INCOME STRATEGY FUND

CCFunds™ Maximise your return

SHARE CLASS A (DISTRIBUTOR) - FACT SHEET

Factsheet as at 30th June 2024

Month end NAV as at 26th June 2024

Investment Objective and Policies

The Fund aims to achieve a combination of income, with the possibility of capital growth by investing in a diversified portfolio of collective investment schemes. The Investment Manager ("We") will invest in collective investment schemes ("CIS") (including UCITS, exchange-traded funds and other collective investment undertakings) that invest in a broad range of assets, including debt and equity securities. In instances, this may involve investing in CISs that are managed by the Investment Manager. The Investment Manager ("We") aims to build a diversified portfolio spread across several industries and sectors. The Fund is actively managed, not managed by reference to any index.

Minimum Initial Investment	€5,000

Sustainability

The Fund is classified under Article 6 of the SFDR meaning that the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Fund Details

ISIN	MT7000030680
Bloomberg Ticker	CCPISAE MV

Charges

Entry Charge	Up to 2.5%
Exit Charge	None
Total Expense Ratio	2.26%

Currency fluctuations may increase/decrease costs.

Risk and Reward Profile

This section should be read in conjuction with the KIID

Lower Risk — Higher Risk

Potentially lower reward — Potentially higher reward

1 | **2** | 3 | 4 | 5 | 6 | 7

Portfolio Statistics

Total Net Assets (in €mns)	6.35
Month end NAV in EUR	89.99
Number of Holdings	13
% of Top 10 Holdings	90.9

Current Yield

Last 12-m Distrib. Yield (%)	4.20

Currency Allocation	%
EUR	100.00
USD	0.00
GBP	0.00

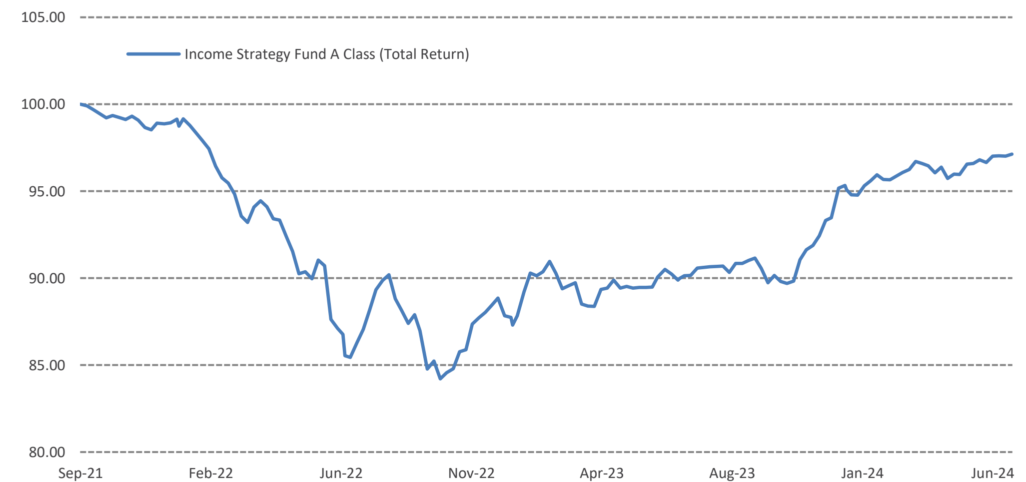
Asset Allocation	%
Fund	92.40
ETF	6.00
Cash	1.60

Asset Class	%
Fixed Income	98.40
Equity	0.00

Geographic Allocation	%
Europe	37.90
Global	37.30
International	23.20

Top Holdings	SRRI	%
UBS (Lux) Bond Fund - Euro High Yield	4	19.1
CC Funds SICAV plc - High Income Bond Fund	4	9.9
Nordea 1 - European High Yield Bond Fund	4	8.8
Robeco Capital Growth Funds - High Yield Bonds	4	8.7
DWS Invest Euro High Yield Corp	4	8.0
BlackRock Global High Yield Bond Fund	4	7.5
Janus Henderson Horizon Global High Yield Bond Fund	4	7.3
AXA World Funds - Global High Yield Bonds	4	7.3
Schroder International Selection Fund Global High Yield	5	7.2
Fidelity Funds - European High Yield Bond Fund	4	7.1

Historical Performance to Date **



Source: Calamatta Cuschieri Investment Management Ltd.

Performance History**

Past performance does not predict future returns

Calendar Year Performance	YTD***	2023	2022	2021	2019
Share Class A - Total Return**	2.16	8.90	-11.59	-1.26	N/A

Total Return	1-month	3-month	6-month	9-month	12-month
Share Class A - Total Return**	0.49	0.70	2.16	7.26	7.93

* The Distributor Share Class (Class A) was launched on 15 September 2021.

** Performance figures are calculated using the Value Added Monthly Index "VAMI" principle. The VAMI calculates the total return gained by an investor from reinvestment of any dividends and additional interest gained through compounding.

*** The Distributor Share Class (Class A) was launched on 15 September 2021.

**** Returns quoted net of TER. Entry and exit charges may reduce returns for investors.

Market Commentary

Introduction

Global high yield corporate credit delivered a positive 0.62% return in June, as a more constructive market environment – driven by the emergence of softer labour market conditions and encouraging news on inflation – unfolded.

