

Swan Short-Term High Yield – EUR

June 2021



Strategy

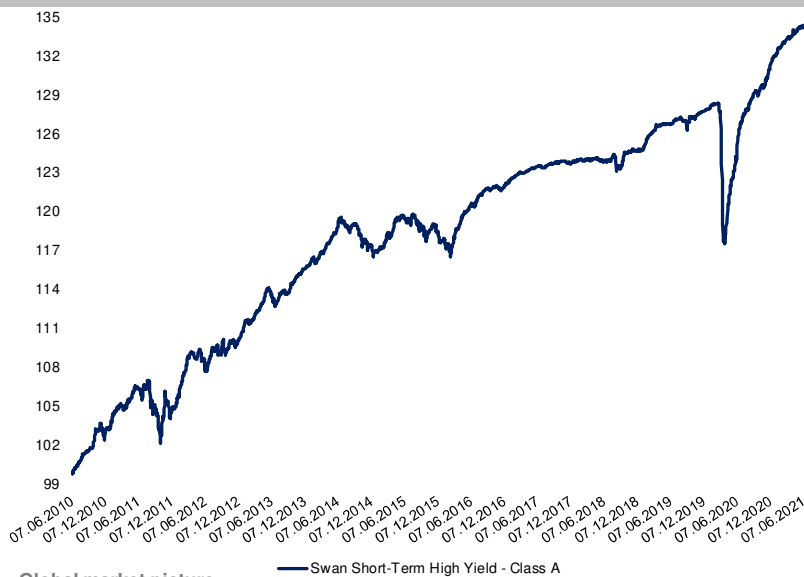
Swan Short-Term High Yield is the UCITS version of our Fixed Income Intermediate risk profile. Depending on market conditions, the strategy combines an highly diversified buy and hold portfolio of liquid short-term fixed income securities with an opportunistic allocation to longer dated securities in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

Risk Profile

Conservative

Intermediate

High Reward



— Swan Short-Term High Yield - Class A

Global market picture

During June European credit markets experienced a positive performance (H9PC Index +0.60%), in tandem with the movement of the Eurostoxx 50 (+0.61%) and S&P 500 (+2.22%). Main topic of the month was inflation and Central Banks meetings: the FED left rates unchanged between 0% and 0.25%, but the tone of minutes and press conference was hawkish, with seven of the 18 members projecting a rate hike next year (versus just four in March) and Jerome Powell announcing that taper could be discussed in the next meeting. Officials agreed they should be poised to act if inflation or other risks materialize: main risk is a bounce in inflation, with PCE deflator, one of the preferred inflation measures of the FED, rising 3.9% in May, even if consensus still views this move as a transitory one, mainly due to base effect. The ECB maintained its purchases at the "significantly" faster pace seen in the last few months, confirming its accommodative policy, even if GDP growth trajectory was revised significantly up, largely reflecting higher growth in Q3. The Delta variant of COVID 19 virus is spreading all around the world causing a significant increase in cases, but hospitalization remained lower thanks to mass vaccination campaigns. In this context, the 10 years bund yield was substantially flat at -0.21% (-2bps in the month), while the 10 years Treasury was lower at 1.47% (-12bps in the month). Gold retraced to 1773 \$ per ounce, while oil jumped to 75 USD per barrel supported by optimism on fuel consumption for travel. 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 May (18.40%). Fund's actual exposure (beta and duration adjusted) is 23.45%, higher relatively to last month (17.57%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated gross yield of 2.78% (in EUR), a low spread duration of 1.06 and a z spread of 338.

Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 83% of the positions (59 out of 71) 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

Performance

MTD :	0.14%	Fund Assets (mln) :	230.6 €
Since inception	34.46%	1 Year Std Dev :	0.88%
Last 12 Months :	5.95%	1 Year Sharpe Ratio :	7.56
NAVps :	EUR 134.46	% of positive months :	76%



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Period	Class C*	Class A	Portfolio info	
MTD	0.15%	0.14%	# of Securities	112
YTD	2.03%	1.90%	% Weight	100.11%
6 months	2.03%	1.90%	Int Dur	0.80
1 year	6.14%	5.95%	Yield (gross)	2.78%
2020	3.40%	3.21%	Spread Duration	1.06
2019	2.77%	2.52%	Z-spread	338
2018	0.93%	0.72%		
2017	1.53%	1.28%		
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	64.68%
EUR	13.80%
NOK	14.29%
SEK	7.11%
CHF	0.00%
GBP	0.13%
TOTAL	100.00%

Geographic breakdown

EU	6.65%
US	5.80%
Oth DEV	41.68%
LATAM	0.44%
EMEA	30.30%
ASIA	15.12%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	0.77%
	tot IG 0.77%
BB	21.08%
B	25.48%
CCC	1.67%
	tot HY 48.23%
NR	51.00%
TOTAL	100.00%

Sector breakdown - Top 10

Services	30.81%
Real Estate	23.09%
Basic Industry	10.91%
Banking	9.09%
Leisure	5.07%
Energy	3.45%
Consumer Goods	3.05%
Financial Services	3.01%
Transportation	2.65%
Retail	2.60%

very short (9 months or 0.72 of spread duration), with a combination of yield close to 2.39% and z-spread of 294.

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: 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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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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