

Investment Objective and Policies

The Fund aims to maximise the total level of return through investment, in a diversified portfolio of Emerging Market ("EM") Corporate and Government fixed income securities as well as up to 15% of the Net Assets of the Sub-Fund in EM equities. In pursuing this objective, the Investment Manager shall invest primarily in a diversified portfolio of EM bonds rated at the time of investment "BBB+" to "CCC+" by S&P, or in bonds determined to be of comparable quality. The Fund can also invest up to 10% of its assets in Non-Rated bond issues and up to 30% of its assets in Non-EM issuers. 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 MT7000026456
 Bloomberg Ticker CCEMBFF MV

Charges

Entry Charge Up to 2.5%
 Exit Charge None
 Total Expense Ratio 1.87%
 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) 9.8
 Month end NAV in EUR 61.18
 Number of Holdings 48
 % of Top 10 Holdings 38.9

Current Yields

Distribution Yield (%) 4.750
 Underlying Yield (%) 5.93

Country Allocation¹

	%		%
United States	15.3	From AAA to BBB-	27.5
Brazil	13.8	From BB+ to BB-	41.9
Mexico	10.9	From B+ to B-	9.9
India	6.5	CCC+	1.8
Oman	6.2	Less than CCC+	5.5
Turkey	5.8		
United Kingdom	3.8		
Indonesia	3.6		
Malta (incl. cash)	3.6		
Spain	3.6	Average Credit Rating	B+

¹ including exposures to CIS

Currency Allocation

	%		%
USD	96.7	Cash	3.6
EUR	3.3	Bonds (incl. ETFs)	96.4

Asset Allocation
Top 10 Exposures

	%
iShares JPM USD EM Bond	6.0
5.8% Oryx Funding Ltd 2031	4.1
6.625% NBM US Holdings Inc 2029	4.0
5.8% Turkcell 2028	4.0
4.375% Freeport McMoran Inc 2028	3.9
iShares JPM USD EM Corp Bond	3.8
4% HSBC Holdings plc perp	3.8
4.75% Banco Santander SA perp	3.6
5.6% Petrobras Global Finance 2031	3.0
3.25% Export-Import BK India 2030	2.8

Maturity Buckets²

	%
0 - 5 years	39.8
5 - 10 years	38.2
10 years +	8.5

² based on the Next Call Date

Historical Performance to Date

Unit Price (EUR)



Source: Calamatta Cuschieri Investment Management Ltd.

Sector Breakdown³

	%
Sovereign	17.3
Oil&Gas	10.1
Banks	7.4
Sovereign ETF	6.0
Food	6.0
Auto Parts&Equipment	4.4
Airlines	1.9
Healthcare-Services	1.5
Chemicals	1.4
Oil&Gas Services	1.0

³ excluding exposures to CIS

Performance History**

Past performance does not predict future returns

Calendar Year Performance

	YTD	2023	2022	2021	2020*	Annualised Since Inception ****
Share Class F - Total Return***	-0.08	1.74	-14.80	-4.54	-3.11	-5.41

Total Return 1-month 3-month 6-month 9-month 12-month

Share Class F - Total Return***	-0.08	9.09	3.03	2.55	-0.73
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* The EUR Distributor Share Class (Class F) was launched on 06 February 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.

*** 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.

Introduction

Following a period of underperformance, emerging markets begun to exhibit signs of recovery, as evidenced by positive performance in the final months of 2023 that has extended into the new year. However, such progress remains tempered by the significant drag on performance that China continues to pose, coupled with concerns about the Federal Reserve maintaining higher-for-longer rates amid indications of sustained economic strength. The first monetary policy meeting for 2024 dashed hopes of pre-emptive interest rate cuts, with the Fed chair delivering a clear message that cuts may not occur as soon as some had anticipated, although prior projections of three cuts throughout 2024 were maintained.

