

# Swan Short-Term High Yield – CHF

## September 2022



### Strategy

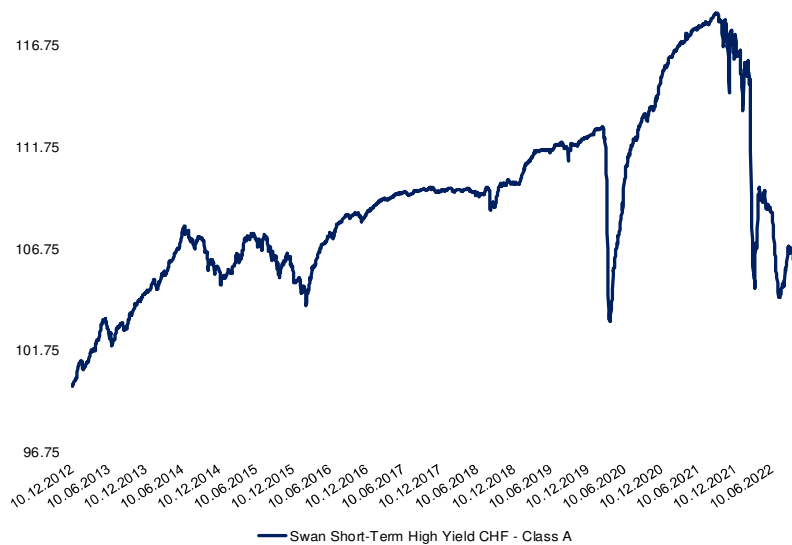
Swan Short-Term High Yield is the UCITS version of our Fixed Income Intermediate risk profile. Depending on market conditions, the strategy combines an highly diversified buy and hold portfolio of liquid short-term fixed income securities with an opportunistic allocation to longer dated securities in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

### Risk Profile

Conservative

**Intermediate**

High Reward



### Global market picture

Credit markets remained extremely negative with year to date performances ranging from -23.02% for EM corp HY to -15.32% of the EU HY. The IG EUR market is also negative by -15.07% YTD, mainly due to the rates component. The short-term (1-3 year) H1WN global HY index also reports a performance of -12.86% YTD while the Global unconstrained (in terms of maturity) HY lost -17.19%. Inflation continued its march higher around the globe with US core CPI printing 6.3% YoY (6.1% expected) in tandem with Eurozone that exceeded expectations by 0.2% at 4.3% YoY. Faced with faster than expected rise in prices, central bankers further tightened their position against inflation: FED raised rates by 75bps for the time in a row, reinforcing its commitment to "higher for longer" rates, clearly flagging its intention to keep monetary policy tight. ECB raised its main rate by 75bps, with Christine Lagarde saying that investors should not assume moves on this scale were "the norm", but there would be "several" rate rises in the coming months. The tension between Russia and Nato members further increased after the sabotage of both Nordstream 1 and 2, while Russia declared annexation of four Ukrainian regions. The 10 years bund yield was higher at +1.54% (+72bps in the month) while the 10 years Treasury closed the month at 3.20% (+54bps). Huge volatility was registered on UK Gilt market, where BOE was forced to intervene to avoid a "material risk to UK financial stability" after that Liz Truss' government announced a fiscal plan that caused a spike of the 30 years yield to 5%. Thanks to recent volatility spike we have been able to add several new credit stories at very interesting level of credit spreads. The combination of higher diversification, higher credit quality and higher expected yields paves the way for attractive returns in the next future.

### Active Portfolio

Credit Allocation Scoring (CAS) indicates a medium-long-dated allocation of 18.40%, flat relatively to the end of August (18.40%). Fund's actual exposure (beta and duration adjusted) is 26.49%, higher relatively to last month (24.32%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated gross yield of 10.38% (in EUR), a low spread duration of 1.27 and a z spread of 867.

### Yield-type bucket

The bucket generated a negative gross contribution to the monthly performance, with 51% of the positions (30 out of 59) 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 (10 months or 0.82 of spread duration).

### Performance

MTD :	<b>-1.56%</b>	Fund Assets (mln) :	179.0 €
Since inception	<b>5.07%</b>	1 Year Std Dev :	5.01%
Last 12 Months :	<b>-10.87%</b>	1 Year Sharpe Ratio :	-2
NAVps :	CHF 105.07	% of positive months :	69%

Period	Class C*	Class A	Portfolio info	
MTD	<b>-1.54%</b>	<b>-1.56%</b>	# of Securities	114
YTD	<b>-9.47%</b>	<b>-9.74%</b>	% Weight	98.08%
6 months	<b>-2.90%</b>	<b>-3.05%</b>	Int Dur	0.62
1 year	<b>-10.56%</b>	<b>-10.87%</b>	Yield (gross)	10.38%
2021	<b>0.92%</b>	<b>0.69%</b>	Spread Duration	1.27
2020	<b>3.17%</b>	<b>2.94%</b>	Z-spread	867
2019	<b>2.42%</b>	<b>2.17%</b>		
2018	<b>0.59%</b>	<b>0.32%</b>		
2017	<b>1.16%</b>	<b>0.86%</b>		
2016	<b>3.59%</b>	<b>3.29%</b>		
2015	<b>0.17%</b>	<b>-0.13%</b>		
2014	<b>0.88%</b>	<b>0.58%</b>		
2013	<b>4.60%</b>	<b>4.30%</b>		

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

### FX breakdown (fully hedged)

USD	25.29%
EUR	28.55%
NOK	25.65%
SEK	19.76%
CHF	0.00%
GBP	0.75%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	22.59%
US	5.75%
Oth DEV	53.81%
LATAM	0.23%
EMEA	11.71%
ASIA	5.91%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	0.46%
	<b>tot IG 0.46%</b>
BB	13.83%
B	16.80%
CCC	3.49%
	<b>tot HY 34.13%</b>
NR	65.41%
<b>TOTAL</b>	<b>100.00%</b>

### Sector breakdown - Top 10

Services	24.60%
Real Estate	21.40%
Financial Services	8.47%
Energy	7.62%
Basic Industry	7.50%
Transportation	5.67%
Leisure	4.43%
Automotive	3.64%
Healthcare	3.55%
Consumer Goods	3.48%

### Strategic & Tactical buckets.

Tactical bucket generated a negative performance, with homogeneous contributions. Geographical allocation in EM was positive; picking was negative in EM and positive in EUR HY (overall positive).

### 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.*

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