

Swan Short-Term High Yield – EUR

March 2022



Strategy

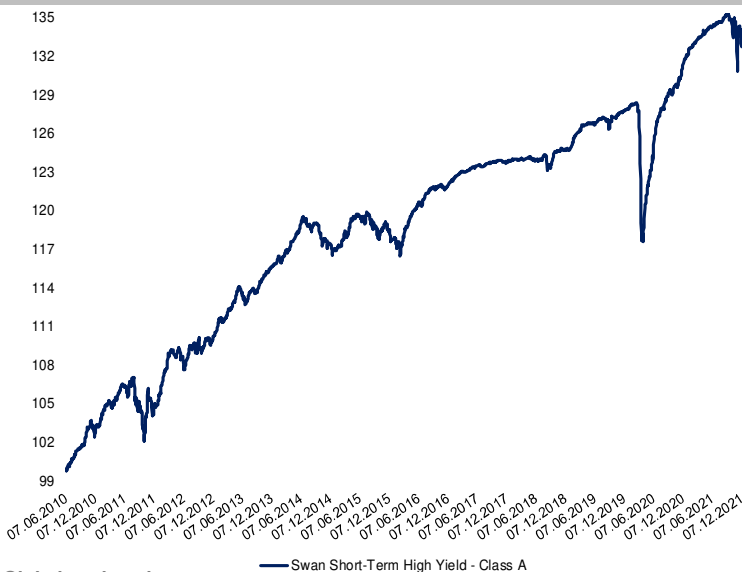
Swan Short-Term High Yield is the UCITS version of our Fixed Income Intermediate risk profile. Depending on market conditions, the strategy combines an highly diversified buy and hold portfolio of liquid short-term fixed income securities with an opportunistic allocation to longer dated securities in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

The credit market environment remained extremely negative with year to date performances ranging from -10.5% for EM corp HY to -4.29% of the EU HY component. The IG EUR market is also negative by about 5.26% YTD, mainly due to the rates component. The short-term (1-3 year) H1WN global HY index also reports a performance of -6.25% YTD while the Global unconstrained (in terms of maturity) HY lost 5.76%. The Russian invasion of Ukraine remained the main theme of the month: there were several rounds of negotiations between the parties, but a ceasefire or any other sort of agreement seems unlikely to be reached immediately, even if sanctions imposed by western allies increased pressure on Russian economy. In this context, the 10 years bund yield was higher at +0.54% (+41bps in the month, highest level since 2018) in tandem with the 10 years Treasury at 2.34% (+51bps in the month), mainly due to concerns on inflationary pressure linked to energy cost, with oil prices reaching new year to date high at 108 per barrel. FOMC raised rates by 25bps during its march committee with Jerome Powell saying that FED need to move "expeditiously" towards tighter monetary policy, while ECB remained on hold notwithstanding mounting inflation pressure. Excluding specific idiosyncratic situations (China real estate and Russia/Ukraine), the rest of the portfolio has continued to behave in line with expectations, generating a slightly positive performance compared with a context of extreme negativity in the market. The expected return of the portfolio will be able to generate a significant performance during 2022 which, added to the potential recovery of the two idiosyncratic components, will allow a significant rebound from current levels.

Active Portfolio

Credit Allocation Scoring (CAS) indicates a medium-long-dated allocation of 18.40%, flat relatively to the end of February (18.40%). Fund's actual exposure (beta and duration adjusted) is 27.69%, higher relatively to last month (26.94%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated gross yield of 7.60% (in EUR), a low spread duration of 1.20 and a z spread of 820.

Yield-type bucket

The bucket generated a negative gross contribution to the monthly performance, with 61% of the positions (40 out of 66) 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 0.81 of spread duration), with a combination of yield close to 5.13% and

Performance

MTD :	-0.85%	Fund Assets (mln) :	205.9 €
Since inception	24.02%	1 Year Std Dev :	4.64%
Last 12 Months :	-7.08%	1 Year Sharpe Ratio :	-1.34
NAVps :	EUR 124.02	% of positive months :	73%



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FUND AWARDS

2021 WINNER
EUROPE

Period	Class C*	Class A	Portfolio info	
MTD	-0.83%	-0.85%	# of Securities	116
YTD	-6.79%	-6.86%	% Weight	98.44%
6 months	-7.83%	-7.97%	Int Dur	0.53
1 year	-6.88%	-7.08%	Yield (gross)	7.60%
2021	1.13%	0.91%	Spread Duration	1.20
2020	3.40%	3.21%	Z-spread	820
2019	2.77%	2.52%		
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	40.28%
EUR	19.07%
NOK	24.22%
SEK	16.30%
CHF	0.00%
GBP	0.13%
TOTAL	100.00%

Geographic breakdown

EU	11.52%
US	5.45%
Oth DEV	53.80%
LATAM	0.19%
EMEA	15.95%
ASIA	13.10%
TOTAL	100.00%

Rating breakdown

AAA	0.00%	
AA	0.00%	
A	0.00%	
BBB	1.64%	
	tot IG	1.64%
BB	19.26%	
B	19.65%	
CCC	2.95%	
	tot HY	41.85%
NR	56.50%	
TOTAL	100.00%	

z-spread of 573.

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 EUR HY.

Sector breakdown - Top 10

Real Estate	33.98%
Services	22.36%
Energy	10.11%
Basic Industry	8.26%
Financial Services	7.86%
Leisure	3.74%
Consumer Goods	2.95%
Transportation	2.45%
Utility	2.11%
Supranational	1.88%

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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