HIGH INCOME BOND FUND

SHARE CLASS C (DISTRIBUTOR) - FACT SHEET

Factsheet at 31st May 2025

Month end NAV as at 30th May 2025

Calamatta Cuschieri | moneybase

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	$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	MT7000030920
Bloomberg Ticker	CCHIBNC MV

Charges

Entry Charge	Up to 2.5%
Exit Charge	None
Total Expense Ratio	1.91%

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)	44.18
Month end NAV in USD	79.61
Number of Holdings	136
% of Top 10 Holdings	19.6

Current Yields

Last 12-m Distrib. Yield (%)	4.10
Underlying Yield (%)	5.51

Risk Statistics

Risk Statistics	3Y	5Y
Sharpe Ratio	0.47	0.16
Std. Deviation (%)	4.79%	4.65%

Country Allocation[1]	%
United States	23.6
France	11.9
Germany	9.3
Italy	6.3
Netherlands	5.4
Luxembourg	4.6
Spain	4.2
Brazil	3.2
United Kingdom	2.4
Turkey	2.0

[1] including exposures to CIS

Credit Rating[2]	%
From AAA to BBB-	16.2
From BB+ to BB-	54.2
From B+ to B-	14.2
CCC+	0.6
Less than CCC+	2.4
Not Rated	2.4
Average Credit Rating	**BB**

[2] excluding exposures to CIS

Top 10 Exposures	%
iShares Fallen Angels HY Corp	3.0
5.625% Unicredit Spa perp	2.2
6.529% Encore Capital Group Inc 2028	2.1
iShares Euro High Yield Corp	2.0
iShares USD High Yield Corp	1.9
4.875% Cooperative Rabobank perp	1.8
4.375% Cheplapharm 2028	1.8
3.5% VZ Secured Financing 2032	1.7
5.5% CMA CGM SA 2029	1.6
6.75% Societe Generale perp	1.6

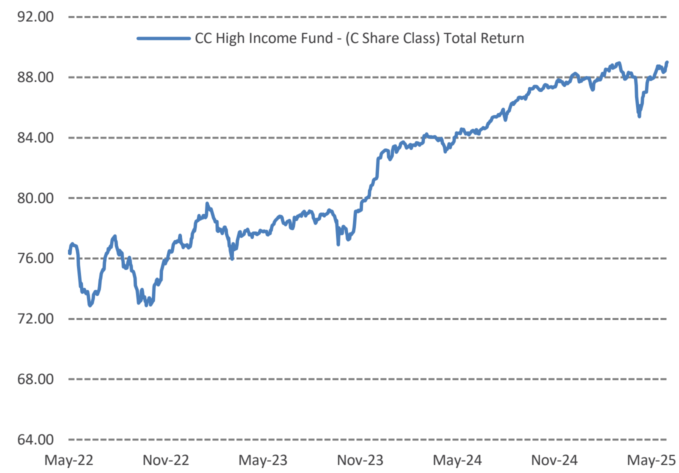
Currency Allocation	%
EUR	70.6
USD	29.4
Others	0.0

Asset Allocation	%
Cash	3.0
Bonds	90.1
CIS/ETFs	7.0

Maturity Buckets[3]	%
0 - 5 years	70.4
5 - 10 years	16.1
10 years +	3.5

[3] based on the Next Call Date

Historical Performance to Date**



Source: Calamatta Cuschieri Investment Management Ltd.

Sector Breakdown[2]	%
Banks	11.5
Telecommunications	9.1
Pharmaceuticals	7.6
Funds	7.0
Auto Parts&Equipment	6.5
Media	3.8
Commercial Services	3.8
Entertainment	3.3
Transportation	3.2
Chemicals	3.2
Auto Manufacturers	3.1
Cash	3.0

Performance History**

Past performance does not predict future returns

Calendar Year Performance	YTD	2024	2023	2022	2021	Annualised Since Inception***
Share Class D - Total Return******	-0.86	1.38	4.71	N/A	N/A	1.38

Total Return	1-month	3-month	6-month	9-month	12-month
Share Class D - Total Return******	1.30	-1.95	-0.52	-1.52	1.31

* The share class C was launched on 21 May 2022.

