Bund yields moved lower to -0.63%, while 10yrs Treasury jumped higher to 0.87%, while gold continued its retracement from August peak. We think that this is an interesting entry point for our strategy: current YTM combined with an average maturity of the bonds around 1 year give us confidence on the capability to generate positive performance in line with targets during 2020 and give us the opportunity to build portfolios with attractive returns on a 1 year horizon.

Yield-type strategy

The bucket generated a gross positive contribution to the monthly performance, with 85% of the positions (99 out of 116) contributing positively. The YTM remains attractive and conditions are always interesting in the short-term part of the credit curve. The average life of the yield-type portfolio is very short (10 months or 0.85 of spread duration), combined with a gross yield of 4.44% (in EUR) and z-spread of 539 basis points.

Sicav Structure – Terms & Conditions
Domicile: Luxembourg
Inception Date: 4 October 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: CBSWBAC LX, class C: CBSWBCC LX
ISIN: class A: LU0681571880, class C: LU0681572268
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