SOLID FUTURE DEFENSIVE FUND

SHARE CLASS P

Factsheet as at 31st March 2025

Month end NAV as at 25th March 2025

Investment Objective and Policy

The Fund aims to deliver a positive total return in any three year period from a flexibly managed portfolio of global assets whilst maintaining a monthly VaR with a 99% confidence interval at or below 5% at all times. The Investment Manager shall invest primarily in a diversified portfolio across a wide spectrum of industries and sectors primarily via bonds, equities and eligible ETFs. Investment in these asset classes either directly or indirectly through UCITS Funds and/ or eligible non UCITS Funds. The Fund is actively managed, not managed by reference to any index.

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.

Key Facts

Asset Class	Balanced
Fund Launch Date	25-Oct-2011
Share Class Launch Date	29-Apr-2014
Fund Base Currency	EUR
Share Class Currency	EUR
Fund Size (AUM)	16.0 EUR
Fund Type	UCITS
ISIN	MT7000004917
Bloomberg Ticker	SFUDEFP MV
Distribution Type	Accumulating
Minimum Initial Investment	2,500 EUR
Month end NAV	144.61 EUR
VAR	5.01%

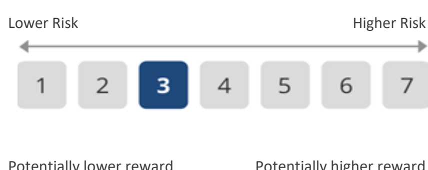
Charges

Total Ongoing Charges		3.60%
Entry Charge		Nil
Exit Charge	Y_1	Nil
	Y_2	Nil
	Y_3	Nil
	After	Nil

Currency fluctuations may increase/decrease costs.

Risk and Reward Profile

This section should be read in conjuction with the KIID



Asset Allocation *

Asset Allocation *	%
Conventional Bonds	67.6
Equity	27.2
Cash	5.1

Currency Allocation *

Currency Allocation *	%
EUR	65.8
USD	33.5
GBP	0.7

* Without adopting a look-through approach

Top 10 Holdings

Top 10 Holdings	%
Amundi Euro Gov Bond 10-15Y	11.2
Amundi Euro Gov Bond 7-10Y	5.4
iShares Euro Corp Large Cap	4.2
iShares Euro HY Corp	3.7
iShares Fallen Angels HY Corp	3.3
3% Govt of France 2033	2.6
iShares USD HY Corp	2.0
Uber Technologies Inc	1.9
4.00% Eden Finance 2027	1.5
Amazon.com Inc	1.5
% of Top 10 Holdings	**37.3**

Geographical Focus **

Geographical Focus **	%
Europe ex UK	48.7
North America	37.7
UK	6.1
Emerging/Frontier Markets ex China	4.1
China	1.5
Japan	1.2
Asia Pacific ex Japan	0.7

** Including exposure to CIS, adopting a look-through approach

Sector Allocation ***

Sector Allocation ***	%
Government	21.7
Communications	16.9
Financials	14.2
Consumer Staples	12.9
Consumer Discretionary	10.4
Technology	6.5
Industrial	5.8
Energy	2.6
Basic Materials	2.5
Utilities	2.0
Other	4.5

*** Adopting a look-through approach

Bond Credit Rating *

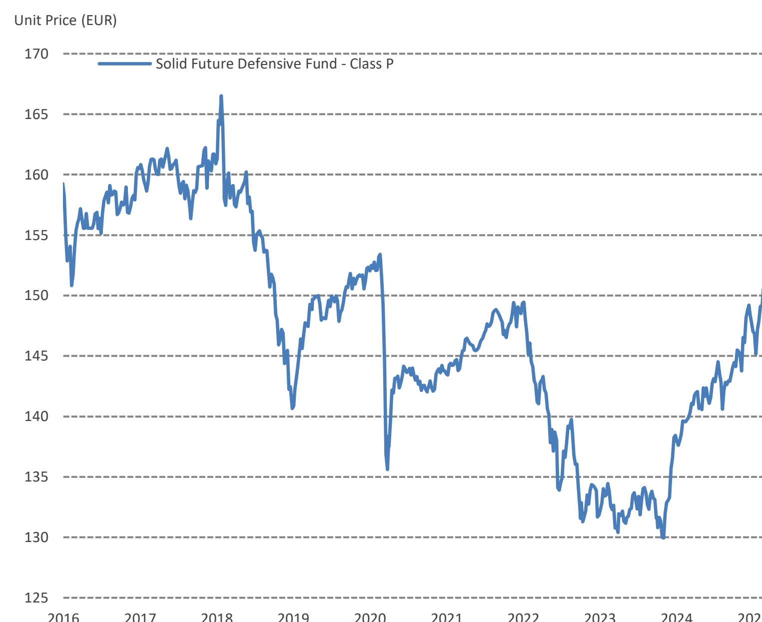
Bond Credit Rating *		%
Investment Grade	AAA	1.2
	AA	3.8
	A	24.0
	BBB	8.1
High Yield	BB	22.2
	B	4.3
	CCC	0.0
Non-Rated		4.1

