

# Swan Short-Term High Yield – EUR

## April 2023



### Strategy

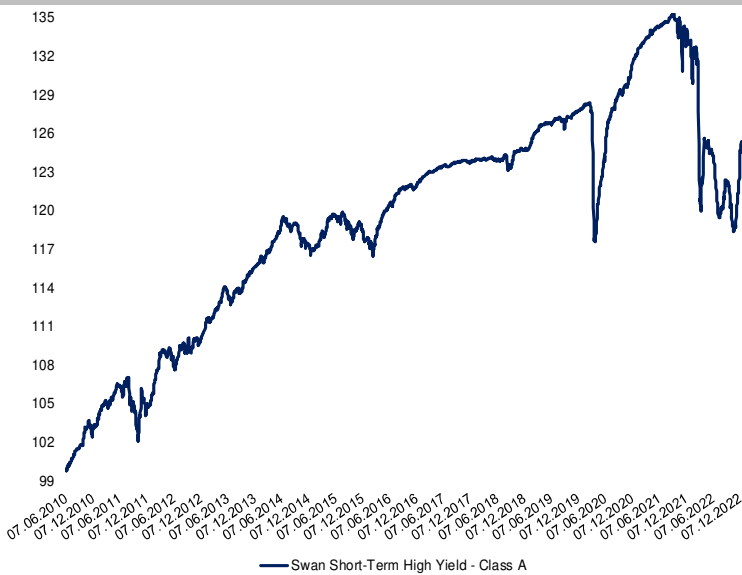
Swan Short-Term High Yield is the UCITS version of our Fixed Income Intermediate risk profile. Depending on market conditions, the strategy combines an highly diversified buy and hold portfolio of liquid short-term fixed income securities with an opportunistic allocation to longer dated securities in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

### Risk Profile

Conservative

**Intermediate**

High Reward



### Global market picture

High Yield Credit markets reported a mixed performance in April ranging from -0.42% for EM corp HY to +0.37% of the EU HY in contrast with the movement of the S&P500 (+1.46%) Eurostoxx50 (+1.03%). The IG EUR market was positive by 0.70%. The short-term (1-3 year) H1WN global HY index also reports a positive performance of +0.24% YTD while the Global unconstrained (in terms of maturity) HY gained +0.51%. In US, economy expanded 1.1% YoY in 1Q23, below the consensus, while core CPI at 5.6% YoY remained significantly above FED objective; market continues to expect a 25bps hike at FOMC May meeting and significant pivot in the rates path during the 2H23. In Europe growth was 1.3% YoY, but April flash composite PMI at 54.4 indicated a possible rebound to 2% for the 2Q23; inflation did not show significant improvements, with core CPI at 5.7% YoY, influenced by tight labour market and increased inflation expectations. ECB speakers did not signal a clear view with regards to the possible hike at May meeting, with investors still debating if a 25 or 50bps will take place: markets is pricing a peak at 3.7% later in 2023 (current rate is 3%), implying that also ECB rush for higher rates could be close to an end. Tighter credit conditions were indicated both in US and Europe and this could influence growth in the 2H23. Oil was stable at around 79\$ per barrel, while US dollar lost some ground with DXY at 101.66. Thanks to the recent volatility spike we have been able to add several new credit stories at very interesting levels of credit spreads: our funds have a yield to maturity between 7.5% and 12.5%, combined with an average spread duration of below 16 months. The combination of higher diversification, higher credit quality and higher expected yields paves the way for extremely attractive returns in the next future.

### Active Portfolio

Fund's actual exposure (beta and duration adjusted) is 42.32%, higher relatively to last month (41.77%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated gross yield of 9.10% (in EUR), a low spread duration of 1.46 and a z spread of 601.

### Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 73% of the positions (40 out of 55) 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 months or 0.82 of spread duration).

### Performance

MTD :	<b>0.51%</b>	Fund Assets (mln) :	174.2 €
Since inception	<b>28.64%</b>	1 Year Std Dev :	2.69%
Last 12 Months :	<b>2.65%</b>	1 Year Sharpe Ratio :	0.59
NAVps :	EUR 128.64	% of positive months :	72%

Period	Class C*	Class A	Portfolio info	
MTD	<b>0.53%</b>	<b>0.51%</b>	# of Securities	135
YTD	<b>2.79%</b>	<b>2.69%</b>	% Weight	99.24%
6 months	<b>8.47%</b>	<b>8.31%</b>	Int Dur	0.95
1 year	<b>2.96%</b>	<b>2.65%</b>	Yield (gross)	9.10%
2022	<b>-5.64%</b>	<b>-5.92%</b>	Spread Duration	1.46
2021	<b>1.13%</b>	<b>0.91%</b>	Z-spread	601
2020	<b>3.40%</b>	<b>3.21%</b>		
2019	<b>2.77%</b>	<b>2.52%</b>		
2018	<b>0.93%</b>	<b>0.72%</b>		
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.

### FX breakdown (fully hedged)

USD	24.01%
EUR	35.23%
NOK	20.20%
SEK	17.95%
CHF	1.57%
GBP	1.04%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	26.72%
US	5.46%
Oth DEV	51.80%
LATAM	0.68%
EMEA	9.92%
ASIA	5.42%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%	
AA	0.00%	
A	0.00%	
BBB	3.02%	
	tot IG	3.02%
BB	23.47%	
B	10.56%	
CCC	3.49%	
	tot HY	37.53%
NR	59.45%	
<b>TOTAL</b>	<b>100.00%</b>	

### Sector breakdown - Top 10

Real Estate - Mgmt Res	9.65%
Shipping - Gas	7.00%
Oil and gas E&P - All	6.41%
Gaming - Online Gaming	5.81%
Finance - NPL collector	4.76%
Real Estate - Mgmt Comm	4.48%
Compounder	3.95%
Oil and gas services - FPS	3.59%
Real Estate - Dev Res	3.49%
Investments & Misc Financ	3.13%

### Strategic & Tactical buckets.

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

### 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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