Calamatta Cuschieri | moneybase

HIGH INCOME BOND FUND

SHARE CLASS A EUR (ACCUMULATOR) - FACT SHEET

Factsheet at 30th June 2025

Month end NAV as at 30th June 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	€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	MT7000007761
Bloomberg Ticker	CALCHAR 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)	43.06
Month end NAV in EUR	132.35
Number of Holdings	136
% of Top 10 Holdings	19.5

Current Yields

Underlying Yield (%)	5.43

Country Allocation[1]	%
United States	23.9
France	11.4
Germany	7.7
Italy	6.5
Netherlands	5.5
Luxembourg	4.6
Spain	3.6
Brazil	3.2
United Kingdom	2.4
Turkey	2.0

[1] including exposures to CIS

Credit Rating[2]	%
From AAA to BBB-	16.3
From BB+ to BB-	53.6
From B+ to B-	12.6
CCC+	0.6
Less than CCC+	2.3
Not Rated	2.5
Average Credit Rating	**BB**

[2] excluding exposures to CIS

Top 10 Exposures	%
iShares Fallen Angels HY Corp	3.1
5.625% Unicredit Spa perp	2.3
6.529% Encore Capital Group Inc 2028	2.1
iShares Euro High Yield Corp	2.1
iShares USD High Yield Corp	1.9
4.875% Cooperative Rabobank perp	1.8
3.5% VZ Secured Financing 2032	1.7
6.75% Societe Generale perp	1.6
3.5% Energizer Gamma ACQ BV 2029	1.5
4.75% Dufry One BV 2031	1.4

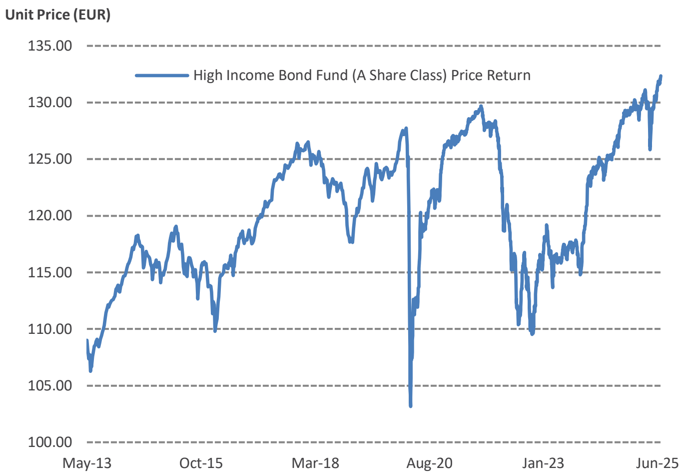
Currency Allocation	%
EUR	70.8
USD	29.2
Others	0.0

Asset Allocation	%
Cash	5.0
Bonds	88.0
CIS/ETFs	7.0

Maturity Buckets[3]	%
0 - 5 years	68.1
5 - 10 years	16.9
10 years +	3.1

[3] based on the Next Call Date

Historical Performance to Date



Source: Calamatta Cuschieri Investment Management Ltd.

Sector Breakdown[2]	%
Banks	11.6
Telecommunications	8.7
Funds	7.0
Auto Parts&Equipment	6.4
Pharmaceuticals	5.9
Media	3.9
Commercial Services	3.9
Entertainment	3.3
Diversified Finan Serv	3.2
Chemicals	3.2
Auto Manufacturers	3.1
Transportation	3.1

Performance History

Past performance does not predict future returns

Calendar Year Performance	YTD	2024	2023	2022	2021	Annualised Since Inception*
Share Class A - Total Return**	2.08	4.94	7.25	-10.13	1.46	1.62

	2020	2019	2018	2017	2016	2015
Share Class A - Total Return**	-0.14	7.48	-6.45	5.32	4.96	-0.89

Total Return	1-month	3-month	6-month	9-month	12-month
Share Class A - Total Return**	0.98	2.15	2.08	2.38	5.53

* The Accumulator Share Class (Class A) was launched on 29 May 2013. 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

June 2025, consistent with preceding months, was marked by elevated uncertainty, driven largely by political developments and ongoing geopolitical tensions. While renewed U.S. tariffs remained a source of concern, the Israel-Iran conflict dominated headlines, driving oil prices nearly 10% higher at mid-month before retreating. The announcement and subsequent implementation of a ceasefire helped stabilize energy markets.

Global trade tensions are rising ahead of the July 9 expiration of the U.S. tariff moratorium. The U.S. is pursuing targeted, sector-specific trade agreements with key partners including India, China, and the EU to avoid broad-based tariffs of up to 50%. Progress has been made: India is close to an interim deal, Canada has withdrawn its proposed digital services tax, and a new US-China agreement has been finalized, covering reciprocal tariff reductions and critical resource flows. President Trump has confirmed that the tariff pause will not be extended, adding urgency to negotiations.

In the Middle East, geopolitical risk remains elevated following a sharp escalation between Israel and Iran. This included direct missile exchanges and Iranian strikes on U.S. assets in Qatar, which came in response to U.S. airstrikes on Iranian nuclear facilities, despite President Trump having publicly stated just two days earlier that he would take 15 days to decide whether to initiate military action. Although a US brokered ceasefire is currently holding, Iran's ongoing threat to close the Strait of Hormuz continues to pose a significant risk to global energy markets.

