

Swan Ultra Short-Term Bond – EUR

June 2022



Strategy

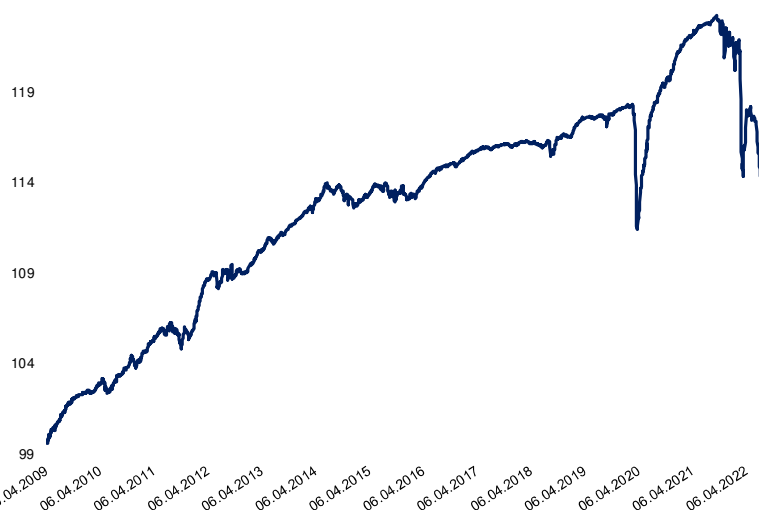
Swan Ultra Short-Term Bond is the UCITS version of our Fixed Income Conservative risk profile. The strategy invests in a highly diversified buy and hold portfolio of liquid short-term fixed income securities, with an average maturity of 1 year. Target Return is 3 months LIBOR + 150 bps.

Risk Profile

Conservative

Intermediate

High Reward



— Swan Ultra Short-Term Bond EUR - Class A

Global market picture

Credit markets remained extremely negative with year to date performances ranging from -14.15% for EM corp HY to -8.36% of the EU HY component in tandem with the movement of the Eurostoxx 50 (-19.62% YTD) and S&P 500 (-20.57% YTD). The IG EUR market is also negative by -12.19% YTD, mainly due to the rates component. The short-term (1-3 year) H1WN global HY index also reports a performance of -12.29% YTD while the Global unconstrained (in terms of maturity) HY lost -15.79%. Hostilities between Russia and Ukraine continued on the ground, while there were no signs of de-escalation on the diplomacy side, with NATO broadening its influence to Finland and Sweden. Inflation and possible recession remained the main topics influencing markets: US consumer prices remained at four decades high of 8.6% (core at 6.0%, slightly below previous print), with Powell confirming that FED will fight inflation and that "the process is highly likely to involve some pain". ECB surprised markets with its hawkish message, signaling a 25bps hike in July, that will be followed by a further 50bps hike in September. Also the SNB raised rates by 50bps for the first time in 15 years, leaving Japan the only DM central bank not yet moving. In this context, the 10 years bund yield was higher at +1.34% (+22bps in the month, highest level since 2014) while the 10 years Treasury closed the month at 3.01% (+17bps). Oil price corrected lower, with Brent now at 114.8\$ per barrel, still well supported by supply concerns that exceed fear of an imminent recession. Thanks to recent volatility spike we have been able to add several new credit stories at very interesting level of credit spreads. The new entries are companies with good credit metrics that were too tight before sell-off. The combination of higher diversification, higher credit quality and higher expected yields paves the way for attractive returns in the next future.

Yield-type strategy

The bucket generated a gross negative contribution to the monthly performance, with 27% of the positions (22 out of 82) 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 (14 months or 1.13 of spread duration), combined with a gross yield of 7.37% (in EUR) and z-spread of 697 basis points.

Performance

MTD :	-2.18%	Fund Assets (mIn) :	293.5 €
Since inception	14.89%	1 Year Std Dev :	3.08%
Last 12 Months :	-6.38%	1 Year Sharpe Ratio :	-1.83
NAVps :	EUR 114.89	positive months %:	74%



Period	Class C*	Class A	Portfolio info	
MTD	-2.16%	-2.18%	# of Securities	145
YTD	-5.61%	-5.74%	% Weight	95.07%
6 months	-5.61%	-5.74%	Int Dur	0.53
1 year	-6.17%	-6.38%	Yield (gross)	7.37%
2021	0.78%	0.59%	Spread Duration	1.13
2020	2.67%	2.58%	Z-spread	697
2019	1.59%	1.36%		
2018	0.58%	0.39%		
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	31.19%
EUR	23.93%
NOK	24.73%
SEK	16.02%
CHF	1.39%
GBP	2.74%
TOTAL	100.00%

Geographic breakdown

EU	16.54%
US	4.15%
Oth DEV	56.49%
LAT AM	0.78%
EMEA	15.25%
ASIA	6.78%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	6.53%
tot IG	6.53%
BB	24.17%
B	11.78%
CCC	2.86%
tot HY	38.80%
NR	54.67%
TOTAL	100.00%

Sector breakdown - Top 10

Real Estate	24.57%
Services	24.26%
Basic Industry	10.16%
Energy	6.64%
Financial Services	6.45%
Leisure	4.86%
Transportation	3.55%
Automotive	2.99%
Telecommunications	2.59%
Consumer Goods	2.52%

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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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.