Calamatta Cuschieri | moneybase

GLOBAL BALANCED INCOME FUND

SHARE CLASS B (DISTRIBUTOR) - FACT SHEET

Factsheet at 31st May 2025

Month end NAV as at 30th May 2025

Investment Objective and Policies

The Fund seeks to provide stable, long-term capital appreciation by investing in a diversified portfolio of local and international bonds, equities and other income-generating assets. The Investment Manager shall diversify the assets of the Fund among different assets classes. The manager may invest in both Investment Grade and High Yield bonds rated at the time of investment at least "B-" by S&P, or in bonds determined to be of comparable quality, provided that the Fund may invest up 10% in non-rated bonds, whilst maintain an exposure to direct rated bonds of at least 25% of the value of the Fund. Investments in equities may include but are not limited to dividend-paying securities, equities, exchange traded funds as well as through the use of Collective Investment Schemes. 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	MT7000023891
Bloomberg Ticker	CCGBIFB MV

Charges

Entry Charge	Up to 2.5%
Exit Charge	None
Total Expense Ratio	2.36%

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)	15.0
Month end NAV in EUR	11.63
Number of Holdings	83
% of Top 10 Holdings	18.9

Current Yield

Last 12-m Distrib. Yield (%)	2.00

Country Allocation[1]	%
USA	43.1
France	10.2
Malta	8.2
Germany	6.3
Luxembourg	4.9
Great Britain	4.8
Netherlands	4.1
Brazil	3.8
China	1.5
Denmark	1.4

[1] including exposures to ETFs

By Credit Rating[2]	%
AAA to BBB-	16.1
BB+ to BB-	19.1
B+ to B-	2.3
CCC+ to CCC	0.0
Not Rated	7.4

[2] excluding exposures to ETFs

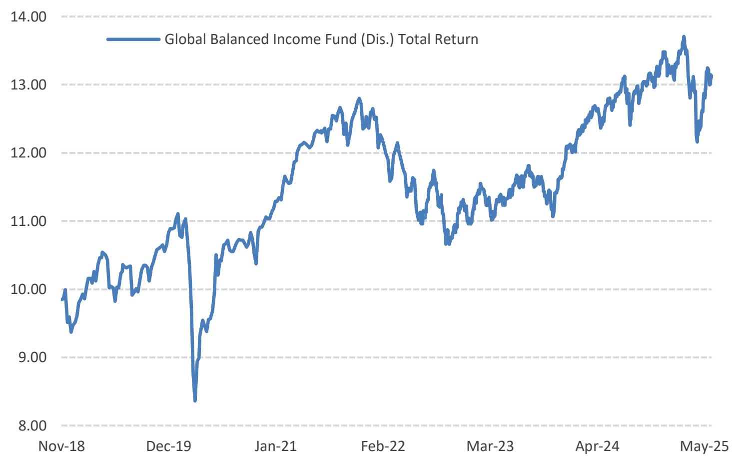
Top 10 Exposures	%
Uber Technologies Inc	2.2
Mercadolibre Inc	2.1
Amazon.com Inc	2.0
Salesforce Inc	2.0
Booking Holdings Inc	1.9
Alphabet Inc	1.8
iShares Euro HY Corp	1.7
Meta Platforms Inc	1.7
Adyen NV	1.7
3.5% Govt. of France 2033	1.7

Currency Allocation	%
EUR	57.6
USD	42.1
GBP	0.3

Asset Allocation[1]	%
Cash	5.1
Bonds	48.0
Equities	47.0

Maturity Buckets	%
0 - 5 years	21.2
5 - 10 years	16.7
10 years +	7.2

Historical Performance to Date**



Source: **Calamatta Cuschieri Investment Management Ltd.**

Sector Breakdown	%
Communications	23.5
Financial	14.4
Consumer, Non-cyclical	10.9
Industrial	10.2
Technology	9.7
ETFs	9.4
Diversified	4.4
Sovereign	4.2
Basic Materials	4.2
Energy	3.0
Healthcare	0.9

