

**Investment Objective and Policies**

The investment objective of the Fund is to endeavour to maximise the total level of return for investors through investment, primarily, in a diversified portfolio of equity securities. In seeking to achieve the Fund's investment objective, the Investment Manager will invest at least 80% of its assets in equity securities.

Investments in equity securities may include, but are not limited to, dividend-paying securities, equities, Collective Investment Schemes (CISs) including exchange traded funds and preferred shares of global issuers.

The Fund will invest a substantial proportion of its assets in other UCITSs, including ETFs, and other eligible CISs.

The Fund is actively managed, not managed by reference to any index.

Fund Type UCITS  
 Minimum Initial Investment €100,000

**Fund Details**

ISIN MT7000026506  
 Bloomberg Ticker CCFEBE MV

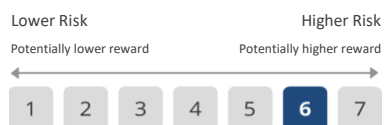
**Charges**

Entry Charge Up to 2.5%  
 Exit Charge None  
 Total Expense Ratio 2.08%

Currency fluctuations may increase/decrease costs.

**Risk and Reward Profile**

This section should be read in conjunction with the KIID


**Portfolio Statistics**

Total Net Assets (in €mns) 6.3  
 Month end NAV in EUR 123.61  
 Number of Holdings 44  
 % of Top 10 Holdings 35.58

Country Allocation <sup>1</sup>	%	Top Equities	%	Top Funds	%
United States	53.7	Mastercard Inc	5.3	JP Morgan US Value	7.3
France	11.5	Sanofi	3.0	iShares Core S&P 500	5.3
Europe	11.2	Apple Inc	2.8	iShares S&P 500 Financials	4.2
Asia	7.1	Johnson & Johnson	2.7	iShares MSCI EM Asia Acc	3.8
Germany	3.1	Total Energies	2.4	iShares S&P Healthcare	3.4
United Kingdom	1.2	L'Oreal	2.3	iShares S&P 500 Industrials	3.0
Netherlands	1.2	Microsoft Corp	2.3	JP Morgan US Growth	2.8
		LVMH	2.2	MSCI World Energy	2.2
		Visa Inc	2.0	MSCI World Consumer Staples	2.0
		Kraft Heinz	1.9	iShares MSCI World	1.5

<sup>1</sup> including exposures to ETFs. Does not adopt a look-through approach.

Currency Allocation	%	Asset Allocation	%
EUR	35.6	Cash	11.0
USD	61.0	Equities	50.9
GBP	3.4	ETF	27.9
		Fund	10.2

**Historical Performance to Date**

**Sector Breakdown**

	%
US Diversified	16.9
Information Technology	14.9
Financials	10.7
Health Care	9.4
Consumer Discretionary	8.6
Industrials	8.2
Consumer Staples	6.1
Communication Services	5.8
Energy	4.6
EM Diversified	3.8

**Performance History**

Past performance does not predict future returns

Calendar Year Performance	YTD	2021	2020*	2019	2018	2017	Annualised Since Inception **
Total Return***	-15.17	18.50	-2.58	-	-	-	-0.72

Calendar Year Performance	1-month	3-month	6-month	9-month	12-month
Total Return***	0.00	0.00	0.00	-7.58	-15.17

\* The Euro Equity Fund Institutional Share Class B was launched on 5 February 2020 and eventually changed its name to the Global Opportunities Fund Institutional Share Class B on 14 May 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.

## Introduction

This year's December failed to fulfil market expectations for a Santa rally, marking the end of the most difficult year in decades for markets. Market participants were caught again on the wrong foot by a hawkish FED, whose expectations regarding where interest rates will be as at the end of 2023 remained elevated compared to market consensus. Despite bond markets showed no sign of stress, with yields significantly lower compared to where they were six months ago, the prospects of real economic and corporate earnings recessions have clearly influenced market sentiment. While the expected economic recession in 2023 has become a virtual certainty for analysts and researchers, the unexpected shift in economic policy in China has the potential of changing the financial markets focus going forward. Indeed, after the lifting of zero-covid policy measures which were in force since 2020, new public policies have been announced to prop up the flagging property sector, effectively reversing the "three red lines" policy unveiled two years ago. Notwithstanding the unpredictable humanitarian impact of a spike in covid cases in the near future, the efforts to return the Chinese economy on consistent growth path could change completely portfolio allocation playbooks devised so far for the coming year. Meanwhile, in Europe the warmest winter in the last decade capped to the downside energy consumption and prices, providing an unexpected positive tone to local markets, including diminishing "fragmentation" risks in fixed income markets. The US economy continues to prove more resilience than expected in a higher interest rates environment, focusing the public debate more on core inflation stickiness than on the odds of a hard landing. The only economic certainty regarding 2023 to date is the uncertainty whether a recession will that of a soft or a hard landing.

From the monetary front, the FED raised its benchmark interest rate with another 50bps, to a 4.25%-4.5% targeted range, the highest level in the last 15 years. In addition, FOMC members expect keeping rates higher through next year, with the expected terminal rate being around 5.1%. Meanwhile the ECB pushed its key rate from 1.5% to 2% and confirmed it would need to raise rates further to reign inflation. It also indicated that from March 2023 it will begin reducing its balance sheet, however underlining that it sees a potential recession in the region as being relatively short-lived. Finally, the Bank of Japan, the last major central bank keeping a relatively easing monetary policy, shocked markets when it decided easing its bond yield control allowing long-term interest rates to raise more, thus easing the costs of its ongoing monetary stimulus.

