

Swan Short-Term High Yield – USD

October 2019



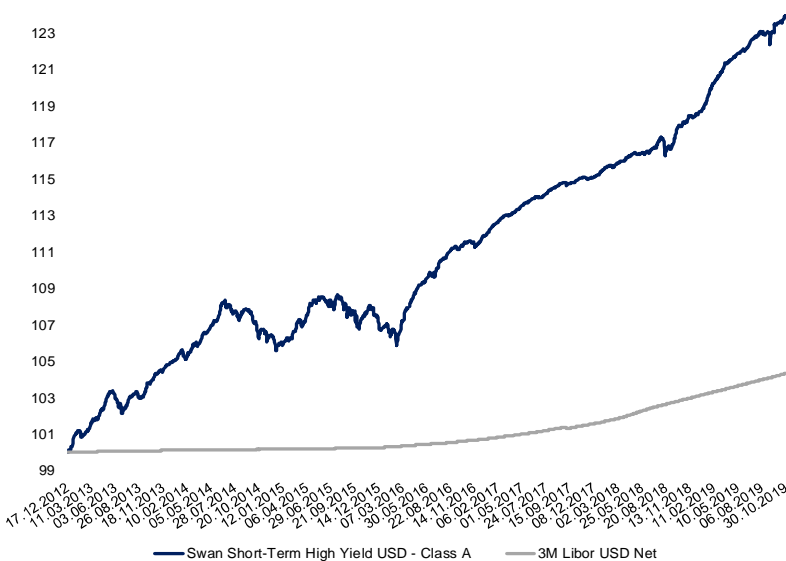
Strategy

The sub-fund aims to generate a significant excess return vs 3m Libor in combination with below-average market volatility. Depending on market conditions, the strategy combines in variable proportions the "buy and hold" investment in a highly diversified and granular portfolio of liquid short-term fixed income securities with the "strategic" and/or "tactical" investment in HY or EM securities denominated in hard currency.

Performance

MTD :	0.34%	Fund Assets (mln) :	190.7 €
Since inception	23.95%	1 Year Std Dev :	0.86%
Last 12 Months :	4.94%	1 Year Sharpe Ratio :	3.18
NAVps :	USD 123.95	% of positive months :	78%

Risk Profile



Period	Class A	Portfolio info	
MTD	0.34%	# of Securities	127
YTD	4.31%	% Weight	97.79%
6 months	1.80%	Int Dur	0.66
1 year	4.94%	Yield (gross)	2.61%
2018	2.98%	Spread Duration	0.93
2017	2.96%	Z-spread	330
2016	4.84%		
2015	0.93%		
2014	0.81%		
2013	4.75%		

FX breakdown (fully hedged)

USD	57.45%
EUR	17.08%
NOK	17.34%
SEK	6.03%
CHF	1.82%
GBP	0.28%
TOTAL	100.00%

Geographic breakdown

EU	6.42%
US	0.00%
Oth DEV	33.04%
LAT AM	4.93%
EMEA	24.92%
ASIA	30.69%
TOTAL	100.00%

Global market picture

October was a mixed month for financial markets: European credit markets were negative (H9PC Index -0.15%), while equity markets were positive both in Europe (Eurostoxx 50 +0.98%) and in US (S&P 500 +2.04%). The month started with a weak set of data from US (US Manufacturing ISM at lowest level since 2009) while weak flash PMI in Europe were adjusted lower in their final release. Central banks' accommodative policy continued in October with the FED cutting rates by 25bps, but future rate path is uncertain with markets pricing only a 27% probability of a rate cut at the December meeting. After eight years as ECB Chairman, Mario Draghi stepped down, with Christine Lagarde named as successor: during his last after-meeting conference Draghi confirmed the need for an accommodative fiscal policy that could support current monetary policy, while guidance was not significantly changed. Notwithstanding the continuous dovish statement and movement from central bank around the world, German 10 years Bund closed the month at -0.41% (+16bps during the month) while 10 Years Treasury was substantially unchanged at 1.69% (+3bps during the month). On the political side, the main news was the slow and partial progress in the US-China negotiations on a possible deal, and the continuation of the impeachment process against Donald Trump, while in Europe Brexit deadline was postponed to 31st of January with general elections called for 12th of December. Emerging markets reported a positive performance (+1.66%) with LATAM being the best performer during the month; general election in Argentina confirmed Fernandez victory with investors now focusing on possible restructuring proposals, while pressure mounted in Lebanon after Hariri resignation. Oil prices was flat during the month at USD60 per barrel.

Active Portfolio

Credit Allocation Scoring (CAS) indicates a medium-long-dated allocation of 18.40%, flat relatively to the end of September (18.40%). Fund's actual exposure (beta and duration adjusted) is 15.04%, lower relatively to last month (18.93%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated gross yield of 2.61% (in EUR), a low spread duration of 0.93 and a z spread of 330.

Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 88% of the positions (75 out of 85) contributing positively. Positive contributions were homogeneously distributed, the only exception being EVERRE 03/20, while there were not significant negative

Rating breakdown

AAA	0.00%
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A	0.00%
BBB	4.31%
	tot IG 4.31%
BB	25.42%
B	33.04%
CCC	0.19%
	tot HY 58.65%
NR	37.03%
TOTAL	100.00%

Sector breakdown - Top 10

Real Estate	30.45%
Services	19.76%
Banking	14.90%
Energy	8.19%
Sovereign	6.59%
Financial Services	4.34%
Capital Goods	3.39%
Transportation	2.81%
Technology & Electronics	1.84%
Retail	1.73%

contributions. The average life of the YT portfolio at the end of October is very short (9 months or 0.72 of spread duration), with a combination of yield close to 2.45% and z-spread of 319.

Strategic & Tactical buckets.

Tactical bucket generated a positive performance, with homogeneous contributions. Geographical allocation in EM was slightly positive, while picking was positive both in EM and EUR HY.

Sicav Structure – Terms & Conditions

Domicile: Luxembourg

Inception Date: 18 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: CBASAUH LX

ISIN: class A: LU0860713980

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