

# Swan Short-Term High Yield – USD November 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

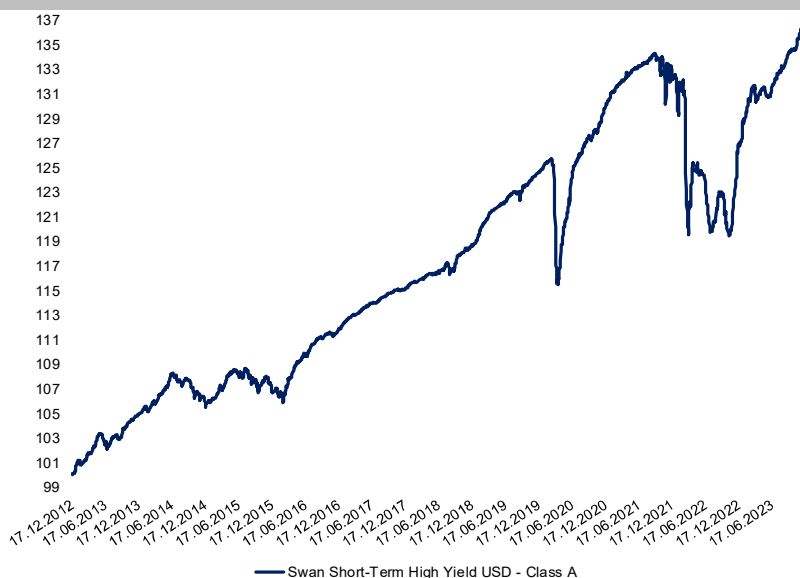
Conservative

**Intermediate**

High Reward

## Performance

MTD :	<b>1.18%</b>	Fund Assets (mln) :	159.2 €
Since inception	<b>36.74%</b>	1 Year Std Dev :	2.00%
Last 12 Months :	<b>10.26%</b>	1 Year Sharpe Ratio :	2.6
NAVps :	USD 136.74	% of positive months :	75%



Period	Class A	Portfolio info	
MTD	<b>1.18%</b>	# of Securities	130
YTD	<b>7.45%</b>	% Weight	98.90%
6 months	<b>4.58%</b>	Int Dur	1.27
1 year	<b>10.26%</b>	Yield (gross) in EUR	8.30%
2022	<b>-3.94%</b>	Spread Duration	1.79
2021	<b>1.56%</b>	Z-spread	487
2020	<b>4.46%</b>		
2019	<b>5.08%</b>		
2018	<b>2.98%</b>		
2017	<b>2.96%</b>		
2016	<b>4.84%</b>		
2015	<b>0.93%</b>		
2014	<b>0.81%</b>		
2013	<b>4.75%</b>		

## Global market picture

High Yield Credit markets reported a positive performance in November ranging from +3.64% for EM corp HY to +2.86% of the EU HY in tandem with positive equity markets, S&P500 (+8.92%) and Eurostoxx50 (+7.91%). The IG EUR market was positive by +2.30% while the short-term (1-3 year) H1WN global HY index reported a positive performance of 2.15%. The Global unconstrained (in terms of maturity) HY index was positive at +3.88%. The FED had its policy decision meeting the first week of November: interest rates remained at 22 years highs and Jerome Powell kept open the possibility of additional monetary tightening amid evidence that the US economy remain strong. But the FED Chair increasingly described risks as balanced with "considerable" progress on lowering inflation as they "have moved policy rate well into restrictive territory". Markets responded to this news reversing the bond yields spike of September/October thanks also to declining inflation data: October core CPI YoY was 4% in US vs 4.1% expected, while in Europe expectation for November core inflation were revised down to 3.6% YoY. Rates market incorporated relatively high probabilities of easing by both the FED and ECB during next quarters, even if we believe central banks will act only when they will be convinced that inflation will remain below 3% on a sustained basis. The 10 years bund yield was lower at 2.45% (-36bps in the month), in tandem with the 10 years Treasury at 4.33% (-60bps in the month). Oil moved lower to 82\$ per barrel, while US dollar lost some ground with DXY at 103.50. Our funds have a yield to maturity between 7.5% and 10%, combined with an average spread duration around 17 months. The combination of higher diversification, higher credit quality and higher expected yields pave the way for extremely attractive returns in the next future.

## Active Portfolio

Fund's actual exposure (beta and duration adjusted) is 53.93%, lower relatively to last month (49.26%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated gross yield of 8.30% (in EUR), a low spread duration of 1.79 and a z spread of 487.

## Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 74% of the positions (37 out of 50) 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 0.93 of spread duration).

## FX breakdown (fully hedged)

USD	25.62%
EUR	40.62%
NOK	12.00%
SEK	16.42%
CHF	2.26%
GBP	3.07%
<b>TOTAL</b>	<b>100.00%</b>

## Geographic breakdown

EU	34.95%
US	12.10%
Oth DEV	37.19%
LATAM	3.05%
EMEA	11.71%
ASIA	1.00%
<b>TOTAL</b>	<b>100.00%</b>

## Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	9.60%
	<b>tot IG 9.60%</b>
BB	24.78%
B	12.27%
CCC	1.29%
	<b>tot HY 38.34%</b>
NR	52.06%
<b>TOTAL</b>	<b>100.00%</b>

## Sector breakdown - Top 10

Real Estate - Mgmt Res	7.48%
Oil Field Equipment & Ser	7.45%
Banking	5.90%
Oil and gas E&P - All	5.52%
Finance - NPL collector	5.10%
Real Estate - Dev Res	4.11%
Shipping - Gas	3.84%
Software/Service	3.74%
Real Estate - Mgmt Comm	3.30%
Compounder	3.04%

## Strategic & Tactical buckets.

Tactical bucket generated a positive gross performance during the month, with homogeneous contributions. Geographical allocation in EM was negative; picking was negative both in EM and EUR HY.

## 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

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