

Swan Ultra Short-Term Bond – EUR

March 2023



Strategy

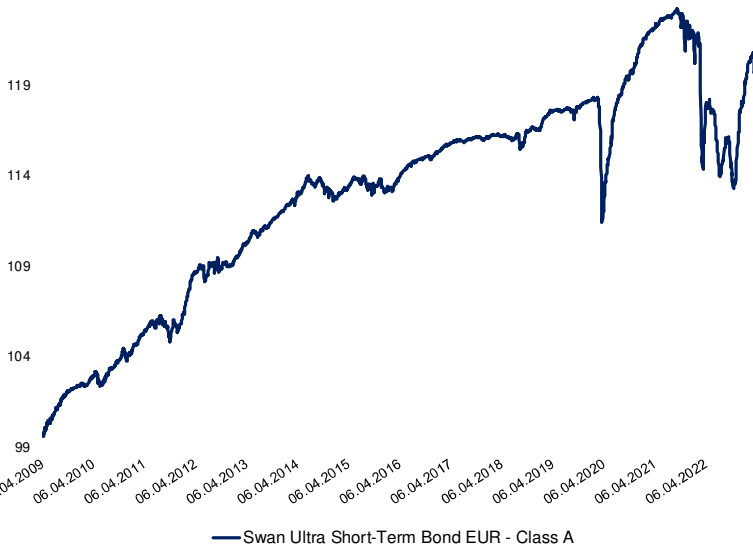
Swan Ultra Short-Term Bond is the UCITS version of our Fixed Income Conservative risk profile. The strategy invests in a highly diversified buy and hold portfolio of liquid short-term fixed income securities, with an average maturity of 1 year. Target Return is 3 months LIBOR + 150 bps.

Risk Profile

Conservative

Intermediate

High Reward



Global market picture

High Yield Credit markets reported a mixed performance in March ranging from -0.16% for EM corp HY to -0.13% of the EU HY in contrast with the movement of the S&P500 (+3.51%) Eurostoxx50 (+1.8%). The IG EUR market was positive by 1.02%. The short-term (1-3 year) H1WN global HY index also reports a negative performance of -0.14% YTD while the Global unconstrained (in terms of maturity) HY gained +0.42%. The month was dominated by news on banking crisis from both US and EU. First signs of deterioration came from US, where Silicon Valley Bank was hit by a bank run after the news of a possible capital increase due to heavy loss on its Treasury positions. The FED had to set up a special liquidity line for the banking system, in addition to full guarantee on all deposits, in order to avoid a possible collapse of the entire regional banking system in the US. In Europe, after an interview of Saudi National Bank CEO, Credit Suisse fell in a negative spiral, forcing the Swiss National Bank to orchestrate an acquisition of CS by UBS, with a consequent bail in of AT1 bonds that surprised the market. In this negative context, both the FED and the ECB continued their hiking cycle, due to inflation that did not show significant sign of weakness: the FED raised rates by 25bps while the ECB added 50bps to its main refinancing rate. Oil was stable at around 75\$ per barrel, while US dollar lost some ground with DXY at 102.5. 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 7.5% and 12.5%, 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 negative gross contribution to the monthly performance, with 64% of the positions (108 out of 168) 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 (15 months or 1.27 of spread duration), combined with a gross yield of 7.39% (in EUR) and z-spread of 438 basis points.

Performance

MTD :	-0.37%	Fund Assets (mIn) :	298.3 €
Since inception	20.14%	1 Year Std Dev :	1.98%
Last 12 Months :	2.70%	1 Year Sharpe Ratio :	0.94
NAVps :	EUR 120.14	positive months %:	73%



Period	Class C*	Class A	Portfolio info	
MTD	-0.35%	-0.37%	# of Securities	168
YTD	1.83%	1.77%	% Weight	94.47%
6 months	5.04%	4.91%	Int Dur	0.86
1 year	2.97%	2.70%	Yield (gross)	7.39%
2022	-2.89%	-3.14%	Spread Duration	1.20
2021	0.78%	0.59%	Z-spread	438
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	21.88%
EUR	42.83%
NOK	21.21%
SEK	11.68%
CHF	0.67%
GBP	1.73%
TOTAL	100.00%

Geographic breakdown

EU	34.10%
US	6.38%
Oth DEV	46.72%
LATAM	1.84%
EMEA	7.25%
ASIA	3.71%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	11.72%
tot IG	11.72%
BB	27.51%
B	12.42%
CCC	1.48%
tot HY	41.40%
NR	46.88%
TOTAL	100.00%

Sector breakdown - Top 10

Real Estate - Mgmt Res	6.27%
Shipping - Gas	6.07%
Banking	5.43%
Real Estate - Mgmt Comm	4.57%
Investments & Misc Finan	4.53%
Gaming - Online Gaming	4.28%
Real Estate - Dev Res	4.25%
Oil and gas E&P - All	4.06%
Air Transportation	3.48%
Telecom - Wireline Integra	3.21%

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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