

Swan Ultra Short-Term Bond – EUR

February 2023



Strategy

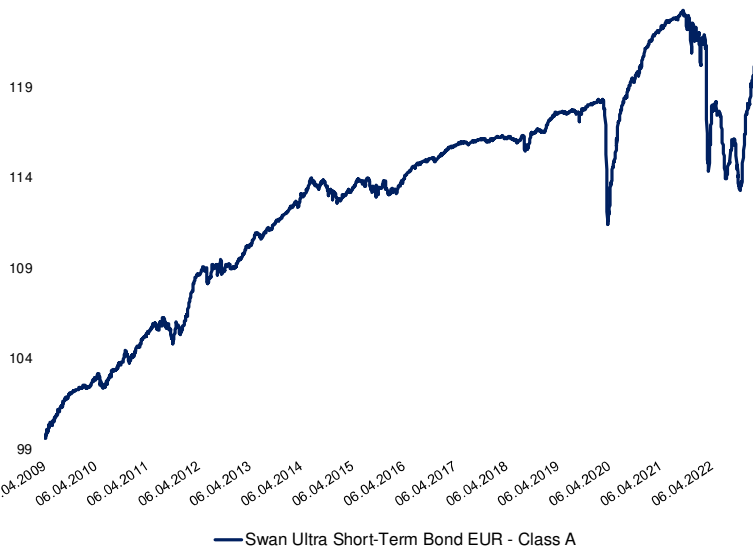
Swan Ultra Short-Term Bond is the UCITS version of our Fixed Income Conservative risk profile. The strategy invests in a highly diversified buy and hold portfolio of liquid short-term fixed income securities, with an average maturity of 1 year. Target Return is 3 months LIBOR + 150 bps.

Risk Profile

Conservative

Intermediate

High Reward



Global market picture

Credit markets reported a negative performance in February ranging from -2.53% for EM corp HY to -0.03% of the EU HY. The IG EUR market is also negative by -1.44% YTD. The short-term (1-3 year) H1WN global HY index also reports a performance of -0.14% YTD while the Global unconstrained (in terms of maturity) HY lost -1.38%. Data from US continued to show resiliency, with unemployment rate posting a new cycle low at 3.4%, while US core CPI print was slightly higher than consensus at 5.6% YoY. Also flash PMI at month end indicated further improvement in manufacturing activity, reducing worries about an imminent recession. FED raised rates by 25bps, saying that "ongoing increase in the target range to be appropriate", due to inflation that "eased somewhat" but was still elevated. ECB raised rates by 50bps, explicitly indicating that will further raise rates by 50bps in March, with investors starting to price terminal rate close to 4% in Europe. Initial market reaction to central banks meetings was strong with both bonds and equities rallying, but during the month the rebound faded, especially in the Fixed Income space. The 10 years bund yield was higher at +2.65% (+36bps in the month) in tandem with the 10 years Treasury that closed the month at 3.92% (+41bps). Oil was stable around 84\$ per barrel, while US dollar rebounded with DXY at 105. Thanks to the recent volatility spike we have been able to add several new credit stories at very interesting levels of credit spreads: our funds have a yield to maturity between 7% and 11.5%, combined with an average spread duration of below 16 months. The combination of higher diversification, higher credit quality and higher expected yields paves the way for extremely attractive returns in the next future.

Yield-type strategy

The bucket generated a positive gross contribution to the monthly performance, with 72% of the positions (119 out of 165) 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 7.34% (in EUR) and z-spread of 413 basis points.

Performance

MTD :	0.63%	Fund Assets (mIn) :	314.1 €
Since inception	20.59%	1 Year Std Dev :	2.43%
Last 12 Months :	2.89%	1 Year Sharpe Ratio :	0.97
NAVps :	EUR 120.59	positive months %:	73%



Period	Class C*	Class A	Portfolio info	
MTD	0.66%	0.63%	# of Securities	166
YTD	2.19%	2.15%	% Weight	96.58%
6 months	4.09%	3.96%	Int Dur	0.78
1 year	3.15%	2.89%	Yield (gross)	7.34%
2022	-2.89%	-3.14%	Spread Duration	1.13
2021	0.78%	0.59%	Z-spread	413
2020	2.67%	2.58%		
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	26.11%
EUR	39.55%
NOK	20.05%
SEK	11.07%
CHF	0.11%
GBP	3.11%
TOTAL	100.00%

Geographic breakdown

EU	30.56%
US	8.97%
Oth DEV	44.42%
LATAM	1.73%
EMEA	10.52%
ASIA	3.80%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	11.44%
tot IG	11.44%
BB	25.28%
B	13.33%
CCC	1.42%
tot HY	40.02%
NR	48.54%
TOTAL	100.00%

Sector breakdown - Top 10

Real Estate - Mgmt Res	6.15%
Real Estate - Dev Res	5.48%
Banking	5.36%
Shipping - Gas	5.25%
Investments & Misc Finan	4.67%
Real Estate - Mgmt Comm	4.46%
Finance - NPL collector	4.20%
Oil and gas E&P - All	3.61%
Gaming - Online Gaming	3.54%
Chemicals	3.39%

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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