

Swan Short-Term High Yield – EUR November 2019



Strategy

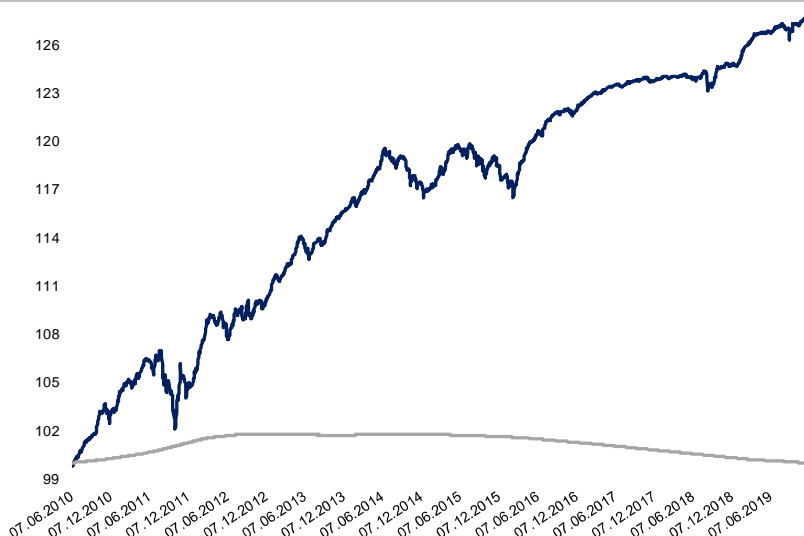
The sub-fund aims to generate a significant excess return vs 3m Euribor in combination with below-average market volatility. Depending on market conditions, the strategy combines in variable proportions the “buy and hold” investment in a highly diversified and granular portfolio of liquid short-term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

Risk Profile



Performance

MTD :	0.24%	Fund Assets (mln) :	193.6 €
Since inception	27.72%	1 Year Std Dev :	0.86%
Last 12 Months :	2.45%	1 Year Sharpe Ratio :	3.5
NAVps :	EUR 127.72	% of positive months :	74%



Period	Class C*	Class A	Portfolio info	
MTD	0.26%	0.24%	# of Securities	120
YTD	2.62%	2.41%	% Weight	96.34%
6 months	0.87%	0.74%	Int Dur	0.66
1 year	2.66%	2.45%	Yield (gross)	2.70%
2018	0.93%	0.72%	Spread Duration	0.93
2017	1.53%	1.28%	Z-spread	289
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	59.71%
EUR	16.09%
NOK	15.58%
SEK	6.51%
CHF	1.82%
GBP	0.28%
TOTAL	100.00%

Geographic breakdown

EU	5.41%
US	0.00%
Oth DEV	32.13%
LATAM	4.96%
EMEA	25.36%
ASIA	32.14%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	4.30%
tot IG 4.30%	
BB	25.69%
B	33.33%
CCC	0.20%
tot HY 59.22%	
NR	36.48%
TOTAL	100.00%

Sector breakdown - Top 10

Real Estate	33.35%
Services	18.79%
Banking	15.33%
Energy	8.89%
Sovereign	5.30%
Financial Services	4.38%
Transportation	3.46%
Capital Goods	2.84%
Basic Industry	1.88%
Healthcare	1.57%

Global market picture

November was a positive month for financial markets: European credit markets were positive (H9PC Index +1.11%), and equity markets were positive both in Europe (Eurostoxx 50 +2.75%) and in US (S&P 500 +3.40%). The month started with a small rebound in the US Manufacturing ISM, signaling that the economy could be close to a bottom: GDP release confirmed that US economy grew at around 2% in 3Q, while unemployment remained low at 3.6%. With the resilience demonstrated by US data, the FED seems to consider monetary policy in a “good place” and markets are forecasting slightly more than one cut until December 2020. Christine Lagarde started her mandate as ECB president during November: her speeches did not send clear signals about an imminent action on monetary policy, that we expect to remain supportive for markets. Data from Eurozone were slightly positive, with flash PMI rebounding and 3Q19 lackluster growth in Germany linked to a drag from inventories. German 10 years Bund closed the month at -0.36% (+5bps during the month) in tandem with 10 Years Treasury +1.78% (+8bps during the month). Bullish sentiment on the markets was mainly due to optimism coming from progress in the US-China negotiations on a potential deal: we saw several headlines announcing a possible Phase One deal, immediately followed by denials and postponements, and we think this dispute will not be resolved anytime soon. Emerging markets reported a positive performance (+0.73%) with ASIA being the best performer during the month thanks mainly to China; in Argentina Fernandez still has to approach investors for a possible debt restructuring, while pressure is mounting in LEBANON, where government resigned after harsh public protests. Oil was up 3.65% in the month, closing at 62.43 USD per barrel.

Active Portfolio

Credit Allocation Scoring (CAS) indicates a medium-long-dated allocation of 18.40%, flat relatively to the end of October (18.40%). Fund's actual exposure (beta and duration adjusted) is 13.60%, lower relatively to last month (15.04%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated gross yield of 2.21% (in EUR), a low spread duration of 0.93 and a z spread of 289.

Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 95% of the positions (75 out of 79) contributing positively. Positive contributions were homogeneously distributed, the only exceptions being COFP 05/21 and IPFLN 04/21, while there were not

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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