Performance History**

Past performance does not predict future returns

Calendar Year Performance	YTD	2024	2023	2022	2021	2020	Annualised Since Inception***
Total Return****	-0.26	8.66	10.58	-12.92	12.81	2.52	4.50

Calendar Year Performance	1-month	3-month	6-month	9-month	12-month
Total Return****	3.19	-2.76	-1.59	1.18	3.83

* Data in the chart does not include any dividends distributed since the Fund was launched on 19 November 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 Distributor Share Class (Class B) was launched on 19 November 2018. 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

May has brought with it a new favoured acronym in markets – the TACO trade. While having nothing to do with Mexican flavours, the "Trump Always Chickens Out" strategy has offered market participants quick profits particularly in equities by just buying the market panic caused by any Trump warning, having the certainty that he will eventually backtrack. The prime example of this was an aggressive stance initiated toward levying a blanket 50% tariff on all EU-originated imports that took a full weekend to backtrack on. Thus, markets squeezed out bear positions as well as non-believers in the ongoing rally, making life extremely difficult for the most diligent analysts out there. Another rather positive quarterly reporting season has pushed improvements in forward earnings expectations in some quarters, taking off another argument from the pessimist toolbox. Leading macro indicators also improved on both sides of the Atlantic, while trading data from China continued making a mockery out of the insane tariffs levied on Liberation Day. Just in time, the Trump administration is now focusing on a new tax bill that is supposed not only to extend current tax cuts introduced in the first Trump mandate, but also including new ones. Overall, should such a bill pass in the current proposed form, the US fiscal deficit would likely explode within the next decade. So far, pessimists are running short of worries to cling on, while staying on the side-lines builds up an increasing opportunity cost relative to equity markets. However, at some point the so-called bond vigilantes might come to their rescue and turn the volatility pressure on equities and bonds alike. And maybe then we will have another good buying opportunity on our hands, or maybe not. The Trump uncertainty dilemma continues.

From the monetary front, the FOMC unanimously decided to keep the federal funds rate steady during its May meeting noting that the economic activity continued growing solidly, while inflation was somewhat elevated. It also noted that risks have increased to both sides of their dual mandate (inflation and employment), but pledge to the continuation of reducing the balance sheet holdings through runoff. The ensuing meeting minutes highlighted the considerable uncertainty around the recently levied tariffs, indicating no rush in shifting monetary policy. In Europe, the ECB did not have a monetary meeting during the month, however was quite indicative of measures it was expecting to take during the next such meeting, namely another 25bps interest rate cut. As inflation in the Eurozone is already under the ECB target, policy makers cited disinflationary forces – including a stronger Euro, declining energy prices, and a fallout from global trade tensions – as key factors for further easing. Nevertheless, the policy approach is to remain flexible amid global uncertainty.

May brought back in equity markets the joy that has been lost after the inauguration of the second Trump mandate. The rally has managed to push markets very close to their all-time highs, notably in the US. Beyond the speediness of this move that has been equated with the unwavering trust of retail investors in the "buy the dip" strategy, we have now returned to the same old questions about valuation metrics. Markets look as expensive as they did 6 months ago, this time with diminished economic growth prospects and slightly higher bond yields. Why should such high valuations make sense now more than they did in the past? While markets may easily be excused on the premise of looking forward positively to the tax cuts and deregulation promises that came with the new Trump mandate, the actual benefits for equities are still eluding the most analytical investors. One potential though more counterintuitive argument could be found in bonds. While at first glance the higher yield would warrant more attractiveness for fixed income as an investment class, actually the long-term upward trend in yields warranted by higher inflation on average would make bonds less attractive as a long-term investment. Hence, the comparative advantage for equities becomes compelling. This is a theoretical argument that has not been actually tested during a fully-blown economic recession. It remains to be seen how it will work under such scenario.

Market Environment and Performance

In the Euro area economic growth continued to expand for a fifth consecutive month, though the pace of growth was only marginal – the weakest since February. The monthly Composite PMI remained in expansionary territory, albeit easing slightly to 50.2 from 50.4 in April. A decline in new business, particularly within the services sector, marked the most pronounced deterioration in demand in six months. Inflation across the bloc also moderated, easing to 1.9% year-on-year falling from the 2.2% level in April, while core inflation also eased to 2.3% from the 2.7% level in the previous month.

