

Swan Short-Term High Yield – CHF

May 2021



Strategy

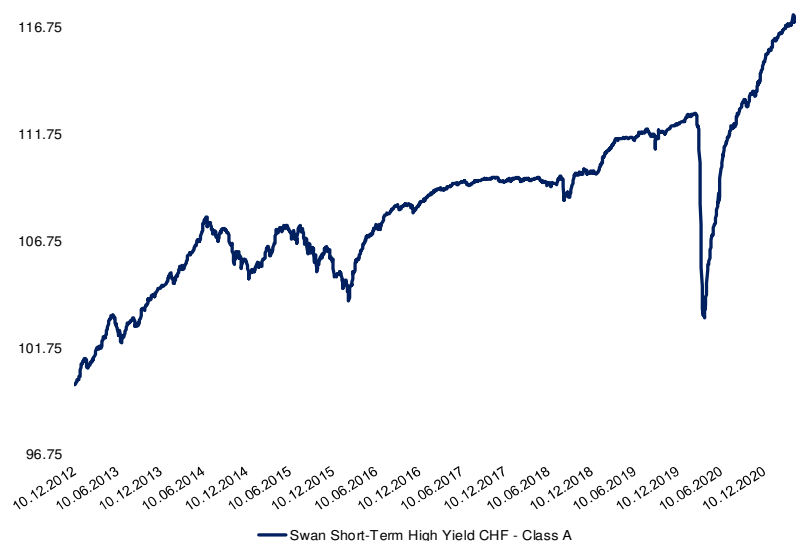
Swan Short-Term High Yield is the UCITS version of our Fixed Income Intermediate risk profile. Depending on market conditions, the strategy combines an highly diversified buy and hold portfolio of liquid short-term fixed income securities with an opportunistic allocation to longer dated securities in Global HY markets. Target Return is 3 months LIBOR + 250 bps.

Risk Profile

Conservative

Intermediate

High Reward



— Swan Short-Term High Yield CHF - Class A

Global market picture

During May European credit markets experienced a positive performance (H9PC Index +0.20%), in tandem with the movement of the Eurostoxx 50 (+1.63%) and S&P 500 (+0.55%). Main topic of the month was inflation and its possible impact on monetary policy and markets: US CPI rose 4.2% YoY in April, while consensus was much lower at 3.6%, feeding concerns that world's main economy is overheating. On the same tone, the PCE core deflator printed a 3.1% increase YoY, biggest jump since the 1990's, while the FED confirmed through its members that it will look through transitory inflation moves, focusing on long run inflation expectations. Higher prints in inflation indicators are linked to relaxed anti covid measures adopted in DM countries: mass vaccination campaigns are producing positive results with both new case and deaths significantly lower than last month; global growth is booming with high single digit growth forecasted for 2Q both in US and Western Europe. Additional boost to recovery could be provided by a suspension of intellectual property rights for vaccines, but Angela Merkel refused the proposal advanced by Joe Biden and supported by Vladimir Putin. In this context, the 10 years bund yield was substantially flat at -0.19% (+1bps in the month), while the 10 years Treasury was lower at 1.59% (-4bps in the month). Oil jumped to 69 USD per barrel, gold rebounded to 1906 \$ per ounce, while copper reached highest level of the last 5 years close to 500\$ level. We think that this is still an interesting entry point for our strategy: current YTM gives 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 April (18.40%). Fund's actual exposure (beta and duration adjusted) is 17.57%, higher relatively to last month (15.14%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated gross yield of 2.98% (in EUR), a low spread duration of 1.02 and a z spread of 355.

Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 91% of the positions (70 out of 77) 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 0.72 of spread duration), with a combination of yield close to 2.69% and z-

Performance

MTD :	0.27%	Fund Assets (mln) :	232.6 €
Since inception	17.55%	1 Year Std Dev :	1.15%
Last 12 Months :	8.24%	1 Year Sharpe Ratio :	8.05
NAVps :	CHF 117.55	% of positive months :	75%



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2021 WINNER SWITZERLAND



REFINITIV LIPPER FUND AWARDS

2021 WINNER EUROPE

Period	Class C*	Class A	Portfolio info	
MTD	0.30%	0.27%	# of Securities	121
YTD	1.79%	1.68%	% Weight	99.08%
6 months	2.55%	2.41%	Int Dur	0.75
1 year	8.48%	8.24%	Yield (gross)	2.98%
2020	3.17%	2.94%	Spread Duration	1.02
2019	2.42%	2.17%	Z-spread	355
2018	0.59%	0.32%		
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	63.50%
EUR	16.04%
NOK	14.17%
SEK	4.64%
CHF	0.00%
GBP	1.66%
TOTAL	100.00%

Geographic breakdown

EU	7.21%
US	5.48%
Oth DEV	38.93%
LATAM	1.85%
EMEA	30.52%
ASIA	16.01%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	1.11%
	tot IG 1.11%
BB	24.21%
B	26.87%
CCC	0.67%
	tot HY 51.75%
NR	47.14%
TOTAL	100.00%

Sector breakdown - Top 10

Services	30.65%
Real Estate	21.09%
Basic Industry	9.86%
Banking	9.19%
Financial Services	4.51%
Energy	4.22%
Leisure	4.04%
Consumer Goods	2.80%
Retail	2.64%
Transportation	2.58%

spread of 322.

Strategic & Tactical buckets.

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

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.

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