

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 | €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 | MT7000021259 |
| Bloomberg Ticker | CCEMBFD MV |

Charges

| | |
|---------------------|------------|
| Entry Charge | Up to 2.5% |
| Exit Charge | None |
| Total Expense Ratio | 2.32% |

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) | 9.6 |
| Month end NAV in EUR | 59.02 |
| Number of Holdings | 47 |
| % of Top 10 Holdings | 39.6 |

Current Yields

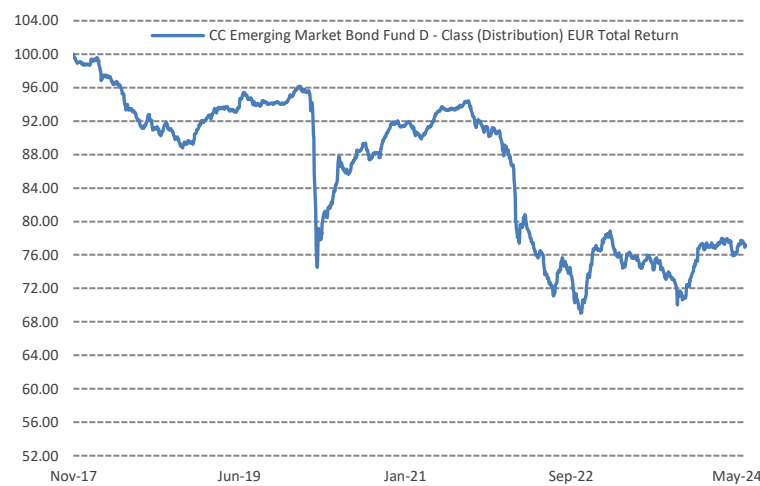
| | |
|------------------------|-------|
| Distribution Yield (%) | 4.750 |
| Underlying Yield (%) | 5.57 |

| Country Allocation ¹ | % | Credit Rating | % | Top 10 Exposures | % |
|---------------------------------|------|------------------------------|------------|------------------------------------|-----|
| Brazil | 14.2 | From AAA to BBB- | 33.7 | iShares JPM USD EM Bond | 7.1 |
| United States | 13.4 | From BB+ to BB- | 38.2 | 6.625% NBM US Holdings Inc 2029 | 4.1 |
| Mexico | 10.9 | From B+ to B- | 6.0 | 5.8% Oryx Funding Ltd 2031 | 4.1 |
| India | 6.5 | CCC+ | 1.9 | 4.375% Freeport McMoran Inc 2028 | 4.0 |
| Oman | 6.2 | Less than CCC+ | 4.6 | 5.8% Turkcell 2028 | 4.0 |
| Turkey | 5.9 | | | 4% HSBC Holdings plc perp | 3.9 |
| Malta (incl. cash) | 5.6 | | | 4.75% Banco Santander SA perp | 3.7 |
| United Kingdom | 3.9 | | | 5.6% Petrobras Global Finance 2031 | 3.0 |
| Spain | 3.7 | | | iShares JPM USD EM Corp Bond | 2.9 |
| Indonesia | 3.5 | Average Credit Rating | BB- | 3.25% Export-Import BK India 2030 | 2.8 |

¹ including exposures to CIS

| Currency Allocation | % | Asset Allocation | % | Maturity Buckets ² | % |
|---------------------|------|--------------------|------|-------------------------------|------|
| USD | 97.4 | Cash | 5.6 | 0 - 5 years | 41.4 |
| EUR | 2.6 | Bonds (incl. ETFs) | 94.4 | 5 - 10 years | 34.8 |
| | | | | 10 years + | 8.5 |

² based on the Next Call Date

Historical Performance to Date**


Source: Calamatta Cuschieri Investment Management Ltd.

Sector Breakdown³

| | |
|----------------------|------|
| Sovereign | 17.2 |
| Oil&Gas | 8.3 |
| Banks | 7.6 |
| Sovereign ETF | 7.1 |
| Food | 6.2 |
| Auto Parts&Equipment | 4.4 |
| Airlines | 1.9 |
| Healthcare-Services | 1.6 |
| Chemicals | 1.6 |
| 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 | 2019 | Annualised Since Inception**** |
|---------------------------------|---------|---------|---------|---------|----------|------|--------------------------------|
| Share Class D - Total Return*** | -0.21 | 1.06 | -15.61 | -1.19 | -3.75 | 6.55 | -3.85 |
| Total Return | 1-month | 3-month | 6-month | 9-month | 12-month | | |
| Share Class D - Total Return*** | 1.34 | -0.20 | 3.56 | 4.52 | 3.12 | | |

* The EUR Distributor Share Class (Class D) was launched on 03 November 2017.

