

Swan Short-Term High Yield – EUR

November 2021



Strategy

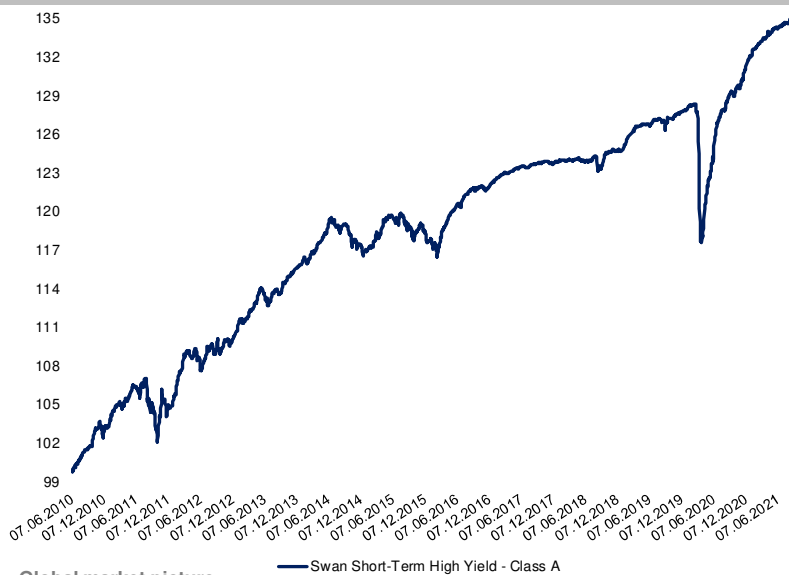
Swan Short-Term High Yield is the UCITS version of our Fixed Income Intermediate risk profile. Depending on market conditions, the strategy combines an highly diversified buy and hold portfolio of liquid short-term fixed income securities with an opportunistic allocation to longer dated securities in Global HY markets. Target Return is 3 months LIBOR + 250 bps.

Risk Profile

Conservative

Intermediate

High Reward



— Swan Short-Term High Yield - Class A

Global market picture

During November, European credit markets experienced a negative performance (H9PC Index - 0.52%), in tandem with the movement of the Eurostoxx 50 (-4.41%) and S&P 500 (-0.83%). Last days of the month saw an increased level of volatility due to surging COVID-19 cases linked to Omicron variant: several countries imposed tighter quarantine measures and fresh restrictions on travels, with Austria declaring three weeks of lockdown in addition to mandatory vaccination in order to ease pressure on hospitals. The economic surprise index in US turned positive in November, thanks in particular to strong retail sales and industrial production release, while in Europe the surprise index just recovered to parity due to new restrictions' impact on economic activity. During its meeting at the beginning of the month the FED announced that it will begin scaling back bond buying starting from mid-November; Joe Biden named Jerome Powell for a second term as FED chair: during his testimony at the Congress Powell signaled that "economy is very strong and inflation pressures are high" signaling that taper could run faster than initially declared. Inflation in Germany printed highest level since 1992 at 5.2%, but ECB continued reassuring investors that price increase will be only transitory. In this context, the 10 years bund yield was lower at -0.35% (-24bps in the month), in tandem with the 10 years Treasury at 1.44% (-11bps in the month). In China there were signs of relaxation to the real estate sector: mortgages and loans to developer strongly increased in October, while PBOC indicated that it could relax three red lines rules applied to sovereign owned properties developers to take over assets of most indebted entities; volatility will continue to affect the sector but we think higher quality names will be able to manage the situation properly.

Active Portfolio

Credit Allocation Scoring (CAS) indicates a medium-long-dated allocation of 18.40%, flat relatively to the end of October (18.40%). Fund's actual exposure (beta and duration adjusted) is 30.99%, higher relatively to last month (29.11%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated gross yield of 5.27% (in EUR), a low spread duration of 1.28 and a z spread of 587.

Yield-type bucket

The bucket generated a negative gross contribution to the monthly performance, with 39% of the positions (28 out of 71) 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 YT portfolio is

Performance

MTD :	-0.73%	Fund Assets (mln) :	234.4 €
Since inception	33.11%	1 Year Std Dev :	2.31%
Last 12 Months :	1.65%	1 Year Sharpe Ratio :	1.03
NAVps :	EUR 133.11	% of positive months :	75%



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Period	Class C*	Class A	Portfolio info	
MTD	-0.68%	-0.73%	# of Securities	119
YTD	1.08%	0.88%	% Weight	100.96%
6 months	-0.79%	-0.86%	Int Dur	0.63
1 year	1.81%	1.65%	Yield (gross)	5.27%
2020	3.40%	3.21%	Spread Duration	1.28
2019	2.77%	2.52%	Z-spread	587
2018	0.93%	0.72%		
2017	1.53%	1.28%		
2016	4.29%	3.82%		
2015	1.12%	0.74%		
2014	1.20%	0.90%		
2013	4.96%	4.66%		
2012	5.49%	5.19%		
2011	2.13%	1.83%		
2010	3.65%	3.35%		

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

FX breakdown (fully hedged)

USD	52.41%
EUR	16.16%
NOK	16.62%
SEK	14.68%
CHF	0.00%
GBP	0.12%
TOTAL	100.00%

Geographic breakdown

EU	10.67%
US	3.47%
Oth DEV	45.47%
LATAM	0.17%
EMEA	20.73%
ASIA	19.49%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	3.41%
	tot IG 3.41%
BB	21.89%
B	22.55%
CCC	2.49%
	tot HY 46.93%
NR	49.66%
TOTAL	100.00%

Sector breakdown - Top 10

Real Estate	36.82%
Services	20.85%
Energy	7.97%
Basic Industry	7.72%
Financial Services	4.97%
Banking	3.95%
Leisure	3.69%
Consumer Goods	3.15%
Transportation	2.59%
Retail	2.53%

very short (10 months or 0.85 of spread duration), with a combination of yield close to 7.33% and z-spread of 793.

Strategic & Tactical buckets.

Tactical bucket generated a negative performance, with homogeneous contributions. Geographical allocation in EM was slightly positive, 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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This is an advertising document. The state of origin of the fund is Luxembourg. In Switzerland the representative of the SICAV is Cornèr Banca S.A., with registered office in Via Canova 16, CH-6901 Lugano and the payment service is provided by Cornèr Banca S.A., Via Canova 16, CH-6901 Lugano.

The basic documents of the fund as well as the annual and if applicable the semi-annual report may be obtained free of charge from the representative. Past performance is no indication of current or future performance. The performance data do not take account of the commissions and costs incurred on the issue and redemption units.

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