

Swan Short-Term High Yield – CHF

February 2022



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



Performance

MTD :	-5.27%	Fund Assets (mIn) :	208.6 €
Since inception	9.33%	1 Year Std Dev :	4.16%
Last 12 Months :	-6.23%	1 Year Sharpe Ratio :	-1.24
NAVps :	CHF 109.33	% of positive months :	72%



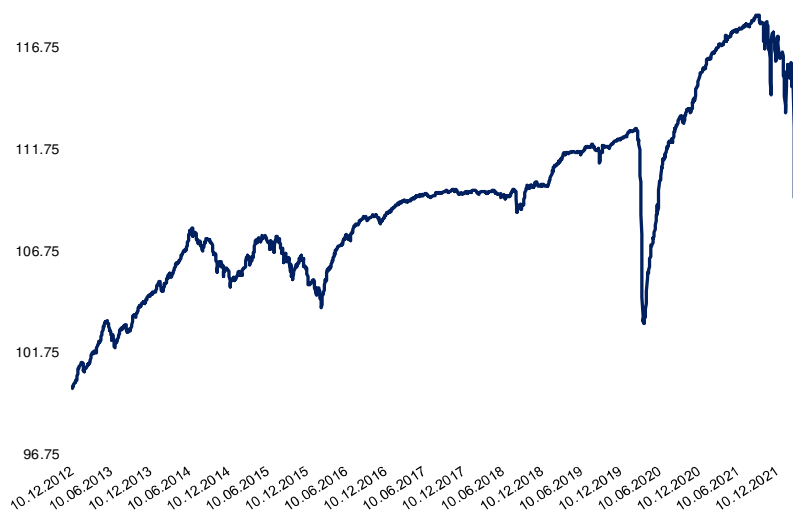
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— Swan Short-Term High Yield CHF - Class A

Global market picture

During February European credit markets experienced a negative performance (H9PC Index -2.98%), in tandem with the movement of the Eurostoxx 50 (-6.00%) and S&P 500 (-3.14%). In particular, the credit market environment was extremely negative with year to date performances ranging from -7.5% for EM corp HY to -3.78% of the EU HY component. The IG EUR market is also negative by about 3.93% YTD, mainly due to the rates component. The short-term (1-3 year) H1WN global HY index also reports a performance of -4.64% YTD while the Global unconstrained HY lost 4.59%. Sell-off intensified in the last week of February following Russian invasion of Ukraine: at the moment objectives of the operation are not clear yet, but market did not expect a full invasion and immediately started pricing in very negative scenarios. In this context, the 10 years bund yield was higher at +0.13% (+12bps in the month) in tandem with the 10 years Treasury at 1.82% (+5bps in the month), mainly due to concerns on inflationary pressure linked to energy cost, with oil prices reaching highest level (101\$ per barrel) since 2014. The funds' strategy remains focused on the short term: we remain committed to our investment philosophy of constant and significant excess returns, coupled with low volatility (last period was an extraordinary one). Excluding specific idiosyncratic situations (China real estate and Russia/Ukraine), the rest of the portfolio has continued to behave in line with expectations, generating a slightly negative performance compared with a context of extreme negativity in the market. The expected return of the portfolio (excluding China and Russia/Ukraine), will be able to generate a significant performance during 2022 which, added to the potential recovery of the two idiosyncratic components, will allow a significant rebound from current levels.

Active Portfolio

Credit Allocation Scoring (CAS) indicates a medium-long-dated allocation of 18.40%, flat relatively to the end of January (18.40%). Fund's actual exposure (beta and duration adjusted) is 26.94%, higher relatively to last month (24.56%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated gross yield of 8.69% (in EUR), a low spread duration of 1.25 and a z spread of 929.

Yield-type bucket

The bucket generated a negative gross contribution to the monthly performance, with 30% of the positions (20 out of 66) 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 very short (9 months or 0.78 of spread duration), with a combination of yield close to 8.97% and z-spread of 957.

Period	Class C*	Class A	Portfolio info	
MTD	-5.27%	-5.27%	# of Securities	117
YTD	-6.02%	-6.08%	% Weight	101.68%
6 months	-7.40%	-7.54%	Int Dur	0.52
1 year	-6.00%	-6.23%	Yield (gross)	8.69%
2021	0.92%	0.69%	Spread Duration	1.25
2020	3.17%	2.94%	Z-spread	929
2019	2.42%	2.17%		
2018	0.59%	0.32%		
2017	1.16%	0.86%		
2016	3.59%	3.29%		
2015	0.17%	-0.13%		
2014	0.88%	0.58%		
2013	4.60%	4.30%		

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

FX breakdown (fully hedged)

USD	44.21%
EUR	18.14%
NOK	22.23%
SEK	15.29%
CHF	0.00%
GBP	0.13%
TOTAL	100.00%

Geographic breakdown

EU	11.38%
US	5.10%
Oth DEV	50.76%
LATAM	0.18%
EMEA	16.69%
ASIA	15.89%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	2.85%
tot IG	2.85%
BB	16.38%
B	23.05%
CCC	1.79%
tot HY	41.21%
NR	55.94%
TOTAL	100.00%

Sector breakdown - Top 10

Real Estate	35.56%
Services	22.89%
Energy	10.47%
Basic Industry	7.22%
Financial Services	7.54%
Banking	1.31%
Leisure	3.52%
Transportation	2.15%
Utility	2.10%
Consumer Goods	2.72%

Strategic & Tactical buckets.

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

Sicav Structure – Terms & Conditions

Domicile: Luxembourg

Inception Date: 11 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: CBASACH LX, class C: CBASCCH LX

ISIN: class A: LU0860714285, class C: LU0860714442

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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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