HIGH INCOME BOND FUND

SHARE CLASS E EUR (ACCUMULATOR) INSTITUTIONAL - FACT SHEET

Factsheet at 31st March 2024

Month end NAV as at 28th March 2024

CCFunds™ Maximise your return

Investment Objective and Policies

The Fund aims to maximise the total level of return for investors by investing, mainly in a diversified portfolio of bonds and other similar debt securities. In pursuing this objective, the Investment Manager shall invest primarily in a diversified portfolio of corporate & government bonds maturing in the medium term, with an average credit quality of "Ba3" by Moody's or "BB-" by S&P, although individual bond holdings may have higher or lower ratings. The Fund can also invest up to 10% of its assets in Non-Rated bond issues. 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	MT7000026464
Bloomberg Ticker	CCHIBEE MV

Charges

Entry Charge	Up to 2.5%
Exit Charge	None
Total Expense Ratio	1.44%

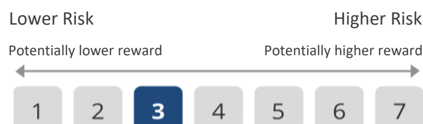
Currency fluctuations may increase/decrease costs.

Risk and Reward Profile

This section should be read in conjuction with the KIID

Lower Risk — Higher Risk

Potentially lower reward — Potentially higher reward



Portfolio Statistics

Total Net Assets (in €mns)	50.48
Month end NAV in EUR	126.97
Number of Holdings	133
% of Top 10 Holdings	20.3

Current Yields

Underlying Yield (%)	5.27

Risk Statistics

Risk Statistics	3Y	5Y
Sharpe Ratio	-0.79	-0.39
Std. Deviation (%)	4.89%	7.63%

Country Allocation[1]	%
United States	24.5
Germany	11.2
France	9.3
Spain	5.1
Italy	5.0
Brazil	4.4
Netherlands	3.5
United Kingdom	3.1
Czech Republic	2.8
Turkey	2.5

[1] including exposures to CIS

Credit Rating[2]	%
From AAA to BBB-	17.1
From BB+ to BB-	45.2
From B+ to B-	19.1
CCC+	2.6
Less than CCC+	1.9
Not Rated	2.4
Average Credit Rating	**BB**

[2] excluding exposures to CIS

Top 10 Exposures	%
iShares Fallen Angels HY Corp	3.1
iShares USD High Yield Corp	2.9
4% JP Morgan Chase & Co perp	2.4
7.5% Nidda Healthcare Holding 2026	1.9
8.192% Encore Capital Group Inc 2028	1.8
iShares Euro High Yield Corp	1.7
3.875% Allwyn International 2027	1.7
2.5% Hapag-Lloyd 2028	1.7
4.625% Volkswagen perp	1.6
3.5% Eircom Finance DAC 2026	1.6

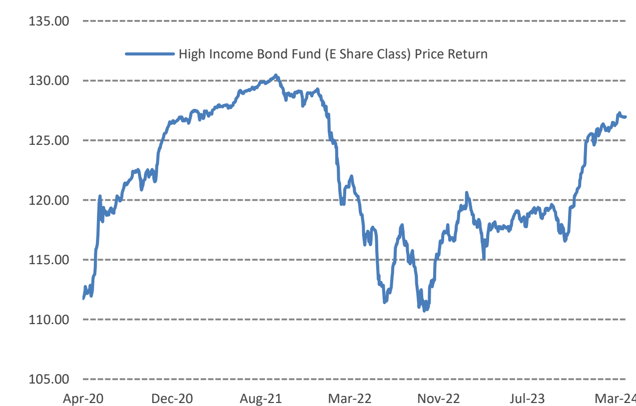
Currency Allocation	%
EUR	64.5
USD	35.5
Others	0.0

Asset Allocation	%
Cash	3.8
Bonds	88.3
CIS/ETFs	7.8

Maturity Buckets[3]	%
0 - 5 years	70.6
5 - 10 years	15.4
10 years +	2.3

[3] based on the Next Call Date

Historical Performance to Date



Source: Calamatta Cuschieri Investment Management Ltd.

Sector Breakdown[2]	%
Banks	12.4
Telecommunications	8.5
Funds	7.8
Auto Parts&Equipment	7.6
Commercial Services	3.8
Media	3.6
Auto Manufacturers	3.5
Transportation	3.1
Oil&Gas	3.0
Mining	3.0
Chemicals	3.0
Gaming	2.8

Performance History

Past performance does not predict future returns

Calendar Year Performance	YTD	2023	2022	2021	2020*	Annualised Since Inception*
Share Class E - Total Return**	1.11	7.73	-9.73	1.91	13.37	3.30

Total Return	1-month	3-month	6-month	9-month	12-month
Share Class E - Total Return**	0.59	1.11	7.12	7.17	8.43

* The Accumulator Share Class (Class E) was launched on the 24th April 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.

Market Commentary

Introduction

The first quarter of 2024 defied some pre-existing expectations of a pronounced economic slowdown. Equity markets displayed continued strength, with the S&P 500 closing at a record high early in the period. However, credit markets experienced intermittent bouts of volatility, highlighting the inherent disconnect in risk pricing between asset classes. Notwithstanding headwinds faced, credit markets delivered positive returns, overall.

