

Swan Short-Term High Yield – EUR

July 2022



Strategy

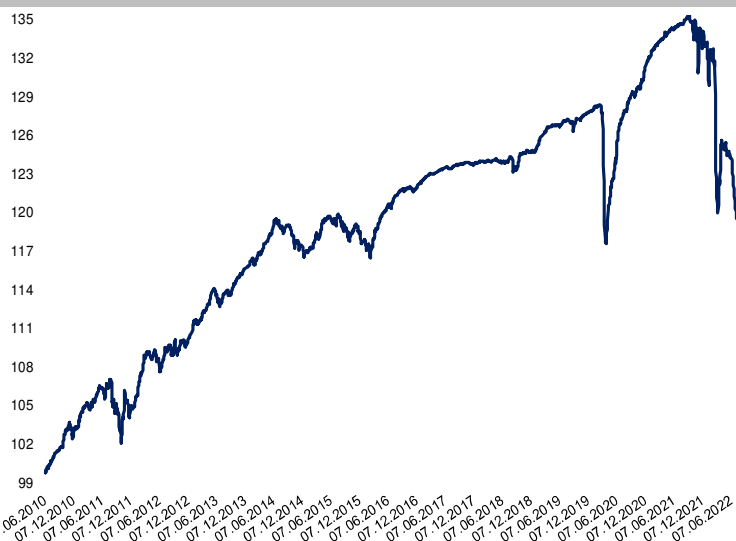
Swan Short-Term High Yield is the UCITS version of our Fixed Income Intermediate risk profile. Depending on market conditions, the strategy combines an highly diversified buy and hold portfolio of liquid short-term fixed income securities with an opportunistic allocation to longer dated securities in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

Risk Profile

Conservative

Intermediate

High Reward



Global market picture

— Swan Short-Term High Yield - Class A

Credit markets remained extremely negative with year to date performances ranging from -18.96% for EM corp HY to -10.45% of the EU HY component in tandem with the movement of the Eurostoxx 50 (-13.73% YTD) and S&P 500 (-13.34% YTD). The IG EUR market is also negative by -8.10% YTD, mainly due to the rates component. The short-term (1-3 year) H1WN global HY index also reports a performance of -10.44% YTD while the Global unconstrained (in terms of maturity) HY lost -11.68%. US entered technical recession, with growth of -0.9% in 2nd quarter following a contraction of 1.6% in first three months of 2022. During its meeting the FED raised benchmark policy rate by 75bps for the second month in a row, maintaining aggressive stance against inflation, but at the same time signaling that current range is close to what most of the officials see as "neutral rate". FED will be data dependent in its forthcoming decisions, with consequently strong attention reserved to next inflation and labour data. Also the ECB followed other central banks, increasing rates by 50bps (25bps more of what suggested) in its first rise in the last decade. In addition the ECB announced a new program in order to prevent a surge in yield for most vulnerable european countries. In this context, the 10 years bund yield was lower at +0.82% (-52bps in the month) while the 10 years Treasury closed the month at 2.65% (-36bps). Oil price corrected lower, with Brent now at 110\$ per barrel. Thanks to recent volatility spike we have been able to add several new credit stories at very interesting level of credit spreads. The new entries are companies with good credit metrics that were too tight before the sell-off. The combination of higher diversification, higher credit quality and higher expected yields paves the way for attractive returns in the next future.

Active Portfolio

Credit Allocation Scoring (CAS) indicates a medium-long-dated allocation of 18.40%, flat relatively to the end of June(18.40%). Fund's actual exposure (beta and duration adjusted) is 22.46%, lower relatively to last month (24.62%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated gross yield of 9.16% (in EUR), a low spread duration of 1.27 and a z spread of 876.

Yield-type bucket

The bucket generated a negative gross contribution to the monthly performance, with 66% of the positions (39 out of 59) 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 (11 months or 0.9 of spread duration), combined with attractive yield to maturity.

Performance

MTD :	-0.65%	Fund Assets (mln) :	183.0 €
Since inception	20.14%	1 Year Std Dev :	4.84%
Last 12 Months :	-10.71%	1 Year Sharpe Ratio :	-2.06
NAVps :	EUR 120.14	% of positive months :	72%

Period	Class C*	Class A	Portfolio info	
MTD	-0.62%	-0.65%	# of Securities	106
YTD	-9.61%	-9.77%	% Weight	97.35%
6 months	-8.88%	-9.01%	Int Dur	0.55
1 year	-10.49%	-10.71%	Yield (gross)	9.16%
2021	1.13%	0.91%	Spread Duration	1.27
2020	3.40%	3.21%	Z-spread	876
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	26.96%
EUR	22.98%
NOK	29.16%
SEK	20.12%
CHF	0.00%
GBP	0.79%
TOTAL	100.00%

Geographic breakdown

EU	15.39%
US	7.16%
Oth DEV	58.85%
LATAM	0.21%
EMEA	12.60%
ASIA	5.78%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	0.28%
	tot IG
BB	16.28%
B	14.30%
CCC	4.00%
	tot HY
NR	65.13%
TOTAL	100.00%

Sector breakdown - Top 10

Services	27.91%
Real Estate	22.27%
Basic Industry	9.82%
Financial Services	8.15%
Energy	7.83%
Leisure	4.47%
Consumer Goods	3.63%
Utility	3.53%
Automotive	2.62%
Transportation	2.49%

Strategic & Tactical buckets.

Tactical bucket generated a positive performance, with homogeneous contributions. Geographical allocation in EM was negative; picking was negative 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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