The benchmark U.S. 10-year Treasury yield, which briefly rose above 4.50% early in the month, ultimately eased and closed at 4.23%, driven by a flight to safety amid rising demand for haven assets. This backdrop proved supportive for credit markets, with both investment-grade and high-yield segments benefiting. High-yield, in particular, continued to gain from improving corporate fundamentals and a more optimistic risk environment. U.S. corporate credit outperformed, with investment-grade and lower-rated bonds returning 1.82% and 1.86%, respectively. European high yield also delivered positive returns, albeit more modestly, with a gain of 0.45%, trailing its U.S. counterparts.

Market Environment and Performance

U.S. economic data largely remained resilient, despite a downward revision to Q1 GDP, which contracted at an annualized rate of -0.5%, compared to the previous estimate of -0.2%. This marks the first quarterly contraction in three years and was primarily driven by weaker consumer spending and exports—likely reflecting growing concerns around potential tariffs. Consumer spending grew just 0.5% (vs. 1.2% prior), the slowest pace since 2020, while exports rose only 0.4% (vs. 2.4% prior). These declines were partially offset by a downward revision in imports (37.9% vs. 42.6%), reflecting front-loading activity by businesses and consumers in anticipation of tariff-related price increases.

Leading indicators offered mixed signals. While May data showed early signs of improvement, suggesting a potential rebound, more recent figures pointed to moderating momentum. The S&P Global U.S. Composite PMI for June showed continued expansion in business activity, albeit at a slower pace compared to late 2024. Falling exports weighed on growth, partially offset by inventory building as firms responded to tariff concerns. Input prices rose sharply, particularly in manufacturing, with services also showing elevated inflationary pressure. Rising backlogs, the fastest in over three years, spurred the strongest hiring activity in a year, though overall business confidence edged lower.

Despite some signs of softening, the U.S. labour market remains resilient. Employment growth fell short of expectations, and payroll figures for March and April were revised down by a combined 95k jobs. Nevertheless, the unemployment rate held steady at 4.2%, consistent with a labour market that is slowing but still fundamentally strong. Against a backdrop of sticky inflation, this resilience reinforces the likelihood that the Federal Reserve will hold rates steady in the near term - despite pressure from the Trump administration - as it assesses the durability of growth and the persistence of inflation. On the inflation front, prices rose marginally: headline inflation increased to 2.4% in May from 2.3% the previous month, while core inflation (excluding food and energy) remained unchanged at 2.8%.

In the euro area, economic performance surprised to the upside. Q1 2025 GDP was revised up to 0.6%, double the initial estimate of 0.3%, marking the strongest quarterly expansion since Q3 2022. The revision was driven by exceptional growth in Ireland and stronger-than-expected results from Germany and Spain. Forward-looking indicators, however, pointed to more muted momentum. The HCOB Eurozone Composite PMI held steady at 50.2 in June, unchanged from the prior month and just below the 50.5 flash estimate, indicating ongoing but subdued expansion. This marked the sixth consecutive month above the 50.0 expansion threshold. Services sector activity stagnated, while manufacturing - albeit consistently improving - signaled a slight downturn in manufacturing conditions.

Euro area Inflation across the bloc also moderated, with May data showing a decline to 1.9%, an eight-month low and below the ECB's 2.0% medium-term target. The decline reinforced market confidence that the disinflationary trend is intact.

Fund Performance

The CC High Income Bond Fund gained 0.98% in June. Throughout the month, the portfolio manager remained active in line with the fund's mandate, advancing the strategy to gradually increase the portfolio's income yield by capitalizing on emerging opportunities, particularly in the IPO space.

A key focus was locking in attractive coupon levels ahead of further monetary easing by the European Central Bank, which is now in the advanced stages of its rate-cutting cycle. This contrasts with the U.S. Federal Reserve, which has thus far held rates steady in 2025, amid ongoing uncertainty around the inflation outlook and persistent strength in the labor market. In this context, securing higher coupons ahead of additional rate cuts remains a strategic priority.

To further enhance income generation, the manager rotated positions within the same issuers, executing selective buys and sells in names such as Cheplapharm, Banco Santander, and CMA CGM.

Market and Investment Outlook

Fixed income markets have faced persistent headwinds in recent months, as inflation, escalating geopolitical tensions, and shifting monetary policy expectations have weighed heavily on investor sentiment. These dynamics were especially pronounced in sovereign bond markets, which remained at the centre of heightened volatility.

In June, U.S. Treasury yields remained volatile, though the broader trend was lower by month-end. Short-to-medium duration bonds generally outperformed, as the benchmark 10-year yield, after briefly surpassing 4.50% early in the month, declined to close at 4.23%. This backdrop supported demand for both investment-grade and high-yield credit, the latter posting the strongest gains.

Looking ahead, fixed income markets are likely to remain highly sensitive to developments related to trade tariffs and ensuing economic implications. The Q1 U.S. GDP contraction, largely attributed to a front-loading of imports ahead of anticipated price hikes, appears to reflect short-term distortions rather than a deeper economic downturn. However, the medium-term inflationary impact - driven by rising input costs and potential supply chain disruptions - could complicate the Federal Reserve's policy path. This is especially relevant given the still-resilient labour market, which, despite emerging signs of cooling, continues to exhibit strength. On the price side, if inflation remains elevated, the Fed may be compelled to further delay rate cuts, maintaining a relatively restrictive stance.

On an economic front, the imposition of trade tariffs - expected to be clarified by July 9 - 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 sustained inflation suggests a cautious, neutral stance on duration, particularly as yield curve dynamics remain uncertain.

We continue to favour European credit, supported by the European Central Bank's ongoing easing cycle. However, the relative appeal of U.S. high yield is rising, particularly as the scope for further monetary accommodation in the euro area narrows. 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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