

Swan Ultra Short-Term Bond – EUR December 2020



Strategy

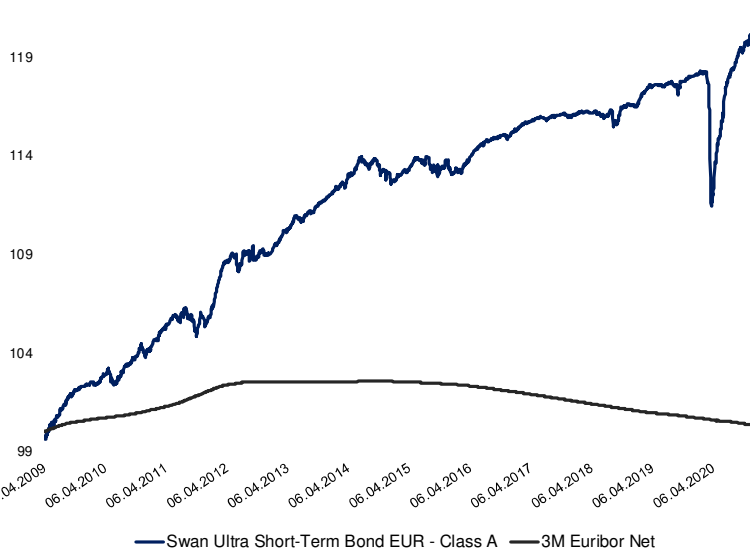
The sub-fund aims to generate excess return vs 3m Euribor in combination with extremely low volatility. The strategy combines the “buy and hold” investment in a highly diversified and granular portfolio of liquid short-term fixed income securities with the opportunistic and residual allocation of the promised average spread over risk free rate to a number of interest rate and FX active strategies.

Risk Profile

Conservative

Intermediate

High Reward



Global market picture

During December European credit markets experienced a positive performance (H9PC Index +0.80%), in tandem with the movement of the Eurostoxx 50 (+1.72%) and S&P 500 (3.71%). In this context Swan funds continued to move higher with a positive monthly performance ranging between +0.47% and 1.23%: SIF funds closed the year in positive territory (+6.96% SLSC and +6.12% for SBE), UCITS funds registered significant positive performance in 2020 (+2.2% USTB and +2.65% for STHY), while credit markets reported low single digit positive returns (European HY +2.76%, Emerging HY +7.23%, US HY +4.31% and EUR IG +2.65%). Mass vaccinations campaigns started all around the world: US was the first to move, followed by UK and European countries, but several obstacles (vaccine availability and willingness of the population to participate being the major ones) appeared to threaten the objective of a quick herd immunity. On the political side, the EU-UK deal on Brexit reached in the last days of the year, avoided a no deal scenario that would have hurt severely both economies; expectations for Euro area GDP are -10% q/q in 4Q followed by a significant rebound, especially in 2Q21 (+10%) and 3Q21 (+9%). In the United States an agreement was reached on fiscal stimulus, with an additional 900bn\$ plan approved, while Donald Trump continued to challenge elections' results. In this context, the 10 years bund yield was substantially flat at -0.57%, while the 10 years Treasury moved higher 7bps to 0.91%. We think that this is still an interesting entry point for our strategy: current YTM, albeit reduced, give us confidence on the capability to generate positive performance in line with targets during 2021; average maturity of the bonds in our portfolios is still around 1 year and should help reduce volatility in case of new episodes of market stress.

Yield-type strategy

The bucket generated a gross positive contribution to the monthly performance, with 95% of the positions (106 out of 112) 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 0.82 of spread duration), combined with a gross yield of 2.51% (in EUR) and z-spread of 303 basis points.

Performance

MTD :	0.52%	Fund Assets (mIn) :	330.2 €
Since inception	21.17%	1 Year Std Dev :	2.16%
Last 12 Months :	2.58%	1 Year Sharpe Ratio :	1.44
NAVps :	EUR 121.17	positive months %:	77%



Period	Class C*	Class A	Portfolio info	
MTD	0.46%	0.52%	# of Securities	146
YTD	2.67%	2.58%	% Weight	92.73%
6 months	2.86%	2.90%	Int Dur	0.38
1 year	2.67%	2.58%	Yield (gross)	2.51%
2019	1.59%	1.36%	Spread Duration	0.76
2018	0.58%	0.39%	Z-spread	303
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%		

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

FX breakdown (fully hedged)

USD	59.49%
EUR	18.29%
NOK	15.36%
SEK	4.76%
CHF	1.19%
GBP	0.90%
AUD	0.00%
TOTAL	100.00%

Geographic breakdown

EU	12.26%
US	4.11%
Oth DEV	33.42%
LATAM	4.07%
EMEA	28.57%
ASIA	17.57%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	12.34%
tot IG	12.34%
BB	27.85%
B	20.75%
CCC	0.71%
tot HY	49.31%
NR	38.35%
TOTAL	100.00%

Sector breakdown - Top 10

Services	23.77%
Real Estate	21.31%
Banking	17.11%
Basic Industry	8.35%
Leisure	6.68%
Telecommunications	3.35%
Financial Services	2.68%
Sovereign	2.57%
Capital Goods	2.43%
Transportation	2.34%

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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This is an advertising document. The state of origin of the fund is Luxembourg. In Switzerland the representative of the SICAV is Cornèr Banca S.A., with registered office in Via Canova 16, CH-6901 Lugano and the payment service is provided by Cornèr Banca S.A., Via Canova 16, CH-6901 Lugano.

The basic documents of the fund as well as the annual and if applicable the semi-annual report may be obtained free of charge from the representative. Past performance is no indication of current or future performance. The performance data do not take account of the commissions and costs incurred on the issue and redemption units.