December was the last ache of the most painful year in equity markets since the Great Financial Crisis. Even if bond yields could have provided a floor on a fundamental level by at least not challenging valuation levels further, this was not enough to alleviate growing concerns regarding corporate earnings expectations. In an environment comprising attractive opportunities in the fixed income space, equity markets valuations are based on highly optimistic assumptions on how companies will weather macroeconomic headwinds without eroding operational margins. As well, as inflation expectations will linger into the next year, it would be also highly optimistic to assume that companies will continue fully passing on to the end consumer increases in their cost base. In reality, gloomy expectations loomed also before the most recent earnings seasons, in time to be denied by resilient corporate reports. Ultimately the as yet elevated inflation levels, are aligned to the expectations for an economic reason to prevail.

Forward looking indicators continued depicting a somewhat gloomy landscape in Europe, noting a deterioration in the rate of growth. Euro-area manufacturing PMI remained in contractionary territory at a 47.8 reading, despite inflation easing and supply chains stabilizing. Services PMI improved somewhat at 49.8 from a reading of 48.5 in the previous month, posting a fifth consecutive monthly contraction reading. In December the annual inflation rate eased to 9.2% from 10.1% in the previous month, however core inflation which excludes transitory or temporary price volatility edged higher to a 5.2% level.

In the U.S. aggregate business activity pointed to a solid contraction across the private sector. Notably, the December composite PMI reading fell to 44.6 from last month level of 46.4. Manufacturing PMI depicted the biggest contraction in factory activity since May 2020. Meanwhile the service sector posted the fastest pace of contraction for the last four months. Annual inflation rate in the US slowed further to 6.5%, in line with the expectations. Month-on-month, consumer prices were at -0.1%, below expectations of a 0.1% rise, namely reflecting lower energy prices.

Looking at December's equity moves, for the second time this year investors' elusive hope for a more accommodative monetary policy on the back of economic softness, has been dismissed by the FED focus on the long-term inflationary pressures. Surprisingly US equities have again strongly underperformed European markets as the US dollar depreciation continued. European markets had a floor on their negative performance as investors hoped that diminishing gas prices caused by the warm weather will help the region avoiding a hard recession in 2023. Emerging markets also outperformed US as the opening up of the Chinese economy following the zero covid policy termination has given a new life line to the local stock market. The S&P 500 index fell by 9.38% as all sectors finished the month in negative territory led by technology and consumer discretionary. In Europe, the EuroStoxx50 and the DAX lost 4.32% and 3.29% respectively, with the financial sector being again the main performer following expectations of ECB rising rates further.

In the month of December, the Global Opportunities Fund registered a 4.96 per cent loss. Over 2022 the fund's performance closed with a 21.91 per cent loss, underperforming its hedged comparable benchmark by 365 bps. During the month, the Fund's allocation has been adjusted, as the Manager increased the health care sector exposure through a new conviction name, Takeda Pharmaceuticals, based on expected resilience of earnings generation power in a challenging macroeconomic environment scenario. As well, the Fund's SAP holding has been liquidated with a view to decreasing the exposure in the technology space.

Going forward, the Manager is of the believe that persistent high interest rates coupled with inflation stickiness will further deteriorate the economic landscape going forward, potentially pushing the global economy on the brink of recession. Recent earnings forecasts downgrades are expected to be followed by a challenging fourth quarter corporate earnings season which will again ask questions about current market valuations. Overall equities return expectations remain depressed, however a continuing of the current US dollar depreciation trend might start differentiating expectations between various geographies. In conclusion, the Manager remains faithful to its cautious approach, favouring defensive sectors and elevated cash levels. However, the Manager is weighing the change in market dynamics following the China re-opening which is surely a positive for the global economy. Thus, expectations of sectorial re-positioning in the coming days is highly probable.

## Market Environment and Performance

## Fund Performance

## Market and Investment Outlook

## Important Information

This is a marketing communication prepared for information purposes and should not be interpreted as investment advice nor to constitute an offer or an invitation by CCIM to any person to buy or sell units in the UCITS fund. Please refer to the Prospectus of the UCITS and any Offering Supplement thereto and to the Key Investor Information Document before making any final investment decisions which may be obtained from [www.ccfunds.com.mt](http://www.ccfunds.com.mt) or from the below address. Investors are advised that an investment in the fund relates to the acquisition of units in the UCITS fund, and not in any of the underlying assets owned by the UCITS. CC Funds SICAV p.l.c. is licensed as a Collective Investment Scheme by the Malta Financial Services Authority under the Investment Services Act and qualifies as a 'Maltese' UCITS. Calamatta Cuschieri Investment Management Limited ("CCIM") is licensed to conduct Investment Services in Malta by the Malta Financial Services Authority under the Investment Services Act.

This Marketing Communication is approved by Calamatta Cuschieri Investment Management Limited, Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034.

Source: Net Asset Value per Share as published by CC Fund Services Ltd, the Fund's Administrator, licensed by the MFSA.