

Swan Short-Term High Yield – USD

August 2021



Strategy

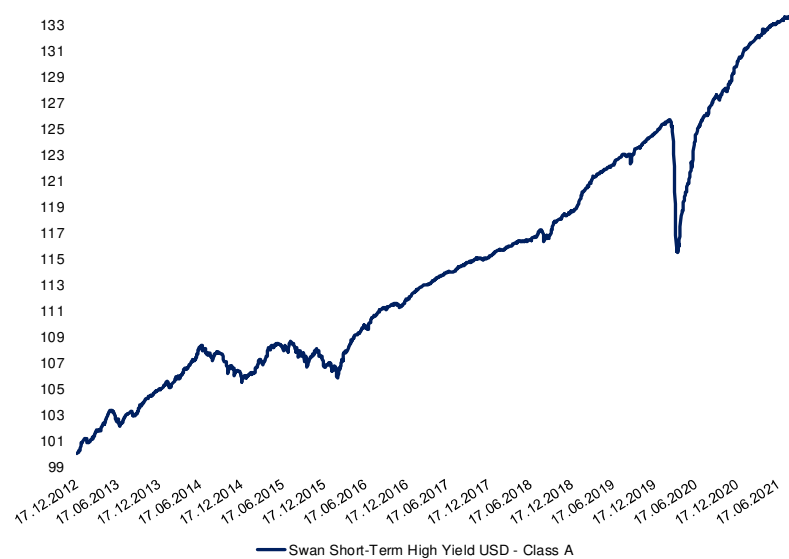
Swan Short-Term High Yield is the UCITS version of our Fixed Income Intermediate risk profile. Depending on market conditions, the strategy combines an highly diversified buy and hold portfolio of liquid short-term fixed income securities with an opportunistic allocation to longer dated securities in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

Risk Profile

Conservative

Intermediate

High Reward



Global market picture

During August, European credit markets experienced a positive performance (H9PC Index +0.37%), in tandem with the movement of the Eurostoxx 50 (+2.62%) and S&P 500 (+2.90%). US and international data releases missed forecasts, as highlighted by CESI indexes that turned negative for the first time since March 2020. Spreading of the COVID-19 Delta variant raised concerns that global recovery could slow: US consumer confidence fell sharply below estimates, followed by weaker than expected reports on retail sales, with economist revising down US growth for 2021 at 6.2%. With regards to tapering, minutes from the FED's July meeting showed disagreement among officials, though a majority believe that taper could begin later this year, with Jerome Powell confirming during his Jackson Hole speech that "if the economy evolve broadly as anticipated, it could be appropriate to start reducing the pace of asset purchase this year". Germany's inflation rose to 3.4% in August, its highest level since 2008, intensifying discussions about Eurozone's ultra-loose monetary policy and its consequences, even if the ECB expects this year surge in inflation to be only transitory. In this context, the 10 years bund yield was higher at -0.38% (+8bps in the month), in tandem with the 10 years Treasury at 1.31% (+9bps in the month). Gold was substantially flat at 1814 \$ per ounce, while oil was down at 73 USD per barrel, reflecting concerns on slowing China recovery. 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 July (18.40%). Fund's actual exposure (beta and duration adjusted) is 21.87%, lower relatively to last month (22.00%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated gross yield of 2.93% (in EUR), a low spread duration of 1.07 and a z spread of 348.

Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 89% of the positions (64 out of 72) 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 (8 months or 0.67 of spread duration), with a combination of yield close to 2.30% and z-spread of 284.

Performance

MTD :	0.46%	Fund Assets (mln) :	250.6 €
Since inception	34.13%	1 Year Std Dev :	0.83%
Last 12 Months :	5.55%	1 Year Sharpe Ratio :	6.66
NAVps :	USD 134.13	% of positive months :	81%



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EUROPE

Period	Class A	Portfolio info	
MTD	0.46%	# of Securities	122
YTD	2.83%	% Weight	101.14%
6 months	1.79%	Int Dur	0.69
1 year	5.55%	Yield (gross)	2.93%
2020	4.46%	Spread Duration	1.07
2019	5.08%	Z-spread	348
2018	2.98%		
2017	2.96%		
2016	4.84%		
2015	0.93%		
2014	0.81%		
2013	4.75%		

FX breakdown (fully hedged)

USD	61.34%
EUR	15.52%
NOK	15.56%
SEK	7.46%
CHF	0.00%
GBP	0.11%
TOTAL	100.00%

Geographic breakdown

EU	10.12%
US	4.75%
Oth DEV	38.75%
LATAM	0.15%
EMEA	26.78%
ASIA	19.46%
TOTAL	100.00%

Rating breakdown

AAA	0.00%	
AA	0.00%	
A	0.00%	
BBB	2.35%	
	tot IG	2.35%
BB	20.91%	
B	23.73%	
CCC	1.72%	
	tot HY	46.35%
NR	51.30%	
TOTAL	100.00%	

Sector breakdown - Top 10

Services	29.34%
Real Estate	28.28%
Banking	8.67%
Basic Industry	7.30%
Leisure	3.99%
Consumer Goods	3.99%
Financial Services	3.96%
Energy	3.17%
Transportation	2.91%
Retail	2.37%

Strategic & Tactical buckets.

Tactical bucket generated a positive performance, with homogeneous contributions. Geographical allocation in EM was 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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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.

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