GLOBAL BALANCED INCOME FUND

SHARE CLASS A (ACCUMULATOR) - FACT SHEET

Factsheet at 28th February 2025

Month end NAV as at 28th February 2025

Calamatta Cuschieri | moneybase

Investment Objective and Policies

The Fund seeks to provide stable, long-term capital appreciation by investing in a diversified portfolio of local and international bonds, equities and other income-generating assets. The Investment Manager shall diversify the assets of the Fund among different assets classes. The manager may invest in both Investment Grade and High Yield bonds rated at the time of investment at least "B-" by S&P, or in bonds determined to be of comparable quality, provided that the Fund may invest up 10% in non-rated bonds, whilst maintain an exposure to direct rated bonds of at least 25% of the value of the Fund. Investments in equities may include but are not limited to dividend-paying securities, equities, exchange traded funds as well as through the use of Collective Investment Schemes. 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	MT7000014445
Bloomberg Ticker	CCGBIFA MV

Charges

Entry Charge	Up to 2.5%
Exit Charge	None
Total Expense Ratio	2.36%

Currency fluctuations may increase/decrease costs.

Risk and Reward Profile

This section should be read in conjuction with the KID

Lower Risk — Higher Risk

Potentially lower reward — Potentially higher reward

1 2 3 **4** 5 6 7

Portfolio Statistics

Total Net Assets (in €mns)	14.6
Month end NAV in EUR	13.49
Number of Holdings	79
% of Top 10 Holdings	20.4

Country Allocation[1]

Country	%
USA	44.5
Malta	10.6
France	8.9
Great Britain	5.0
Luxembourg	4.4
Netherlands	4.3
Brazil	3.8
Germany	3.5
China	1.8
Denmark	1.5

[1] including exposures to ETFs

By Credit Rating[2]

Rating	%
AAA to BBB-	15.9
BB+ to BB-	16.9
B+ to B-	2.0
CCC+ to CCC	0.0
Not Rated	7.7

[2] excluding exposures to ETFs

Top 10 Exposures

Exposure	%
Amazon Inc	2.4
Uber Technologies Inc	2.2
Bristol Myers Squibb Co	2.2
Airbnb Inc	2.0
Alphabet Inc	2.0
Booking Holdings Inc	2.0
Salesforce Inc	1.9
Mercadolibre Inc	1.9
iShares Euro High Yield Corp	1.8
Adyen NV	1.8

Currency Allocation

Currency	%
EUR	53.9
USD	45.7
GBP	0.4

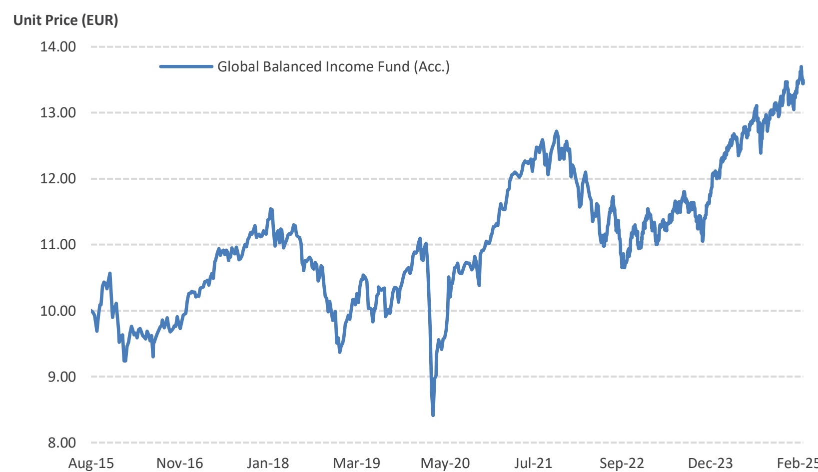
Asset Allocation[1]

Asset	%
Cash	7.3
Bonds	45.5
Equities	47.2

Maturity Buckets

Bucket	%
0 - 5 years	20.2
5 - 10 years	15.8
10 years +	6.4

Historical Performance to Date



Source: Calamatta Cuschieri Investment Management Ltd.