Despite a 5.2% GDP growth in 2023, concerns linger about China's economic outlook due to persistent deflationary pressures and a struggling real estate sector. Although the overall outlook has improved, alleviating some fears of prolonged weakness, these issues continue to weigh on confidence and fuel calls for further government intervention. In a recent effort to rebuild confidence, China adopted a new communication strategy. In January, Premier Li Qiang, China's second-ranking official, took the unusual step of revealing China's GDP growth figure before the statistics bureau did, while Governor Pan Gongsheng personally announced a larger-than-expected RRR cut weeks in advance, instead of waiting for state agencies to publicize it. These acts were followed by the central bank unveiling comprehensive plans to guide money into sectors of national importance, aiming to revitalize the faltering economy in 2024.

From a performance standpoint, emerging market corporate credit posted gains (c. 1.06%), outperforming its developed market counterparts.

Market Environment and Performance

China's macroeconomy, notwithstanding the lingering threat associated to; a real estate market slump, consumer spending, and deflationary pressures, expanded 5.2% in 2023, exceeding official targets and picking up from a 3.0% rise in 2022. Business activity, while marking a 13th straight month of growth in private sector activity, edged lower to 52.5 from 52.6 in December 2023. New orders grew the least in 3 months; while employment stabilized, with the services economy outperforming manufacturing one. Meanwhile, export sales returned to growth after falling in the prior six months.

India, following rapid economic growth of 7.2% in the 2022-23 fiscal year, economic momentum remained strong reflecting its growing strategic status as an alternative to China. Industrial production rose while GDP grew 7.6% in the July-September quarter of 2023. More recently, business activity too continued to signal expansionary conditions, owing to a faster growth in the service sector economy as new orders expanded at a fast pace, with export sales rose the most in three months.

Inflationary pressures, generally showed signs of easing across Latin America, paving the way for a continued easing in policy tightening. In Brazil, consumer headline inflation continued on a disinflationary path, falling to 4.51% from 4.62% in the previous month, to start off the year well above the central bank's target of 3.25%, but within the tolerance band of 4.75%. Chile too saw prices cool, with inflation easing for a 14th consecutive month to 3.8%. Such declines led to further policy easing. In January, central bank of Brazil lowered its key Selic rate by 50bps to 11.25% in-line with expectations. Chile, among the first to cut rates, too lowered its benchmark interest rate by 100bps to 7.25% in its January meeting.

Fund Performance

In January, the CC Emerging Market Bond Fund realized a marginal loss of 0.09% as yields on sovereign bonds widened. Throughout the month, the Manager maintained its portfolio allocation after having reduced its cash exposure while increasing the portfolio's exposure to sovereign bonds and duration, in the previous months. Indeed, the decisions previously taken to increase the fund's exposure to sovereigns and quasi-sovereigns, notably to Brazil and Mexico amongst other, have started to pay dividends.

Market and Investment Outlook

The recent rally in emerging markets, fueled by hopes of an early end to tight credit conditions, stalled in January as expectations for swift rate cuts in the U.S. diminished. Central bankers, mindful of inflation risks, reaffirmed their commitment to data-driven policy decisions. Despite the setback, sentiment among emerging market nations remains upbeat. This, thanks to a stream of positive data points, particularly on inflation, which bolsters the case for future policy easing in respective nations.

Though Asia's economic powerhouse shows signs of recovery, it requires further consolidation. To rebuild confidence, the government has adopted a new communication strategy. However, concrete support measures remain awaited. Looking ahead, markets anticipate adjustments in fiscal and monetary policies in 2024. Strengthening efforts to improve employment will be crucial to alleviate job market pressure, enhance livelihoods, and ultimately foster long-term confidence in the world's second-largest economy.

Fixed income, for years losing its appeal – given the relatively low-yielding environment – has become more attractive. Indeed, locking in coupons at such comparably favorable levels, ahead of policy easing in the developed world, is key. That said, the manager will going forward continue to assess the market landscape and capitalize on appealing credit opportunities. Consistent with recent actions, the manager will continue to tailor the portfolio to match prevailing yield conditions while increasing the portfolio's overall duration. Optimism for the year ahead remains on the back of continued rate cut expectations.

Disclaimer

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