

Swan Short-Term High Yield – EUR

September 2023



Strategy

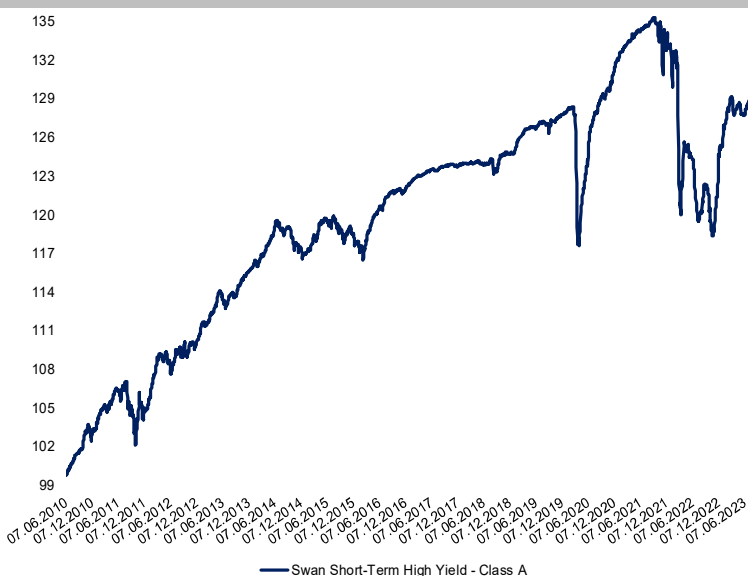
Swan Short-Term High Yield is the UCITS version of our Fixed Income Intermediate risk profile. Depending on market conditions, the strategy combines an highly diversified buy and hold portfolio of liquid short-term fixed income securities with an opportunistic allocation to longer dated securities in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

Risk Profile

Conservative

Intermediate

High Reward



Global market picture

High Yield Credit markets reported a contrasting performance in September ranging from -0.40% for EM corp HY to +0.44% of the EU HY while equity markets were negative with both the S&P500 (-4.87%) and Eurostoxx50 (-2.85%). The IG EUR market was negative by -0.86% while the short-term (1-3 year) H1WN global HY index reported a positive performance of +0.26%. The Global unconstrained (in terms of maturity) HY index was negative at -0.80%. Central banks were back on the headlines with their September meetings: the ECB opted for a "dovish" hike, delivering one more hike but indicating that this would be very likely the last one. The door is open for further increases, but next movement will be data dependent and markets seem to be more concentrated now on how long rates will remain at 4%, the highest level ever reached in the Eurozone. The FED kept rates unchanged, but the overall message and the forecasts were more hawkish than expected: Jerome Powell explained that the committee is still unsure about whether rates have been put into sufficiently restrictive territory, given how resilient the economy has been. Inflation printed downside surprise in both UK and EU, while in US the Core CPI confirmed its downward trend moving to 4.3% YoY vs the 4.7% of the previous month. Markets repriced expectations, factoring in higher for longer rates: consequently the 10 years bund yield was higher at 2.84% (+37bps in the month), in tandem with the 10 years Treasury at 4.57% (+46bps in the month). Oil moved higher to 95\$ per barrel, while US dollar recover some ground with DXY at 106.17. Our funds have a yield to maturity between 7.5% and 10.5%, combined with an average spread duration around 16 months. The combination of higher diversification, higher credit quality and higher expected yields pave the way for extremely attractive returns in the next future.

Active Portfolio

Fund's actual exposure (beta and duration adjusted) is 49.27%, higher relatively to last month (43.03%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated gross yield of 8.82% (in EUR), a low spread duration of 1.74 and a z spread of 513.

Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 73% of the positions (41 out of 56) 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 (12 months or 0.97 of spread duration).

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

Performance

MTD :	0.51%	Fund Assets (mln) :	163.4 €
Since inception	30.77%	1 Year Std Dev :	2.28%
Last 12 Months :	8.69%	1 Year Sharpe Ratio :	2.72
NAVps :	EUR 130.77	% of positive months :	72%

Period	Class C*	Class A	Portfolio info	
MTD	0.54%	0.51%	# of Securities	122
YTD	4.63%	4.39%	% Weight	102.97%
6 months	2.33%	2.17%	Int Dur	1.19
1 year	9.02%	8.69%	Yield (gross) in EUR	8.82%
2022	-5.64%	-5.92%	Spread Duration	1.74
2021	1.13%	0.91%	Z-spread	513
2020	3.40%	3.21%		
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	27.57%
EUR	39.02%
NOK	10.77%
SEK	17.74%
CHF	2.08%
GBP	2.81%
TOTAL	100.00%

Geographic breakdown

EU	34.36%
US	11.75%
Oth DEV	37.75%
LATAM	2.73%
EMEA	11.00%
ASIA	2.40%
TOTAL	100.00%

Rating breakdown

AAA	0.00%	
AA	0.00%	
A	0.00%	
BBB	10.09%	
	tot IG	10.09%
BB	22.48%	
B	13.13%	
CCC	1.74%	
	tot HY	37.36%
NR	52.55%	
TOTAL	100.00%	

Sector breakdown - Top 10

Real Estate - Mgmt Res	11.35%
Oil Field Equipment & Ser	8.76%
Oil and gas E&P - All	5.64%
Gaming - Online Gaming	4.57%
Finance - NPL collector	4.36%
Oil and gas services - FPS	4.03%
Software/Service	3.66%
Metals/Mining Excluding S	3.12%
Industry - Renewables	2.95%
Shipping - Gas	2.94%

Strategic & Tactical buckets.

Tactical bucket generated a positive gross performance during the month, with homogeneous contributions. Geographical allocation in EM was positive; picking was positive both in EM and EUR HY.

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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