Bond Portfolio Duration

Modified Duration	5.1

Historical Performance to Date

Past performance does not predict future returns



Performance History [1,2]

	Cum.	Ann.
YTD	-1.64	
1-month	-2.59	
3-month	-1.64	
6-month	0.35	
9-month	1.04	
1-year	2.01	2.01
3-year	1.19	0.40
5-year	4.50	0.89
2024		6.21
2023		5.01
2022		-11.74
2021		4.06
2020		-5.60
2019		8.08
2018		-12.57
2017		0.25

[1] Returns quoted net of TER. Entry and exit charges may reduce returns for investors.

[2] 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. Currency fluctuations may affect the value of investments and any derived income.

Market Commentary

Introduction

March has most likely revealed what the world will probably have to face up over the remaining 3 years and 10 months of the second Trump's term – namely uncertainty. As financial markets got a respite from the diplomacy blitzkrieg meant to reshape the global geopolitical alliances, they had to re-shift their focus on global trade. Levying taxes on imports from the US largest trading partners does have a much more palpable negative effect on the real economy, therefore having a direct impact on financial markets. As expected, it is the lack of visibility that rattled financial markets, completely erasing any sense of predictability on their direction. Beyond the logic behind such measures, the surprise factor on such measures and their depth have the potential of changing some of the well-known paradigms on which financial markets have been running since the Great Financial Crisis. Indeed, American equities outperformance, US dollar as a safe heaven, and the current setup of global supply chains have all been put into question overnight. Compounding this with the said geopolitical shakeup attempt does amount to the potential of an accelerated de-globalization process that can reshape the global financial system as it works today. We know that financial markets thrive on predictability and that the lack thereof creates uneasiness and difficult to navigate. However, it looks like market participants do not fully buy into this scenario. Political and economic pressures are piling up against such momentous swift change in economic and financial flows that will most likely push other financial or political establishment making critical interventions eventually. For the time being the pro-business pro-growth economic agenda on which US elections have been won last year seem very far from being achieved.

From the monetary front, the FED maintained its federal funds target rate steady reflecting a cautious stance amid growing economic uncertainty. It also slowed its balance sheet reduction, cutting monthly Treasury paper runoff starting in April, while keeping agency mortgage-backed securities redemptions constant. While headline inflation eased, new tariffs introduced by the US executive are expected to reignite inflationary pressures. As such, FED officials acknowledged the heightened uncertainty and revised 2025 growth forecasts downward. In Europe, the ECB reduced its key interest rate by 25basis points marking the sixth cut in the latest decreasing cycle. Its projections regarding GDP growth forecasts were revised downwards based on uncertainties from US tariffs and increased defence spending. Concerns were expressed as regards potential retaliatory trade measures that could exert upward pressure on prices in the near term.

In equity markets, March has been the worst month in terms of performance in recent memory. Not for the first time in our memory, the American exceptionalism in equity markets was put into question. However, for the first time this stems not from an exogenous event, not from an economic depression, but by a man-made erroneous economic policy which if carried out, at face value will challenge the business models of many blue chips at fundamental level. This is not about valuation metrics, this is not about transitory economic effects which will be eventually managed through creativity and optimal capital deployment, but about dismantling decades of long supply chain setups implemented with a view to generate optimal operating margins. No wonder that some institutional investors have separated from the cream of US corporate exceptionalism, namely Mag 7, and deployed capital in other geographies seen to ultimately benefit from the US economy loss of competitiveness. The more alarming prospect is seeing investors taking a full-blown de risking approach vis-à-vis US assets, including the US dollar and US Treasuries. While still a far-fetched prospect at this point, should the intended economic and political global reshuffling sought by the current US administration succeed, US might not end up as the financial markets hegemon it is today.

