# INCOME STRATEGY FUND

SHARE CLASS A (DISTRIBUTOR) - FACT SHEET

**Factsheet as at 30th September 2023**

**Month end NAV as at 27th September 2023**

CCFunds™ Maximise your return

## Investment Objective and Policies

The Fund aims to achieve a combination of income, with the possibility of capital growth by investing in a diversified portfolio of collective investment schemes. The Investment Manager ("We") will invest in collective investment schemes ("CIS") (including UCITS, exchange-traded funds and other collective investment undertakings) that invest in a broad range of assets, including debt and equity securities. In instances, this may involve investing in CISs that are managed by the Investment Manager. The Investment Manager ("We") aims to build a diversified portfolio spread across several industries and sectors. The Fund is actively managed, not managed by reference to any index.

| | |
|---|---|
| Minimum Initial Investment | €5,000 |

## 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 | MT7000030680 |
| Bloomberg Ticker | CCPISAE MV |

## Charges

| | |
|---|---|
| Entry Charge | Up to 2.5% |
| Exit Charge | None |
| Total Expense Ratio | 2.18% |

Currency fluctuations may increase/decrease costs.

## Risk and Reward Profile

**This section should be read in conjuction 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) | 6.51 |
| Month end NAV in EUR | 87.43 |
| Number of Holdings | 13 |
| % of Top 10 Holdings | 88.5 |

## Current Yield

| | |
|---|---|
| Last 12-m Distrib. Yield (%) | 2.83 |

## Currency Allocation

| Currency Allocation | % |
|---|---|
| EUR | 100.00 |
| USD | 0.00 |
| GBP | 0.00 |

## Asset Allocation

| Asset Allocation | % |
|---|---|
| Fund | 89.90 |
| ETF | 9.10 |
| Cash | 0.90 |

## Asset Class

| Asset Class | % |
|---|---|
| Fixed Income | 99.10 |
| Equity | 0.00 |

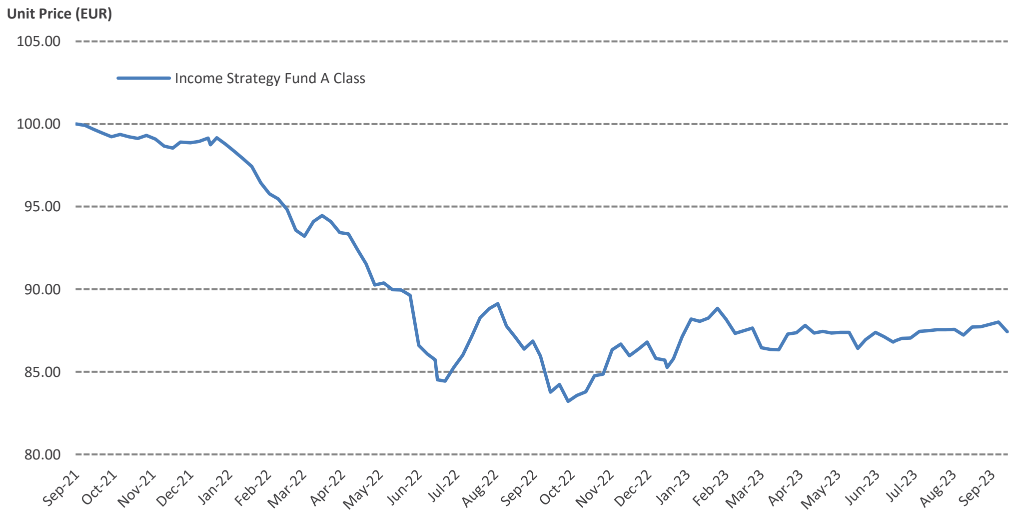
## Geographic Allocation

| Geographic Allocation | % |
|---|---|
| Global | 39.20 |
| Europe | 37.90 |
| International | 22.10 |

## Top Holdings

| Top Holdings | SRRI | % |
|---|---|---|
| UBS (Lux) Bond Fund - Euro High Yield | 4 | 20.1 |
| CC Funds SICAV plc - High Income Bond Fund | 4 | 9.9 |
| Nordea 1 - European High Yield Bond Fund | 4 | 8.3 |
| Robeco Capital Growth Funds - High Yield Bonds | 4 | 8.3 |
| DWS Invest Euro High Yield Corp | 4 | 7.6 |
| BlackRock Global High Yield Bond Fund | 4 | 7.1 |
| AXA World Funds - Global High Yield Bonds | 4 | 6.9 |
| Schroder International Selection Fund Global High Yield | 5 | 6.8 |
| Janus Henderson Horizon Global High Yield Bond Fund | 4 | 6.8 |
| Fidelity Funds - European High Yield Bond Fund | 4 | 6.7 |

## Historical Performance to Date *




**Source: Calamatta Cuschieri Investment Management Ltd.**

## Performance History**

Past performance does not predict future returns

| Calendar Year Performance | YTD *** | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| **Share Class A - Total Return******** | 3.73 | -11.59 | -1.26 | N/A | N/A |

| Total Return | 1-month | 3-month | 6-month | 9-month | 12-month |
|---|---|---|---|---|---|
| **Share Class A - Total Return******** | -0.32 | 0.62 | 2.45 | 3.73 | 6.82 |

* The Distributor Share Class (Class A) was launched on 15 September 2021.

