

# Swan Short-Term High Yield – EUR December 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

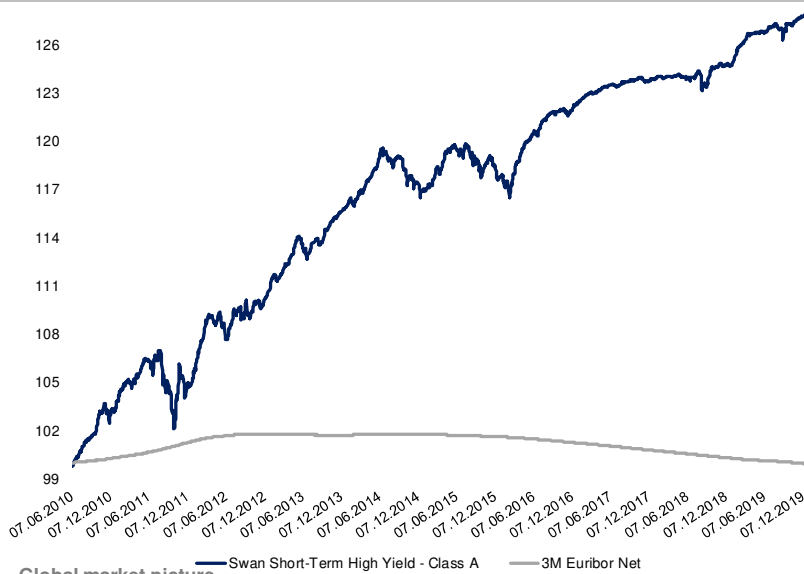
Conservative

**Intermediate**

High Reward

## Performance

MTD :	<b>0.10%</b>	Fund Assets (mln) :	192.3
Since inception	<b>27.85%</b>	1 Year Std Dev :	0.86%
Last 12 Months :	<b>2.52%</b>	1 Year Sharpe Ratio :	3.64
NAVps :	EUR 127.85	% of positive months :	74%



Period	Class C*	Class A	Portfolio info	
MTD	0.14%	0.10%	# of Securities	115
YTD	2.77%	2.52%	% Weight	91.29%
6 months	0.76%	0.62%	Int Dur	0.61
1 year	2.77%	2.52%	Yield (gross)	2.08%
2018	0.93%	0.72%	Spread Duration	0.86
2017	1.53%	1.28%	Z-spread	255
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	56.69%
EUR	16.95%
NOK	17.17%
SEK	6.96%
CHF	1.94%
GBP	0.30%
<b>TOTAL</b>	<b>100.00%</b>

## Geographic breakdown

EU	5.76%
US	0.00%
Oth DEV	33.79%
LATAM	5.18%
EMEA	24.41%
ASIA	30.86%
<b>TOTAL</b>	<b>100.00%</b>

## Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	4.57%
<b>tot IG</b>	<b>4.57%</b>
BB	26.15%
B	28.94%
CCC	0.22%
<b>tot HY</b>	<b>55.31%</b>
NR	40.11%
<b>TOTAL</b>	<b>100.00%</b>

## Sector breakdown - Top 10

Real Estate	32.21%
Services	20.33%
Banking	16.13%
Energy	8.48%
Sovereign	5.57%
Financial Services	4.66%
Capital Goods	3.02%
Basic Industry	1.93%
Transportation	1.65%
Retail	1.59%

2.05% and z-spread of 247.

## Strategic & Tactical buckets.

Tactical bucket generated a positive performance, with homogeneous contributions. Geographical allocation in EM was negative, while picking was positive both in EM and EUR HY.

## Global market picture

December was a positive month for financial markets: European credit markets were positive (H9PC Index +1.10%), and equity markets were positive both in Europe (Eurostoxx 50 +1.12%) and in US (S&P 500 +2.86%). The month started with US Manufacturing ISM still below 50 (48.1), while the PMI was better than expected at 52.6; labor market confirmed its resiliency with strong change in nonfarm payrolls figures and unemployment rate at 3.5%. Due to the US data strength, the FED left rates unchanged at 1.62%, with dots signaling no rate change for 2020. Christine Lagarde took her first press conference after the ECB meeting: the event did not give significant information, and markets are still trying to understand how the ECB will move in the next months (maybe more QE). On the data side, PMI composite release at 50.6 was consistent with a 0.9% growth in 4Q19, (expectation for 2020 growth is 1%), while manufacturing sector remains the weak spot of the economy (PMI at 46.9). One significant movement in monetary policy had been taken by Riksbank (the Swedish central bank): it ended its era of negative rates amid growing concerns that “the behavior of economic agents may change and negative effects may arise”. German 10 years Bund closed the month at -0.19% (+17bps during the month) in tandem with 10 Years Treasury +1.92% (+14bps during the month). Markets bullish sentiment was due to optimism regarding the US-China negotiations progress on a potential deal, further supported by a clear victory of Boris Johnson in the UK general election that should accelerate the Brexit process. Emerging markets reported a positive performance (+1.70%) with LATAM being the best performer during the month. Oil was up 5.72% in the month, closing at 66.00 USD per barrel.

## Active Portfolio

Credit Allocation Scoring (CAS) indicates a medium-long-dated allocation of 18.40%, flat relatively to the end of November (18.40%). Fund’s actual exposure (beta and duration adjusted) is 11.64%, lower relatively to last month (13.60%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated gross yield of 2.08% (in EUR), a low spread duration of 0.86 and a z spread of 255.

## Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 95% of the positions (76 out of 80) contributing positively. Positive contributions were homogeneously distributed, 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

## 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

Contacts at Swan Asset Management SA:

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