Calamatta Cuschieri | moneybase

HIGH INCOME BOND FUND

SHARE CLASS F EUR (DISTRIBUTOR) INSTITUTIONAL - FACT SHEET

Factsheet at 30th April 2025

Month end NAV as at 30th April 2025

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	MT7000026472
Bloomberg Ticker	CCHIBFE MV

Charges

Entry Charge	Up to 2.5%
Exit Charge	None
Total Expense Ratio	1.46%

Currency fluctuations may increase/decrease costs.

Risk and Reward Profile

This section should be read in conjuction with the KID

Lower Risk	Higher Risk
Potentially lower reward	Potentially higher reward

1 2 **3** 4 5 6 7

Portfolio Statistics

Total Net Assets (in €mns)	44.08
Month end NAV in EUR	80.40
Number of Holdings	139
% of Top 10 Holdings	18.9

Current Yields

Last 12-m Distrib. Yield (%)	4.10
Underlying Yield (%)	5.61

Risk Statistics	3Y	5Y
Sharpe Ratio	0.30	0.23
Std. Deviation (%)	4.90%	4.55%

Country Allocation[1]

Country Allocation[1]	%
United States	23.1
France	11.6
Germany	10.4
Italy	6.9
Netherlands	5.3
Luxembourg	4.5
Spain	4.2
Brazil	3.2
Turkey	2.8
United Kingdom	2.3

[1] including exposures to CIS

Credit Rating[2]

Credit Rating[2]	%
From AAA to BBB-	16.6
From BB+ to BB-	54.0
From B+ to B-	15.2
CCC+	0.6
Less than CCC+	2.4
Not Rated	2.4
Average Credit Rating	**BB**

[2] excluding exposures to CIS

Top 10 Exposures

Top 10 Exposures	%
iShares Fallen Angels HY Corp	3.0
6.529% Encore Capital Group Inc 2028	2.0
iShares Euro High Yield Corp	2.0
iShares USD High Yield Corp	1.9
4.625% Volkswagen perp	1.8
4.875% Cooperative Rabobank perp	1.8
4.375% Cheplapharm 2028	1.7
3.5% VZ Secured Financing 2032	1.7
6.75% Societe Generale perp	1.5
5.5% CMA CGM SA 2029	1.5

Currency Allocation

Currency Allocation	%
EUR	70.9
USD	29.1
Others	0.0

Asset Allocation

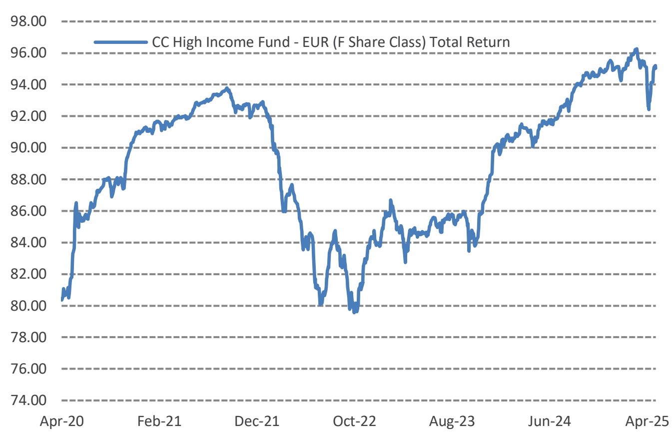
Asset Allocation	%
Cash	1.9
Bonds	91.2
CIS/ETFs	6.9

Maturity Buckets[3]

Maturity Buckets[3]	%
0 - 5 years	74.5
5 - 10 years	13.5
10 years +	3.3

[3] based on the Next Call Date

Historical Performance to Date**



Source: Calamatta Cuschieri Investment Management Ltd.

Sector Breakdown[2]

Sector Breakdown[2]	%
Banks	11.4
Telecommunications	9.8
Pharmaceuticals	8.7
Funds	6.9
Auto Parts&Equipment	6.4
Commercial Services	4.4
Media	3.6
Entertainment	3.3
Chemicals	3.1
Transportation	3.1
Auto Manufacturers	3.0
Oil&Gas	2.6

Performance History**

Past performance does not predict future returns

Calendar Year Performance	YTD	2024	2023	2022	2021	Annualised Since Inception***
Share Class F - Total Return******	-0.10	5.41	7.74	-9.72	1.85	3.40
	2020*					
Share Class F - Total Return******	13.36					

Total Return	1-month	3-month	6-month	9-month	12-month
Share Class F - Total Return******	-0.14	-0.38	0.55	2.14	4.86

* Data in the chart does not include any dividends distributed since the Fund was launched on 24th April 2020.

** 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 Distributor Share Class (Class F) was launched on 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

April 2025 brought renewed volatility to the U.S. Treasury market, driven by sustained geopolitical tensions, persistent inflationary pressures, and shifting expectations around monetary policy.

The 10-year US Treasury yield exhibited pronounced intra-month movements, starting the month at around 4.17%, rising to a peak of 4.6% on April 11, and ultimately settling below 4.2% by month-end. This marked the largest weekly increase since 2001, spurred by newly imposed tariffs, their anticipated inflationary effects, and waning foreign demand for U.S. government debt.

The U.S. Treasury yield curve underwent a significant steepening in response to recent market developments. Short-term yields declined while long-term yields rose, as weak survey data reinforced expectations of slowing economic growth paired with persistent inflation. The two-year yield fell to 3.60%, dipping below the Federal Reserve's effective funds rate of 4.33%, signalling market expectations of potential rate cuts. Meanwhile, the 30-year yield edged up to just under 4.6%, highlighting investor concerns around long-term fiscal concerns.