** 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 A) was launched on 15 September 2021.

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

## Market Commentary

### Introduction

Market volatility, primarily reflecting renewed stress in the Chinese property market, weak macroeconomic data coming out of China, and sovereign bond yields heading higher, took centre stage. The latter, a consequence of the uncertainty surrounding central bankers' upcoming moves in the highly anticipated September policy meetings.

Fed minutes revealed that most officials remain concerned about inflation, and thus left the door open for additional rate hikes if necessary while Powell, speaking at the Jackson Hole Symposium emphasized the potential necessity for the Fed to implement additional interest rate hikes to effectively manage inflation. In Europe, policymakers maintained the possibility of a September rate hike as they expect inflation "to remain too high for too long". Certain members however appear to suggest that such a move might no longer be necessary.

From a performance viewpoint, uncertainty and shifts across the curve weighed on, driving a mixed performance across the income-generating asset class. Treasury yields widened while European sovereigns realized gains. The lower rated and thus riskier European and US names outperformed, noting marginal returns.

### Market Environment and Performance

Concerns of a potential recession, which had been somewhat dismissed earlier in the year due to the resilience of economic activity, have now reemerged. The downward revision of the Q2 GDP growth rate, mainly attributed to weak exports and stagnant domestic consumption, has contributed to these worries. The ongoing decline in private sector activity has further cast doubt on the likelihood of a positive Q3 growth rate figure. Purchasing Managers' Index (PMI) indicators continued to show signs of weakness amid a second successive contraction in services (reading 48.7 v a previous month reading of 47.9) for 2023 and a continued downturn in manufacturing (reading 43.4 v a previous month reading of 43.5). Overall, new orders dropped while backlogs of work experienced the largest decline since June 2020. The rate of job creation was the joint second-slowest in the current 32-month sequence of growth. From an inflationary front, input prices accelerated, while selling prices rose the least in over a year consequent to a weak demand environment.

Despite a notable increase in oil prices, there were positive developments on the inflation front, as year-on-year core measures showed signs of easing in the majority of economies. Annual inflation rate in the Euro Area declined to 4.3%, reaching its lowest level since October 2021 and below market estimates of 4.5%. Prices increased at a slower pace for services, non-energy industrial goods, and food, alcohol & tobacco. Core inflation - a highly monitored figured by the ECB - eased, dropping to 4.5% from 5.3% in the previous month.

In the U.S., the economy – while still revolving in expansionary territory – nearly stalled due to a weaker expansion in the services (50.2 v 50.3 in August) and a sustained contraction in manufacturing (49.8 v 47.9 in August). Total inflows of new business declined the most since December 2022, and outstanding business dropped at the sharpest rate since May 2020. Meanwhile, the rate of job creation accelerated, amid some reports that staff retention was improving. Regarding prices, cost pressures ticked higher again, as input prices rose at a marked rate. The rate of output charge inflation however proved softer than those seen on average as weak client interest stymied firms' ability to hike selling prices.

Annual rate of inflation in the US remained steady at 3.7% in September, defying market expectations of a slight decrease to 3.6%, as a softer decline in energy prices offset slowing inflationary pressures in other categories. Core inflation which excludes volatile items such as food and energy however eased to 4.1%. From the employment front, hiring increased by 336k, well above an upwardly revised 227k in August, and above forecasts of 170k, signalling a resilient labour market despite the Fed's tightening campaign. Meanwhile, the unemployment rate and labour force participation rate remained stable at 3.8% and 62.8%, respectively. The nominal wage growth (4.2%) showed signs of easing, increasing below market estimates.

From a performance viewpoint, credit markets had a relatively weak month, with European investment grade pricing in a bleaker economic outlook, leading to negative total returns. US investment grade too saw losses; -2.45%, underperforming its relative counterpart. High yield credit – the riskier bonds as determined by credit rating agencies – outperformed, aided by the lower interest rate sensitivity. European and US high yield credit returned +0.32% and -1.16%, respectively.

### Fund Performance

Performance for the month of September proved negative, noting a 0.32% loss for the CC Income Strategy Fund, in-line with the negative performance across global investment grade and high yield credit during such period.

### Market and Investment Outlook

The positive momentum from the previous months came to a halt in August, as spreads briefly widened from the previous month-end, in-line with moves observed across sovereigns, notably treasuries, reflecting expectations that rates may remain higher for longer.

Minutes issued by both the ECB and Fed didn't firmly indicate whether there would be further rate increases in September. Nonetheless, the prevailing anticipation is that the upcoming hike, should there be, will possibly mark the end of a somewhat aggressive cycle, employed to mitigate the largely persistent inflationary pressures initially thought to have been transitory.

As previously conferred, the fixed-income asset class remains an attractive investment proposition. Expectations of a decorrelation phase between bonds and equities augurs well for the segment in 2023. In terms of bond picking, the Manager will continue to assess the market landscape and capitalize on attractive credit stories. Similar to actions taken in recent weeks, the Manager will continue adjusting the portfolio to align with the prevailing yield environment.