HIGH INCOME BOND FUND

SHARE CLASS F EUR (DISTRIBUTOR) INSTITUTIONAL - FACT SHEET

Factsheet at 28th February 2025

Month end NAV as at 28th February 2025

Calamatta Cuschieri | moneybase

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	€100,000

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	MT7000026472
Bloomberg Ticker	CCHIBFE MV

Charges

Entry Charge	Up to 2.5%
Exit Charge	None
Total Expense Ratio	1.46%

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)	47.77
Month end NAV in EUR	83.12
Number of Holdings	140
% of Top 10 Holdings	18.2

Current Yields

Last 12-m Distrib. Yield (%)	4.20
Underlying Yield (%)	5.41

Risk Statistics	3Y	5Y
Sharpe Ratio	0.16	-0.16
Std. Deviation (%)	4.92%	7.74%

Country Allocation[1]	%
United States	22.7
France	11.4
Germany	9.2
Italy	6.9
Netherlands	5.0
Spain	4.7
Luxembourg	4.3
Brazil	3.3
Turkey	2.9
Malta	2.8

[1] including exposures to CIS

Credit Rating[2]	%
From AAA to BBB-	17.3
From BB+ to BB-	51.5
From B+ to B-	14.1
CCC+	0.7
Less than CCC+	3.6
Not Rated	2.8
Average Credit Rating	**BB**

[2] excluding exposures to CIS

Top 10 Exposures	%
iShares Fallen Angels HY Corp	2.8
iShares USD High Yield Corp	2.0
7.035% Encore Capital Group Inc 2028	1.9
iShares Euro High Yield Corp	1.9
4.625% Volkswagen perp	1.8
4.875% Cooperative Rabobank perp	1.7
6.75% Societe Generale perp	1.6
4.375% Cheplapharm 2028	1.6
3.5% VZ Secured Financing 2032	1.6
3.5% Energizer Gamma 2029	1.4

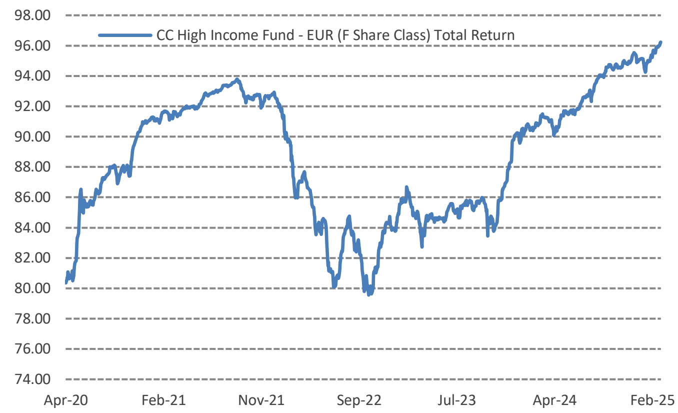
Currency Allocation	%
EUR	68.6
USD	31.4
Others	0.0

Asset Allocation	%
Cash	3.2
Bonds	90.1
CIS/ETFs	6.7

Maturity Buckets[3]	%
0 - 5 years	73.8
5 - 10 years	12.4
10 years +	3.9

[3] based on the Next Call Date

Historical Performance to Date**



Source: Calamatta Cuschieri Investment Management Ltd.

Sector Breakdown[2]	%
Banks	11.5
Telecommunications	10.2
Pharmaceuticals	7.6
Funds	6.7
Auto Parts&Equipment	6.3
Commercial Services	4.5
Entertainment	4.0
Media	3.5
Transportation	3.1
Auto Manufacturers	3.0
Oil&Gas	2.9
Mining	2.5

Performance History**

Past performance does not predict future returns

Calendar Year Performance	YTD	2024	2023	2022	2021	Annualised Since Inception***
Share Class F - Total Return****	1.17	5.41	7.74	-9.72	1.85	3.79
	2020*					
Share Class F - Total Return****	13.36					
Total Return	1-month	3-month	6-month	9-month	12-month	
Share Class F - Total Return****	0.89	1.39	2.31	5.16	6.06	

* Data in the chart does not include any dividends distributed since the Fund was launched on 24th April 2020.

