

Swan Short-Term High Yield – EUR

October 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

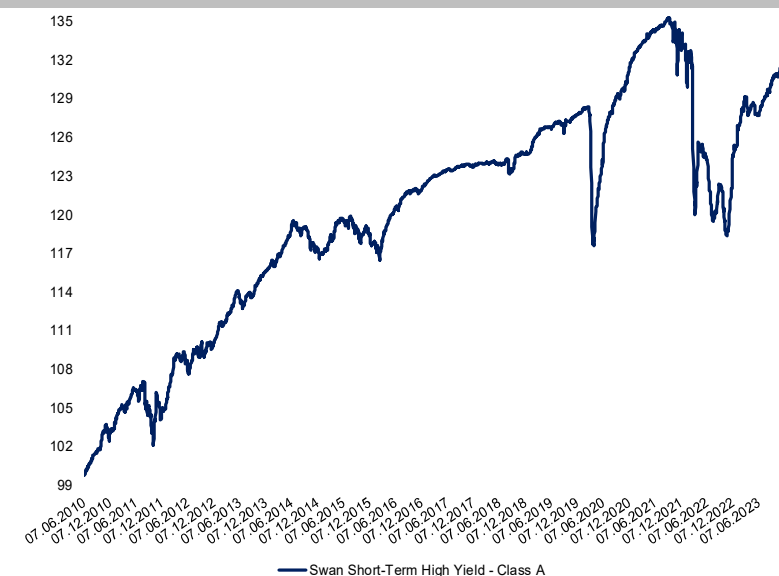
Conservative

Intermediate

High Reward

Performance

MTD :	0.41%	Fund Assets (mln) :	162.0 €
Since inception	31.31%	1 Year Std Dev :	2.11%
Last 12 Months :	10.56%	1 Year Sharpe Ratio :	3.7
NAVps :	EUR 131.31	% of positive months :	72%



Global market picture

High Yield Credit markets reported a negative performance in October ranging from -1.24% for EM corp HY to -0.29% of the EU HY in tandem with negative equity markets, S&P500 (-2.20%) and Eurostoxx50 (-2.72%). The IG EUR market was positive by +0.41% while the short-term (1-3 year) H1WN global HY index reported a negative performance of -0.58%. The Global unconstrained (in terms of maturity) HY index was negative at -1.10%. The ECB had its policy decision meeting the last week of October: after 10 consecutive increases, rates did not move up, considering that eurozone inflation more than halved from its peak and that the economy is showing signs of weakness. The ECB president Christine Lagarde said she would not rule out other rates rise, adding it was "totally premature" to discuss about a potential cut. Preview of October inflation in the Eurozone hit two years low of 2.9% YoY after bigger than expected fall, reinforcing market expectations of no further increase in funding cost. In US the economy showed continued resiliency, expanding faster than expected at 4.9% YoY in the 3Q23, driven by strong consumer spending and still tight labor market. Inflation in US was stable during September (CPI at 3.7%YoY - CPI ex Food and Energy at 4.1% YoY) with market pricing the FED on hold at its November meeting. The 10 years bund yield was lower at 2.81% (-3bps in the month), while the 10 years Treasury was higher at 4.93% (+36bps in the month). Oil moved lower to 87\$ per barrel, while US dollar recover some ground with DXY at 106.66. Our funds have a yield to maturity between 7.5% and 11%, combined with an average spread duration around 17 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 49.26%, lower relatively to last month (49.27%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated gross yield of 8.41% (in EUR), a low spread duration of 1.67 and a z spread of 477.

Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 63% of the positions (33 out of 52) 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 0.91 of spread duration).

Period	Class C*	Class A	Portfolio info	
MTD	0.44%	0.41%	# of Securities	124
YTD	5.09%	4.82%	% Weight	97.56%
6 months	2.24%	2.08%	Int Dur	1.18
1 year	10.89%	10.56%	Yield (gross) in EUR	8.41%
2022	-5.64%	-5.92%	Spread Duration	1.67
2021	1.13%	0.91%	Z-spread	477
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	23.10%
EUR	42.39%
NOK	10.93%
SEK	18.41%
CHF	2.19%
GBP	2.98%
TOTAL	100.00%

Geographic breakdown

EU	36.04%
US	11.94%
Oth DEV	37.21%
LATAM	2.93%
EMEA	10.92%
ASIA	0.97%
TOTAL	100.00%

Rating breakdown

AAA	0.00%	
AA	0.00%	
A	0.00%	
BBB	8.76%	
	tot IG	8.76%
BB	25.51%	
B	12.93%	
CCC	1.92%	
	tot HY	40.36%
NR	50.88%	
TOTAL	100.00%	

Sector breakdown - Top 10

Real Estate - Mgmt Res	10.63%
Oil and gas E&P - All	5.69%
Oil Field Equipment & Ser	5.22%
Finance - NPL collector	4.91%
Banking	4.32%
Software/Service	3.59%
Real Estate - Mgmt Comm	3.21%
Gaming - Online Gaming	2.91%
Real Estate - Dev Res	2.88%
Industry - Renewables	2.87%

Strategic & Tactical buckets.

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