

Swan Short-Term High Yield – USD

August 2022



Strategy

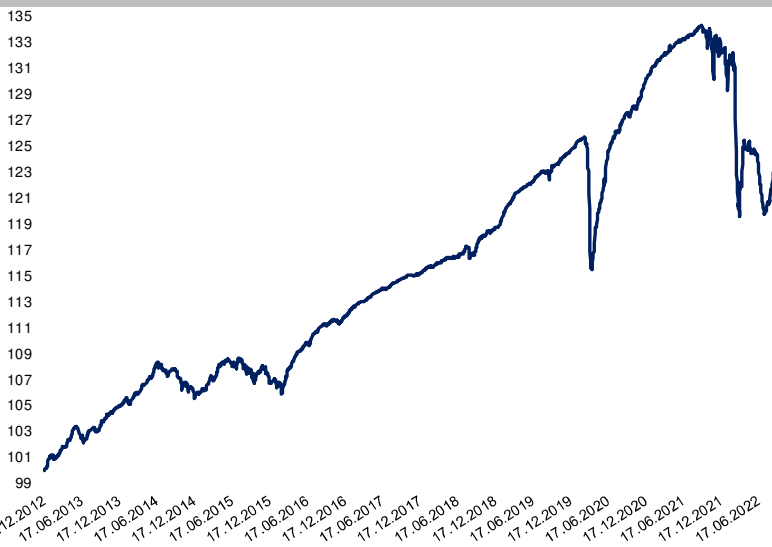
Swan Short-Term High Yield is the UCITS version of our Fixed Income Intermediate risk profile. Depending on market conditions, the strategy combines an highly diversified buy and hold portfolio of liquid short-term fixed income securities with an opportunistic allocation to longer dated securities in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

Credit markets remained extremely negative with year to date performances ranging from -18.43% for EM corp HY to -11.49% of the EU HY component in tandem with the movement of the Eurostoxx 50 (-18.17% YTD) and S&P 500 (-17.01% YTD). The IG EUR market is also negative by -12.01% YTD, mainly due to the rates component. The short-term (1-3 year) H1WN global HY index also reports a performance of -10.56% YTD while the Global unconstrained (in terms of maturity) HY lost -13.26%. US entered technical recession, with growth of -0.9% during the 2nd quarter following the 1Q22 contraction of 1.6%. Inflation and consequently the ECB and FED members comments were the main drivers of the month: in US, a CPI print at 8.5%, a slower annual increase compared with June, initially eased concerns on next FED movements but during his speech at Jackson Hole Powell declared that interest rate will stay at a level that restrains growth "for some time". The ECB officials also sent a hawkish message to the markets, that are now pricing 75bps hike at September meeting to fight inflation. Higher energy prices were the main reason of a high CPI print in Eurozone at 8.9%, and the possible stop of flows from Nordstream1 pipeline from Russia, caused further rise in gas price and additional worries of possible stop in production at several manufacturers. In this context, the 10 years bund yield was higher at +1.54% (+72bps in the month) while the 10 years Treasury closed the month at 3.20% (+54bps). Oil price corrected lower, with Brent now at 96\$ per barrel, due to increased concerns on global recession. Thanks to recent volatility spike we have been able to add several new credit stories at very interesting level of credit spreads. 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 July (18.40%). Fund's actual exposure (beta and duration adjusted) is 24.32%, higher relatively to last month (22.46%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated gross yield of 9.08% (in EUR), a low spread duration of 1.28 and a z spread of 792.

Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 84% of the positions (52 out of 62) 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 (10 months or 0.86 of spread duration), combined with attractive yield to maturity.

Performance

MTD :	1.92%	Fund Assets (mln) :	184.6 €
Since inception	22.90%	1 Year Std Dev :	4.91%
Last 12 Months :	-8.37%	1 Year Sharpe Ratio :	-1.83
NAVps :	USD 122.90	% of positive months :	75%

Period	Class A	Portfolio info	
MTD	1.92%	# of Securities	112
YTD	-7.23%	% Weight	99.62%
6 months	-1.37%	Int Dur	0.57
1 year	-8.37%	Yield (gross)	9.08%
2021	1.56%	Spread Duration	1.28
2020	4.46%	Z-spread	792
2019	5.08%		
2018	2.98%		
2017	2.96%		
2016	4.84%		
2015	0.93%		
2014	0.81%		
2013	4.75%		

FX breakdown (fully hedged)

USD	27.11%
EUR	24.45%
NOK	28.29%
SEK	19.43%
CHF	0.00%
GBP	0.72%
TOTAL	100.00%

Geographic breakdown

EU	19.69%
US	7.05%
Oth DEV	54.43%
LATAM	0.22%
EMEA	12.17%
ASIA	6.43%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	0.82%
tot IG	0.82%
BB	14.90%
B	13.91%
CCC	3.94%
tot HY	32.76%
NR	66.42%
TOTAL	100.00%

Sector breakdown - Top 10

Services	26.58%
Real Estate	22.14%
Basic Industry	10.14%
Financial Services	8.02%
Energy	7.24%
Leisure	4.27%
Consumer Goods	3.58%
Healthcare	3.46%
Transportation	3.39%
Utility	3.32%

Strategic & Tactical buckets.

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