European sovereign debt outperformed, with yields declining (yields move inversely to prices). Notably, the German 10-year Bund yield ended the month 30bps lower, near 2.44%, as the European Central Bank (ECB) opted to cut its benchmark rates by 25bps, lowering the deposit facility rate to 2.25%. The ECB's move underscored growing concerns about slowing euro area growth and a disinflationary trend considered to be "well on track." Contributing factors included stronger euro currency performance, softer energy prices, and escalating U.S. tariffs. In contrast, the Federal Reserve held its target rate steady at 4.25%–4.50%, weighing slowing economic momentum against persistent inflation. Despite near-term inflationary risks, markets are now pricing in nearly four U.S. rate cuts by year-end.

In a turbulent rate environment, corporate credit markets demonstrated overall resilience despite notable fluctuations. Both investment-grade and high-yield segments held firm, signalling continued investor confidence in corporate creditworthiness. Euro-denominated credit outperformed US debt across the quality spectrum, with euro investment-grade returning 0.92% versus -0.02% in the US, and speculative-grade yielding 0.29% versus a flat return.

Market Environment and Performance

Concerns about potential headwinds facing the U.S. economy in early 2025 - driven by the effects of newly implemented tariffs and persistent inflation - were validated by a negative GDP reading for Q1. The U.S. economy contracted by 0.3%, marking its first quarterly decline since 2022 and a sharp reversal from the 2.4% expansion recorded in Q4 2024. The figure also came in well below market expectations, which had projected 0.3% growth. A key driver of the decline was a 41.3% spike in imports, as businesses and consumers accelerated purchases ahead of anticipated price increases from tariffs imposed by the Trump administration. This front-loading of demand significantly distorted the trade balance, dragging on headline GDP. However, the contraction may overstate underlying weakness, as the temporary import surge likely masked underlying economic resilience.

Encouragingly, consumer spending remained solid and business investment posted a strong gain, suggesting that domestic demand is still holding up. The full economic impact of the tariffs is expected to become more apparent in subsequent data releases.

Leading indicators point to a cooling in business activity. The S&P Global U.S. Composite PMI was revised down to 50.6 in April from a preliminary 51.2 and well below March's 53.5, indicating the slowest expansion in the private sector since September 2023. While new business activity continued to grow, it did so modestly, and business confidence declined amid ongoing concerns about federal policy direction.

On the inflation front, pressures moderated. Headline inflation fell to 2.4% in March from 2.8%, while core inflation, which excludes volatile items such as energy and food, declined to 2.8% from 3.1%. Despite earlier signs of softening, the labour market remained resilient. Job growth exceeded expectations, and the unemployment rate held steady at 4.2%.

In the euro area, Q1 growth outperformed expectations, supported by strength in southern European economies. This momentum carried into April, with Composite PMI readings remaining in expansionary territory, albeit easing slightly to 50.4 from 50.9 in March, still above forecasts.

Inflation across the bloc remained stable, bolstering confidence that the disinflation process remains on track toward the ECB's 2% medium-term target. The labour market also remained solid, with the unemployment rate at 6.2% in March, well below the 20-year average.

Fund Performance

The CC High Income Bond Fund fell 0.17% in April. During the month, the portfolio manager continued to actively manage the fund in-line with its mandate, making progress on the strategy to gradually extend duration by increasing exposure to European assets while trimming holdings in dollar-denominated debt. This strategy reflects the European Central Bank's advanced stage in its rate-cutting cycle, contrasting with the US Federal Reserve's stance of holding rates steady, despite pressure from the new administration. Seeking to boost income generation ahead of anticipated further easing, the manager increased the fund's exposure to CMA CGM, Eircom, and Nidda Healthcare. Conversely, the fund decreased its holding in Lorca telecom.

Market and Investment Outlook

April's renewed volatility in the US Treasury market - primarily driven by escalating tariff uncertainty - prompted a significant shift in investor sentiment around growth, inflation, and monetary policy. The mid-month spike in yields, followed by a reversal, underscored the market's heightened sensitivity to policy developments and macroeconomic data.

Looking ahead, fixed income markets are likely to remain reactive to the evolving effects of tariffs. The US Q1 GDP contraction, largely driven by a surge in imports ahead of expected price increases, appears more reflective of temporary distortions than a sustained downturn. However, the longer-term inflationary consequences, stemming from higher input costs and potential supply chain disruptions, could complicate the Federal Reserve's policy trajectory. Should inflation remain elevated, the Fed may be forced to delay or moderate the pace of rate cuts currently anticipated by markets. At the same time, signs of moderating demand and slowing growth could support the case for eventual policy easing. The current shape of the yield curve - characterized by short-term yields below the Fed's effective rate and a modest steepening at the long end - highlights market uncertainty, balancing short-term disinflation against longer-term fiscal risks.

On an economic front, the imposition of new tariffs - exacerbated by the US's Liberation Day measures - further clouds the macro outlook and adds complexity to the yield curve's path, as consumers grapple with rising prices and a resurgence in inflationary pressures.

In this context, duration positioning and selective credit exposure remain key. While volatility in core rates is likely to persist, credit markets are being supported by stable corporate fundamentals and resilient balance sheets. The interplay between a strong labour market and persistent inflation suggests a cautious, neutral stance on duration, particularly as yield curve dynamics remain uncertain.

We maintain our current preference, which leans towards European credit, underpinned by the prospects of continued monetary easing by the ECB. Nevertheless, the dynamic nature of the current environment, particularly the constantly evolving geopolitical tensions, require a highly proactive and adaptive management style to navigate potential risks and capitalize on emerging opportunities.

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