From a macroeconomic perspective, data remained generally supportive, proving particularly kind for central banks as developed economies maintained a positive growth momentum, avoiding a steeper downturn. Inflation, though persistent, showed nascent signs of peaking. The labour market, previously characterized by tightness, exhibited signs of easing, with wage growth decelerating. Economic activity continued at a healthy pace, albeit with some regional variations. European economies witnessed a near-stabilization of activity, with the tentative signs of a recovery observed at the start of the year carrying over. The pace however remains uncertain as the bloc's largest economies struggled to turn the corner.

Market Environment and Performance

The Eurozone economy in March 2024 presented a picture of continued, albeit moderating, recovery. Eurostat's preliminary estimates indicate Q1 2024 growth of 0.3% QoQ, a slight deceleration from the previous quarter's 0.5% QoQ growth.

Indeed, the Euro area economy moved closer to stabilization in March, Purchasing Managers' Index (PMI) survey showed, amid a modest recovery in services (reading 51.1 v 50.2), largely offsetting the weakening manufacturing segment (reading 45.7 v 46.5). Overall, new orders declined at the slowest rate in ten months, and backlogs of work were depleted at the weakest rate in nine months, while employment saw modest growth. On the price front, input cost inflation slowed to a three-month low, and selling price inflation cooled for the first time in five months. Finally, business confidence improved to its strongest level in a year.

Inflation, a key concern for policy makers, eased. Headline HICP inflation declined to 2.4% year-on-year in March, below expectations and down marginally from February's 2.6%. The core rate, excluding volatile food and energy prices, also cooled to 2.9%, below forecasts and its lowest point since February 2022. Meanwhile, the Eurozone labor market displayed continued strength with unemployment rate (6.5%) holding steady near historical lows. However, the absence of wage growth data limits a full assessment of its inflationary impact.

The ECB Governing Council, in its March meeting, held the main refinancing operations rate steady at 4.5%, committing to a data-dependent approach to determine the appropriate level and duration of restriction. President Lagarde acknowledged a lack of clear conviction within the Council, indicating a need for "more evidence, more data". Additionally, Lagarde remarks that governing council "will know a little more in April, but we will know a lot more in June".

The U.S. economy continued to defy some earlier forecasts of a slowdown, displaying signs of continued strength. Consumer spending, business activity, and employment all indicated a healthy expansion to start the year, advancing on an upwardly revised 3.4% QoQ growth in Q4 2023. The labour market remained particularly robust, with the March jobs report showing a significant increase in nonfarm payroll jobs and sustained low unemployment rate. Meanwhile, wage growth eased, with average hourly earnings increasing by 4.1% YoY, following a 4.3% advance in the prior month and also matching market estimates. On the inflation front, data proved largely mixed with leading indicators offsetting worries of continued elevated price pressures. Notably, annual headline inflation accelerated for a second successive month to 3.5%, the highest since September 2023, compared to February's 3.2% and forecasts of 3.4%. Core inflation, which excludes volatile items, stood at a near three-year low of 3.8%. Other price indicators, notably the leading producer prices MoM figure rose 0.2%, the smallest increase in three months.

In March, Government bond yields fell, meaning prices rose as the market continued to anticipate interest rate cuts, as labour market tightness eased and inflation showed optimistic signs. Corporate credit, albeit varied across rating buckets, marginally outperformed. Investment grade ended the month higher, with European IG outperforming its US counterpart. Meanwhile, global high yield (+1.06%) - aided by the lower duration and easier financial conditions - was once again a positive contributor to the fixed income segment, generating positive returns.

Fund Performance

The CC High Income Bond Fund closed the month higher (+0.55%) from the previous month's close, amid a positive performance observed across credit markets.

The manager, in line with its mandate, maintained an active approach to managing the portfolio. Throughout the month, the manager - aiming to increase the portfolio's duration in a gradual manner - continued to take advantage of selective opportunities, primarily by participating in initial offerings. Indeed, the month saw a number of market participants coming to market, with liquidity and appetite certainly increasing. Credit issuers which the CC High Income Bond Fund increased its exposure to include; Forvia SE, CIE Plastic Omnium SE, Teva Pharma, and Telefonica Europe.

In-line with the fund's dividend policy, to distribute a dividend on a semi-annual basis, the Manager declared a distribution of 4.10% (annualised).

Market and Investment Outlook

Hopes for a rapid end to interest rate hikes faded in Q1 as central bankers reiterated their commitment to data-driven policy decisions and emphasized the continued threat of inflation. Despite reaching peak levels and inflation sustaining a downward trend, Fed Chair Jerome Powell stated that rate cuts in March were unlikely. Similarly, while acknowledging progress in "disinflation," ECB President Christine Lagarde stressed that discussions of easing policy were as yet premature. A divergent tone was observed in the March's meeting, with policy makers hinting at possible easing in June as data converges towards targets. The key challenge for policy makers currently is balancing continued high interest rates with supporting economic growth. The euro area, unlike its Western counterparts, faces an additional headwind whereby key economies, traditionally bolstering the single currency bloc, are now dragging down and offsetting a gathering upturn in the rest of the eurozone, pointing to an uneven economic picture.

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 any policy easing, 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 in a gradual manner. Optimism for the year ahead remains on the back of continued rate cut expectations.

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