** 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 D) was launched on 01 September 2011. 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

Volatility persisted across global bond markets in May 2025. Initial relief from easing China-US trade tensions helped allay fears of a US recession. However, market attention quickly pivoted to concerns about the sustainability of US fiscal policy, further underscored by the downgrade of the US sovereign credit rating. The ‘Reconciliation Bill’, approved by the House of Representatives and pending Senate approval, was perceived as worsening the country's debt trajectory, pushing yields on longer-dated US Treasuries higher.

Adding to market unease, the US Supreme Court ruled (near month-end) that the Trump administration had overstepped its authority by invoking emergency economic powers to impose baseline 10% and reciprocal tariffs. This decision complicates ongoing trade negotiations with trade partners during the 90-day extension period, which ends on July 9. While the ruling may help ease some pressure on economic growth, it poses fiscal challenges for the administration’s budget plan, which had relied on tariff revenues to fund proposed tax cuts.

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.

Despite lingering uncertainties, corporate credit continued to recover from the early April sell-off. 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.

Market Environment and Performance

Earlier concerns about potential headwinds facing the U.S. economy in early 2025, driven by newly implemented tariffs and threats of persistent inflation, were validated by the second estimate of Q1 GDP growth. Although the figure was revised slightly upward to -0.2% from an initial reading of -0.3%, it still confirmed economic contraction. The upward revision was primarily due to stronger-than-expected fixed investment, which helped offset weaker consumer spending and a larger-than-anticipated drag from net trade. Imports of goods and services surged by 42.6% as businesses and consumers rushed to front-load purchases ahead of expected price increases following tariff announcements by the Trump administration. Meanwhile, consumer spending growth slowed to 1.2%.

While earlier leading indicators had pointed to a slowdown, more recent data showed signs of improvement, suggesting a rebound in activity. Notably, the S&P Global U.S. Composite PMI for May 2025 was revised up to 53.0 from a preliminary estimate of 52.1, and well above April’s 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.

Despite some signs of softening, the U.S. labour market continues to demonstrate resilience. Employment growth, though moderating, added 139k jobs in May, slightly above expectations, even as federal government employment declined by 22k. The unemployment rate remained steady at 4.2%, in line with market forecasts. On the inflation front, pressures continued to ease. Headline inflation declined to 2.3% in April from 2.4% the previous month, while core inflation - which excludes volatile components such as energy and food - remained unchanged at 2.8%.

In the euro area, business activity continued to expand for a fifth consecutive month, though the pace of growth was only marginal, the weakest since February. 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 in May 2025 from 2.2% in April and falling below market expectations of 2.0%, according to a preliminary estimate. This marks the first time inflation has dipped below the European Central Bank’s 2.0% target since September 2024, reinforcing expectations of a 25bps rate cut at the ECB’s upcoming June meeting.

Fund Performance

The CC High Income Bond Fund rose 1.33% in May, recovering the losses incurred 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 Trump administration.

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, BP Capital Markets, and UniCredit. The fund also increased exposure to Carnival and Charter Communications, while reducing its position in Turkcell, the Istanbul-based mobile phone operator.

Market and Investment Outlook

In May, volatility in the US Treasury market persisted, highlighting the market’s heightened sensitivity to evolving economic and policy signals. Initial calm, spurred by encouraging developments around trade tariffs, gave way to renewed concerns over fiscal sustainability. These were triggered in part by the approval of the Reconciliation Bill in the House of Representatives, which, pending Senate approval, was seen as exacerbating the country’s debt outlook. Despite lingering uncertainties, corporate credit - particularly the lower rated segment - continued to recover from the early April sell-off. US high yield corporates saw the strongest gains.

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 trade 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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