

Swan High Yield – USD

April 2018



Strategy

The sub-fund aims to generate a significant excess return vs 3m Libor in combination with below-average market volatility. Depending on market conditions, the strategy combines in variable proportions the "buy and hold" investment in a highly diversified and granular portfolio of liquid short-term fixed income securities with the "strategic" and/or "tactical" investment in HY or EM securities denominated in hard currency.

Performance

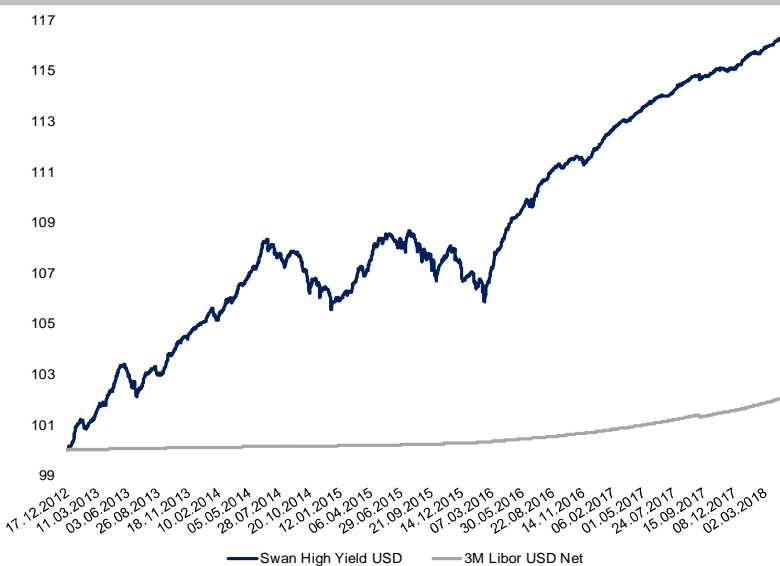
MTD :	0.25%	Fund Assets (mln) :	109.7 €
Since inception	16.43%	1 Year Std Dev :	0.30%
Last 12 Months :	2.52%	1 Year Sharpe Ratio :	4.24
NAVps :	USD 116.43	% of positive months :	77%

Risk Profile

Conservative

Intermediate

High Reward



Period	Perf.	Portfolio info	
MTD	0.25%	# of Securities	93
YTD	0.90%	% Weight	102.28%
6 months	1.19%	Int Dur	0.65
1 year	2.52%	Yield (gross)	2.56%
2017	2.96%	Spread Duration	0.99
2016	4.84%	Z-spread	300
2015	0.93%		
2014	0.81%		
2013	4.75%		
2012	0.31%		

FX breakdown (fully hedged)	
USD	46.00%
EUR	14.88%
NOK	24.31%
GBP	0.77%
SEK	9.50%
CHF	4.54%
AUD	0.00%
SGD	0.00%
TOTAL	100.00%

Geographic breakdown	
EU	4.37%
US	0.37%
Oth DEV	37.86%
LATAM	8.96%
EMEA	27.92%
ASIA	20.51%
TOTAL	100.00%

Global market picture

Main topic of the month was the possible softening in growth, with CESI of G10 economies dipping below zero after recent highs at the end of 2017: investors did not seem to be excessively worried about this, and during April, European credit markets experienced a positive performance (H9PC Index +0.65%), in tandem with a positive movement of the Eurostoxx 50 (+5.21%); S&P500 also realized positive performance (+0.27%), reversing the correction started in February. Yield on 10 years Bund, after an initial rebound to 0.65%, pulled back to 0.55%, while flattening movement on US curve continued, with the 2 years/10 years maturity steepness reaching a multi years low of 50bps. On central banks' side, the ECB meeting did not bring significant changes in monetary policy: Draghi confirmed his confidence on inflation outlook, postponing any decision on QE to July/September meeting and signaling how the ECB is still on a data-watching mode. Important changes in rhetoric had been made by BoE Governor Carney, that after disappointing 1Q18 GDP data, flagged uncertainty about a possible rate hike in May, with markets that had to reduce the probability of such an event from close to 100% to below 10%. Emerging markets credit performance was negative (EMHB index -0.58%), with spread to worst 13bps wider at 366bps, notwithstanding Brent reached new highs at 75USD per barrel. Finally, the meeting between Kim Jong-Un and South Korea President Moon Jae-in was an historical event (last meeting took place in 2007), and paved the way for a possible summit between US and North Korea in June.

Active Portfolio

Credit Allocation Scoring (CAS) indicates a medium-long-dated allocation of 15.30%, flat relatively to the end of March (15.30%). Fund's actual exposure (beta and duration adjusted) is 11.53%, higher relatively to last month (9.42%). The mix between Strategic and Tactical positions is 24% Strategic and 76% Tactical. The fund has an estimated gross yield of 2.56%, a low spread duration of 0.99 and a z spread of 300.

Rating breakdown	
AAA	0.00%
AA	0.00%
A	1.19%
BBB	5.54%
tot IG	6.72%
BB	26.27%
B	23.10%
CCC	0.77%
tot HY	50.14%
NR	43.14%
TOTAL	100.00%

Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance. The average life of the YT portfolio at the end of April is very short (9 months or 0.72 of spread duration), with a combination of yield close to 2.19% and z-spread of 259.

Strategic & Tactical buckets.

Both Strategic and Tactical bucket generated a positive performance during the month, with no significant contribution. Geographical allocation in EM was slightly negative, but much more than compensated by positive picking on single credits.

Sector breakdown - Top 10	
Services	32.49%
Real Estate	28.63%
Banking	17.80%
Energy	5.19%
Financial Services	5.13%
Foreign Sovereign	2.10%
Agency	1.69%
Capital Goods	1.54%
Leisure	1.35%
Healthcare	1.11%

Sicav Structure – Terms & Conditions

Domicile: Luxembourg

Inception Date: 18 December 2012

Minimum Investment: 1 share

Liquidity / Reporting: Daily

Fees: 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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