** 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

Emerging market (EM) credit defied the global credit market slump in April, continuing its upward trajectory from Q1 2024.

The turnaround, following an April sell-off mirroring global credit markets, stemmed from a dovish shift in sentiment as the inflationary environment in the United States saw a turning point, with April's consumer price index increasing less than expected and positive updates from emerging economies. China's government announced measures to support its struggling housing sector, which boosted confidence. In India, optimism rose due to the expected re-election of Prime Minister Modi, although the possibility of a coalition government added some uncertainty.

From a performance standpoint, EM corporate credit delivered a 1.98% return, outperforming the 1.57% return seen in developed markets.

Market Environment and Performance

China's macroeconomy continued to exhibit signs of a recovery in May. Leading indicators, notably the General Composite PMI (54.1 v a previous month reading of 52.8) pointed to the highest reading since May 2023, a seventh straight month of growth in private sector activity as output growth accelerated in both manufacturing and service sectors. On the back of such upbeat figures, inflation figures, albeit marginally below estimates, proved upbeat. In May, consumer prices edged up 0.3% YoY in May 2024, unchanged from April's reading, amid an ongoing recovery in domestic demand.

Despite nascent signs of improvement, structural challenges continue to persist. Recent government interventions, particularly in the property sector, offer hope, but their long-term effectiveness remains to be seen. Still, sustained stability in property prices is indeed anticipated. This is viewed as a crucial precursor to a turnaround in the sector. Stabilized home prices shall indeed have positive ripple effects, potentially improving consumer sentiment and ultimately enhancing China's growth outlook.

India's economic performance exhibited continued expansion, most recent figures showed. The services sector, a crucial engine of the economy, remained robust, although growth slowed slightly compared to April. Meanwhile, manufacturing signalled a slower but still substantial improvement in the country's manufacturing sector, amid a softer rise in new orders and output. Looking ahead, manufacturers expressed the highest level of positive sentiment towards growth prospects in nearly nine-and-a-half years, buoyed by advertising and innovation, alongside expectations that economic and demand conditions will remain favourable.

Latin America presented a nuanced economic picture in May, with a broader slowdown emerging compared to the earlier part of Q1. Brazil, the region's powerhouse, exhibited continued resilience, with activity - aided by the services segment - revolving in expansionary territory. Inflation, meanwhile, picked up from the 3.69% jump in the prior month, and above market expectations of 3.89% to mark the first acceleration in Brazilian consumer prices since September of 2023. Mexico, still in expansion, saw a marginal growth in manufacturing as new orders continued to rise. From a policy perspective, Chile – among the first to ease policy – carried out a 50bps cut, which brings them to 6.0%. Brazil too lowered its key Selic rate by 25bps to 10.5%, in line with expectations.

Fund Performance

In May, the CC Emerging Market Bond Fund realized a gain of 1.58%. Throughout the month, the Manager largely maintained its portfolio allocation, only adding the sovereign of Saudi Arabia to the fund's sovereign exposure. Indeed, the decisions previously taken to increase the fund's exposure to sovereigns and quasi-sovereigns, notably to Brazil and Mexico amongst other, remain valid and shall going forward pay dividends, particularly as the respective central bankers continue to gradually ease its yet restrictive macroeconomic policy.

Market and Investment Outlook

Looking ahead, the evolving global interest rate environment, particularly decisions by the Fed, will be crucial to monitor. A hawkish Fed stance may lead to a sustained period of higher rates globally, potentially translating into a stronger US dollar. A "higher-for-longer" dollar scenario indeed presents a challenge for EM economies, notably; reduced fund flows from foreign investors seeking higher returns elsewhere, and increased refinancing costs for companies with large foreign currency debt burdens.

With respect to the Emerging Market Bond Fund, the manager will 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. This whilst keeping a close eye on the political landscape within Emerging Markets and possible escalation of geopolitical tensions, which to-date have alas endured. Despite rate cut expectations falling over the year, optimism remains.

Disclaimer

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