

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 MT7000022281
 Bloomberg Ticker CCMIFAB 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

Lower Risk Higher Risk
 Potentially lower reward Potentially higher reward

1 2 3 4 5 6 7

Portfolio Statistics

Total Net Assets (in €mns) 19.78
 Month end NAV in EUR 84.37
 Number of Holdings 76
 % of Top 10 Holdings 41.1

Current Yields

Underlying Yield (%) 2.89
 Distribution Yield (%) 4.00

Country Allocation¹

Country	%
Malta	89.7
Other	10.3

¹ including exposures to CIS and Cash

Currency Allocation

Currency	%
EUR	100.0

Top 10 Issuers²

Issuer	%
GO plc	5.5
Central Business Centres	4.2
SD Finance plc	2.7
Bank of Valletta plc	2.5
Stivala Group Finance plc	2.3
PG plc	2.3
Eden Finance	2.3
IHI plc	2.3
RS2 Software plc	2.2
Hili Properties plc	2.0

² including exposures to CIS, excluding Cash

Asset Allocation³

Asset Class	%
Cash	1.9
Bonds	76.8
Equities	21.3

³ including exposures to CIS

Top 10 Exposures

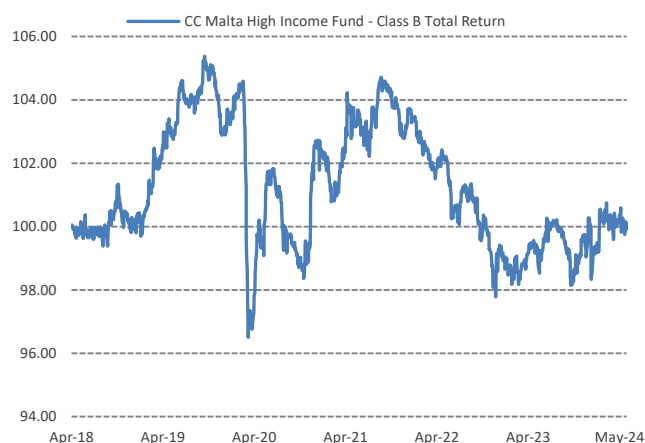
Exposure	%
Amundi Euro Govt Bond 10-15Y	4.2
4.00% Central Business Centres 2033	3.5
3.90% Browns Pharma 2031	3.0
Harvest Technology plc	3.0
3.50% GO plc 2031	2.9
4.65% Smartcare Finance plc 2031	2.8
4.35% SD Finance plc 2027	2.7
GO plc	2.5
3.75% Tum Finance plc 2029	2.5
4.50% Endo Finance plc 2029	2.4

Maturity Buckets⁴

Maturity Bucket	%
0 - 5 years	33.7
5 - 10 years	36.0
10 years +	0.8

⁴ based on the Next Call Date

Historical Performance to Date**



Source: Calamatta Cuschieri Investment Management Ltd.

Performance History

Past performance does not predict future returns

Calendar Year Performance	YTD	2023	2022	2021	2020	Annualised Since Inception **
Total Return***	-0.19	1.03	-4.30	1.07	-1.05	0.01

Calendar Year Performance	1-month	3-month	6-month	9-month	12-month
Total Return***	-0.02	0.01	0.50	0.24	0.66

*The Distributor Share Class (Class B) 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

May brought a welcome turnaround after a rough start to the second quarter of 2024. Global bonds delivered a positive performance, gaining 1.3%, fuelled by renewed investor optimism about the global economic outlook and the belief that interest rates will be cut later this year, albeit with the timing potentially differing between the US and Europe.

The US economy showed signs of moderation, with capital spending and home sales trending sideways. However, manufacturing and services PMIs were a bright spot, indicating overall growth. Meanwhile, Europe saw confirmation of improving economic activity, particularly in services sector which continues to act as the key pillar of strength. Manufacturing also noted signs of a recovery.

Given the increasingly desynchronised nature of regional economies, central bank policy expectations have continued to diverge. The ECB feels confident about Europe's disinflationary path, with wage growth staying moderate despite economic recovery. In contrast, disinflation in the US seems to be stalling, especially in the services sector. May's inflation data showed only a slight slowdown, and FOMC meeting minutes raised concerns about the lack of further disinflation. Hopes for an immediate US rate cut faded, but Fed Chair Powell's resistance to further rate hikes helped US Treasuries rally.

Market Environment and Performance

Economic disparity in the two central economies, previously more evident, has in May showed signs of convergence. Indeed, the Euro area economy moved even closer to stabilization in May, Purchasing Managers' Index (PMI) survey showed, amid a sustained performance in services (reading 53.2 v 53.3) and recovery in manufacturing (reading 47.3 v 45.7). Overall, activity marked the strongest increase in Eurozone economic activity since May 2023 as demand boosted output and hiring. Meanwhile, business confidence improved for the seventh time in eight months. Although inflation rates for input costs and output charges cooled, they remained above pre-pandemic averages.

Headline and core inflation accelerated to 2.6% and 2.9% YoY respectively. Despite this upside surprise, slowing inflation over the last few months has enabled the ECB's governing council to signal a high degree of confidence that rates will be cut in June, even if the path thereafter remains less clear.

Fund Performance

In May, the Malta High Income Fund registered a marginal loss of 0.03% for the month, outperforming its internally compared benchmark which saw 0.78% loss, hampered by its exposure to locally listed equities which performed worse in contrast to the fixed income space.

Market and Investment Outlook

The narrative for credit markets remained largely unchanged in May. While central banks in Europe, particularly the European Central Bank (ECB) in June and potentially the Bank of England, are poised for imminent rate cuts, the path forward hinges on a crucial factor: The Federal Reserve's monetary policy stance.

The Fed's influence on global financial conditions, namely on: borrowing costs, currency movements, and commodity prices, creates a complex dynamic, lessening Europe's ability to diverge significantly from the Fed's policy decisions. The key to unlocking the highly anticipated rate cuts lie on a sustained slowdown of US economic growth. While consumer spending has provided a buffer thus far, early signs of a cooling US economy and some positive inflation data are encouraging. A slowdown shall ultimately allow the Fed to finally pivot and begin lowering rates later this year, paving the way for similar action by European central banks. In essence, the success of European rate cuts hinges on the US achieving a "soft landing," a scenario where economic growth moderates and inflation eases without triggering a recession. Recent data points are increasing the likelihood of this outcome, but continued monitoring remains prudent.

The outlook for the global bond market, as the Federal Reserve signals a pause in rate hikes and the European Central Bank leans towards quantitative easing, is positive. However, 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, gradually increase duration and strategic tilt towards European credit. Our rationale for this shift lies in Europe's earlier stage in the credit cycle, potentially offering upside potential. Additionally, the dovish stance of the ECB, compared to its Western counterparts, raises the possibility of Europe being the first to cut interest rates, which could further benefit European credit markets.

Disclaimer

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