

# Swan Short-Term High Yield – CHF

## February 2024



### Strategy

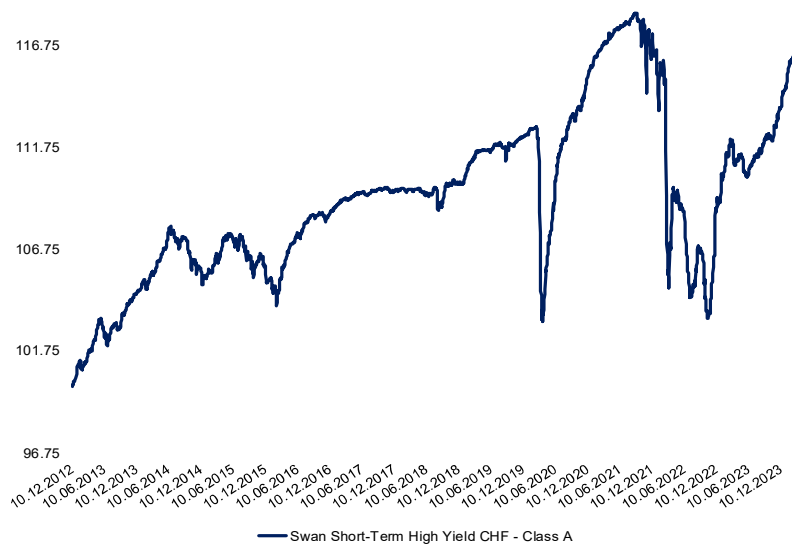
Swan Short-Term High Yield is the UCITS version of our Fixed Income Intermediate risk profile. Depending on market conditions, the strategy combines an highly diversified buy and hold portfolio of liquid short-term fixed income securities with an opportunistic allocation to longer dated securities in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

### Risk Profile

Conservative

**Intermediate**

High Reward



### Global market picture

High Yield Credit markets reported a positive performance in February ranging from +0.89% for EM corp HY to +0.41% of the EU HY in tandem with positive equity markets, S&P500 (+5.17%) and Eurostoxx50 (+4.93%). The IG EUR market was negative by -0.89% while the short-term (1-3 year) H1WN global HY index reported a positive performance of 0.66%. The Global unconstrained (in terms of maturity) HY index was positive at +0.35%. Core inflation in Eurozone was a little bit lower at 3.3% YoY, even if concerns on future path remain because disinflation in service sector has stalled. On the same note, minutes of the ECB's January meeting contained a few dovish comments, while most of the discussion read on the hawkish side, concluding that is still too early to have confidence that inflation will return to the target in a timely manner. In US the probability of a rate cut in May lowered after the inflation data that reported stable core inflation at 3.9% YoY while CPI slowed less than expected at 3.1% YoY and FED minutes reinforced the patient approach to cutting rates that Powell voiced in the post meeting press conference. We believe central banks will act only when they will be convinced that inflation will stay below target on a sustained basis and we are not close to that time yet. The 10 years bund yield was higher at 2.41% (+24bps in the month), in tandem with the 10 years Treasury at 4.25% (+34bps in the month). Oil moved lower to 84\$ per barrel, while US dollar rebounded with DXY at 104.16. Our funds have a yield to maturity between 6.5% and 8.5%, 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 43.04%, lower relatively to last month (43.57%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated gross yield of 7.56% (in EUR), a spread duration of 1.74 and a z spread of 413.

### Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 79% of the positions (52 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 1.14 of spread duration).

### Performance

|                  |               |                        |         |
|------------------|---------------|------------------------|---------|
| MTD :            | <b>0.63%</b>  | Fund Assets (mln) :    | 174.0 € |
| Since inception  | <b>16.64%</b> | 1 Year Std Dev :       | 1.25%   |
| Last 12 Months : | <b>4.19%</b>  | 1 Year Sharpe Ratio :  | 4.16    |
| NAVps :          | CHF 116.64    | % of positive months : | 71%     |

| Period   | Class C*      | Class A       | Portfolio info       |        |
|----------|---------------|---------------|----------------------|--------|
| MTD      | <b>0.60%</b>  | <b>0.63%</b>  | # of Securities      | 132    |
| YTD      | <b>1.85%</b>  | <b>1.90%</b>  | % Weight             | 99.83% |
| 6 months | <b>4.38%</b>  | <b>4.28%</b>  | Int Dur              | 1.21   |
| 1 year   | <b>4.44%</b>  | <b>4.19%</b>  | Yield (gross) in EUR | 7.56%  |
| 2023     | <b>5.33%</b>  | <b>4.95%</b>  | Spread Duration      | 1.74   |
| 2022     | <b>-5.97%</b> | <b>-6.31%</b> | Z-spread             | 413    |
| 2021     | <b>0.92%</b>  | <b>0.69%</b>  |                      |        |
| 2020     | <b>3.17%</b>  | <b>2.94%</b>  |                      |        |
| 2019     | <b>2.42%</b>  | <b>2.17%</b>  |                      |        |
| 2018     | <b>0.59%</b>  | <b>0.32%</b>  |                      |        |
| 2017     | <b>1.16%</b>  | <b>0.86%</b>  |                      |        |
| 2016     | <b>3.59%</b>  | <b>3.29%</b>  |                      |        |
| 2015     | <b>0.17%</b>  | <b>-0.13%</b> |                      |        |
| 2014     | <b>0.88%</b>  | <b>0.58%</b>  |                      |        |
| 2013     | <b>4.60%</b>  | <b>4.30%</b>  |                      |        |

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

### FX breakdown (fully hedged)

|              |                |
|--------------|----------------|
| USD          | 26.23%         |
| EUR          | 40.74%         |
| NOK          | 15.38%         |
| SEK          | 13.18%         |
| CHF          | 2.10%          |
| GBP          | 2.37%          |
| <b>TOTAL</b> | <b>100.00%</b> |

### Geographic breakdown

|              |                |
|--------------|----------------|
| EU           | 32.37%         |
| US           | 12.19%         |
| Oth DEV      | 40.79%         |
| LATAM        | 2.99%          |
| EMEA         | 10.63%         |
| ASIA         | 1.03%          |
| <b>TOTAL</b> | <b>100.00%</b> |

### Rating breakdown

|              |                      |
|--------------|----------------------|
| AAA          | 0.00%                |
| AA           | 0.00%                |
| A            | 0.00%                |
| BBB          | 12.13%               |
|              | <b>tot IG 12.13%</b> |
| BB           | 23.35%               |
| B            | 6.85%                |
| CCC          | 1.13%                |
|              | <b>tot HY 31.33%</b> |
| NR           | 56.53%               |
| <b>TOTAL</b> | <b>100.00%</b>       |

### Sector breakdown - Top 10

|                           |       |
|---------------------------|-------|
| Real Estate - Mgmt Res    | 8.56% |
| Oil Field Equipment & Ser | 8.55% |
| Software/Service          | 7.57% |
| Banking                   | 5.89% |
| Finance - NPL collector   | 5.88% |
| Oil and gas E&P - All     | 4.92% |
| Shipping - Gas            | 4.54% |
| Real Estate - Dev Res     | 4.50% |
| Industry - Renewables     | 3.37% |
| 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 negative; picking was positive both in EM and EUR HY.

### Sicav Structure – Terms & Conditions

Domicile: Luxembourg

Inception Date: 11 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: CBASACH LX, class C: CBASCCH LX

ISIN: class A: LU0860714285, class C: LU0860714442

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