

Swan Ultra Short-Term Bond – USD August 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

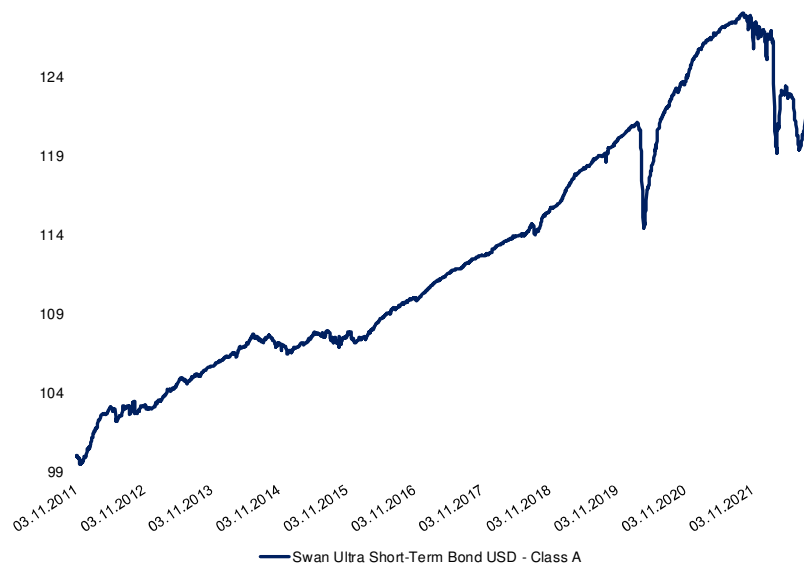
Conservative

Intermediate

High Reward

Performance

MTD :	1.47%	Fund Assets (mln) :	284.5 €
Since inception	22.06%	1 Year Std Dev :	3.22%
Last 12 Months :	-4.59%	1 Year Sharpe Ratio :	-1.52
NAVps :	USD 122.06	% of positive months :	78%



Global market picture

Credit markets remained extremely negative with year to date performances ranging from -18.43% for EM corp HY to -11.49% of the EU HY component in tandem with the movement of the Eurostoxx 50 (-18.17% YTD) and S&P 500 (-17.01% YTD). The IG EUR market is also negative by -12.01% YTD, mainly due to the rates component. The short-term (1-3 year) H1WN global HY index also reports a performance of -10.56% YTD while the Global unconstrained (in terms of maturity) HY lost -13.26%. US entered technical recession, with growth of -0.9% during the 2nd quarter following the 1Q22 contraction of 1.6%. Inflation and consequently the ECB and FED members comments were the main drivers of the month: in US, a CPI print at 8.5%, a slower annual increase compared with June, initially eased concerns on next FED movements but during his speech at Jackson Hole Powell declared that interest rate will stay at a level that restrains growth "for some time". The ECB officials also sent a hawkish message to the markets, that are now pricing 75bps hike at September meeting to fight inflation. Higher energy prices were the main reason of a high CPI print in Eurozone at 8.9%, and the possible stop of flows from Nordstream1 pipeline from Russia, caused further rise in gas price and additional worries of possible stop in production at several manufacturers. In this context, the 10 years bund yield was higher at +1.54% (+72bps in the month) while the 10 years Treasury closed the month at 3.20% (+54bps). Oil price corrected lower, with Brent now at 96\$ per barrel, due to increased concerns on global recession. Thanks to recent volatility spike we have been able to add several new credit stories at very interesting level of credit spreads. 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 positive gross contribution to the monthly performance, with 76% of the positions (111 out of 146) 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 1.15 of spread duration), combined with a gross yield of 7.74% (in EUR) and z-spread of 664 basis points.

Period	Class C*	Class A	Portfolio info	
MTD	1.51%	1.47%	# of Securities	146
YTD	-3.61%	-3.82%	% Weight	100.58%
6 months	0.08%	-0.06%	Int Dur	0.59
1 year	-4.19%	-4.59%	Yield (gross)	7.74%
2021	1.57%	1.27%	Spread Duration	1.16
2020	3.96%	3.84%	Z-spread	664
2019	3.90%	3.94%		
2018	2.91%	2.66%		
2017	2.68%	2.43%		
2016	3.13%	2.88%		
2015	0.88%	0.63%		
2014	0.78%	0.53%		
2013	3.11%	2.86%		
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	28.65%
EUR	27.21%
NOK	25.53%
SEK	16.15%
CHF	0.03%
GBP	2.44%
TOTAL	100.00%

Geographic breakdown

EU	21.17%
US	8.52%
Oth DEV	49.32%
LATAM	0.98%
EMEA	14.60%
ASIA	5.42%
TOTAL	100.00%

Rating breakdown

AAA	0.00%	
AA	0.00%	
A	0.00%	
BBB	5.84%	
	tot IG	5.84%
BB	25.55%	
B	13.99%	
CCC	2.57%	
	tot HY	42.11%
NR	52.05%	
TOTAL	100.00%	

Sector breakdown - Top 10

Services	25.12%
Real Estate	23.06%
Basic Industry	11.72%
Financial Services	6.76%
Transportation	4.91%
Leisure	4.28%
Energy	3.81%
Automotive	3.77%
Consumer Goods	2.58%
Healthcare	2.51%

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.