

SOLID FUTURE DYNAMIC FUND
SHARE CLASS A

Factsheet as at 31st May 2025
Month end NAV as at 27th May 2025

Investment Objective and Policy

The Fund aims to deliver a return over and above major global indices in Euro. To achieve the fund's investment objective, the Investment Manager shall invest in a flexibly managed and diversified portfolio of equities and ETFs, across a wide spectrum of industries and sectors. The Investment Manager may invest in these asset classes either directly or indirectly through UCITS Funds and/ or eligible non UCITS Funds. The Fund is actively managed.

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	Growth
Fund Launch Date	25-Oct-2011
Share Class Launch Date	25-Oct-2011
Fund Base Currency	EUR
Share Class Currency	EUR
Fund Size (AUM)	40.0 EUR
Fund Type	UCITS
ISIN	MT7000003679
Bloomberg Ticker	SFUDYNA MV
Distribution Type	Accumulating
Minimum Initial Investment	2,500 EUR
Month end NAV	246.8 EUR

Charges

Total Ongoing Charges	3.49%
Entry Charge	0.75%
Exit Charge	Y ₁ 5.00%
	Y ₂ 4.00%
	Y ₃ 3.00%
	After Nil
Currency fluctuations may increase/decrease costs.	

Risk and Reward Profile

This section should be read in conjunction with the KIID



Asset Allocation *

%

Equities	90.8
ETF	6.8
Cash	2.5

Currency Allocation *

%

EUR	15.2
USD	83.4
GBP	1.5

* Without adopting a look-through approach

Top 10 Holdings

%

Uber Technologies Inc	6.6
iShares S&P 500 Industrials	3.5
Mercadolibre Inc	3.3
Xtrackers MSCI Japan	3.2
Alphabet Inc	3.0
Salesforce Inc	3.0
Amazon.com Inc	3.0
Airbnb Inc	2.9
Adyen NV	2.6
Nvidia Corp	2.5

% of Top 10 Holdings	33.6
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Country Allocation **

%

		Benchmark Deviation
North America	72.2	5.1
Europe ex UK	11.7	-0.3
Emerging/Frontier Markets ex China	4.6	-2.5
China	3.7	0.3
Japan	3.2	-1.8
UK	2.2	-1.2

Country allocation excludes cash

Sector Allocation **

%

		Benchmark Deviation
Technology	26.8	2.1
Consumer Discretionary	16.9	6.9
Financials	14.1	-4.1
Industrials	14.1	4.0
Communications	8.9	-0.4
Health Care	7.2	-1.8
Consumer Staples	6.2	-0.3
Energy	2.5	-1.1
Basic Materials	0.9	-3.0
Real Estate	0.1	-1.9
Utilities	0.0	-2.6
Other	2.2	2.2

** Including exposure to CIS, adopting a look-through approach. 'Benchmark Deviation' refers to overweight/underweight exposure vs Benchmark

Historical Performance to Date

Past performance does not predict future returns



Performance History ^{1,2}

%

	Cum.	Ann.
YTD	-4.62	
1-month	6.73	
3-month	-7.06	
6-month	-6.31	
9-month	3.16	
1-year	1.11	1.11
3-year	15.32	4.88
5-year	39.05	6.81
2024		15.23
2023		11.67
2022		-15.44
2021		23.26
2020		-2.37
2019		27.85
2018		-16.15
2017		8.93

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.

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.

Fund Performance

In the month of May , the Solid Future Dynamic Fund registered a 6.73 per cent gain, performing on par with its comparable benchmark. The Fund’s allocation has been reviewed and rebalanced, as the Manager aligned it to the overriding market sentiment while also managing liquidity constraints. The Thales SA holding has been liquidated following an exceptional rally, whilst Adyen NV has been trimmed for risk management purposes. Cash levels have remained constant.

Market and Investment Outlook

Going forward, the Manager believes that while the macroeconomic indicators have continue 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.

Consequently, 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.

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