

Swan Short-Term High Yield – CHF

March 2023



Strategy

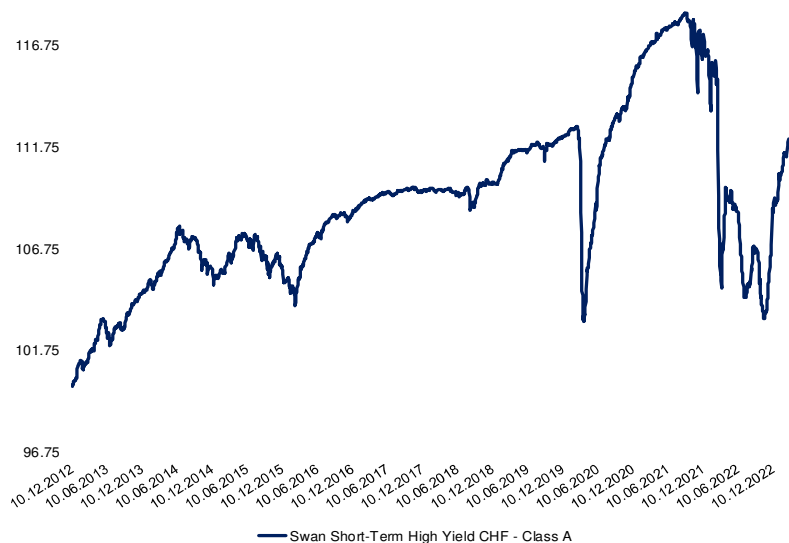
Swan Short-Term High Yield is the UCITS version of our Fixed Income Intermediate risk profile. Depending on market conditions, the strategy combines an highly diversified buy and hold portfolio of liquid short-term fixed income securities with an opportunistic allocation to longer dated securities in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

Risk Profile

Conservative

Intermediate

High Reward



Global market picture

High Yield Credit markets reported a mixed performance in March ranging from -0.16% for EM corp HY to -0.13% of the EU HY in contrast with the movement of the S&P500 (+3.51%) Eurostoxx50 (+1.8%). The IG EUR market was positive by 1.02%. The short-term (1-3 year) H1WN global HY index also reports a negative performance of -0.14% YTD while the Global unconstrained (in terms of maturity) HY gained +0.42%. The month was dominated by news on banking crisis from both US and EU. First signs of deterioration came from US, where Silicon Valley Bank was hit by a bank run after the news of a possible capital increase due to heavy loss on its Treasury positions. The FED had to set up a special liquidity line for the banking system, in addition to full guarantee on all deposits, in order to avoid a possible collapse of the entire regional banking system in the US. In Europe, after an interview of Saudi National Bank CEO, Credit Suisse fell in a negative spiral, forcing the Swiss National Bank to orchestrate an acquisition of CS by UBS, with a consequent bail in of AT1 bonds that surprised the market. In this negative context, both the FED and the ECB continued their hiking cycle, due to inflation that did not show significant sign of weakness: the FED raised rates by 25bps while the ECB added 50bps to its main refinancing rate. Oil was stable at around 75\$ per barrel, while US dollar lost some ground with DXY at 102.5. Thanks to the recent volatility spike we have been able to add several new credit stories at very interesting levels of credit spreads: our funds have a yield to maturity between 7.5% and 12.5%, combined with an average spread duration of below 16 months. The combination of higher diversification, higher credit quality and higher expected yields paves the way for extremely attractive returns in the next future.

Active Portfolio

Fund's actual exposure (beta and duration adjusted) is 41.77%, higher relatively to last month (29.74%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated gross yield of 9.13% (in EUR), a low spread duration of 1.40 and a z spread of 612.

Yield-type bucket

The bucket generated a negative gross contribution to the monthly performance, with 57% of the positions (28 out of 49) 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 (9 months or 0.79 of spread duration).

Performance

MTD :	-0.87%	Fund Assets (mln) :	170.1 €
Since inception	10.98%	1 Year Std Dev :	2.87%
Last 12 Months :	2.40%	1 Year Sharpe Ratio :	1.11
NAVps :	CHF 110.98	% of positive months :	69%

Period	Class C*	Class A	Portfolio info	
MTD	-0.85%	-0.87%	# of Securities	124
YTD	1.84%	1.76%	% Weight	97.10%
6 months	5.77%	5.62%	Int Dur	0.85
1 year	2.70%	2.40%	Yield (gross)	9.13%
2022	-5.97%	-6.31%	Spread Duration	1.40
2021	0.92%	0.69%	Z-spread	612
2020	3.17%	2.94%		
2019	2.42%	2.17%		
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	23.29%
EUR	34.26%
NOK	21.84%
SEK	18.71%
CHF	0.77%
GBP	1.13%
TOTAL	100.00%

Geographic breakdown

EU	26.26%
US	5.80%
Oth DEV	54.05%
LATAM	0.73%
EMEA	7.01%
ASIA	6.16%
TOTAL	100.00%

Rating breakdown

AAA	0.00%
AA	0.00%
A	0.00%
BBB	2.57%
tot IG	2.57%
BB	17.97%
B	15.53%
CCC	2.34%
tot HY	35.84%
NR	61.58%
TOTAL	100.00%

Sector breakdown - Top 10

Real Estate - Mgmt Res	8.70%
Shipping - Gas	7.58%
Oil and gas E&P - All	5.63%
Gaming - Online Gaming	5.30%
Finance - NPL collector	4.88%
Real Estate - Mgmt Comm	4.73%
Real Estate - Dev Res	4.33%
Compounder	4.02%
Oil and gas services - FPS	3.73%
Investments & Misc Financ	3.26%

Strategic & Tactical buckets.

Tactical bucket generated a positive performance, with homogeneous contributions. Geographical allocation in EM was slightly positive; picking was negative in EM and positive 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

Contacts at Swan Asset Management SA:

E-mail: info@swan-am.ch - Tel: +41 91 986 31 90

This is an advertising document. The document has been prepared for information purposes only and does not constitute an offer, investment recommendation, personal advice or solicitation to purchase financial instruments and does not offer or promote - nor does it in any way intend to offer or promote - any form of investment. This document does not constitute investment advice on financial instruments and therefore the information made available in this document should not be construed as a recommendation or invitation to invest. The state of the origin of the fund is Luxembourg. In Switzerland, this document may only be provided to qualified investors within the meaning of art. 10 para. 3 and 3ter CISA. In Switzerland, the representative is ACOLIN Fund Services AG, Leutschenbachstrasse 50, CH-8050 Zurich, whilst the paying agent is Cornèr Banca SA, Via Canova 16, CH – 6900 Lugano. The basic documents of the fund as well as the annual and, if applicable, 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 of units.