Market Environment and Performance

In March, the European economic outlook improved further after the stagnation in Q4 2024. The monthly Composite PMI edged up to 50.9 from 50.2 in February, pointing to a modest expansion across the Euro area. Spain led the expansion with a strong, accelerated rise in business activity, while in Germany data signalled the strongest private sector expansion in ten months, as the manufacturing slump eased, and production rose for the first time in nearly two years. Headline inflation fell to 2.2% as price growth slowed for services and energy, while core inflation fell to 2.6%, the lowest level since January 2022.

The US economy exhibited signs of emerging growth concerns, driven by potential tariff impacts and persistent inflationary pressures. Leading indicators rebounded after a sharp decline last month, with March's Composite PMI noting a solid growth to 53.5 from February level of 51.6, driven by a pickup in service activities as manufacturing output declines. Concerns over the impact of federal government policies, especially in relation to tariffs, caused sentiment to fall to its second-lowest level since the end of 2022. The headline inflation posted a 2.4% reading in March, slightly below market expectations. Core inflation also eased to 2.8%, declining by 0.3% month-over-month.

In March, global equity markets have started negative pressures under the weight of the vicious protectionist trade policies earmarked by the Trump administration on the main US trading partners, thus mirroring the fear of a global recession in the making. Indeed U.S. markets continued unravelling their 15-year long performance dominance taking disproportionally the brunt of a global commercial war in the making, while all other geographies were also in red. The S&P 500 index lost 8.30% as elevated valuation metrics and sudden worries about domestic economic growth have caught equities by surprise. European markets continued outperforming on a relative basis benefitting from historical inflows from investors who perceive the potential of long-term outperformance. The EuroStoxx50 lost 2.44% while the DAX lost 0.4% helped in particular by defence contractors and banks.

The credit market narrative at the start of the year remained largely unchanged, with investor attention focused on the dynamic political landscape, central bank policies, and economic data. However, the announced fiscal package by the Germany has spooked an upward tick in yields which has also conditioned other European regions. The recent moves have created more volatility within the space despite market expectations that the ECB will continued with its interest rate cut trajectory. We are of the view that the recent moves are to a certain extent an overshoot and we do expect to see some retracement in the coming months.

Fund Performance

In the month of March, the Solid Future Defensive Fund registered a 2.59 per cent loss. On the equity allocation, The Fund's allocation has been rebalanced, as the Manager aligned it to the market sentiment. New conviction names Rheinmetall AG, Thales SA and Deutsche Telekom AG have been added based on expectations of improved return potential over the short to medium term. Consequently, the US Bancorp, Lam Research, Blackrock Inc, Pernod Ricard and Vinci SA holdings have been liquidated based on decreased upside expectations and negative momentum. As well, exposure to PayPal Holdings has been trimmed for risk management purposes. From the fixed income front, the Manager continued to lock in higher income returns by adding exposures to the newly issued Sappi Papier bond and switched into a higher coupon Schaeffler bond.

Market and Investment Outlook

Going forward, the Manager believes that the fear regarding the potential damage to be induced by the Trump administration envisaged economic measures has been validated as financial markets are mirroring the clear and present danger induced by those on the outlook for global economic growth and inflationary pressures. Notwithstanding the level of uncertainty already in place by the conflicting actions taken on a daily basis in respect to such measures (announcements, reprieves, suspensions, exceptions), what is under analysis is not the certain negative impact, but mostly its extent and timeframe. We expect credit markets to be vvery much conditioned by monetary politicians and/or a risk-off mode which should positively impact the considered safer bonds, while solid risker names should be less volatile in the current environment.

From the equity front, the Manager has raised its conservative view on the market return expectations over the short term, however sticking with its long-term conviction as regards a diversified allocation with heightened exposure to quality companies benefitting from secular growth trends agnostic to specific macroeconomic developments. The Manager remains opportunistic for the time being in deploying capital tactically in specific sectors where the promise of fast returns becomes predominant over the shorter timeframe, and using cash levels as dry powder to be used during episodes of market overshooting.

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