

# Swan Short-Term High Yield – EUR

## February 2019



### Strategy

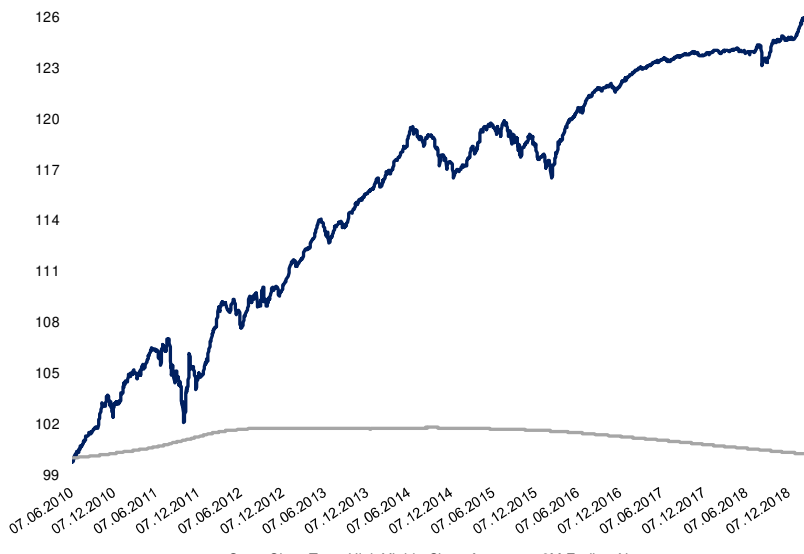
The sub-fund aims to generate a significant excess return vs 3m Euribor in combination with below-average market volatility. Depending on market conditions, the strategy combines in variable proportions the “buy and hold” investment in a highly diversified and granular portfolio of liquid short-term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

### Risk Profile

Conservative

**Intermediate**

High Reward



### Global market picture

February was a very strong month: European credit markets were positive (H9PC Index +1.85%), likewise equity markets with Eurostoxx 50 and S&P 500 gaining respectively 4.39% and 2.97%. The FOMC minutes on January were a little bit more hawkish than expected, revealing that a small bias for the next move to be a hike remains even if comments from FED officials remained on the dovish side. In the meanwhile, US data on economy continued to be soft: weaker than expected retail sales and durable goods order caused a revision of 1Q19 growth to just around 2% (it would be the lowest level since Q42015). Futures on FED funds imply a FED on hold for 2019 and a rate cut for 2020, while DOTS are still indicating 2 hikes: the FED will likely use a wait and see approach and the rate path will be one of the main driver of 2019 markets' performance. Data from Europe signaled a small improvement to a higher level of growth; next ECB meeting at the beginning of March should likely provide more color on a new eventual TLTRO, even if details should be disclosed in April. Yield on 10 Years German Bund rebounded from recent lows (+3bps at 0.18%) in tandem with yield on 10 years Treasury down to 2.71% (+9bps in February). Markets' rally continued in February, although economic uncertainty remains a concern for risky assets: current pace of global growth is around 2.6%, but several headwinds have still to be resolved (US/China trade deal, Brexit and weak growth in Europe). Emerging markets reported a positive performance (+1.33%) with Asia being the best performer during the month. EM resilience was mainly due to the dovish FED tone and constructive talks between US and China (even if we are still waiting for a final agreement), in addition to continued strength of oil prices (Brent closed up 7% at 66USD).

### Active Portfolio

Credit Allocation Scoring (CAS) indicates a medium-long-dated allocation of 21.40%, higher relatively to the end of January (15.30%). Fund's actual exposure (beta and duration adjusted) is 13.83%, higher relatively to last month (11.38%). The mix between Strategic and Tactical positions is 2% Strategic and 98% Tactical. The fund has an estimated gross yield of 2.67%, a low spread duration of 0.99 and a z spread of 308.

### Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 90% of.

### 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

### Performance

MTD :	<b>0.33%</b>	Fund Assets (mln) :	111.5 €
Since inception	<b>26.11%</b>	1 Year Std Dev :	0.81%
Last 12 Months :	<b>1.69%</b>	1 Year Sharpe Ratio :	2.74
NAVps :	EUR 126.11	% of positive months :	72%

### IMPORTANT NOTIFICATION:

Starting from January 2019 the fund will be renamed the **Swan Short-Term High Yield** to better define its strategy. Fund investment philosophy and strategy will not change.

Period	Class C*	Class A	Portfolio info	
MTD	<b>0.35%</b>	<b>0.33%</b>	# of Securities	94
YTD	<b>1.16%</b>	<b>1.12%</b>	% Weight	99.85%
6 months	<b>2.33%</b>	<b>2.27%</b>	Int Dur	0.70
1 year	<b>1.90%</b>	<b>1.69%</b>	Yield (gross)	2.67%
2018	<b>0.93%</b>	<b>0.72%</b>	Spread Duration	0.99
2017	<b>1.53%</b>	<b>1.28%</b>	Z-spread	308
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	46.05%
EUR	23.54%
NOK	19.71%
SEK	5.84%
CHF	4.11%
GBP	0.75%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	10.43%
US	0.40%
Oth DEV	31.43%
LATAM	3.62%
EMEA	33.79%
ASIA	20.33%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	3.72%
<b>tot IG</b>	<b>3.72%</b>
BB	21.98%
B	34.65%
CCC	0.67%
<b>tot HY</b>	<b>57.31%</b>
NR	38.97%
<b>TOTAL</b>	<b>100.00%</b>

### Sector breakdown - Top 10

Banking	27.24%
Real Estate	25.88%
Services	22.10%
Energy	7.19%
Financial Services	6.37%
Sovereign	2.52%
Transportation	2.07%
Basic Industry	1.96%
Media	1.56%
Technology & Electronics	1.43%

the positions (54 out of 60) contributing positively. Positive contributions were homogeneously distributed, the only exceptions being DNONO 06/20 and GMLP 05/20, while there were not significant negative contributions. The average life of the YT portfolio is very short (8 months or 0.66 of spread duration).

### Strategic & Tactical buckets.

Strategic bucket generated a negligible positive performance while the Tactical bucket generated a significant positive performance. Geographical allocation in EM was positive, while picking was positive in EM and negative in EUR HY (overall slightly negative).

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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