

# Swan Short-Term High Yield – EUR January 2020



## 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

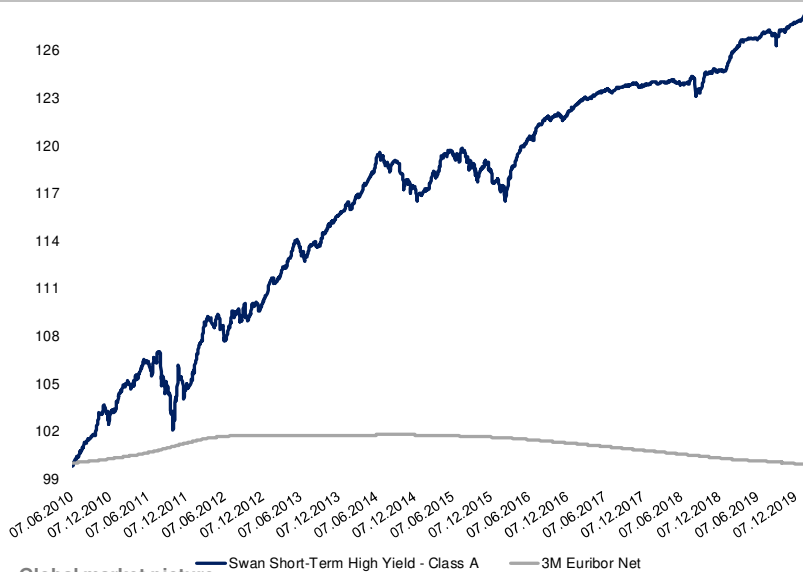
Conservative

**Intermediate**

High Reward

## Performance

MTD :	<b>0.26%</b>	Fund Assets (mln) :	201.2 €
Since inception	<b>28.18%</b>	1 Year Std Dev :	0.84%
Last 12 Months :	<b>1.97%</b>	1 Year Sharpe Ratio :	3.08
NAVps :	EUR 128.18	% of positive months :	74%



## Global market picture

January was a muted month for financial markets: European credit markets were flat (H9PC Index +0.02%), and equity markets were negative both in Europe (Eurostoxx 50 -2.78%) and in US (S&P 500 -0.16%). The month started with the US Manufacturing ISM below consensus estimate (47.2 vs 49), at the lowest level since June 2009, while the 4Q19 US GDP at 2.1% was higher than consensus. The FED left rates unchanged, but expectations for a possible cut increased due to low print of core PCE at 1.6% and weak personal consumption. Similarly the ECB kept its policy rates unchanged, hinting that it could change its inflation target mandate during the toolkit review taking place this year. On the data front, the Eurozone PMI composite was stable at 50.9, while strong flash manufacturing PMI in Germany (45.2 vs 44.5), confirmed by the service index, suggested that the economy could have bottomed, notwithstanding the weak 4Q GDP print at 0.4%. Data release did not take into consideration any impact from the Corona Virus that spread in China during January: the fast expanding virus generated a sell-off movement with significant effects on German 10 years Bund that closed the month at -0.43% (-25bps during the month) in tandem with 10 Years Treasury at +1.51% (-41bps during the month). Emerging markets reported a positive performance (+1.20%) with EMEA area being the best performer during the month. Oil was volatile, with an initial spike close to 70 USD per barrel after the assassination of the general Soleimani by US and Iranian retaliation, followed by a sharp correction to 55 USD, due to renewed worries on global demand caused by the diffusion of the Corona Virus.

## Active Portfolio

Credit Allocation Scoring (CAS) indicates a medium-long-dated allocation of 18.40%, flat relatively to the end of December (18.40%). Fund's actual exposure (beta and duration adjusted) is 15.51%, higher relatively to last month (11.64%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated gross yield of 2.11% (in EUR), a low spread duration of 0.92 and a z spread of 264.

## Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 92% of the positions (80 out of 87) contributing positively. Positive contributions were homogeneously distributed, while there were not significant negative contributions. The average life of the YT portfolio is very short (9 months or 0.73 of spread duration), with a combination of yield close to 2.11% and z-spread of 259.

Period	Class C*	Class A	Portfolio info	
MTD	<b>0.29%</b>	<b>0.26%</b>	# of Securities	127
YTD	<b>0.29%</b>	<b>0.26%</b>	% Weight	94.62%
6 months	<b>0.85%</b>	<b>0.72%</b>	Int Dur	0.69
1 year	<b>2.24%</b>	<b>1.97%</b>	Yield (gross)	2.11%
2019	<b>2.77%</b>	<b>2.52%</b>	Spread Duration	0.92
2018	<b>0.93%</b>	<b>0.72%</b>	Z-spread	264
2017	<b>1.53%</b>	<b>1.28%</b>		
2016	<b>4.29%</b>	<b>3.82%</b>		
2015	<b>1.12%</b>	<b>0.74%</b>		
2014	<b>1.20%</b>	<b>0.90%</b>		
2013	<b>4.96%</b>	<b>4.66%</b>		
2012	<b>5.49%</b>	<b>5.19%</b>		
2011	<b>2.13%</b>	<b>1.83%</b>		
2010	<b>3.65%</b>	<b>3.35%</b>		

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

## FX breakdown (fully hedged)

USD	61.08%
EUR	15.93%
NOK	13.91%
SEK	6.48%
CHF	2.32%
GBP	0.28%
<b>TOTAL</b>	<b>100.00%</b>

## Geographic breakdown

EU	5.74%
US	0.00%
Oth DEV	31.54%
LATAM	5.71%
EMEA	26.55%
ASIA	30.45%
<b>TOTAL</b>	<b>100.00%</b>

## Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	4.26%
	<b>tot IG 4.26%</b>
BB	27.01%
B	31.17%
CCC	0.77%
	<b>tot HY 58.95%</b>
NR	36.79%
<b>TOTAL</b>	<b>100.00%</b>

## Sector breakdown - Top 10

Real Estate	30.23%
Services	17.68%
Banking	16.07%
Energy	8.31%
Sovereign	5.71%
Financial Services	4.86%
Basic Industry	2.88%
Capital Goods	2.80%
Transportation	2.55%
Leisure	1.72%

## Strategic & Tactical buckets.

Tactical bucket generated a positive performance, with homogeneous contributions, the only exception being DNONO 05/2024. Geographical allocation in EM was slightly positive, while picking was negative in EM and positive EUR HY (overall positive).

## 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