

Investment Objective and Policies

The Fund aims to maximise the total level of return for investors by investing, mainly in a diversified portfolio of bonds and other similar debt securities. In pursuing this objective, the Investment Manager shall invest primarily in a diversified portfolio of corporate & government bonds maturing in the medium term, with an average credit quality of "Ba3" by Moody's or "BB-" by S&P, although individual bond holdings may have higher or lower ratings. The Fund can also invest up to 10% of its assets in Non-Rated bond issues. 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

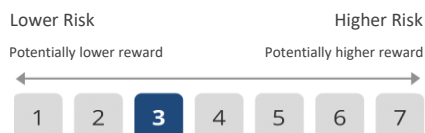
ISIN	MT7000030912
Bloomberg Ticker	CCHIHBB MV

Charges

Entry Charge	Up to 2.5%
Exit Charge	None
Total Expense Ratio	1.91%
Currency fluctuations may increase/decrease costs.	

Risk and Reward Profile

This section should be read in conjunction with the KID


Portfolio Statistics

Total Net Assets (in €mns)	47.54
Month end NAV in USD	136.02
Number of Holdings	136
% of Top 10 Holdings	18.0

Current Yields

Underlying Yield (%)	5.28
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Risk Statistics

	3Y	5Y
Sharpe Ratio	-0.22	-0.22
Std. Deviation (%)	5.01%	7.75%

Country Allocation¹

Country	%
United States	23.1
France	11.3
Germany	9.1
Italy	5.8
Netherlands	5.0
Spain	4.6
Luxembourg	4.1
Brazil	3.2
Turkey	2.8
Malta	2.8

¹ including exposures to CIS

Credit Rating²

Credit Rating	%
From AAA to BBB-	17.2
From BB+ to BB-	50.3
From B+ to B-	14.2
CCC+	0.0
Less than CCC+	3.6
Not Rated	2.8
Average Credit Rating	BB

² excluding exposures to CIS

Top 10 Exposures

Exposure	%
iShares Fallen Angels HY Corp	2.8
iShares USD High Yield Corp	1.9
7.035% Encore Capital Group Inc 2028	1.9
iShares Euro High Yield Corp	1.9
4.625% Volkswagen perp	1.7
4.875% Cooperative Rabobank perp	1.7
6.75% Societe Generale perp	1.6
3.5% VZ Secured Financing 2032	1.6
4.375% Cheplapharm 2028	1.5
3.5% Energizer Gamma 2029	1.4

Currency Allocation

Currency	%
EUR	68.2
USD	31.8
Others	0.0

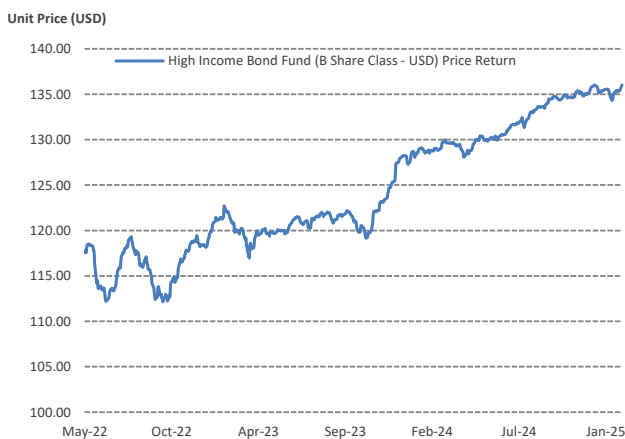
Asset Allocation

Asset Class	%
Cash	5.3
Bonds	88.0
CIS/ETFs	0.0

Maturity Buckets³

Maturity Bucket	%
0 - 5 years	73.3
5 - 10 years	11.0
10 years +	3.7

³ based on the Next Call Date

Historical Performance to Date*


Source: Calamatta Cuschieri Investment Management Ltd.

Sector Breakdown²

Sector	%
Banks	10.4
Telecommunications	10.0
Pharmaceuticals	7.4
Funds	6.6
Auto Parts&Equipment	6.6
Commercial Services	4.1
Entertainment	4.0
Media	3.5
Transportation	3.0
Auto Manufacturers	3.0
Oil&Gas	2.4
Food	2.4

Performance History*

Past performance does not predict future returns

Calendar Year Performance	YTD	2024	2023	2022	2021	Annualised Since Inception**
Share Class A - Total Return***	0.37	5.67	8.55	N/A	N/A	5.54
Total Return	1-month	3-month	6-month	9-month	12-month	
Share Class A - Total Return***	0.37	1.05	2.77	5.61	5.48	

* The share class B was launched on 21 May 2022.

** The Accumulator Share Class (Class A) was launched on 29 May 2013. 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.

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

Introduction

The global government bond market experienced contrasting trends in January. A weak start, driven by rising US Treasury yields following the return of the former president Trump to office (which fuelled expectations of fiscal expansion and persistent inflation), gave way to a strong rebound, largely due to a weaker-than-anticipated inflation report. Ultimately, the US 10-year Treasury yield finished the month lower, at 4.55%. In Europe, government bond yields rose, with German Bunds climbing to 2.46% (prices move inversely to yields).

