

### Investment Objective and Policies

The Fund aims to maximise the total level of return through investment, primarily in debt securities and money market instruments issued by the Government of Malta, and equities and corporate bonds issued and listed on the MSE.

The Investment Manager may also invest directly or indirectly up to 15% of its assets in “Non-Maltese Assets”. The Investment Manager will maintain an exposure to local debt securities of at least 55% of the value of the Net Assets of the Fund.

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

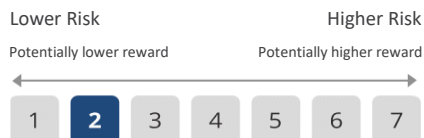
ISIN MT7000022273  
 Bloomberg Ticker CCMIFAA MV

### Charges

Entry Charge Up to 2.5%  
 Exit Charge None  
 Total Expense Ratio 1.97%  
 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) 20.42  
 Month end NAV in EUR 99.37  
 Number of Holdings 79  
 % of Top 10 Holdings 30.5

### Current Yields

Underlying Yield (%) 2.79

### Country Allocation<sup>1</sup> %

Malta	88.4
Other	11.6

<sup>1</sup> including exposures to CIS and Cash

### Top 10 Issuers<sup>2</sup> %

GO plc	5.4
PG plc	4.0
Central Business Centres	3.9
SD Finance plc	2.7
RS2 Software plc	2.6
Bank of Valletta plc	2.4
Stivala Group Finance plc	2.2
Eden Finance plc	2.2
IHI plc	2.1
Hili Properties plc	1.9

<sup>2</sup> including exposures to CIS, excluding Cash

### Top 10 Exposures %

Amundi Euro Govt Bond 10-15Y	4.6
PG plc	4.0
4.00% Central Business Centres 2033	3.2
3.90% Browns Pharma 2031	2.9
3.50% GO plc 2031	2.8
4.65% Smartcare Finance plc 2031	2.7
4.35% SD Finance plc 2027	2.7
GO plc	2.6
RS2 Software plc	2.6
3.75% Tum Finance plc 2029	2.4

### Currency Allocation %

EUR	99.9
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### Asset Allocation<sup>3</sup> %

Cash	0.7
Bonds	75.3
Equities	24.0

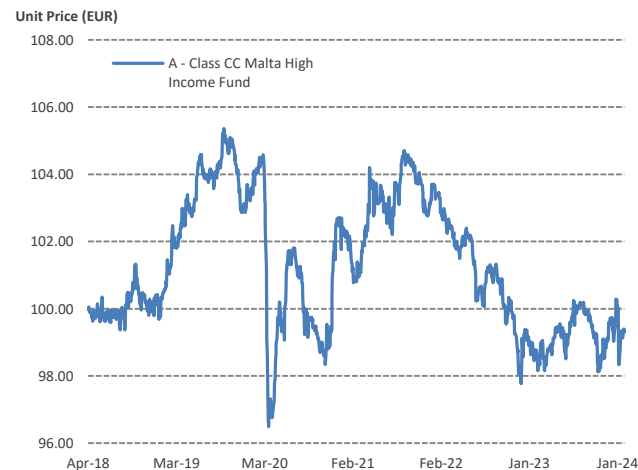
<sup>3</sup> including exposures to CIS

### Maturity Buckets<sup>4</sup> %

0 - 5 years	26.6
5 - 10 years	41.0
10 years +	0.8

<sup>4</sup> based on the Next Call Date

### Historical Performance to Date



Source: Calamatta Cuschieri Investment Management Ltd.

### Sector Allocation<sup>3</sup> %

Financial	49.4
Consumer, Non-Cyclical	12.0
Consumer, Cyclical	11.5
Communications	8.5
Funds	7.6
Technology	4.1
Industrial	3.2
Government	2.0
Energy	1.0

### Performance History

Past performance does not predict future returns

Calendar Year Performance	YTD	2023	2022	2021	2020	Annualised Since Inception **
Total Return***	-0.91	1.05	-4.29	1.07	-1.06	-0.11

Calendar Year Performance	1-month	3-month	6-month	9-month	12-month
Total Return***	-0.91	0.76	-0.67	0.26	0.58

\* The Accumulator Share Class (Class A) was launched on 10 April 2018

\*\* 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 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

Market participants, though wary of possible threats to inflation – notably; sticky services inflation, a resilient labour market, and tensions in the Red Sea - remained confident that central banks had finished hiking, sustaining expectations of pre-emptive interest rate cuts. However, the first monetary policy meeting for 2024 dashed such hopes, providing a clear view that cuts may not come as soon as expected. Prior projections suggesting three cuts over 2024 were maintained by policy makers.

The ECB, in its January meeting, maintained record-high interest rates and pledged to keep them restrictive until inflation reaches its 2% target, despite concerns about a looming recession and easing price pressures. President Lagarde noted that officials unanimously concurred that it was premature to engage in discussions regarding interest rate cuts.

In January, German Bunds saw yields rise above 2.30%, yet retreated back to 2.17% at month-end. In the Eurozone periphery, the risk premium on Italian bonds relative to German securities reached a low of 1.56%.

### Market Environment and Performance

A mild deceleration in Q3 together with weaker private sector activity, pointed to a possible contraction in December, reinforcing the likelihood of the euro area entering a technical recession in the latter half of the 2023. Unexpectedly, Euro Area economy stalled amid a better-than-expected growth in Spain and Italy while the French economy stalled and Germany contracted 0.3%.

Tentative signs of improvement in the Euro area economy were seen at the start of the year, January's Purchasing Managers' Index (PMI) survey showed, amid an improvement in manufacturing (reading 46.6 v a previous month reading of 44.4) and slowdown in services (reading 48.4 v a previous month reading of 48.8). Indeed, the contraction in business activity and new orders softened, while growth expectations strengthened to a nine-month high. Employment, previously contracting, showed signs of stabilization, while export demand fell at its slowest pace since last April. Persistent inflationary pressures remained apparent, particularly for prices charged by firms for goods and services. Both output prices and input costs rose at their sharpest rates for eight months.

Inflationary pressures returned to a downward trajectory following an uptick in inflation in December. Core prices - which exclude volatile food and energy prices - too eased to 3.3%, above forecasts of 3.2% but still reaching its lowest level since March 2022.

### Fund Performance

In January, the Malta High Income Fund registered a loss of 0.91% for the month, briefly underperforming its internally compared benchmark which saw 0.84% loss. Such underperformance to the benchmark was predominantly due to the notable decline in market value of Harvest Technology Group.

### Market and Investment Outlook

Hopes for a rapid end to interest rate hikes faded in January as central bankers reiterated their commitment to data-driven policy decisions and emphasized the continued threat of inflation.

While acknowledging progress in "disinflation," ECB President Christine Lagarde stressed that discussions of easing policy were premature. The key challenge for policy makers going forward is balancing continued high interest rates with supporting economic growth. The euro area, unlike its Western counterpart, faces an additional headwind whereby key economies, traditionally bolstering the single currency bloc, are now dragging down and offsetting the resilient growth observed in Southern European economies.

The anticipated rate cuts are expected to be favourable, leading to further tightening within the bond market. This positive outlook encourages continued investment in the space.

Going forward, the manager will continue to assess the market landscape and capitalize on appealing opportunities, particularly within the sovereign space. Consistent with recent actions, the manager will tailor the portfolio to match prevailing yield conditions while strategically increasing its duration. Additionally, the manager aims to further utilize the full 15% allocation allowed for bonds not domiciled in Malta, seeking a potentially higher carry.

### Disclaimer

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