

# Swan Short-Term High Yield – EUR

## May 2023



### 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

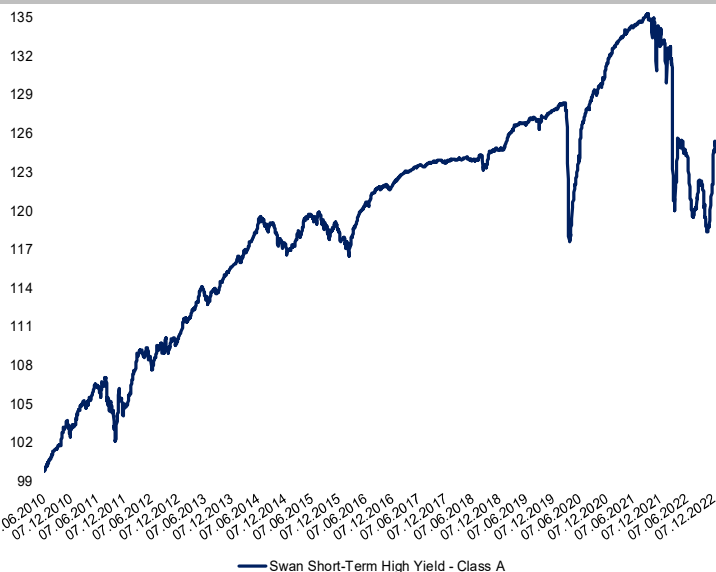
Conservative

**Intermediate**

High Reward

### Performance

MTD :	<b>-0.79%</b>	Fund Assets (mln) :	171.8 €
Since inception	<b>27.63%</b>	1 Year Std Dev :	2.68%
Last 12 Months :	<b>2.60%</b>	1 Year Sharpe Ratio :	0.46
NAVps :	EUR 127.63	% of positive months :	71%



— Swan Short-Term High Yield - Class A

### Global market picture

High Yield Credit markets reported a mixed performance in May ranging from -1.30% for EM corp HY to +0.55% of the EU HY in tandem with the movement of the S&P500 (+0.25%) and Eurostoxx50 (-3.24%). The IG EUR market was positive by 0.18%. The short-term (1-3 year) H1WN global HY index also reports a negative performance of -0.29% YTD while the Global unconstrained (in terms of maturity) HY lost -0.79%. The month started with meetings of the main central banks. The FED raised rates by 25bps, signaling that it might soon pause its aggressive monetary tightening campaign. Powell said that credit crunch could act as a substitute for further rate rises by dampening economic activity, even if data from US indicated that growth is still solid and resilient (strong gains in US April good spending and employment still at tight level of 3.4%). Anyway FED officials stressed the need for “flexibility and optionality” in setting monetary policy, suggesting that after a likely pause in June, further hikes could follow in case inflation should not correct downward. ECB followed the FED and raised deposit rate by 25bps to 3.25%, clearly indicating that “we have more ground to cover and we are not pausing, that is extremely clear”. Markets now expect two more hikes by European Central Bank to 3.75%, which would match its highest-ever level in 2001. Oil moved lower to 73\$ per barrel, while US dollar recovered some ground with DXY at 104.32. 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 7.5% and 12 %, combined with an average spread duration around 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

Fund's actual exposure (beta and duration adjusted) is 40.65%, lower relatively to last month (42.32%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated gross yield of 8.95% (in EUR), a low spread duration of 1.48 and a z spread of 578.

### Yield-type bucket

The bucket generated a negative gross contribution to the monthly performance, with 69% of the positions (40 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 0.83 of spread duration).

Period	Class C*	Class A	Portfolio info	
MTD	<b>-0.75%</b>	<b>-0.79%</b>	# of Securities	131
YTD	<b>2.02%</b>	<b>1.88%</b>	% Weight	98.22%
6 months	<b>4.36%</b>	<b>4.20%</b>	Int Dur	0.98
1 year	<b>2.92%</b>	<b>2.60%</b>	Yield (gross)	8.95%
2022	<b>-5.64%</b>	<b>-5.92%</b>	Spread Duration	1.48
2021	<b>1.13%</b>	<b>0.91%</b>	Z-spread	578
2020	<b>3.40%</b>	<b>3.21%</b>		
2019	<b>2.77%</b>	<b>2.52%</b>		
2018	<b>0.93%</b>	<b>0.72%</b>		
2017	<b>1.53%</b>	<b>1.28%</b>		
2016	<b>4.29%</b>	<b>3.82%</b>		
2015	<b>1.12%</b>	<b>0.74%</b>		
2014	<b>1.20%</b>	<b>0.90%</b>		
2013	<b>4.96%</b>	<b>4.66%</b>		
2012	<b>5.49%</b>	<b>5.19%</b>		
2011	<b>2.13%</b>	<b>1.83%</b>		
2010	<b>3.65%</b>	<b>3.35%</b>		

\*Class A adjusted for management fee difference used for periods before Class C inception.

### FX breakdown (fully hedged)

USD	24.65%
EUR	34.59%
NOK	20.30%
SEK	17.24%
CHF	1.64%
GBP	1.59%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	27.09%
US	6.98%
Oth DEV	51.58%
LATAM	0.73%
EMEA	10.26%
ASIA	3.35%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%	
AA	0.00%	
A	0.00%	
BBB	5.01%	
	tot IG	5.01%
BB	22.05%	
B	11.24%	
CCC	3.57%	
	tot HY	36.87%
NR	58.12%	
<b>TOTAL</b>	<b>100.00%</b>	

### Sector breakdown - Top 10

Real Estate - Mgmt Res	8.12%
Oil and gas E&P - All	6.01%
Finance - NPL collector	5.86%
Shipping - Gas	5.37%
Gaming - Online Gaming	5.16%
Oil Field Equipment & Ser	5.13%
Real Estate - Mgmt Comm	4.58%
Compounder	3.96%
Oil and gas services - FPS	3.76%
Shipping - Crude	3.27%

### Strategic & Tactical buckets.

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