

Swan High Yield – USD

November 2017



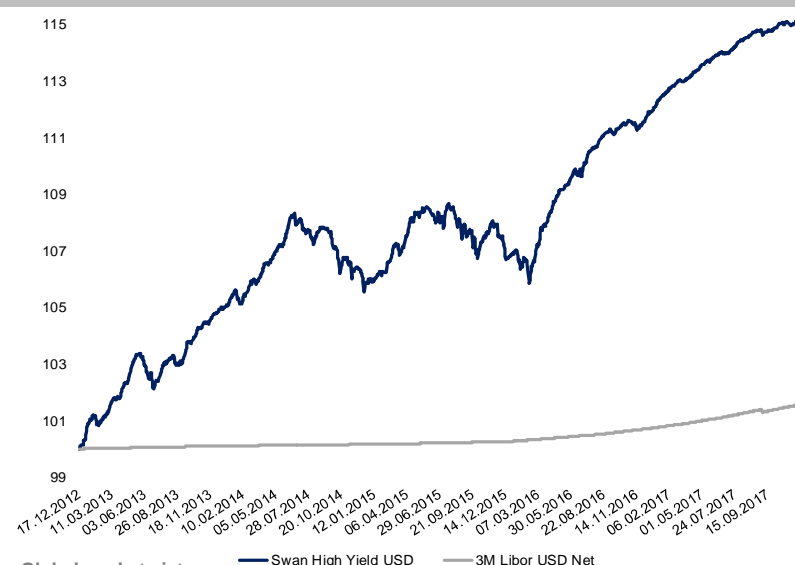
Strategy

The sub-fund aims to generate a significant excess return vs 3m Libor 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 :	-0.03%	Fund Assets (mln) :	111.6 €
Since inception	15.03%	1 Year Std Dev :	0.33%
Last 12 Months :	3.12%	1 Year Sharpe Ratio :	6.83
NAVps :	USD 115.03	% of positive months :	75%

Risk Profile



Global market picture

During November, European credit markets experienced a negative performance (H9PC Index - 0.44%) in tandem with a negative movement of the Eurostoxx 50 (-2.83%), while S&P500 reached new historical highs at 2'648 (+2.81% during the month). With the ECB on autopilot until mid-2018 after October meeting, the FED took center stage: at the beginning of the month President Donald Trump nominated Jerome Powell to run the FED, in a move widely expected and unlikely to disturb the rally in stock markets. Also the 1st November FOMC meeting confirmed expectations, with a December hike now fully priced by the market, while expectations for 2018 are more mixed: indeed market consensus expects three to four hikes, while market just prices in only one or two full hikes. On the political front, there was a decent progress on the tax bill reform, with increasing probability of a successful scenario. EM credit markets generated negative returns this month (EMHB Index -0.40%), due mainly to stretched valuations and idiosyncratic events: PDVSA repaid in full the bond matured the 2nd of November, but at the same time President Nicolas Maduro announced the intention to restructure foreign debt of the country, while tensions mounted in Lebanon after Hariri resignation. On a positive note the OPEC/non OPEC summit extended production cuts by nine months to end-2018.

Active Portfolio

Credit Allocation Scoring (CAS) indicates a medium-long-dated allocation of 15.30%, flat relatively to the end of October (15.30%). Fund's actual exposure (beta and duration adjusted) is 10.78%, lower relatively to last month (11.76%). The mix between Strategic and Tactical positions is 28% Strategic and 72% Tactical. The fund has an estimated gross yield of 2.09%, a low spread duration of 0.92 and a z spread of 251.

Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, thanks to 81% of the positions (54 out of 67) contributing positively. Positive contributions were homogeneously distributed, while there were not significant negative contributions, the only exceptions being LEBAN bonds (exposure closed during the month) and DOFSUB 05/18, under pressure after company's request of maturity extension. The average life of the YT portfolio at the end of November is very short (9 months or 0.74 of spread duration), with a combination of yield close to 1.98% and z-spread of 245.

Period	Perf.	Portfolio info	
MTD	-0.03%	# of Securities	92
YTD	2.64%	% Weight	96.89%
6 months	1.05%	Int Dur	0.66
1 year	3.12%	Yield (gross)	2.09%
2016	4.84%	Spread Duration	0.92
2015	0.93%	Z-spread	251
2014	0.81%		
2013	4.75%		
2012	0.31%		

FX breakdown (fully hedged)

USD	58.73%
EUR	7.15%
NOK	18.82%
GBP	1.39%
SEK	10.09%
CHF	2.05%
AUD	1.77%
SGD	0.00%
TOTAL	100.00%

Geographic breakdown

EU	5.73%
US	0.40%
Oth DEV	28.33%
LATAM	9.28%
EMEA	40.78%
ASIA	15.48%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.88%
BBB	7.80%
tot IG	8.68%
BB	33.33%
B	23.23%
CCC	1.44%
tot HY	58.00%
NR	33.32%
TOTAL	100.00%

Sector breakdown - Top 10

Banking	34.80%
Services	22.67%
Real Estate	22.13%
Foreign Sovereign	4.33%
Financial Services	3.75%
Energy	2.32%
Agency	1.84%
Consumer Goods	1.70%
Leisure	1.52%
Utility	1.31%

Strategic & Tactical buckets.

Tactical and Strategic bucket generated a negative performance during the month (no significant contributions), with a slightly positive geographical allocation in EM and a globally positive picking (negative in EM and positive in EUR HY).

Sicav Structure – Terms & Conditions

Domicile: Luxembourg

Inception Date: 18 December 2012

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: CBASAUH LX

ISIN: class A: LU0860713980

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