

Swan Short-Term High Yield – CHF November 2020



Strategy

The sub-fund aims to generate a significant excess return vs 3m Libor CHF 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

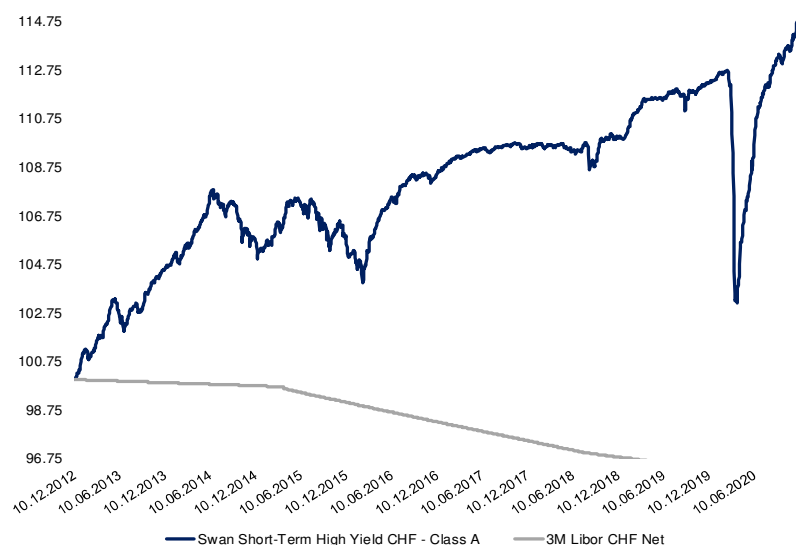
Conservative

Intermediate

High Reward

Performance

MTD :	1.12%	Fund Assets (mln) :	181.2 €
Since inception	14.78%	1 Year Std Dev :	3.11%
Last 12 Months :	2.28%	1 Year Sharpe Ratio :	1.05
NAVps :	CHF 114.78	% of positive months :	73%



Period	Class C*	Class A	Portfolio info
MTD	1.12%	1.12%	# of Securities 120
YTD	2.40%	2.20%	% Weight 98.77%
6 months	5.78%	5.69%	Int Dur 0.73
1 year	2.51%	2.28%	Yield (gross) 3.88%
2019	2.42%	2.17%	Spread Duration 0.91
2018	0.59%	0.32%	Z-spread 525
2017	1.16%	0.86%	
2016	3.59%	3.29%	
2015	0.17%	-0.13%	
2014	0.88%	0.58%	
2013	4.60%	4.30%	

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

FX breakdown (fully hedged)

USD	61.39%
EUR	18.60%
NOK	11.38%
SEK	4.45%
CHF	2.38%
GBP	1.81%
TOTAL	100.00%

Geographic breakdown

EU	10.17%
US	2.48%
Oth DEV	33.38%
LATAM	4.69%
EMEA	37.83%
ASIA	11.44%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	3.29%
	tot IG 3.29%
BB	22.70%
B	31.56%
CCC	2.38%
	tot HY 56.64%
NR	40.07%
TOTAL	100.00%

Sector breakdown - Top 10

Services	22.42%
Real Estate	14.52%
Banking	13.57%
Basic Industry	13.29%
Energy	7.15%
Financial Services	5.97%
Transportation	5.82%
Sovereign	2.82%
Leisure	2.46%
Automotive	1.89%

Global market picture

During November European credit markets experienced an extremely positive performance (H9PC Index +4.37%), in tandem with the movement of the Eurostoxx 50 (+18.06%) and S&P 500 (10.75%). In this context Swan funds continued to move higher with a positive monthly performance ranging from +0.78% to 1.52%: our SIF funds are in positive territory (+5.65% SLSC and +5.00% for SBE) and also UCITS funds registered significant positive performance YTD (+2.2% USTB and +2.65% for STHY), while credit markets are reporting low single digit positive returns YTD (European HY +1.94%, Emerging HY +4.52%, US HY +2.51% and EUR IG +2.49%). The massive resurgence of Covid-19 infections caused new, but less severe, lockdowns in Europe: Q4 contraction is estimated at -9% (2020 should deliver a negative GDP growth of -7%), while consensus in US is for a -3.6% YoY growth in 2020. Disappointing growth data were more than compensated by the announcement that several anti-Covid vaccines have been positively tested: mass vaccinations should start in late 2020 in US and in the first quarter in 2021 in Europe. November was also the US presidential election month: Joe Biden, as expected, won, but the Senate majority is still not defined yet; Donald Trump did not immediately accept the loss, and started preparing a hard transition to his rival. In this context, the 10 years bund yield moved higher by 5 bps to -0.57% while the 10 years Treasury moved lower 3bps to 0.84%. We think that this is still an interesting entry point for our strategy: current YTM, albeit reduced, give us confidence on the capability to generate positive performance in line with targets during 2021; average maturity of the bonds in our portfolios is still around 1 year and should help reduce volatility in case of new episodes of market stress.

Active Portfolio

Credit Allocation Scoring (CAS) indicates a medium-long-dated allocation of 18.40%, flat relatively to the end of October (18.40%). Fund's actual exposure (beta and duration adjusted) is 11.67%, lower relatively to last month (14.07%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated gross yield of 3.88% (in EUR), a low spread duration of 0.91 and a z spread of 525.

Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 95% of the positions (78 out of 82) 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 (9 months or 0.73 of spread duration), with a combination of yield close to 4.19% and z-spread of 584.

Strategic & Tactical buckets.

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

Sicav Structure – Terms & Conditions

Domicile: Luxembourg

Inception Date: 11 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: CBASACH LX, class C: CBASCCH LX

ISIN: class A: LU0860714285, class C: LU0860714442

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This is an advertising document. The state of origin of the fund is Luxembourg. In Switzerland the representative of the SICAV is Cornèr Banca S.A., with registered office in Via Canova 16, CH-6901 Lugano and the payment service is provided by Cornèr Banca S.A., Via Canova 16, CH-6901 Lugano.

The basic documents of the fund as well as the annual and if applicable the semi-annual report may be obtained free of charge from the representative. Past performance is no indication of current or future performance. The performance data do not take account of the commissions and costs incurred on the issue and redemption units.