

Investment Objective and Policies

The Fund aims to maximise the total level of return for investors through investment, primarily, in debt securities and money market instruments issued by the Government of Malta. The Investment Manager may also invest directly or indirectly via eligible ETFs and/or eligible CISs) up to 15% of its assets in "Non-Maltese Assets" in debt securities and/or money market instruments issued or guaranteed by Governments of EU, EEA and OECD Member States other than Malta. The Investment Manager will not be targeting debt securities of any particular duration, coupon or credit rating. The Fund is actively managed, not managed by reference to any index.

Fund Type UCITS
 Minimum Initial Investment €2,500

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 MT7000017992
 Bloomberg Ticker CCMGBFA MV

Charges

Entry Charge Up to 2.5%
 Exit Charge None
 Total Expense Ratio 1.25%
 Currency fluctuations may increase/decrease costs.

Risk and Reward Profile

This section should be read in conjunction 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) 28.44
 Month end NAV in EUR 97.25
 Number of Holdings 37
 % of Top 10 Holdings 59.8

Current Yields

Underlying Yield (%) 3.35

Country Allocation ¹	%	By Issuer ¹	%	Top 10 Exposures	%
Malta	84.2	Government of Malta	84.2	1.00% MGS 2031	10.8
Germany	2.9	Kingdom of Spain	8.3	4.50% MGS 2028	9.8
Belgium	2.4	Government of Portugal	3.4	5.25% MGS 2030	8.9
Portugal	1.6	Lyxor Euro	1.7	4.45% MGS 2032	6.3
France	1.1	US Treasury	0.8	4.00% MGS 2033	4.6
Slovenia	0.8	Government of Italy	0.5	4.30% MGS 2033	4.4
Poland	0.8			5.20% MGS 2031	4.1
Italy	0.8			5.10% MGS 2029	3.9
Croatia	0.8			2.30% MGS 2029	3.6
Hungary	0.8			4.10% MGS 2034	3.4

¹ including exposures to CIS

Currency Allocation	%	Asset Allocation	%	Maturity Buckets ²	%
EUR	98.9	Cash	1.1	0 - 5 years	20.7
USD	1.1	Bonds	97.2	5 - 10 years	58.6
		CIS/ETFs	1.7	10 years +	17.9

² based on the Next Call Date (also includes cash)

Historical Performance to Date

Regional Allocation^{1,3}

Malta	85.3
Europe (excl. Malta)	13.9
North America	0.8

³ Malta exposure includes Cash Holdings

By Credit Rating

AAA-A	94.4
BBB	2.6
BB	0.0
B	0.0
Less than B	0.0
Not Rated	1.9

Performance History

Past performance does not predict future returns

Calendar Year Performance	YTD	2023	2022	2021	2020	2019	Annualised Since Inception***
Share Class A - Total Return**	3.12	2.72	-14.04	-3.04	1.31	8.98	-0.37

Total Return	1-month	3-month	6-month	9-month	12-month
Share Class A - Total Return**	1.25	3.55	3.04	3.12	7.67

* The Accumulator Share Class (Class A) was launched on 21 April 2017

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

*** The Annualised rate is an indication of the average growth of the Fund over one year. The value of the investment and the income yield derived from the investment, if any, may go down as well as up and past performance is not necessarily indicative of future performance, nor a reliable guide to future performance. Hence returns may not be achieved and you may lose all or part of your investment in the Fund. Currency fluctuations may affect the value of investments and any derived income.

Introduction

Malta's economy continued to demonstrate resilience and growth, with second-quarter growth of 4.40% year-over-year. The reading marked the fourteenth consecutive quarter of expansion, albeit at the weakest pace since the third-quarter of 2022 amid a slowdown in consumer spending and government expenditure.

Foreign trade, particularly exports, remains a key driver of the economy. The strength of Malta's export sector is evident in the robust 6.40% year-over-year growth recorded in the second quarter. Additionally, business confidence remained strong, despite lower compared to June's reading. Tourism, a cornerstone of Malta's economy, continues to thrive with traffic volumes at the Malta International Airport proving to be well above the record passenger movements handled in 2023.

Market Environment and Performance

Europe's economy, initially proving somewhat resilient, has in recent months consistently shown signs of weakening, particularly as its largest economies continue to face a deterioration in economic metrics. Recent Purchasing Managers' Index (PMI) data supports these trends, indicating a slowdown in the Eurozone and a potential technical recession in Germany, Europe's largest economy.

September's Eurozone Composite PMI, albeit revised higher, signaled total business activity in Euro Area private sector activity decreased for the first time since February, as the three biggest economies in the Euro Area - Germany, France and Italy - recorded contractions simultaneously for the first time in 2024 so far. Overall, services slowed (51.4 vs 52.9 in August) and the manufacturing contraction deepened (45 vs 45.8 in August) as demand for euro area goods and services fell at the quickest pace in eight months. This, leading to backlog reductions and a slightly faster rate of job cutting. Business confidence too weakened, yet fractionally, taking it further beneath its long-run average.

Inflation, consequent to the base effect, particularly on energy, fell to 1.8% in September, the lowest since April 2021, compared to 2.2% in August and preliminary estimates of 1.9%. Core inflation, albeit marginally, eased to 2.7%. A particular concern for the ECB is services inflation, which remains anchored at or above 4.0% for a fifth consecutive month. The labour market remained healthy, with unemployment rate revolving at notable lows (6.4% in August), and significantly below a 20-year average of 9.3%.

Consequent to the worsening economic trends, the European Central Bank (ECB) eased monetary policy by cutting interest rates by 25 bps in September, driving yields overall lower (meaning prices rose). German and French 10-year government bond yields declined over the quarter but underperformed relative to Italy and Spain, which were among the strongest performers in Europe.

Fund Performance

The CC Malta Government Bond Fund marginally underperformed in September, noting a gain of 1.25%. Throughout the month, the Manager reduced its exposure to shorter dated sovereigns, to make way for longer-dated Maltese sovereign bonds. This, in line with the Managers investment strategy to increase the overall portfolio duration.

Market and Investment Outlook

The narrative for credit markets remained largely unchanged throughout the third quarter, with investor focus centered on economic data and central bank policy. In the most recent policy meeting, central bankers demonstrated their willingness to adopt an accommodative bias, depending on economic needs, with a willingness to adjust policy accordingly to foster a healthy economic environment. The ECB continued to emphasize on data dependency, eyeing inflation, particularly within the services sector. Safeguarding the employment market too remains key.

The anticipation of year-end interest rate cuts fosters a positive outlook for the global bond market. We believe locking in current attractive coupon levels is prudent before potential policy easing.

Disclaimer

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