

# Swan Short-Term High Yield – EUR

## May 2024



### 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

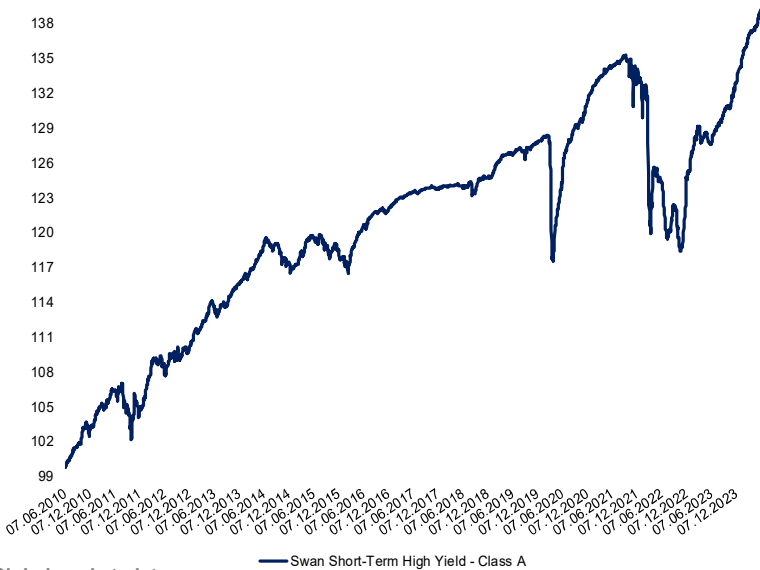
Conservative

**Intermediate**

High Reward

### Performance

MTD :	<b>0.87%</b>	Fund Assets (mln) :	172.5 €
Since inception	<b>38.93%</b>	1 Year Std Dev :	0.94%
Last 12 Months :	<b>8.85%</b>	1 Year Sharpe Ratio :	5.53
NAVps :	EUR 138.93	% of positive months :	73%



### Global market picture

High Yield Credit markets reported a positive performance in May ranging from +1.73% for EM corp HY to +0.88% of the EU HY in tandem with positive equity markets, S&P500 (+4.80%) and Eurostoxx50 (+1.27%). The IG EUR market was positive by 0.24% in line with the short-term (1-3 year) H1WN global HY index that reported a positive performance of 0.94%. The Global unconstrained (in terms of maturity) HY index was positive at +1.12%. In Europe inflation continued to retrace, with core CPI print at 2.7% in April (vs 2.9% in March), but most important April release provided reassurances that the sharp increases in services prices in January and February were a bump, this confirming that services inflation is not reaccelerating. Markets expect the ECB to start its easing cycle at the monetary policy meeting to be held on 6th June due to projections of a rapid recovery in activity and a gradual disinflation process to continue. After its meeting on the 1st of May, the FOMC signaled that "a lack of further progress" towards the bank's 2% inflation target will mean US borrowing costs are likely to remain higher for longer; however, officials also indicated that they were not yet concerned enough by uptick in inflation to consider rate rises. Indeed, inflation print in line with expectations at 3.4% (core CPI at 3.6%) for April reinforced the market view for two possible cuts in 2024. The 10 years bund yield was lower at 2.58% (+28bps in the month), in tandem with the 10 years Treasury at 4.68% (+48bps in the month). Oil was down at 82\$ per barrel, while US dollar was lower, with DXY at 104.67. Our funds have a yield to maturity between 6% and 8%, combined with an average spread duration around 18 months. The combination of diversification, good credit quality and high expected yields pave the way for extremely attractive returns in the next future.

### Active Portfolio

Fund's actual exposure (beta and duration adjusted) is 47.79%, lower relatively to last month (49.14%). The mix between Strategic and Tactical positions is 0% Strategic and 100% Tactical. The fund has an estimated gross yield of 6.82% (in EUR), a spread duration of 1.82 and a z spread of 339.

### Yield-type bucket

The bucket generated a positive gross contribution to the monthly performance, with 89% of the positions (54 out of 61) 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 (13 months or 1.09 of spread duration).

Period	Class C*	Class A	Portfolio info	
MTD	<b>0.89%</b>	<b>0.87%</b>	# of Securities	137
YTD	<b>3.77%</b>	<b>3.67%</b>	% Weight	98.41%
6 months	<b>4.67%</b>	<b>4.58%</b>	Int Dur	1.30
1 year	<b>9.05%</b>	<b>8.85%</b>	Yield (gross) in EUR	6.82%
2023	<b>7.21%</b>	<b>6.98%</b>	Spread Duration	1.82
2022	<b>-5.64%</b>	<b>-5.92%</b>	Z-spread	339
2021	<b>1.13%</b>	<b>0.91%</b>		
2020	<b>3.40%</b>	<b>3.21%</b>		
2019	<b>2.77%</b>	<b>2.52%</b>		
2018	<b>0.93%</b>	<b>0.72%</b>		
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	34.29%
EUR	35.53%
NOK	12.23%
SEK	11.49%
CHF	4.09%
GBP	2.37%
<b>TOTAL</b>	<b>100.00%</b>

### Geographic breakdown

EU	28.21%
US	8.91%
Oth DEV	40.29%
LATAM	7.71%
EMEA	13.90%
ASIA	0.98%
<b>TOTAL</b>	<b>100.00%</b>

### Rating breakdown

AAA	0.00%	
AA	0.00%	
A	0.00%	
BBB	12.51%	
	tot IG	12.51%
BB	21.37%	
B	13.09%	
CCC	3.00%	
	tot HY	37.47%
NR	50.03%	
<b>TOTAL</b>	<b>100.00%</b>	

### Sector breakdown - Top 10

Oil and gas E&P - All	8.25%
Real Estate - Mgmt Res	7.00%
Finance - NPL collector	6.44%
Banking	5.67%
Real Estate - Dev Res	5.06%
Telecom - Wireline Integra	4.87%
Oil Field Equipment & Ser	4.87%
Shipping - Gas	4.51%
Shipping - Crude	3.29%
Industry - Renewables	3.16%

### Strategic & Tactical buckets.

Tactical bucket generated a positive gross performance during the month, with homogeneous contributions. Picking was positive in EM and slightly negative in 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

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