

Swan Short-Term High Yield – USD

April 2019



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.

Risk Profile

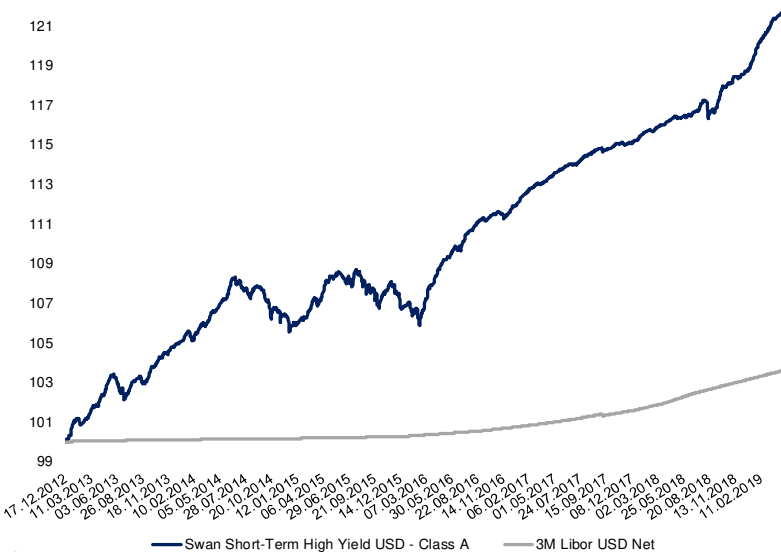
Conservative

Intermediate

High Reward

Performance

MTD :	0.34%	Fund Assets (mln) :	133.6
Since inception	21.76%	1 Year Std Dev :	0.78%
Last 12 Months :	4.58%	1 Year Sharpe Ratio :	3.04
NAVps :	USD 121.76	% of positive months :	78%



Period	Class A	Portfolio info	
MTD	0.34%	# of Securities	108
YTD	2.47%	% Weight	95.59%
6 months	3.09%	Int Dur	0.58
1 year	4.58%	Yield (gross)	2.36%
2018	2.98%	Spread Duration	0.90
2017	2.96%	Z-spread	286
2016	4.84%		
2015	0.93%		
2014	0.81%		
2013	4.75%		

FX breakdown (fully hedged)

USD	49.04%
EUR	22.86%
NOK	17.12%
SEK	6.66%
CHF	3.64%
GBP	0.67%
TOTAL	100.00%

Geographic breakdown

EU	9.62%
US	0.00%
Oth DEV	31.92%
LAT AM	4.57%
EMEA	27.35%
ASIA	26.54%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	3.25%
tot IG	3.25%
BB	25.96%
B	29.04%
CCC	0.61%
tot HY	55.60%
NR	41.14%
TOTAL	100.00%

Sector breakdown - Top 10

Real Estate	30.22%
Banking	24.51%
Services	19.01%
Financial Services	6.57%
Energy	6.51%
Transportation	2.48%
Technology & Electronics	2.44%
Sovereign	2.28%
Basic Industry	1.40%
Media	1.37%

average life of the YT portfolio at the end of April is very short (7 months or 0.62 of spread duration), with a combination of yield close to 2.33% and z-spread of 284.

Strategic & Tactical buckets.

Both Strategic and Tactical bucket generated a positive performance. Geographical allocation in EM was positive, while picking was positive both in EM and EUR HY.

Global market picture

April was another strong month: European credit markets were positive (H9PC Index +1.41%), likewise equity markets with Eurostoxx 50 and S&P 500 gaining respectively 4.86% and 3.93%. Economic data sent opposite messages in US: labor market and 1Q GDP release were strong (change in NFP at 196k vs 177k and 1Q GDP at 3.2% vs 2.3%) in contrast with CPI at just 2%, while CESIUSD index reached its lowest level in two years at -58.7. FED minutes confirmed how patient will be the Committee in raising rates and also how markets participants are skeptical about imminent hikes, with Fed funds futures pricing no rate movements in 2019 and one rate cut to December 2020. 10 years Treasury moved higher, to 2.50% from 2.41%, in tandem with yield on 10 Years German Bund that closed the month at 0.01% (8bps during the month) notwithstanding weak data from Europe. Mario Draghi speech after ECB meeting on 10th of April reinforced the view that rates in Europe will remain on hold for longer expected, and that the new TLTRO will provide sufficient liquidity to European banks. Political risk was concentrated on the Brexit saga: the final date was postponed to 31st of October, leaving some additional months to find an agreement and removing the immediate risk of a no-deal. Emerging markets reported a positive performance (+0.72%) with Emea being the best performer during the month. EM resilience was mainly due to the dovish tone of all the Central Banks around the world and constructive talks between US and China (even if we are still waiting for a final agreement), in addition to continued strength of oil prices (Brent up 6% at 73 USD per barrel).

Active Portfolio

Credit Allocation Scoring (CAS) indicates a medium-long-dated allocation of 21.40%, flat relatively to the end of March (21.40%). Fund's actual exposure (beta and duration adjusted) is 15.26%, lower relatively to last month (16.03%). The mix between Strategic and Tactical positions is 1% Strategic and 99% Tactical. The fund has an estimated gross yield of 2.36% (in EUR), a low spread duration of 0.90 and a z spread of 286.

Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 89% of the positions (58 out of 66) contributing positively. Positive contributions were homogeneously distributed, while there were not significant negative contributions. The

Sicav Structure – Terms & Conditions

Domicile: Luxembourg

Inception Date: 18 December 2012

Minimum Investment: 1 share

Liquidity / Reporting: Daily

Fees: Class C 0.90% / Class A 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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