

Swan Ultra Short-Term Bond – EUR

October 2022



Strategy

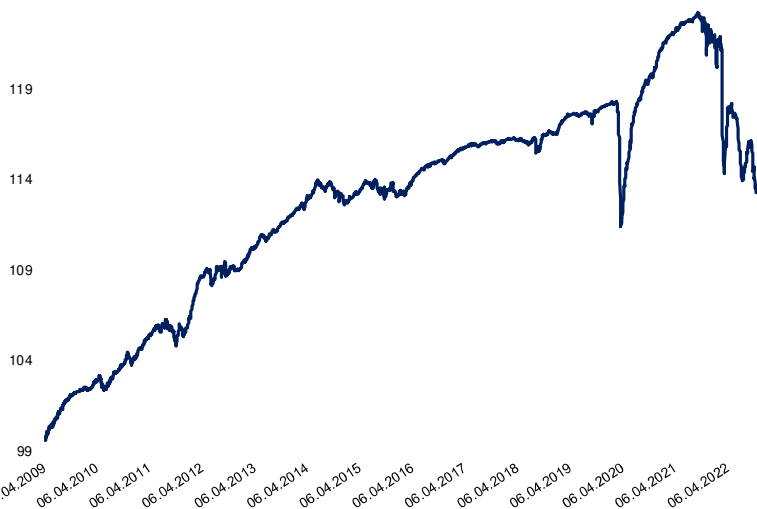
Swan Ultra Short-Term Bond is the UCITS version of our Fixed Income Conservative risk profile. The strategy invests in a highly diversified buy and hold portfolio of liquid short-term fixed income securities, with an average maturity of 1 year. Target Return is 3 months LIBOR + 150 bps.

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 -24.24% for EM corp HY to -13.77% of the EU HY. The IG EUR market is also negative by -14.90% YTD, mainly due to the rates component. The short-term (1-3 year) H1WN global HY index also reports a performance of -12.76% YTD while the Global unconstrained (in terms of maturity) HY lost -15.82%. ECB raised its main rate by 75bps for the second time in a row to the highest since 2009: further increase will follow in next meeting to fight record eurozone inflation, despite a looming recession in the region. By the way the tone used by Christine Lagarde was dovish, saying that next move will be data dependent, leaving doors open for a quick pivot in case inflation should ease substantially in the future. US GDP rose 2.6% in 3Q22 (expectation of 0.4%), a sharp improvement on the 0.6% drop registered in the second quarter, even if the number has been considered weak in terms of signal about future strength of the economy. In UK Rishi Sunak replaced Liz Truss as prime minister, saying that he would prioritize "economic stability and confidence", in tandem with the new Italian cabinet led by Giorgia Meloni that pose economic stability and loyalty to NATO alliance at the center of its program. The 10 years bund yield was higher at +2.14% (+4bps in the month) while the 10 years Treasury closed the month at 4.04% (+22bps). 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 negative gross contribution to the monthly performance, with 70% of the positions (103 out of 147) 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 1.17 of spread duration), combined with a gross yield of 8.84% (in EUR) and z-spread of 676 basis points.

Performance

| | | | |
|------------------|---------------|-----------------------|---------|
| MTD : | -0.78% | Fund Assets (mIn) : | 266.5 € |
| Since inception | 13.63% | 1 Year Std Dev : | 3.22% |
| Last 12 Months : | -7.26% | 1 Year Sharpe Ratio : | -2.15 |
| NAVps : | EUR 113.63 | positive months %: | 72% |



| Period | Class C* | Class A | Portfolio info | |
|----------|---------------|---------------|-----------------|--------|
| MTD | -0.76% | -0.78% | # of Securities | 147 |
| YTD | -6.57% | -6.77% | % Weight | 96.31% |
| 6 months | -3.63% | -3.75% | Int Dur | 0.65 |
| 1 year | -7.06% | -7.26% | Yield (gross) | 8.84% |
| 2021 | 0.78% | 0.59% | Spread Duration | 1.13 |
| 2020 | 2.67% | 2.58% | Z-spread | 676 |
| 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 | 25.56% | EU | 26.88% |
| EUR | 33.18% | US | 7.61% |
| NOK | 26.48% | Oth DEV | 49.08% |
| SEK | 11.90% | LAT AM | 0.50% |
| CHF | 0.12% | EMEA | 11.54% |
| GBP | 2.75% | ASIA | 4.39% |
| TOTAL | 100.00% | TOTAL | 100.00% |

Geographic breakdown

Rating breakdown

| | |
|---------------|----------------|
| AAA | 0.00% |
| AA | 0.00% |
| A | 0.00% |
| BBB | 6.96% |
| tot IG | 6.96% |
| BB | 23.72% |
| B | 14.43% |
| CCC | 2.46% |
| tot HY | 40.60% |
| NR | 52.43% |
| TOTAL | 100.00% |

Sector breakdown - Top 10

| | |
|----------------------------|-------|
| Real Estate - Mgmt Res | 6.24% |
| Real Estate - Mgmt Comm | 5.46% |
| Shipping - Chemicals | 4.87% |
| Shipping - Gas | 4.50% |
| Real Estate - Dev Res | 4.43% |
| Automakers | 3.60% |
| Finance - NPL collector | 3.45% |
| Banking | 3.23% |
| Chemicals | 2.95% |
| Oil and gas services - FPS | 2.85% |

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.