Central bank policy decisions remained a key driver. The ECB cut interest rates 25bps in early June, with the scope for further cuts somewhat limited by sticky inflation. Annual inflation in the euro area was 2.5% in June, up from 2.4% in March. Such ongoing inflationary pressures, kept other major central banks on hold. In the US, initial concerns about overheating and strong economic data initially dampened sentiment. However, as the quarter progressed, hopes for a soft landing gained traction. The latest "dot plot", showing the rate setting forecasts of Fed policymakers, indicated just one rate cut this year.

Along with the likely timing and extent of interest rate cuts, politics was a key focus in the quarter, with political risks creating pockets of weakness. European parliamentary elections saw gains for right-wing nationalist parties. This was notably the case in France. President Macron responded by calling parliamentary elections, in a move that surprised markets instigating localised weakness. French sovereigns widened notably, with the spread between French and German government bonds, typically below 50bps, jumped above 70bps, highlighting heightened risk perception. The prospect of UK elections was however less contentious.

Market Environment and Performance

Economic disparity in the two central economies, previously more evident, has over Q2 showed signs of convergence as the Euro area economy moved even closer to stabilization, Purchasing Managers' Index (PMI) survey showed, amid a sustained expansion in the private sector. However, growth somewhat cooled to a three-month low in June. Over the month, services (reading 52.8 v 53.2) slowed while manufacturing shrank at a faster pace (reading 45.8 v 47.3). Overall, curbing the rise in activity levels was a softening of demand, as new orders decreased for the first time since February. The rate of job creation was the softest in five months and there was also a cooling of price pressures, with rates of increase in input costs and output prices cooled to five- and eight-month lows, respectively.

Headline inflation eased to 2.5% from 2.6% in May, while core inflation remained steady at 2.9%. Despite May's upside surprise, slowing inflation over the last few months has enabled the ECB's governing council to lower the 3 key interest rates by 25bps in June, a shift from nine months of stable rates.

Meanwhile, the US economy showed signs of improvement at the end of Q2. Both manufacturing (reading 51.6 v 51.3) and services (reading 55.3 v 54.8) noted modest growth. New orders climbed for the second month in a row, reaching a one-year high. Employment levels, consequent to such higher demand, rose for the first time in three months. Meanwhile, input cost and output price inflation rates slightly eased from the previous month.

In the US, disinflationary trends sustained, albeit price pressures in services sectors looking particularly sticky, overall. The latest inflation release showed a modest slowing, as headline inflation fell for a third straight month to 3% in June 2024, the lowest since June 2023, compared to 3.3% in May and below forecasts of 3.1%. Core inflation too eased to a three-year low at 3.3%.

From a performance viewpoint, global credit markets found some footing in June following a rocky start to Q2 2024. Government bonds saw a stark diversion. In the US, the initial sell-off observed - with yields peaking in late April - reversed with bond prices trending higher throughout June. European government bonds, predominantly France's, saw yields widen as a French snap election announcement increased perceived risk for French debt. Investment grade corporate credit performed well in both the US and Europe, delivering positive returns. Meanwhile, high yield credit continued its strong performance with European and US high yield corporates delivering c. 0.97% and 0.54%, respectively.

Fund Performance

Performance for the month of June proved positive, noting a 0.49% gain for the CC Income Strategy Fund, in-line with the positive performance across global high yield credit during such period.

In-line with the fund's dividend policy, to distribute a dividend on a semi-annual basis, the Manager declared a distribution of 2.10% (4.20% - annualised).

Market and Investment Outlook

The narrative for credit markets remained largely unchanged in June. The European Central Bank (ECB), in line with expectations, embarked on a policy easing cycle, a shift from nine months of stable rates. The path forward however remains unclear, largely hinging on a crucial factor: The Federal Reserve's monetary policy stance.

The Fed's influence on global financial conditions, namely on: borrowing costs, currency movements, and commodity prices, creates a complex dynamic, lessening Europe's ability to diverge significantly from the Fed's policy decisions. The key to unlocking the highly anticipated rate cuts lie on a sustained slowdown of US economic growth. While consumer spending has provided a buffer thus far, early signs of a cooling US economy and some positive inflation data are encouraging. A slowdown shall ultimately allow the Fed to finally pivot and begin lowering rates later this year, paving the way for similar action by European central banks. In essence, the success of European rate cuts hinges on the US achieving a "soft landing," a scenario where economic growth moderates and inflation eases without triggering a recession. Recent data points are increasing the likelihood of this outcome, but continued monitoring remains prudent.

The outlook for the global bond market, as the Federal Reserve signals a pause in rate hikes and the European Central Bank leans towards quantitative easing, is positive. However, locking in coupons at such comparably favorable levels, ahead of any policy easing is key.

That said, the manager will going forward continue to assess the market landscape and capitalize on appealing credit opportunities. Consistent with recent actions, the manager will continue to tailor the portfolio to match prevailing yield conditions, gradually increase duration and strategic tilt towards European credit. Our rationale for this shift lies in Europe's earlier stage in the credit cycle, potentially offering upside potential. Additionally, the dovish stance of the ECB, compared to its Western counterparts, raises the possibility of Europe being the first to cut interest rates, which could further benefit European credit markets.

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Address: Calamatta Cuschieri Investment Management Limited, Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034.