

Swan Short-Term High Yield – CHF

February 2021



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

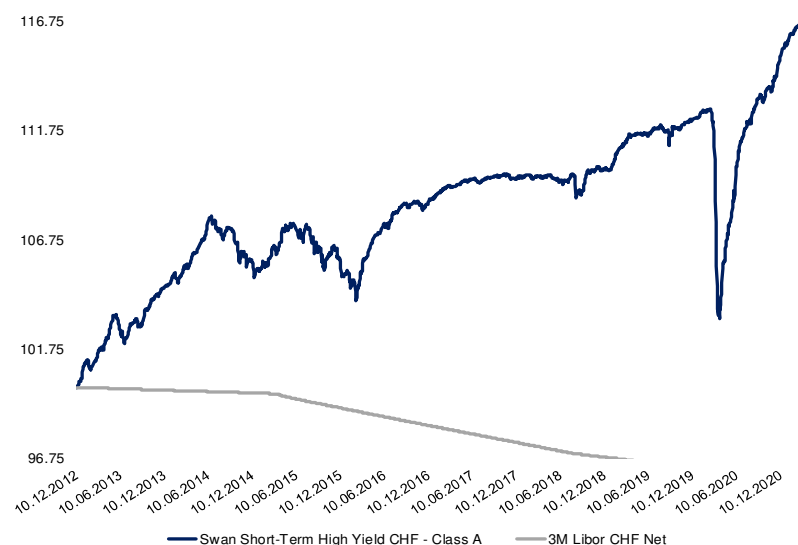
Conservative

Intermediate

High Reward

Performance

MTD :	0.39%	Fund Assets (mln) :	207.5 €
Since inception	16.60%	1 Year Std Dev :	3.12%
Last 12 Months :	3.93%	1 Year Sharpe Ratio :	1.59
NAVps :	CHF 116.60	% of positive months :	74%



Period	Class C*	Class A	Portfolio info
MTD	0.41%	0.39%	# of Securities 117
YTD	0.90%	0.86%	% Weight 99.38%
6 months	3.35%	3.23%	Int Dur 0.71
1 year	4.17%	3.93%	Yield (gross) 2.78%
2020	3.17%	2.94%	Spread Duration 0.90
2019	2.42%	2.17%	Z-spread 342
2018	0.59%	0.32%	
2017	1.16%	0.86%	
2016	3.59%	3.29%	
2015	0.17%	-0.13%	
2014	0.88%	0.58%	
2013	4.60%	4.30%	

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

FX breakdown (fully hedged)

USD	68.69%
EUR	14.86%
NOK	10.42%
SEK	3.98%
CHF	0.07%
GBP	1.97%
TOTAL	100.00%

Geographic breakdown

EU	6.37%
US	6.28%
Oth DEV	34.73%
LATAM	2.44%
EMEA	36.15%
ASIA	14.03%
TOTAL	100.00%

Global market picture

During February European credit markets experienced a positive performance (H9PC Index +0.50%), in tandem with the movement of the Eurostoxx 50 (+4.45%) and S&P 500 (+2.61%). The Democratic controlled House of representatives passed Biden's stimulus plan of 1.9\$trn, that should strongly support the rebound in US economy: 4Q growth was confirmed at 4.1%, and early Q1 data look promising; US growth should exceed 6% in 2021, while in the Eurozone expectations point to a 5.7%. Anti-COVID-19 mass vaccination campaign proceeded at different speed: while in UK around 30% of the population received at least 1 dose and Boris Johnson spoke about a possible relaxation of mobility restriction, in Italy only 1.4mio can be "declared" protected against the virus and severe lockdown measures are still in place; also Germany and France are still struggling to source vaccine doses due to continued delivery delays announced in particular by Astra Zeneca; consequently herd immunity should not be reached before year end. Both FED and ECB officials confirmed their commitment in supporting the economy with ultra-low rates for the next years, but market began pricing a first FED hike in 2023, and about 4 hikes by end 2024. In this context, the 10 years bund yield was higher at -0.26% (+26bps in the month), in tandem with the 10 years Treasury at 1.40% (+34bps in the month). Oil continued its rebound, with Brent @ 66 USD per barrel thanks also to the Texas polar blast, while gold was a lower at 1734 \$ per ounce due to higher real yields. We think that this is still an interesting entry point for our strategy: current YTM gives us confidence on the capability to generate positive performance in line with targets during 2021; average maturity of the bonds in our portfolios is still around 1 year and should help reduce volatility in case of new episodes of market stress.

Active Portfolio

Credit Allocation Scoring (CAS) indicates a medium-long-dated allocation of 18.40%, flat relatively to the end of January (18.40%). Fund's actual exposure (beta and duration adjusted) is 13.62%, higher relatively to last month (13.37%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated gross yield of 2.78% (in EUR), a low spread duration of 0.90 and a z spread of 342.

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. 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

Rating breakdown

AAA	0.00%
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A	0.00%
BBB	1.27%
tot IG	1.27%
BB	23.17%
B	32.15%
CCC	1.30%
tot HY	56.62%
NR	42.11%
TOTAL	100.00%

Sector breakdown - Top 10

Services	25.86%
Real Estate	18.63%
Banking	14.68%
Basic Industry	11.45%
Leisure	6.33%
Financial Services	3.95%
Energy	3.54%
Transportation	3.13%
Consumer Goods	2.97%
Automotive	2.04%

very short (8 months or 0.69 of spread duration), with a combination of yield close to 2.63% and z-spread of 330.

Strategic & Tactical buckets.

Tactical bucket generated a positive performance, with homogeneous contributions. Geographical allocation in EM was negligible, while 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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This is an advertising document. The state of 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 the 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 units.