

Swan Short-Term High Yield – USD November 2022



Strategy

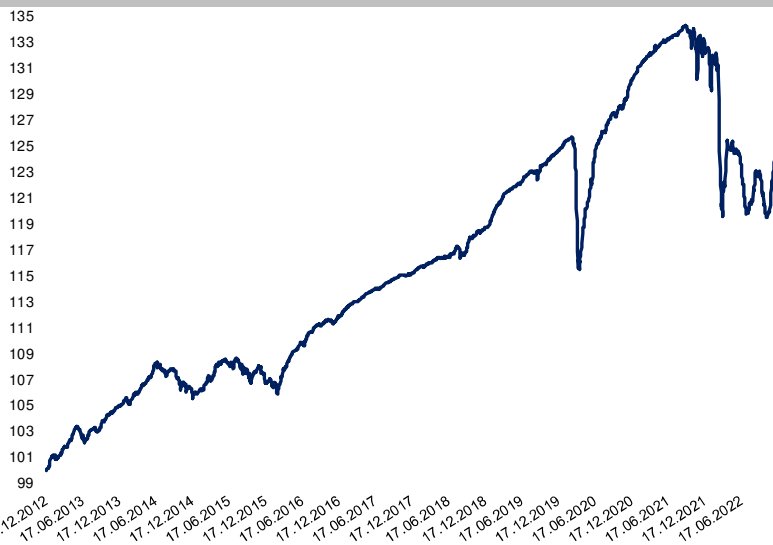
Swan Short-Term High Yield is the UCITS version of our Fixed Income Intermediate risk profile. Depending on market conditions, the strategy combines an highly diversified buy and hold portfolio of liquid short-term fixed income securities with an opportunistic allocation to longer dated securities in 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 -18.88% for EM corp HY to -10.49% of the EU HY. The IG EUR market is also negative by -12.53% YTD, mainly due to the rates component. The short-term (1-3 year) H1WN global HY index also reports a performance of -10.29% YTD while the Global unconstrained (in terms of maturity) HY lost -13.32%. US CPI came lower than expected at 7.7% YoY, fueling optimism that rate hikes by FED will be less than previously expected by investors. Comments by Jerome Powell reinforced the expectations for a December hike of only 50bps, while other FED members like Bullard suggested that the proper zone for FED funds could be in the 5% / 7% range. Christine Lagarde said that the ECB "is not done" raising interest rates, affirming that inflation "still has way to go". Notwithstanding lower prices of energy and easing of gas supply bottlenecks, inflation did not invert its path, with core CPI stable at 5% YoY. After China Communist Party Congress, the authorities further raised the support to the embattled real estate sector, providing further funding in order to ease liquidity crunch. The 10 years bund yield was lower at +1.93% (-21bps in the month) in tandem with the 10 years Treasury that closed the month at 3.61% (-44bps). Thanks to the recent volatility spike we have been able to add several new credit stories at very interesting levels of credit spreads: our funds have a yield to maturity between 8% and 15%, combined with an average spread duration of below 16 months. The combination of higher diversification, higher credit quality and higher expected yields paves the way for extremely 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 October (18.40%). Fund's actual exposure (beta and duration adjusted) is 26.42%, lower relatively to last month (26.96%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated gross yield of 9.94% (in EUR), a low spread duration of 1.27 and a z spread of 776.

Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 88% of the positions (51 out of 58) 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 0.81 of spread duration).

Performance

MTD :	3.43%	Fund Assets (mln) :	172.1 €
Since inception	24.02%	1 Year Std Dev :	4.62%
Last 12 Months :	-6.24%	1 Year Sharpe Ratio :	-1.68
NAVps :	USD 124.02	% of positive months :	74%

Period	Class A	Portfolio info	
MTD	3.43%	# of Securities	110
YTD	-6.39%	% Weight	97.69%
6 months	-0.36%	Int Dur	0.66
1 year	-6.24%	Yield (gross)	9.94%
2021	1.56%	Spread Duration	1.27
2020	4.46%	Z-spread	776
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	25.53%
EUR	27.83%
NOK	26.92%
SEK	18.63%
CHF	0.00%
GBP	1.09%
TOTAL	100.00%

Geographic breakdown

EU	21.25%
US	8.07%
Oth DEV	53.61%
LATAM	0.75%
EMEA	11.72%
ASIA	4.59%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	0.97%
tot IG	0.97%
BB	12.65%
B	17.37%
CCC	3.98%
tot HY	33.99%
NR	65.04%
TOTAL	100.00%

Sector breakdown - Top 10

Real Estate - Mgmt Res	8.50%
Shipping - Gas	6.99%
Finance - NPL collector	4.54%
Real Estate - Mgmt Comm	4.51%
Gaming - Online Gaming	4.48%
Real Estate - Dev Res	4.21%
Oil and gas services - FPS	3.74%
Compounder	3.54%
Transportation infrastru	3.53%
Chemicals	3.19%

Strategic & Tactical buckets.

Tactical bucket generated a positive performance, with homogeneous contributions. Geographical allocation in EM was negative; picking was positive in EM and negative in EUR HY (overall positive).

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

Contacts at Swan Asset Management SA:

E-mail: info@swan-am.ch - Tel: +41 91 986 31 90

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.

The Refinitiv Lipper Fund Awards are based on the Lipper Leader for Consistent Return rating, which is a risk-adjusted performance measure calculated over 36, 60 and 120 months. Lipper Leaders fund ratings do not constitute and are not intended to constitute investment advice or an offer to sell or the solicitation of an offer to buy any security of any entity in any jurisdiction. For more information, see lipperfundawards.com.