Sector Breakdown

Sector	%
Communications	21.5
Financial	15.5
Consumer, Non-cyclical	13.0
Technology	10.6
Consumer, Cyclical	8.9
ETFs	7.4
Diversified	4.7
Sovereign	3.7
Energy	3.3
Basic Materials	3.0
Healthcare	1.1

Performance History

Past performance does not predict future returns

Calendar Year Performance	YTD	2024	2023	2022	2021	2020	Annualised Since Inception *
Total Return**	2.59	8.59	10.59	-12.47	12.30	2.48	3.20

Calendar Year Performance	1-month	3-month	6-month	9-month	12-month
Total Return**	0.07	1.20	4.01	6.72	8.18

* The Global Balanced Income Fund (Share Class A) was launched on 30 August 2015. 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.

Market Commentary

Introduction

The last week of February turned out to develop as a crisis of American unpredictability as the decision-making process and subsequent readjustments from the new Trump administration have conquered in rattling financial markets. While the protectionist agenda so far enforced amounts to a considerably higher estimated impact compared to measures taken during the first Trump mandate, markets have really been taken by surprise by such decisive action, with the big R word (read “recession”) resurfacing again in the US. Against basic economic theory, the current US leadership actions have not been welcomed by markets, leaving in the dust the American exceptionalism theme which dominated just some months ago.

Meanwhile, market participants have rediscovered Europe and China as viable alternatives, which was unthinkable just a year ago. Geopolitical factors stemming from the need to step up its military defence against a potential Russian aggression has revitalized the Eurozone as a relevant economic bloc, active in finding its own footing in the very complicated landscape nowadays. A reassessment of the need to collaborate with the corporate sector in propping up domestic economic growth has been the main act in China as the central leadership signalled a warming up particularly towards the local technology sector. To paraphrase a political adage, it takes years for some major economic themes to play out in financial markets, but sometimes just weeks for market consensus to shift.

From the monetary front, while the FOMC had no meeting scheduled during the month, markets now expect for the FED to wait until next quarter before cutting rates again being faced with the threat of rising inflation. Inflation forecasts have raised on concerns that the new administration’s policies, particularly on tariffs could reignite price pressures in the economy. Recently FED officials themselves, including Chair Powell, have admitted they are not in a hurry to lower rates further. In Europe, as the ECB did not hold a monetary policy meeting during the month, expectations remained constant as regards a further 25basis-point interest rate cut next month as the disinflation process remains on track.

In equity markets the last week of February has literally flipped the virtual market consensus as regards the continuation of American domination well into 2025. Since Christmas 2024, US markets underperformed their European and Chinese peers, in a total contradiction to what we have witness since the Great Financial Crisis, moves which recaps the beginning of 2023. That time around such development proved to be a fluke, as the then nascent AI tailwind quickly reverted things back to normal. This time however the challenge of US dominance in market performance might prove to be more sustainable. This time, the political change in the US, which seem to lead to unorthodox economic policies, combined with valid game-changing factors ripe to benefit both European and Chinese markets, can make such reality more sustainable. Finally, it looks like the valuation gap between the US and the rest has found a reason to shrink again after many years of failed attempts. The gap does not necessarily need to close, but the low base from which it all starts gives it the potential of quite some time to balance. Even from a theoretical standpoint it would make sense for such a process to take place now as the fundamental advantage of US markets, namely an outsized weighting in technology and growth stocks, does not quite do the trick in a higher interest rate environment, with higher cost of opportunity and requiring higher equity returns. Value sectors are at an advantage on a comparative basis requiring less margin of safety and being more competitive with bond pay-outs through dividend pay-outs. Of course, all this might turn on its head should the Trump doctrine perform a U-turn, which seems unthinkable right now. But also, an alternative to US markets seemed unthinkable just a quarter ago. So, it’s definitely a wait and see process and do not sell the noise strategy.

