

# Swan Short-Term High Yield – EUR

## June 2020



### 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.

### Risk Profile

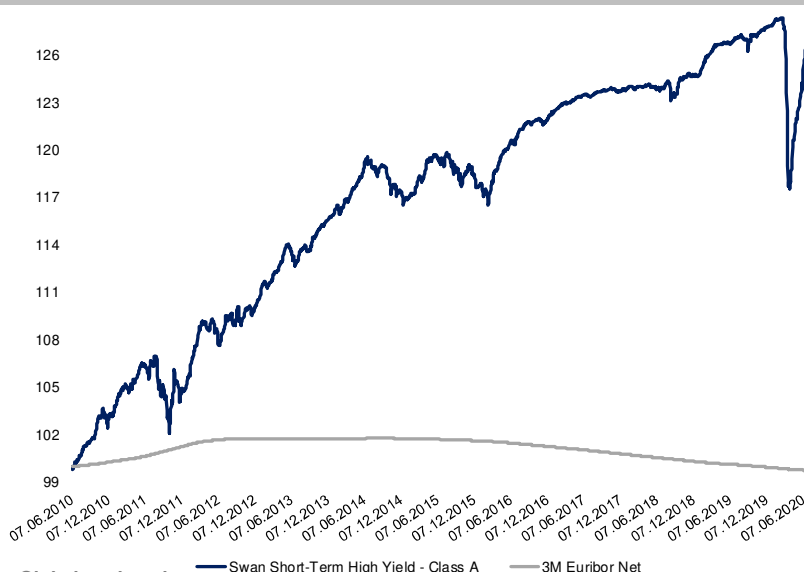
Conservative

**Intermediate**

High Reward

### Performance

MTD :	<b>2.50%</b>	Fund Assets (mln) :	161.3 €
Since inception	<b>26.91%</b>	1 Year Std Dev :	3.11%
Last 12 Months :	<b>-0.12%</b>	1 Year Sharpe Ratio :	0.19
NAVps :	EUR 126.91	% of positive months :	74%



Period	Class C*	Class A	Portfolio info	
MTD	<b>2.52%</b>	<b>2.50%</b>	# of Securities	108
YTD	<b>-0.60%</b>	<b>-0.74%</b>	% Weight	99.26%
6 months	<b>-0.60%</b>	<b>-0.74%</b>	Int Dur	0.82
1 year	<b>0.16%</b>	<b>-0.12%</b>	Yield (gross)	7.44%
2019	<b>2.77%</b>	<b>2.52%</b>	Spread Duration	0.99
2018	<b>0.93%</b>	<b>0.72%</b>	Z-spread	824
2017	<b>1.53%</b>	<b>1.28%</b>		
2016	<b>4.29%</b>	<b>3.82%</b>		
2015	<b>1.12%</b>	<b>0.74%</b>		
2014	<b>1.20%</b>	<b>0.90%</b>		
2013	<b>4.96%</b>	<b>4.66%</b>		
2012	<b>5.49%</b>	<b>5.19%</b>		
2011	<b>2.13%</b>	<b>1.83%</b>		
2010	<b>3.65%</b>	<b>3.35%</b>		

\*Class A adjusted for management fee difference used for periods before Class C inception.

### Global market picture

During June European credit markets experienced a positive performance (H9PC Index +1.93%), in tandem with a positive movement of the Eurostoxx 50 (+6.03%) and the S&P 500 (+1.84%). In this context Swan funds continued to retrace the drawdown experienced during the 1st quarter, with a significant positive monthly performance ranging from +3.18% to 1.66%: our SIF funds are now in positive territory and UCITS funds are just some basis points below zero, while credit markets are still reporting deep negative returns YTD (EUR HY -5.10%, EM HY -2.94%, US HY -5.66% and EUR IG -1.28%). During the month, most data releases beat expectations: flash PMIs reported, for the second month in a row, double digit gains and retail sales in US bounced by 18% in May (but still 6.1% lower than a year ago). During his speech at the Senate FED Chairman Powell took a cautious tone with regards to economy warning of “significant uncertainty” threatening the “timing and strength” of the recovery, and the still elevated COVID-19 infection rates in US poses consistent risks for the next months. The IMF outlook on global economy worsened by 1.9% to a 4.9% from last release in April: biggest downgrades were for France and Spain and deterioration was driven by the more severe lockdown measures applied in previous months and a more gradual recovery forecasted for 2H2020. In Europe negotiations are still ongoing on structure and size of the Recovery Fund and the extraordinary meeting of 17th July will possibly be the final round of the match. Brent strongly recovered reaching 40 USD per barrel (+16% monthly performance) even if strong inventories remain a major concern. We still think that this is an interesting entry point for our strategy: attractive YTM combined with an average maturity of the bonds in portfolio around 1 year give us confidence on the capability to generate positive performance in line with targets during 2020.

### Active Portfolio

Credit Allocation Scoring (CAS) indicates a medium-long-dated allocation of 15.60%, flat relatively to the end of May (15.60%). Fund's actual exposure (beta and duration adjusted) is 11.73%, lower relatively to last month (14.31%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated gross yield of 7.44% (in EUR), a low spread duration of 0.99 and a z spread of 824.

### Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 95% of the positions (71 out of 75) contributing positively. The YTM remains attractive: conditions are much

### FX breakdown (fully hedged)

USD	59.28%
EUR	19.61%
NOK	13.16%
SEK	5.00%
CHF	2.66%
GBP	0.29%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	11.09%
US	0.99%
Oth DEV	34.31%
LATAM	6.28%
EMEA	26.12%
ASIA	21.20%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	5.03%
	<b>tot IG 5.03%</b>
BB	25.12%
B	28.17%
CCC	3.11%
	<b>tot HY 56.40%</b>
NR	38.57%
<b>TOTAL</b>	<b>100.00%</b>

### Sector breakdown - Top 10

Services	23.98%
Real Estate	19.79%
Basic Industry	9.15%
Banking	7.58%
Energy	7.35%
Transportation	6.53%
Financial Services	5.80%
Sovereign	4.20%
Capital Goods	3.31%
Healthcare	2.46%

more interesting now in the short-term part of the credit curve. The average life of the YT portfolio is very short (9 months or 0.75 of spread duration), with a combination of yield close to 7.91% and z-spread of 884.

### Strategic & Tactical buckets.

Tactical bucket generated a positive performance, with homogeneous contributions. Geographical allocation in EM was negative, while picking was positive both in EM and EUR HY.

### Sicav Structure – Terms & Conditions

Domicile: Luxembourg

Inception Date: 7 June 2010

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: CBASHYA LX, class C: CBASHYC LX

ISIN: class A: LU0511796509, class C: LU0511796764

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