

Swan Ultra Short-Term Bond – EUR

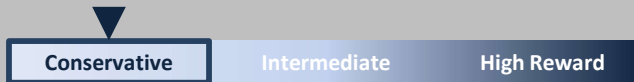
July 2023



Strategy

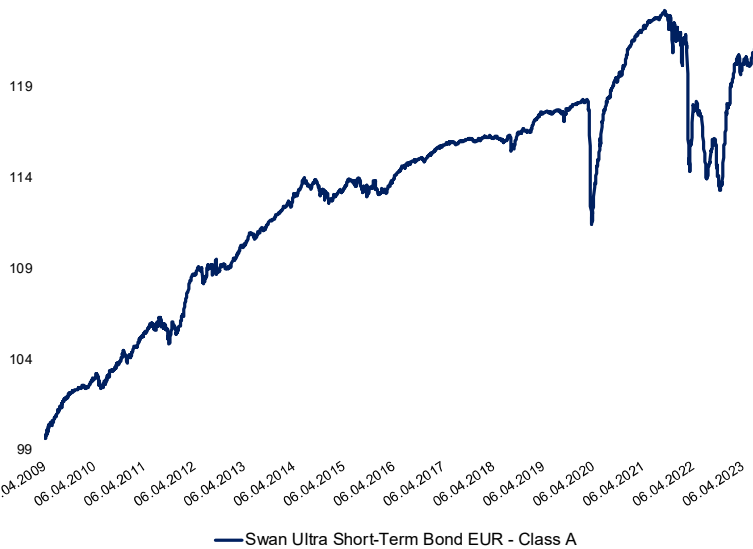
Swan Ultra Short-Term Bond is the UCITS version of our Fixed Income Conservative risk profile. The strategy invests in a highly diversified buy and hold portfolio of liquid short-term fixed income securities, with an average maturity of 1 year. Target Return is 3 months LIBOR + 150 bps.

Risk Profile



Performance

MTD :	0.60%	Fund Assets (mIn) :	274.3 €
Since inception	21.68%	1 Year Std Dev :	1.67%
Last 12 Months :	6.18%	1 Year Sharpe Ratio :	2.43
NAVps :	EUR 121.68	positive months %:	73%



Period	Class C*	Class A	Portfolio info
MTD	0.59%	0.60%	# of Securities 164
YTD	3.18%	3.07%	% Weight 95.96%
6 months	1.64%	1.54%	Int Dur 0.87
1 year	6.40%	6.18%	Yield (gross) in EUR 7.47%
2022	-2.89%	-3.14%	Spread Duration 1.20
2021	0.78%	0.59%	Z-spread 385
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.

Global market picture

High Yield Credit markets reported a positive performance in July ranging from +1.22% for EM corp HY to +1.09% of the EU HY in tandem with the movement of the S&P500 (+3.11%) and Eurostoxx50 (+1.64%). The IG EUR market was positive by +1.00% and the short-term (1-3 year) H1WN global HY index reports a positive performance of +0.67%. The Global unconstrained (in terms of maturity) HY gained +1.23%. Data from US confirmed the resilience of economy: strong ADP numbers were followed by softening inflation, increasing the possibilities of a soft landing; this scenario was reinforced by a strong 2Q GDP print @ 2.4% YoY vs estimates of just +1.8%. In this environment the FED raised its benchmark interest rate by 0.25%, to the highest level in 22 years, adding they would take a more gradual approach in next meetings. The FED is now closer to a "sufficiently restrictive" monetary policy that should bring inflation under control in next months. The ECB raised all policy rates by 25bps, not giving any guidance about the future path for rates and keeping all options open: the September meeting will be "live" and the decision will depend on incoming data. Also the BOJ decided to introduce greater flexibility to its operation with a 100bps cap on the 10yrs yield, a step toward a future removal of YCC. Oil moved higher to 75\$ per barrel, while US dollar lost some ground with DXY at 102.91. 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 7.8% and 11%, combined with an average spread duration around 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 85% of the positions (139 out of 164) 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 1.25 of spread duration), combined with a gross yield of 7.47% (in EUR) and z-spread of 385 basis points.

FX breakdown (fully hedged)

USD	24.69%
EUR	42.80%
NOK	18.84%
SEK	10.68%
CHF	1.97%
GBP	1.01%
TOTAL	100.00%

Geographic breakdown

EU	35.76%
US	7.96%
Oth DEV	43.22%
LATAM	0.75%
EMEA	10.41%
ASIA	1.91%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	12.04%
tot IG	12.04%
BB	25.57%
B	11.19%
CCC	2.25%
tot HY	39.00%
NR	48.96%
TOTAL	100.00%

Sector breakdown - Top 10

Banking	8.37%
Real Estate - Mgmt Res	6.12%
Oil and gas E&P - All	5.72%
Shipping - Gas	5.43%
Gaming - Online Gaming	3.87%
Finance - NPL collector	3.64%
Oil Field Equipment & Ser	3.40%
Real Estate - Dev Res	3.20%
Pharmaceuticals	3.19%
Specialty Retail	3.03%

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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