

Swan Ultra Short-Term Bond – USD September 2021



Strategy

Swan Ultra Short-Term Bond is the UCITS version of our Fixed Income Conservative risk profile. The strategy invests in a highly diversified buy and hold portfolio of liquid short-term fixed income securities, with an average maturity of 1 year. Target Return is 3 months LIBOR + 150 bps.

Risk Profile

Conservative

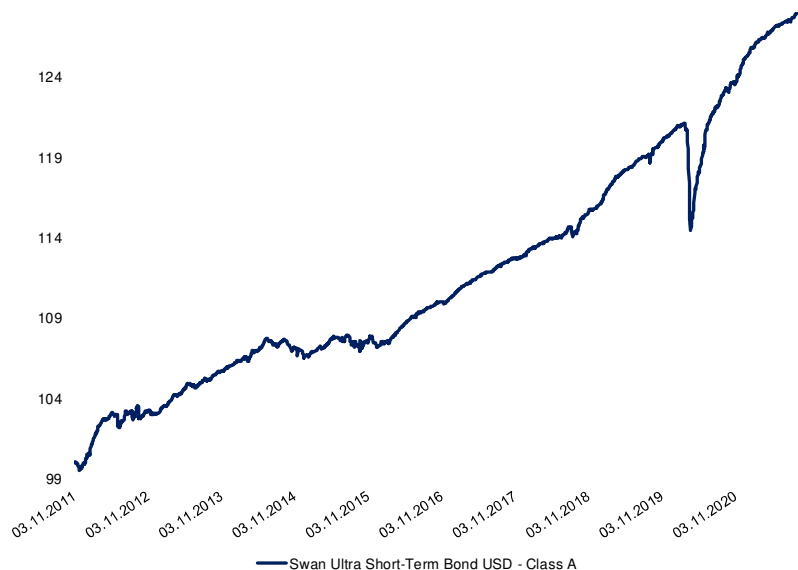
Intermediate

High Reward

Performance

MTD :	-0.06%	Fund Assets (mln) :	423.2
Since inception	27.85%	1 Year Std Dev :	0.67%
Last 12 Months :	3.84%	1 Year Sharpe Ratio :	5.68
NAVps :	USD 127.85	% of positive months :	83%

CFS Rating



Global market picture

During September, European credit markets experienced a negative performance (H9PC Index - 0.07%), in tandem with the movement of the Eurostoxx 50 (-3.53%) and S&P 500 (-4.76%). The liquidity crisis that hit Evergrande, the biggest China Property developer, negatively impacted both equity and credit markets: the company has close to \$300bn in liabilities and missed payment on a coupon the 28th of September. While the Chinese Government did not release any statement suggesting a possible bail-out of bondholders, the PBOC injected substantial liquidity in the financial system in order to support the economy. In the end, we think the government will act to prevent a domino effect on the sector and on the financial system, facilitating an orderly restructuring of Evergrande liabilities avoiding an immediate potential systemic risk. Strong inflation data in US and Europe further raised concerns that the move up in prices could not be transitory as widely expected: inflation is raising in many countries due to post pandemic reopening and pressure is mounting on central banks to start winding down stimulus launched in 2020. Norwegian Central Bank was the first to raise rates, indicating another rate hike in December this year and BOE said the case for tightening policy has "strengthened" recently; the FED expects tapering before the end of the year and a first rate hike in 2022, while the ECB said it will buy less bonds in a sign of confidence that economic recovery will not derail. In this context, the 10 years bund yield was higher at -0.20% (+18bps in the month), in tandem with the 10 years Treasury at 1.49% (+18bps in the month). Gold was lower at 1758 \$ per ounce, while oil was up at 79 USD per barrel, highest level since 2018. We think that this is still an interesting entry point for our strategy: current YTM gives 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 negative contribution to the monthly performance, with 47% of the positions (48 out of 103) 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 (11 months or 0.89 of spread duration), combined with a gross yield of 2.34% (in EUR) and z-spread of 294 basis points.

Period	Class C*	Class A	Portfolio info
MTD	-0.09%	-0.06%	# of Securities
YTD	2.09%	2.02%	147
6 months	1.08%	1.06%	% Weight
1 year	3.83%	3.84%	101.04%
2020	3.96%	3.84%	Int Dur
2019	3.90%	3.94%	0.20
2018	2.91%	2.66%	Yield (gross)
2017	2.68%	2.43%	2.34%
2016	3.13%	2.88%	Spread Duration
2015	0.88%	0.63%	0.89
2014	0.78%	0.53%	Z-spread
2013	3.11%	2.86%	294
2012	3.11%	2.86%	
2011	0.52%	0.27%	

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

FX breakdown (fully hedged)

USD	57.00%
EUR	13.01%
NOK	16.72%
SEK	7.75%
CHF	1.32%
GBP	4.19%
AUD	0.00%
TOTAL	100.00%

Geographic breakdown

EU	15.39%
US	1.22%
Oth DEV	39.30%
LATAM	1.72%
EMEA	25.40%
ASIA	16.96%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	10.43%
	tot IG
	10.43%
BB	24.06%
B	18.22%
CCC	0.90%
	tot HY
	43.18%
NR	46.39%
TOTAL	100.00%

Sector breakdown - Top 10

Services	27.15%
Real Estate	24.50%
Banking	11.14%
Basic Industry	6.19%
Financial Services	4.83%
Consumer Goods	4.12%
Automotive	3.65%
Energy	3.48%
Leisure	3.23%
Agency	2.11%

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

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.