

Swan Short-Term High Yield – USD October 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

Performance

MTD :	-0.46%	Fund Assets (mln) :	251.9 €
Since inception	33.23%	1 Year Std Dev :	1.17%
Last 12 Months :	4.20%	1 Year Sharpe Ratio :	3.57
NAVps :	USD 133.23	% of positive months :	79%



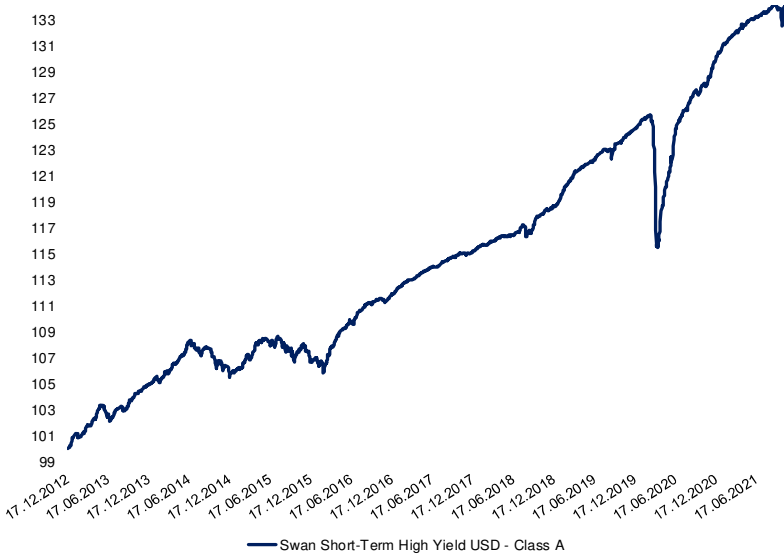
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EUROPE



— Swan Short-Term High Yield USD - Class A

Global market picture

During October, European credit markets experienced a negative performance (H9PC Index -0.61%), in contrast with the movement of the Eurostoxx 50 (+5.00%) and S&P 500 (+6.91%). Economic data signaled that growth cooled down in 3Q, mainly due to China and US. PBOC issued several statements affirming that real estate markets is working properly, asking bank to keep stable loans to the sector and reassuring that Evergrande risk to financial system is manageable. Notwithstanding these encouraging messages, market confidence remained subdued with monthly returns on Emerging Market Credit Index (EMHB) at -2.27%, strongly impacted by Asia and China, reporting respectively -7.45% and -12.76% negative performance. Inflation continued to print strong numbers: in US Core PCE was at +3.6% with Jerome Powell admitting that high inflation is likely to carry into next year, while in Europe core CPI was at 2.1%. On the central bank side, FED is expected to announce tapering during its November meeting but is its forward guidance that is now under scrutiny by investors, with markets expecting two full rate hikes in 2022, while the ECB said discussion during last meeting was dominated by inflation, but Christine Lagarde explicitly said that rates will not move higher to counter the rise in price; it will buy less bonds in a sign of confidence that economic recovery will not derail. In this context, the 10 years bund yield was higher at -0.11% (-9bps in the month), in tandem with the 10 years Treasury at 1.55% (+6bps in the month). Gold was higher at 1783 \$ per ounce, while oil was up at 84 USD per barrel, highest level since 2018. 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 in the next 12 months; 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 September (18.40%). Fund's actual exposure (beta and duration adjusted) is 29.11%, higher relatively to last month (26.65%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated gross yield of 4.59% (in EUR), a low spread duration of 1.22 and a z spread of 519.

Yield-type bucket

The bucket generated a negative gross contribution to the monthly performance, with 54% of the positions (38 out of 70) contributing positively. The YTM remains attractive and conditions are always

Period	Class A	Portfolio info	
MTD	-0.46%	# of Securities	122
YTD	2.14%	% Weight	99.89%
6 months	0.41%	Int Dur	0.62
1 year	4.20%	Yield (gross)	4.59%
2020	4.46%	Spread Duration	1.22
2019	5.08%	Z-spread	519
2018	2.98%		
2017	2.96%		
2016	4.84%		
2015	0.93%		
2014	0.81%		
2013	4.75%		

FX breakdown (fully hedged)

USD	52.39%
EUR	15.10%
NOK	18.47%
SEK	13.92%
CHF	0.00%
GBP	0.11%
TOTAL	100.00%

Geographic breakdown

EU	10.04%
US	3.51%
Oth DEV	47.86%
LATAM	0.15%
EMEA	20.10%
ASIA	18.33%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	2.46%
tot IG	2.46%
BB	21.59%
B	20.26%
CCC	1.73%
tot HY	43.58%
NR	53.94%
TOTAL	99.98%

Sector breakdown - Top 10

Real Estate	34.71%
Services	24.51%
Basic Industry	7.16%
Energy	6.54%
Banking	4.73%
Financial Services	4.73%
Leisure	4.32%
Consumer Goods	3.78%
Transportation	2.47%
Retail	2.39%

interesting in the short-term part of the credit curve. The average life of the YT portfolio is very short (9 months or 0.79 of spread duration), with a combination of yield close to 6.38% and z-spread of 698

Strategic & Tactical buckets.

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

Sicav Structure – Terms & Conditions

Domicile: Luxembourg

Inception Date: 18 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: CBASAUH LX

ISIN: class A: LU0860713980

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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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