** 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 F) was launched on 24th April 2020. 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

Following a turbulent start to the year, where resurgent US Treasury yields, driven by anticipated fiscal expansion and inflation concerns stemming from a change in administration, created significant market volatility, credit markets demonstrated a strong rebound. This positive trend continued into February.

Despite persistent inflationary risks, including the potential impact of tariffs and stronger-than-anticipated inflation data, global bond markets reacted positively to weakening US sentiment indicators and escalating growth concerns. Consequently, the US 10-year Treasury yield experienced a 33bps decline, concluding the month at 4.21%.

In Europe, improved growth prospects, fuelled by increasing optimism regarding a resolution to the Russia-Ukraine conflict, were counterbalanced by concerns over increased government borrowing for defence initiatives. This resulted in a more modest reduction in European sovereign yields compared to the US. Specifically, the yield on the benchmark 10-year German Bund declined by 5bps to 2.41%.

Central bank policy action remained pivotal. The Federal Reserve, after holding interest rates steady in January, indicated they see no immediate need for further adjustments, citing a strong economy and a less restrictive policy stance. They emphasized the need to balance inflation control with economic growth. In contrast, the European Central Bank (ECB), despite encouraging inflation trends and an additional 25bps cut in January, signalled it's too early to discuss further reductions, prioritizing continued inflation convergence.

February 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.

Market Environment and Performance

The US economy exhibited signs of emerging growth concerns, driven by potential tariff impacts and persistent inflationary pressures. Leading indicators, specifically the February composite PMI, sharply declined to 50.4 from 52.7, signaling near-stagnation in private sector activity. This marked the slowest expansion since September 2023, with a renewed contraction in services output. Business optimism for the coming year reached its lowest point since December 2022 (excluding September), reflecting anxieties over federal spending cuts, tariffs, heightened price pressures, and geopolitical uncertainties.

Inflationary pressures intensified, with headline inflation rising to 3.0% in January, exceeding forecasts and the previous month's 2.9%, indicating stalled progress. Core inflation climbed to 3.3% from 3.2%, surpassing market expectations. The labour market presented a mixed picture: job growth fell below expectations, while the unemployment rate dipped to 4.0%. Critically, average hourly earnings rose by 4.1%, matching the revised prior month and exceeding forecasts, signaling potential for continued wage-driven inflation.

In Europe, the economic picture is brightening after stagnation in Q4 2024. February’s PMI reading remaining 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 accelerating rise in business activity, while Ireland also saw faster growth, and Italy returned to expansion for the first time in four months. In contrast, Germany experienced only modest growth, and France’s activity continued to decline.

On the price front, Inflation eased to 2.4%, down from a six-month high of 2.5% but slightly above market expectations of 2.3%, as price growth slowed for services and energy. Core inflation which excludes volatile energy, food, alcohol & tobacco prices, fell to 2.6% in February, the lowest since January 2022. The labour market, remained healthy, with the unemployment rate revolving at notable lows (6.2% in January), and significantly below the 20-year average.

Fund Performance

The CC High Income Bond Fund rose 0.85% in February, reflecting the moves observed across credit markets.

In February, the portfolio manager continued to actively manage the fund in-line 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 Loxam, Unicredit, and Matterhorn Telecom, while also establishing new exposures, namely: Credit Agricole and HSBC. Conversely, the fund decreased its holdings in US dollar-denominated companies like Nemak and JPMorgan Chase.

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. The US, despite the Federal Reserve's "higher for longer" stance, continues to demonstrate resilient broad-based strength, underpinned by a robust labour market that has thus far supported consumer spending. Meanwhile, Europe has shown tentative signs of growth acceleration following a Q4 2024 stagnation, with private sector activity in expansionary territory for the second consecutive month.

In credit markets, the combination of a resilient labour market in the US and persistent inflationary pressures dictates a prudent, neutral duration strategy, especially as the yield curve's trajectory remains highly uncertain.

Our current preference leans towards European credit, underpinned by the prospects of continued monetary easing by the ECB. Nevertheless, the dynamic nature of the current environment, particularly the constantly evolving geopolitical tensions, require a highly proactive and adaptive management style to navigate potential risks and capitalize on emerging opportunities.

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