

Swan Short-Term High Yield – EUR

January 2024



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

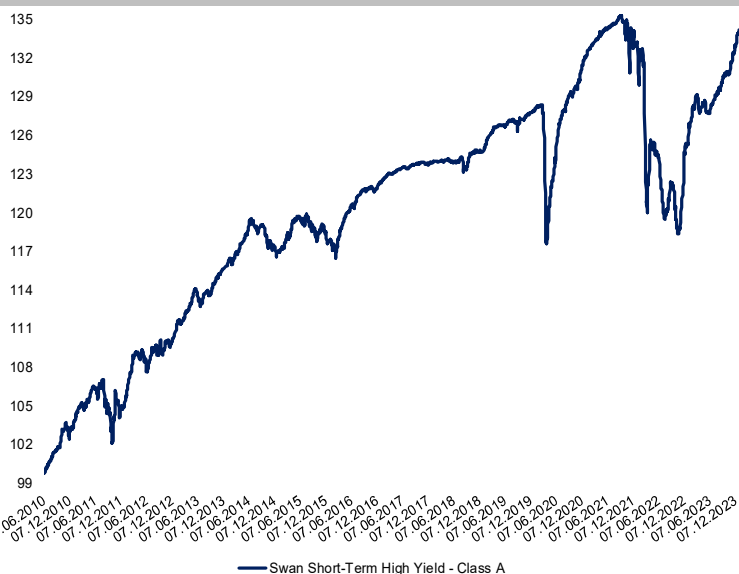
Conservative

Intermediate

High Reward

Performance

MTD :	1.23%	Fund Assets (mln) :	172.2 €
Since inception	35.66%	1 Year Std Dev :	1.33%
Last 12 Months :	6.32%	1 Year Sharpe Ratio :	2.23
NAVps :	EUR 135.66	% of positive months :	73%



Global market picture

High Yield Credit markets reported a positive performance in January ranging from +1.11% for EM corp HY to +0.95% of the EU HY in tandem with positive equity markets, S&P500 (+1.59%) and Eurostoxx50 (+2.81%). The IG EUR market was positive by +0.09% while the short-term (1-3 year) H1WN global HY index reported a positive performance of 0.83%. The Global unconstrained (in terms of maturity) HY index was positive at +0.31%. The FED had its policy decision meeting on the 31st of January where it held interest rates deep in restrictive territory remaining at 23 years highs of 5.37%, signaling that while the bias towards further rise had gone, the FED is not ready to cut yet. Economic data continue to be strong in US, with 4Q23 growth at 3.3% YoY and core inflation slightly lower at 3.9% YoY. The ECB confirmed rates at 4%, noting that wage growth was showing signs of slowing and inflation falling in line with expectations. Core inflation in Eurozone remained stable at 3.4% YoY, but Lagarde remains confident that inflation could "decline more quickly in the near term" if energy prices continue to drop in line with expectations. Rates market incorporated a relatively high probability of easing by both the FED and ECB during the next quarters, even if we believe central banks will act only when they will be convinced that inflation will stay below target on a sustained basis. The 10 years bund yield was higher at 2.17% (+15bps in the month), in tandem with the 10 years Treasury at 3.91% (+3bps in the month). Oil moved lower to 82\$ per barrel, while US dollar rebounded with DXY at 103.27. Our funds have a yield to maturity between 7% and 9%, combined with an average spread duration around 17 months. The combination of diversification, good credit quality and high expected yields pave the way for extremely attractive returns in the next future.

Active Portfolio

Fund's actual exposure (beta and duration adjusted) is 43.57%, lower relatively to last month (52.86%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated gross yield of 7.83% (in EUR), a spread duration of 1.76 and a z spread of 468.

Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 89% of the positions (59 out of 66) 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 (14 months or 1.20 of spread duration).

Period	Class C*	Class A	Portfolio info
MTD	1.25%	1.23%	# of Securities 135
YTD	1.25%	1.23%	% Weight 100.01%
6 months	5.07%	5.02%	Int Dur 1.26
1 year	6.53%	6.32%	Yield (gross) in EUR 7.83%
2023	7.21%	6.98%	Spread Duration 1.76
2022	-5.64%	-5.92%	Z-spread 468
2021	1.13%	0.91%	
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	25.33%
EUR	43.88%
NOK	12.94%
SEK	13.30%
CHF	2.14%
GBP	2.41%
TOTAL	100.00%

Geographic breakdown

EU	35.66%
US	12.31%
Oth DEV	37.53%
LATAM	2.99%
EMEA	10.47%
ASIA	1.04%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	11.17%
	tot IG 11.17%
BB	22.59%
B	8.98%
CCC	1.08%
	tot HY 32.65%
NR	56.17%
TOTAL	100.00%

Sector breakdown - Top 10

Oil Field Equipment & Ser	7.70%
Real Estate - Mgmt Res	7.56%
Banking	5.95%
Software/Service	5.84%
Finance - NPL collector	5.53%
Shipping - Gas	4.60%
Real Estate - Dev Res	4.55%
Oil and gas E&P - All	3.91%
Industry - Renewables	2.95%
Compounder	2.85%

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

Contacts at Swan Asset Management SA:

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

This is an advertising document. The document has been prepared for information purposes only and does not constitute an offer, investment recommendation, personal advice or solicitation to purchase financial instruments and does not offer or promote - nor does it in any way intend to offer or promote - any form of investment. This document does not constitute investment advice on financial instruments and therefore the information made available in this document should not be construed as a recommendation or invitation to invest. The state of the 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, 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 of units.