

Swan Short-Term High Yield – EUR

April 2022



Strategy

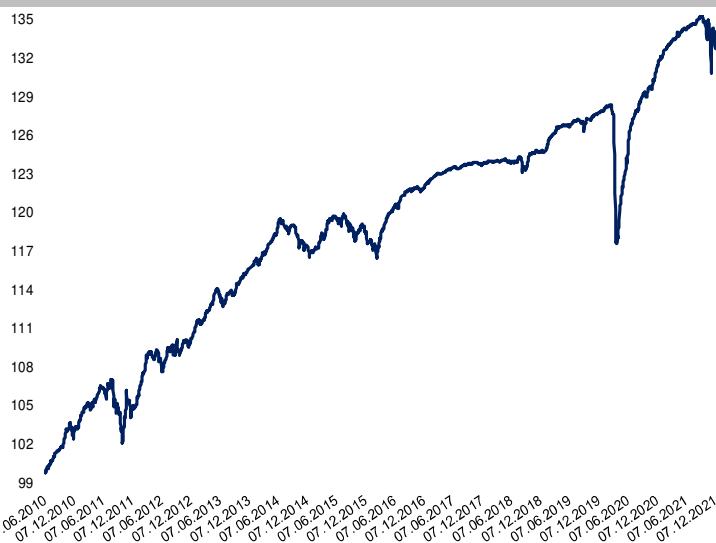
Swan Short-Term High Yield is the UCITS version of our Fixed Income Intermediate risk profile. Depending on market conditions, the strategy combines an highly diversified buy and hold portfolio of liquid short-term fixed income securities with an opportunistic allocation to longer dated securities in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

Risk Profile



Performance

MTD :	1.05%	Fund Assets (mln) :	211.8 €
Since inception	25.32%	1 Year Std Dev :	4.76%
Last 12 Months :	-6.40%	1 Year Sharpe Ratio :	-1.17
NAVps :	EUR 125.32	% of positive months :	73%



Global market picture

— Swan Short-Term High Yield - Class A

Credit markets remained extremely negative with year to date performances ranging from -12.90% for EM corp HY to -7.04% of the EU HY component in tandem with the movement of the Eurostoxx 50 (-18.04% YTD) and S&P 500 (-13.3% YTD). The IG EUR market is also negative by 7.89% YTD, mainly due to the rates component. The short-term (1-3 year) H1WN global HY index also reports a performance of -7.35% YTD while the Global unconstrained (in terms of maturity) HY lost 9.02%. The Russian invasion of Ukraine remained the main theme of the month: peace talks did not reach significant results, while on the ground Ukrainian troops continued their resistance thanks to the continuous support of weapons provided by NATO members. Inflation did not stop rising: FED tone was increasingly hawkish, with Jerome Powell saying that "it is appropriate in my view to be moving a little more quickly" and market now pricing 50bps hike during both May and June meeting. There were no signs of panic at the ECB meeting notwithstanding the 7.5% inflation print, with the only material change being a higher probability of QE ending in 3Q22. In this context, the 10 years bund yield was higher at +0.94% (+39bps in the month, highest level since 2015) in tandem with the 10 years Treasury at 2.93% (+60bps in the month), mainly due to concerns on inflationary pressure linked to energy cost, with oil prices closing the month at 109 per barrel. 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 positive performance compared with a context of extreme negativity in the market. The expected return of the portfolio 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 February (18.40%). Fund's actual exposure (beta and duration adjusted) is 28.22%, higher relatively to last month (27.69%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated gross yield of 7.52% (in EUR), a low spread duration of 1.29 and a z spread of 812.

Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 97% of the positions (63 out of 65) 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 (10

Period	Class C*	Class A	Portfolio info	
MTD	1.07%	1.05%	# of Securities	115
YTD	-5.79%	-5.88%	% Weight	100.38%
6 months	-6.38%	-6.54%	Int Dur	0.57
1 year	-6.20%	-6.40%	Yield (gross)	7.52%
2021	1.13%	0.91%	Spread Duration	1.29
2020	3.40%	3.21%	Z-spread	812
2019	2.77%	2.52%		
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	35.96%
EUR	21.06%
NOK	25.13%
SEK	17.18%
CHF	0.00%
GBP	0.67%
TOTAL	100.00%

Geographic breakdown

EU	13.77%
US	5.85%
Oth DEV	54.49%
LATAM	0.73%
EMEA	13.83%
ASIA	11.33%
TOTAL	100.00%

Rating breakdown

AAA	0.00%	
AA	0.00%	
A	0.00%	
BBB	1.67%	
	tot IG	1.67%
BB	20.77%	
B	16.59%	
CCC	2.18%	
	tot HY	39.54%
NR	58.79%	
TOTAL	100.00%	

Sector breakdown - Top 10

Real Estate	28.48%
Services	24.16%
Energy	11.38%
Basic Industry	8.17%
Financial Services	8.01%
Leisure	4.27%
Consumer Goods	2.86%
Utility	2.50%
Transportation	2.40%
Automotive	2.23%

months or 0.86 of spread duration), with a combination of yield close to 5.05% and z-spread of 565.

Strategic & Tactical buckets.

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