

Swan Short-Term High Yield – EUR

March 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

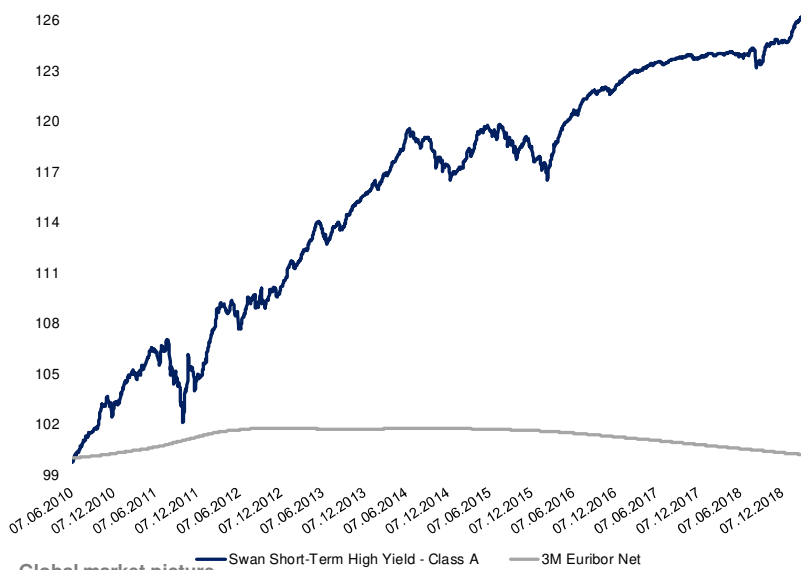
Conservative

Intermediate

High Reward

Performance

MTD :	0.36%	Fund Assets (mln) :	118.6 €
Since inception	26.57%	1 Year Std Dev :	0.82%
Last 12 Months :	2.06%	1 Year Sharpe Ratio :	3.17
NAVps :	EUR 126.57	% of positive months :	73%



Period	Class C*	Class A	Portfolio info	
MTD	0.38%	0.36%	# of Securities	98
YTD	1.54%	1.49%	% Weight	95.59%
6 months	1.73%	1.64%	Int Dur	0.71
1 year	2.27%	2.06%	Yield (gross)	2.38%
2018	0.93%	0.72%	Spread Duration	1.03
2017	1.53%	1.28%	Z-spread	288
2016	4.29%	3.82%		
2015	1.12%	0.74%		
2014	1.20%	0.90%		
2013	4.96%	4.66%		
2012	5.49%	5.19%		
2011	2.13%	1.83%		
2010	3.65%	3.35%		

*Class A adjusted for management fee difference used for periods before Class C inception.

FX breakdown (fully hedged)

USD	46.73%
EUR	22.52%
NOK	18.95%
SEK	6.87%
CHF	4.19%
GBP	0.74%
TOTAL	100.00%

Geographic breakdown

EU	10.43%
US	0.40%
Oth DEV	32.34%
LATAM	5.20%
EMEA	29.71%
ASIA	21.92%
TOTAL	100.00%

Global market picture

March was another strong month: European credit markets were positive (H9PC Index +0.97%), likewise equity markets with Eurostoxx 50 and S&P 500 gaining respectively 1.62% and 1.79%. Once again, central banks' meetings took the center of the stage: the FED sent a dovish message, with a bigger than expected number of FOMC participants that now expects no rates hikes in 2019 and DOTS signaling just one hike over the next 2 years. Markets participants took very seriously the message launched by Jerome Powell, with Fed funds futures pricing one rate cut to December 2020 and other central banks joining the dovish stance embraced by the FED. General dovishness coupled with mixed economic data flow in US (CESIUSD was stable around -40) caused a significant downward movement in the 10 years Treasury, down from 2.71% to 2.41%. Data from Europe remained on the weak side and ECB was forced to take a supportive position during the March meeting, announcing the possibility of a new TLTRO program and shifting its forward guidance on rates to be unchanged until the end of 2019. Yield on 10 Years German Bund reacted strongly to ECB announcements, closing the month at the lowest level in the last three years (-0.07%). Political risks receded in the month: Mueller report did not impact seriously Trump's Administration while Brexit saga seemed to exclude a no deal scenario. Emerging markets reported a positive performance (+0.74%) with Asia being the best performer during the month. EM resilience was mainly due to the dovish tone of all the Central Banks around the world 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 up 4% at 68 USD per barrel).

Active Portfolio

Credit Allocation Scoring (CAS) indicates a medium-long-dated allocation of 21.40%, flat relatively to the end of February (21.40%). Fund's actual exposure (beta and duration adjusted) is 16.03%, higher relatively to last month (13.83%). The mix between Strategic and Tactical positions is 2% Strategic and 98% Tactical. The fund has an estimated gross yield of 2.38%, a low spread duration of 1.03 and a z spread of 288.

Yield-type bucket

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

Rating breakdown

AAA	0.00%
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A	0.00%
BBB	3.68%
	tot IG 3.68%
BB	22.57%
B	32.58%
CCC	0.68%
	tot HY 55.82%
NR	40.50%
TOTAL	100.00%

Sector breakdown - Top 10

Real Estate	27.27%
Banking	26.03%
Services	21.49%
Energy	7.25%
Financial Services	4.92%
Basic Industry	3.53%
Technology & Electronics	2.31%
Sovereign	2.07%
Media	1.54%
Transportation	1.23%

the positions (54 out of 60) contributing positively. Positive contributions were homogeneously distributed, the only exceptions being RDFSJ put 09/20 and AABAR 03/20, while there were not significant negative contributions. The average life of the YT portfolio is very short (9 months or 0.73 of spread duration), with a combination of yield close to 2.34% and z-spread of 289.

Strategic & Tactical buckets.

Both Strategic and Tactical bucket generated a positive performance. Geographical allocation in EM was positive, while picking was positive both in EM and EUR HY.

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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