Market Environment and Performance

In February, the economic picture was brightening after stagnation. The monthly PMI reading remained steady at 50.2, unchanged from the previous month and indicating a marginal economic growth in the bloc. Spain led the expansion with a strong and accelerated rise in business activity, while Ireland also saw faster growth, and Italy returned to expansion for the first time in four months. Germany experienced only modest growth, and France’s activity continued to decline. Headline inflation eased to 2.4% as price growth slowed for services and energy, while core inflation fell to 2.6%, the lowest level since January 2022.

The US economy exhibited signs of emerging growth concerns, driven by potential tariff impacts and persistent inflationary pressures. The Composite PMI sharply declined to 50.4 from January level of 52.7, signalling near-stagnation in private sector activity. This marked the slowest expansion since September 2023, with a renewed contraction in services output. Business optimism reached a low point reflecting anxieties about federal spending cuts, tariffs, heightened price pressures and geopolitical uncertainties. The headline inflation posted a 2.8% reading in February, although slightly below market expectations. Core inflation also eased to 3.1%, rising by 0.2% month-over-month.

In February, global equity markets have put an end to the optimism it has embraced since the outcome of the US elections late last year, while at the same time asking serious questions about the American exceptionalism that was supposed to dominate financial markets this year. While the overall performance was only marginally negative, its sector-based segregation looked much more typical to a bear market, where consumer staples, energy and utilities heavily outperformed technology and consumer discretionary. Following on the debacle of the AI rally, the Magnificent 7 were the burden that pushed US markets toward a huge underperformance year-to-date compared to European and Chinese markets. The S&P 500 index lost 1.21% as even another set of impressive earnings from Nvidia failed to impress investors. European markets continued their strong run as institutional investors are changing their perennially negative sentiment toward the region even for a while. The EuroStoxx50 gained 3.34% while the DAX gained 3.77%.

Meanwhile, credit witnessed continued positive performance across corporate bond markets, albeit with varying regional dynamics. European high yield bonds exhibited a 1.04% gain, surpassing investment grade performance. In the US, a combination of slight spread widening and shorter duration resulted in US high yield underperforming, posting returns of 0.65%. The weakening US dollar provided tailwinds for emerging market debt, which recorded a 1.34% return.

Fund Performance

In February, the CC Global Balanced Income Fund returned 0.07%. On the equity allocation, The Fund’s allocation has been rebalanced, as the Manager aligned it to the market sentiment. Exposures to Blackrock Inc, PayPal Holdings, and Booking Holdings have been increased given attractive entry prices offered by the market. Consequently, holdings in Walt Disney, Moody’s Corp and iShares US Property Yield UCITS ETF were liquidated based on decreased upside expectations and negative momentum. From a fixed-income perspective, the manager, seeking to increase the portfolio's income generation while maintaining a healthy credit profile, utilised cash proceeds from subscriptions to invest in two newly issued bonds, namely the 4.25% Loxam 2030 and 4.066% Ford Motor Credit 2030.

Market and Investment Outlook

Going forward, the Manager believes that the conflicting measures taken by the Trump administration within its first weeks as regards trade policies have created material uncertainty on expectations of global economic and inflationary pressures. What initially was believed to be either a straightforward protectionist policy or a negotiating tactic, looks increasingly just an improvised trade policy without purpose with significant odds of generating a US recession. A collateral damage of such behaviour is monetary policy, as interest rates future pathway have by now became anyone’s guess. While European and Chinese political factors have moved towards a more active support for their domestic economies and show no signs of appeasement in relation to the US trade aggressiveness, expectations for the global macroeconomic landscape as drafted after the US election should undergo a revision.

Given the above, the Manager remain conservative as regards market return expectations, combining a diversified allocation with heightened exposure to quality companies and business models benefitting from secular growth trends agnostic to specific macroeconomic developments. The Manager’s strategy remains intact in terms of acting more opportunistically in deploying capital in specific sectors where the overriding sentiment warrants a more attractive upside potential over the shorter timeframe, and using cash levels as dry powder to be used during episodes of market overshooting.

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