A key market theme in January was the former president's inauguration and its potential policy implications, particularly regarding anticipated tariff changes and their effects on US and global markets. Despite pressure to lower rates, the Federal Reserve maintained its independence, holding rates steady in the 4.255-4.5% range. The Fed stated that policymakers will continue to carefully evaluate incoming data, the evolving outlook, and the balance of risks when considering further adjustments to borrowing costs. Conversely, the ECB, as expected, cut rates by 25 basis points, lowering the benchmark interest rate to 2.75%.

January was a positive month for corporate bonds. Investment-grade bonds saw gains, with European and US credit returning 0.09% and 0.76%, respectively, although they underperformed lower-rated bonds. US credit, particularly high-yield, outperformed, posting a 1.38% gain. While US investment-grade corporate credit spreads remained relatively stable, high-yield spreads tightened considerably, driven by strong investor demand stemming from a healthy economy, robust corporate earnings, and attractive yields.

Market Environment and Performance

The US economy maintains a steady growth trajectory, bolstered by positive leading indicators, particularly the recent Purchasing Managers' Index (PMI) figures. In Europe, the economic picture is brightening after stagnation in Q4 2024. Eurozone private sector activity expanded for the first time since August 2024, driven by a resurgent services sector that offset continued weakness in manufacturing. Despite this improvement, growth remains uneven, concentrated outside the Eurozone's largest economies, which continue to struggle. Overall demand remains soft.

Inflation, previously noting a substantial decline due to base effects (particularly on energy), rose for a fourth straight month to 2.5% in January 2025, the highest since July. Core inflation remained steady at 2.7% while services inflation edged lower to 3.9% from 4.0% 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 December), and significantly below a 20-year average of 9.3%.

The US economy's 2.3% annualized growth in Q4, fell short of the 2.6% forecast and marked a slowdown from Q3's 3.1% expansion. However, this seemingly weaker performance was primarily driven by a substantial drawdown in inventories, masking robust consumer spending. Personal consumption, a key contributor to growth, surged by 4.2%, the largest increase since Q1 2023, demonstrating continued consumer resilience.

Leading indicators continued to point towards continued overall economic expansion. However, the S&P Global US Composite PMI dipped in January 2025, indicating the slowest private sector growth in nine months. While manufacturing saw a return to growth, the service sector's expansion continued at a slower, though sustained, pace.

On the price front, despite headline inflation's continued rise to 2.9% in December 2024, the disinflationary trend held somewhat. Core inflation (excluding food and energy) eased to 3.2% from 3.3% in November whilst the Federal Reserve's preferred measure of underlying inflation remained steady at 2.8% annually, unchanged for the third consecutive month. A robust labour market, adding 256k jobs in December (the most in nine months), and a falling unemployment rate of 4.1% further supported the Federal Reserve's policy stance.

Fund Performance

The CC High Income Bond Fund rose 0.24% in January, reflecting the moves observed across credit markets.

In January, the portfolio manager actively managed the fund in accordance with its mandate, gradually increasing duration by adding European exposure while reducing dollar-denominated debt. This strategy reflects the European Central Bank's advanced stage in its rate-cutting cycle, contrasting with the US Federal Reserve's stance of holding rates steady, despite pressure from the new administration. Seeking to boost income generation ahead of anticipated further easing, the manager increased its exposure (amongst others) to Flutter Entertainment, Accorinvest, and Societe Generale, while also establishing new exposures, namely: La Poste and Matterhorn Telecom. Conversely, the fund decreased its holdings in US dollar-denominated companies like Occidental Petroleum, Apple, and Braskem.

Market and Investment Outlook

The credit market narrative at the start of the year remained largely unchanged, with investor attention focused on the dynamic political landscape, central bank policies, and economic data.

Economic indicators, both leading and lagging, continue to emphasize a regional divergence. Despite the Federal Reserve's "higher for longer" approach, the US maintains broad-based strength, with consumer demand staying robust. In mainland Europe, growth appears stagnant overall. However, this does mask stark regional divergences. As Spain continues to out-grow its regional peers, the German economy remains an underperformer with its labour market on the verge of deteriorating. As a result, there is clearly scope for the ECB to ease policy further.

In credit markets, the growth momentum in the US, robust employment, and limited progress on disinflation suggest caution regarding long duration positions; a neutral duration stance seems more appropriate. With respect to the trajectory of the yield curve, uncertainty prevails, though further steepening (particularly in the US) appears plausible. Should the latter prevail, it will create an opportunity to secure attractive coupon rates, especially for credit issuers with strong fundamentals.

Our preference remains Europe, based on its earlier stage in the credit cycle and the potential for the ECB to lead global rate cuts. We will continue to position our portfolio accordingly, while actively managing the overall duration.

Disclaimer

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