

**Investment Objective and Policies**

The Fund aims to maximise the total level of return for investors through investment, primarily, in debt securities and money market instruments issued by the Government of Malta. The Investment Manager may also invest directly or indirectly via eligible ETFs and/or eligible CISs) up to 15% of its assets in “Non-Maltese Assets” in debt securities and/or money market instruments issued or guaranteed by Governments of EU, EEA and OECD Member States other than Malta. The Investment Manager will not be targeting debt securities of any particular duration, coupon or credit rating. 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	MT7000017992
Bloomberg Ticker	CCMGBFA MV

**Charges**

Entry Charge	Up to 2.5%
Exit Charge	None
Total Expense Ratio	1.22%
Currency fluctuations may increase/decrease costs.	

**Risk and Reward Profile**

This section should be read in conjunction with the KIID

Lower Risk	Higher Risk
Potentially lower reward	Potentially higher reward

**Portfolio Statistics**

Total Net Assets (in €mns)	31.69
Month end NAV in EUR	90.32
Number of Holdings	40
% of Top 10 Holdings	49.6

**Current Yields**

Underlying Yield (%)	3.08
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**Country Allocation<sup>1</sup>****%**

Malta	74.5
France	2.7
Portugal	2.4
Italy	2.1
Belgium	2.0
Spain	1.0
Hungary	0.9
Slovenia	0.8
Finland	0.7
Norway	0.6

<sup>1</sup> including exposures to CIS**Currency Allocation****%**

EUR	99.0
USD	1.0

**By Issuer<sup>1</sup>****%**

Government of Malta	74.5
Kingdom of Spain	5.2
Government of Portugal	2.4
Lyxor Euro	2.1
Republic of Croatia	1.5
Government of Italy	1.5
Republic of Slovenia	0.8
Government of Finland	0.7

**Asset Allocation****%**

Cash	11.3
Bonds	86.6
CIS/ETFs	2.1

**Top 10 Exposures****%**

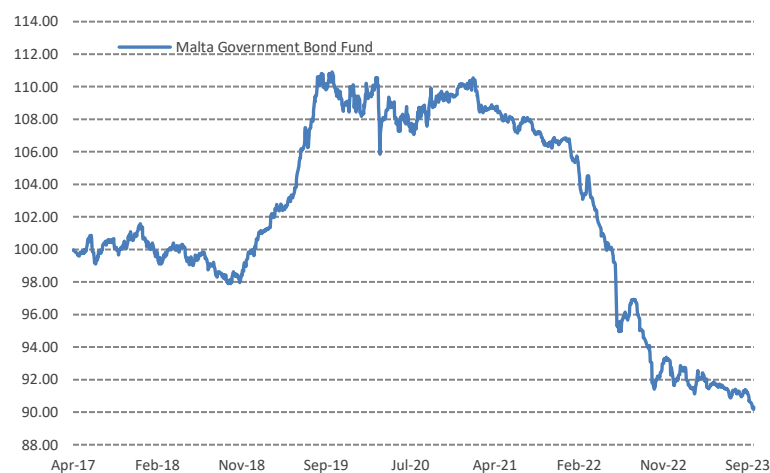
1.00% MGS 2031	9.0
4.50% MGS 2028	8.5
5.25% MGS 2030	7.4
4.45% MGS 2032	5.3
4.30% MGS 2033	3.7
5.20% MGS 2031	3.5
5.10% MGS 2029	3.3
4.00% MGS 2033	3.2
2.30% MGS 2029	3.0
4.10% MGS 2034	2.8

**Maturity Buckets<sup>2</sup>****%**

0 - 5 years	9.0
5 - 10 years	58.6
10 years +	19.0

<sup>2</sup> based on the Next Call Date (also includes cash)**Historical Performance to Date**

Unit Price (EUR)



Source: Calamatta Cuschieri Investment Management Ltd.

**Performance History**

Past performance does not predict future returns

Calendar Year Performance	YTD	2022	2021	2020	2019	2018	Annualised Since Inception***
Share Class A - Total Return**	-1.62	-14.04	-3.04	1.31	8.98	-0.68	-1.57

Total Return	1-month	3-month	6-month	9-month	12-month
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Share Class A - Total Return**	-1.18	-1.20	-1.86	-1.62	-3.84
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\* The Accumulator Share Class (Class A) was launched on 21 April 2017

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

\*\*\* 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.

**Regional Allocation<sup>1,3</sup>****%**

Malta	85.8
Europe (excl. Malta)	14.2

<sup>3</sup> Malta exposure includes Cash Holdings

## Introduction

A widely acknowledged “higher rates for longer” view, drove yields notably higher in the third quarter. Albeit at times short-lived, as a contraction of private-sector activity in the euro area intensified, leading investors to bet that the ECB will pause its campaign of interest-rate hikes and thus a retraction, yields overall remained elevated. Maintaining an upward trajectory.

In September’s policy meeting, the European Central Bank (ECB) hiked interest rates for a tenth consecutive time, yet signaled that it is likely done tightening policy as inflation has started to decline but it is still expected to remain “too high for too long”. Consequently, setting the main refinancing operations rate at 4.5%, a 22-year high.

From a performance standpoint, government bond yields of European sovereigns rose (meaning prices fell), underperforming riskier assets.

## 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 to a four-month high, 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 figure by the ECB - eased, dropping to 4.5% from 5.3% in the previous month.

In the month, Germany’s benchmark 10-year yield widened notably as it approached the 3% mark, at 2.84%. Yields of sovereigns within the Euro area’s periphery too widened, with Italy’s and Greece’s heading substantially north, closing the quarter at 4.78% and 4.34%, 66bps and 57bps higher, respectively.

## Fund Performance

In the month of September, the CC Malta Government Bond Fund registered a loss of 1.18%, in line with the widening observed among European sovereign bond yields, and outperforming the MSE Malta Government Stocks Total Return Index seeing a loss of 1.42% over the month.

Throughout the month, the Manager sought to reduce its cash exposure by increasing the portfolio’s exposure to Maltese government bonds. The latter, in addition to shifting the portfolio’s European sovereigns to longer-dated issues, aided in increasing the portfolio’s overall duration yet in a balanced manner.

## Market and Investment Outlook

The Manager’s forward-looking view is to continue to play the duration play depending on market conditions. Indeed, adjusting the portfolio’s duration in line with adjustments in inflationary expectations shall continue to prove crucial for relative outperformance.

## 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.