

Swan High Yield – EUR October 2017



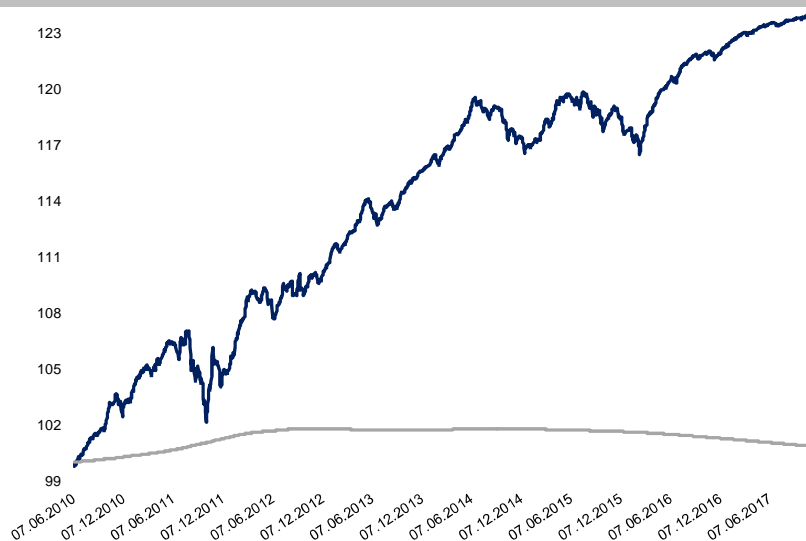
Strategy

The sub-fund aims to generate a significant excess return vs 3m Euribor in combination with below-average market volatility. Depending on market conditions, the strategy combines in variable proportions the “buy and hold” investment in a highly diversified and granular portfolio of liquid short-term fixed income securities with the “strategic” and/or “tactical” investment in HY or EM securities denominated in hard currency.

Performance

MTD :	0.10%	Fund Assets (mln) :	110.0 €
Since inception	23.89%	1 Year Std Dev :	0.40%
Last 12 Months :	1.61%	1 Year Sharpe Ratio :	4.88
NAVps :	EUR 123.89	% of positive months :	71%

Risk Profile



Global market picture

During October, European credit markets experienced a positive performance (H9PC Index +1.07%) in tandem with a positive movement of the Eurostoxx 50 (+2.20%), while S&P500 reached new historical highs at 2'575 (+2.22% during the month). The ECB meeting was one of the main topics of the month: Mario Draghi reiterated the ECB accommodative stance announcing a reduction in monthly purchases to €30bn from January to September 2018, with no sudden stop of the program thereafter. In US president Trump and his staff started discussions on next FED chairman: Yellen or Powell appointment would represent continuity, while Taylor or Warsh a more hawkish solution (final decision will be announced before the Presidential Asian trip). From a macro point of view, US economic data continued to confirm a solid path of growth, with Q3 GDP ahead of expectations at 3%, and the reporting season was strong globally with US, Europe and Japan posting EPS growth of 7%, 8% and 10% respectively. EM credit markets generated positive returns this month (EMHB Index +0.73%), helped also by Xi Jinping reappointment as General Secretary of the CPC after the party congress.

Active Portfolio

Credit Allocation Scoring (CAS) indicates a medium-long-dated allocation of 15.30%, flat relatively to the end of September (15.30%). Fund's actual exposure (beta and duration adjusted) is 11.16%, lower relatively to last month (14.43%). The mix between Strategic and Tactical positions is 24% Strategic and 76% Tactical. The fund has an estimated gross yield of 1.98%, a low spread duration of 0.98 and a z spread of 254.

Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, thanks to 91% of the positions (63 out of 69) contributing positively. Positive contributions were homogeneously distributed, while there were not significant negative contributions. The average life of the YT portfolio at the end of October is very short (9 months or 0.77 of spread duration), with a combination of yield close to 1.83% and z-spread of 244.

Period	Perf.	Portfolio info	
MTD	0.10%	# of Securities	95
YTD	1.33%	% Weight	100.48%
6 months	0.48%	Int Dur	0.69
1 year	1.61%	Yield (gross)	1.98%
2016	3.82%	Spread Duration	0.98
2015	0.74%	Z-spread	254
2014	0.90%		
2013	4.66%		
2012	5.19%		
2011	1.83%		
2010	3.35%		

FX breakdown (fully hedged)

USD	58.71%
EUR	6.29%
NOK	19.56%
GBP	1.48%
SEK	10.61%
SGD	0.00%
AUD	1.72%
CHF	1.63%
TOTAL	100.00%

Geographic breakdown

EU	5.64%
US	0.39%
Oth DEV	29.58%
LATAM	8.99%
EMEA	39.04%
ASIA	16.37%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.46%
BBB	7.52%
tot IG	7.98%
BB	32.00%
B	25.04%
CCC	1.92%
tot HY	58.96%
NR	33.05%
TOTAL	100.00%

Sector breakdown - Top 10

Banking	32.88%
Services	24.25%
Real Estate	22.50%
Foreign Sovereign	5.32%
Financial Services	3.56%
Energy	2.22%
Agency	1.73%
Consumer Goods	1.70%
Leisure	1.44%
Utility	1.25%

Strategic & Tactical buckets.

Tactical and Strategic bucket generated a positive performance during the month with no significant contributions, while a negative geographical allocation in EM was more than compensated by a positive picking (negative in EM but positive in EUR HY space).

Sicav Structure – Terms & Conditions

Domicile: Luxembourg

Inception Date: 7 June 2010

Minimum Investment: 1 share

Liquidity / Reporting: Daily

Fees: 1.20% 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: CBASHYA LX, class C: CBASHYC LX

ISIN: class A: LU0511796509, class C: LU0511796764

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