

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) 28.25
 Month end NAV in EUR 97.91
 Number of Holdings 37
 % of Top 10 Holdings 58.6

Current Yields

Underlying Yield (%) 3.31

Country Allocation ¹	%	By Issuer ¹	%	Top 10 Exposures	%
Malta	83.0	Government of Malta	83.0	1.00% MGS 2031	11.2
Germany	2.9	Kingdom of Spain	8.2	5.25% MGS 2030	8.8
Belgium	2.4	Government of Portugal	3.4	4.50% MGS 2028	8.3
Portugal	1.6	Lyxor Euro	1.7	4.45% MGS 2032	6.3
France	1.1	US Treasury	0.8	4.00% MGS 2033	4.5
Slovenia	0.8	Government of Italy	0.5	4.30% MGS 2033	4.5
Poland	0.8			5.20% MGS 2031	4.1
Croatia	0.8			5.10% MGS 2029	3.9
Hungary	0.8			4.10% MGS 2034	3.5
Italy	0.8			4.65% MGS 2032	3.4

¹ including exposures to CIS

Currency Allocation	%	Asset Allocation	%	Maturity Buckets ²	%
EUR	98.8	Cash	2.4	0 - 5 years	17.2
USD	1.2	Bonds	95.9	5 - 10 years	64.2
		CIS/ETFs	1.7	10 years +	14.5

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

Historical Performance to Date

Regional Allocation^{1,3}

Malta	85.4
Europe (excl. Malta)	13.8
North America	0.8

³ Malta exposure includes Cash Holdings

By Credit Rating

AAA-A	93.2
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**	3.82	2.72	-14.04	-3.04	1.31	8.98	-0.27

Total Return 1-month 3-month 6-month 9-month 12-month

Share Class A - Total Return**	0.01	0.68	4.25	3.74	3.82
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* 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

In 2024, Malta's economy continued its growth trajectory, driven by strong domestic demand and solid export performance. Tourism arrivals to Malta remained on the rise, while employment stayed robust, with unemployment falling to 3.1%.

Malta's economy grew by 4.9% (annualized) in the third quarter of 2024, following an upwardly revised 8% increase in the previous quarter. This marked the slowest growth rate since the fourth quarter of 2022, influenced by a slowdown in household consumption. At the same time, imports grew at a faster pace than exports. However, both government spending and gross fixed capital formation showed stronger growth.

Inflation pressures on consumers also eased, with the annual inflation rate dropping to 1.8% in December from 2.1% in the previous month. This was the lowest inflation rate in nearly three years, as prices for food & non-alcoholic beverages, alcoholic beverages & tobacco, and transport all moderated.

Market Environment and Performance

The economic disparity between the US and the Eurozone remained. While Europe's economy has consistently shown signs of weakening, particularly as its largest economies continue to face a deterioration in economic metrics, the US has maintained a steady economic trajectory. More recent Purchasing Managers' Index (PMI) figures continued to support these trends, indicating a sustained slowdown in the Eurozone.

December's Eurozone Composite PMI, albeit revised higher, pointed to a contraction in private business, as manufacturing (45.1 v 45.2 in November) deteriorated further while services (51.6 v 49.5 in November) pointed to a renewed upturn in output, though it remained moderate and below the survey average. Overall, new business continued to fall, extending a seven-month decline, with weak domestic and export demand. Employment too fell, at the sharpest rate in four years, driven by manufacturing job cuts. On the price front, pressures intensified, with input costs, particularly in services, rising at a fast rate, pushing overall inflation higher.

Inflation, previously noting a substantial decline due to base effects (particularly on energy), accelerated for a third straight month to 2.4% in December 2024, the highest rate since July, compared to 2.2% in November and in line with expectations. Core inflation remained steady at 2.7% while services inflation edged higher to 4.0% from 3.9% in the previous month.

The labour market, a beacon of hope for the Eurozone, remained healthy, with the unemployment rate revolving at notable lows (6.3% in November), and significantly below a 20-year average of 9.3%.

Fund Performance

The CC Malta Government Bond Fund remained largely flat in December. For the full year, the fund reported a gain of 3.82%, compared to the internally benchmarked performance of 3.50%. Throughout the month, the Manager maintained the portfolio's allocation after reducing cash exposure and increasing the portfolio's exposure to longer-dated Maltese and European sovereigns in previous months.

Market and Investment Outlook

The narrative for credit markets remained largely unchanged at the end of the year, with investor focus centered on the political landscape, economic data, and central bank policy.

Central banks have recently adopted a more accommodative stance, tailoring their policies to specific economic needs. The European Central Bank (ECB) continues to emphasize data-driven decision-making. Grappling with a weakening euro and declining economic activity, the ECB remains focused on ensuring inflation returns to its 2% target and will adjust its policies based on incoming data, without committing to a fixed rate path.

Locally, we expect Malta's economy to continue performing well. Recent data has been promising, with easing price pressures and tax cuts set to be implemented in 2025, which should support domestic consumer spending. Additionally, the strong influx of tourists in 2024 is a positive sign. Optimism within the tourism sector is expected to grow, benefiting the economy further if this upward trend continues.

In line with recent portfolio adjustments, we will modify the portfolio's duration as necessary. Additionally, we aim to maintain the fund's exposure to other European sovereigns, utilizing the permitted 15% maximum allocation.

Disclaimer

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