

Swan Short-Term High Yield – USD

July 2023



Strategy

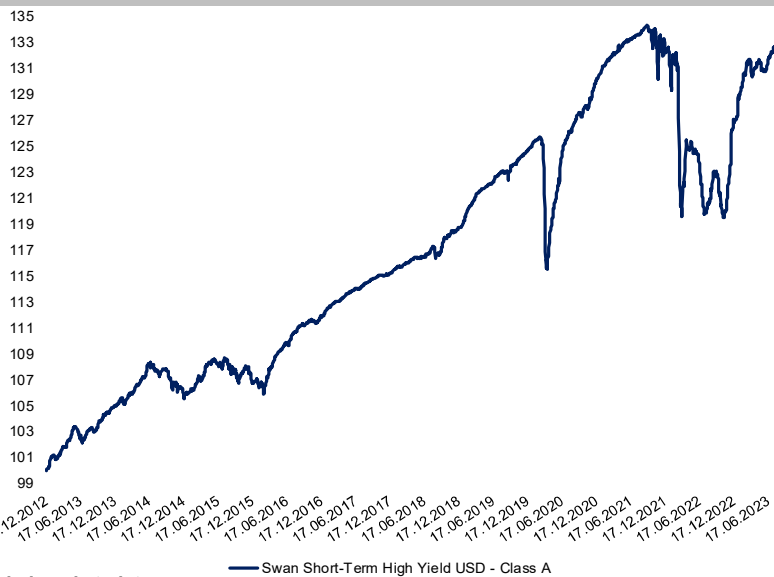
Swan Short-Term High Yield is the UCITS version of our Fixed Income Intermediate risk profile. Depending on market conditions, the strategy combines an highly diversified buy and hold portfolio of liquid short-term fixed income securities with an opportunistic allocation to longer dated securities in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

Risk Profile



Performance

MTD :	0.51%	Fund Assets (mln) :	167.7 €
Since inception	32.75%	1 Year Std Dev :	2.51%
Last 12 Months :	10.08%	1 Year Sharpe Ratio :	2.28
NAVps :	USD 132.75	% of positive months :	74%



Global market picture

High Yield Credit markets reported a positive performance in July ranging from +1.22% for EM corp HY to +1.09% of the EU HY in tandem with the movement of the S&P500 (+3.11%) and Eurostoxx50 (+1.64%). The IG EUR market was positive by +1.00% and the short-term (1-3 year) H1WN global HY index reports a positive performance of +0.67%. The Global unconstrained (in terms of maturity) HY gained +1.23%. Data from US confirmed the resilience of economy: strong ADP numbers were followed by softening inflation, increasing the possibilities of a soft landing; this scenario was reinforced by a strong 2Q GDP print @ 2.4% YoY vs estimates of just +1.8%. In this environment the FED raised its benchmark interest rate by 0.25%, to the highest level in 22 years, adding they would take a more gradual approach in next meetings. The FED is now closer to a "sufficiently restrictive" monetary policy that should bring inflation under control in next months. The ECB raised all policy rates by 25bps, not giving any guidance about the future path for rates and keeping all options open: the September meeting will be "live" and the decision will depend on incoming data. Also the BOJ decided to introduce greater flexibility to its operation with a 100bps cap on the 10yrs yield, a step toward a future removal of YCC. Oil moved higher to 75\$ per barrel, while US dollar lost some ground with DXY at 102.91. 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 7.8% and 11%, combined with an average spread duration around 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 38.30%, higher relatively to last month (41.94%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated gross yield of 8.75% (in EUR), a low spread duration of 1.49 and a z spread of 513.

Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 67% of the positions (40 out of 60) 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 (11 months or 0.95 of spread duration).

Period	Class A	Portfolio info	
MTD	0.51%	# of Securities	127
YTD	4.31%	% Weight	97.52%
6 months	2.19%	Int Dur	1.02
1 year	10.08%	Yield (gross) in EUR	8.75%
2022	-3.94%	Spread Duration	1.49
2021	1.56%	Z-spread	513
2020	4.46%		
2019	5.08%		
2018	2.98%		
2017	2.96%		
2016	4.84%		
2015	0.93%		
2014	0.81%		
2013	4.75%		

FX breakdown (fully hedged)

USD	27.63%
EUR	36.90%
NOK	13.98%
SEK	17.65%
CHF	2.14%
GBP	1.70%
TOTAL	100.00%

Geographic breakdown

EU	29.90%
US	10.43%
Oth DEV	46.09%
LATAM	0.49%
EMEA	10.45%
ASIA	2.64%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	6.55%
tot IG	6.55%
BB	21.00%
B	11.59%
CCC	3.50%
tot HY	36.10%
NR	57.35%
TOTAL	100.00%

Sector breakdown - Top 10

Real Estate - Mgmt Res	9.33%
Oil and gas E&P - All	6.37%
Oil Field Equipment & Ser	5.99%
Finance - NPL collector	5.98%
Gaming - Online Gaming	5.65%
Shipping - Gas	4.42%
Oil and gas services - FPS	4.06%
Shipping - Crude	3.79%
Pharmaceuticals	3.22%
Compounder	2.80%

Strategic & Tactical buckets.

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

Sicav Structure – Terms & Conditions

Domicile: Luxembourg

Inception Date: 18 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: CBASAUH LX

ISIN: class A: LU0860713980

Contacts at Swan Asset Management SA:

E-mail: info@swan-am.ch - Tel: +41 91 986 31 90

This is an advertising document. The document has been prepared for information purposes only and does not constitute an offer, investment recommendation, personal advice or solicitation to purchase financial instruments and does not offer or promote - nor does it in any way intend to offer or promote - any form of investment. This document does not constitute investment advice on financial instruments and therefore the information made available in this document should not be construed as a recommendation or invitation to invest. The state of the 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, 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 of units.