While earlier leading indicators had pointed to a slowdown, more recent data showed signs of improvement, suggesting a rebound in activity. Notably, the May Composite PMI was revised up to 53.0, well above the April' 19-month low of 50.6. The reading signals solid expansion across both services and manufacturing sectors, underpinned by increased client spending, particularly from domestic customers. The headline inflation posted a 2.4% reading in March, slightly below market expectations. Core inflation remained anchored at 2.8% for the third consecutive month.

In May, global equity markets had the best period of the year managing the complete reversal of the post Liberation Day tariffs market collapse, and turning the US protectionist agenda into irrelevance from the market participants' perspective. Moreover, the initiation of a formal dialogue between the US and China targeting a new commercial relationship framework, allowed markets to shift their focus to the next worry on the agenda – the US deficit. Markets performed coordinated sector-wise with the noticeable exception of health care, which was stung by reports of the US contemplating caps on domestic prices. The US market led the charge outperforming its developed peers, as well as emerging markets, being supported by its high exposure to tech names. The S&P 500 index gained 6.21% as industrials and financials responded very well to the risk-on mode and validated the still positive economic indicators releases. European markets have continued performing well helped by better than expected economic data. The EuroStoxx50 gained 4.00% while the DAX gained 6.67% helped in particular by banks and the defence sector.

The 10-year US Treasury yield experienced notable intra-month fluctuations: starting around 4.16%, peaking at 4.60% on May 21, and ending near 4.4%. European government bond markets, in comparison, fared better, with only modest yield rises in Germany. Peripheral markets outperformed, with 10-year yields in Italy and Spain tightening by 8 and 2bps, respectively.

Within investment-grade credit, US performance was largely flat as prices remained largely conditioned by the movements observed across sovereign bonds. European investment-grade credit outperformed, returning 0.52% for the month. In high yield, US markets saw the strongest gains, rising 1.68% in May as investor sentiment improved amid reduced recession risks and a more conciliatory tone on trade. European high yield also performed well, posting a solid 1.33% return, albeit trailing US gains.

Fund Performance

In the month of May, the Global Balanced Income Fund registered a 3.23% gain, owing to a remarkable performance in the equity allocation of the fund. On the equity allocation, the Fund's allocation has not been changed, as the Manager deemed it aligned to the overriding market conditions. From a fixed-income perspective, in an effort to enhance income generation ahead of expected further easing, the manager rotated holdings within the same issuers, executing both investments and divestitures in names such as Volkswagen and BP Capital Markets. The fund also increased exposure to chemicals conglomerate Ineos.

Market and Investment Outlook

Going forward, the Manager believes that while the macroeconomic indicators have continued to come in stronger than generally expected, we could see in the summer some of the negative hard data driven by the tariffs imposed by the Trump administration on most of the US imports. While businesses have so far had the advantage of somewhat avoiding most of the negative spill over by pilling up inventories, thus protecting labour markets and keeping pricing pressures to the end consumer at bay, there is a natural limitation to such workarounds. The probability of more benevolent monetary policy, particularly in the US, will be very much dependant on such negative development, which means that any interest rate cuts expectation should move towards the year end. Credit market will eventually get supportive if economic data will soften. This is translating into tighter yields as rate cuts expectations in the U.S. will increase, whilst in Europe the ECB will be more data dependent on the back of acceptable inflation levels.

From the equity front, the Manager sees the positive momentum from the April lows as a little overplayed by market participants who seem to have been getting ahead of themselves. Given the above, the Manager remains in line with the overriding market sentiment, however being ready for any sudden reversal of fortunes. The strategic allocation remains based on long-term convictions to quality companies benefitting from secular growth trends agnostic to specific macroeconomic developments. The Manager shall deploy capital opportunistically in specific sectors, and using cash levels as dry powder to be used during episodes of market overshooting.

Address: Calamatta Cuschieri Investment Management Limited, Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034.