

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

MT7000003059

Bloomberg Ticker

CALCHIE 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 conjunction 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)

43.55

Month end NAV in EUR

80.31

Number of Holdings

137

% of Top 10 Holdings

19.0

Current Yields

Last 12-m Distrib. Yield (%)

4.10

Underlying Yield (%)

5.48

Country Allocation ¹	%	Credit Rating ²	%	Top 10 Exposures	%
United States	24.1	From AAA to BBB-	16.9	iShares Fallen Angels HY Corp	3.1
France	12.9	From BB+ to BB-	56.1	5.625% Unicredit Spa perp	2.3
Germany	7.0	From B+ to B-	10.5	iShares Euro High Yield Corp	2.1
Italy	6.5	CCC+	1.6	6.276% Encore Capital Group Inc 2028	2.1
Luxembourg	4.5	Less than CCC+	1.4	iShares USD High Yield Corp	2.0
Netherlands	4.1	Not Rated	2.5	6.75% Societe Generale perp	1.6
Spain	3.6			3.5% Energizer Gamma ACQ BV 2029	1.6
Brazil	3.3			4.75% Dufry One BV 2031	1.4
United Kingdom	2.5			5.875% Minerva Luxembourg SA 2028	1.4
Turkey	2.1			6% Raiffeisen Bank Intl perp	1.4
		Average Credit Rating	BB		

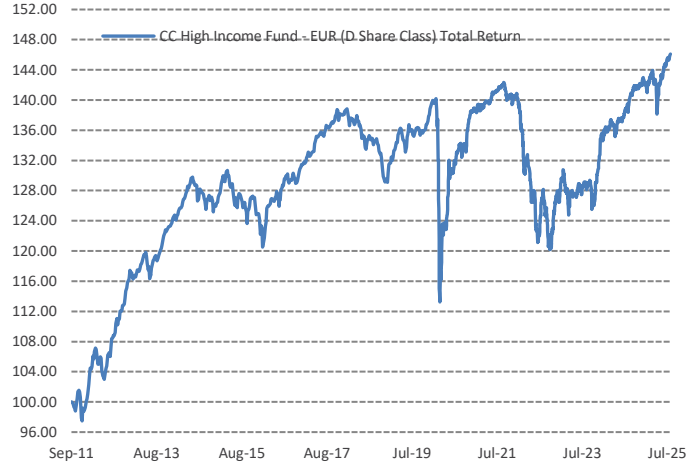
¹ including exposures to CIS

² excluding exposures to CIS

Currency Allocation	%	Asset Allocation	%	Maturity Buckets ³	%
EUR	69.8	Cash	3.9	0 - 5 years	67.6
USD	30.2	Bonds	88.9	5 - 10 years	18.2
Others	0.0	CIS/ETFs	7.1	10 years +	3.1

³ based on the Next Call Date

Historical Performance to Date**



Source: Calamatta Cuschieri Investment Management Ltd.

Sector Breakdown²

Banks	11.9
Telecommunications	8.8
Funds	7.1
Auto Parts&Equipment	6.5
Pharmaceuticals	5.2
Commercial Services	3.8
Entertainment	3.8
Auto Manufacturers	3.7
Media	3.5
Chemicals	3.3
Transportation	3.1
Diversified Finan Serv	3.1

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****	2.66	4.93	7.26	-10.13	1.48	2.76
	2020	2019	2018	2017	2016	2015
Share Class D - Total Return****	-0.15	7.47	-6.44	5.31	4.97	-0.86
Total Return	1-month	3-month	6-month	9-month	12-month	
Share Class D - Total Return****	0.58	2.91	2.42	3.26	4.78	

* Data in the chart does not include any dividends distributed since the Fund was launched on 1st September 2011.

** 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	July 2025 began under a cloud of uncertainty, with trade policy tensions intensifying ahead of the looming August deadline for a U.S. trade agreement. However, sentiment improved meaningfully as the U.S. secured trade deals - first with Japan, followed by the European Union - while opting to extend negotiations with China. This shift in tone helped drive risk assets broadly higher, continuing the rally from prior months and further distancing markets from the Q2 setback sparked by President Trump’s controversial “Liberation Day”, which had heightened recession fears. On the macroeconomic front, data remained supportive, adding to the constructive backdrop. Meanwhile, geopolitical risks were contained as a ceasefire in the Middle East held firm, contributing to overall market stability.
	Global trade tensions began to ease as the U.S. adopted a more pragmatic approach with key partners. The month began with a bilateral agreement between the U.S. and Japan, resolving long-standing disputes in agriculture and digital trade. This was soon followed by a breakthrough with the EU, an agreement EU Commission President Ursula von der Leyen described as a turning point for “stability” and “predictability.” The deal helped dispel months of tariff-related uncertainty and reduced the risk of retaliatory measures. Meanwhile, negotiations with China remained unresolved, but both sides agreed to extend discussions beyond the original August deadline, avoiding immediate escalation. While key sticking points, such as technology transfer and subsidies persist, the decision to maintain dialogue was interpreted as a positive sign by markets.
	In the Middle East, a fragile ceasefire agreed upon in late June held throughout July, marking a rare period of relative calm in the region. Despite sporadic tensions, no major escalations occurred, and diplomatic efforts (particularly involving regional powers and U.S. envoys) continued behind the scenes. The stability helped ease investor concerns over potential supply disruptions in energy markets and broader geopolitical spillover.
Market Environment and Performance	In fixed income, US 10-year Treasury yields briefly climbed above 4.50% mid-month before easing to 4.37%, as investors positioned cautiously ahead of the Federal Reserve’s policy decision. Corporate credit markets, supported by improving corporate fundamentals and a more optimistic risk environment, advanced across the board. European corporate credit outperformed, with investment-grade and lower-rated bonds returning 0.51% and 1.18%, respectively. U.S. high yield delivered a more modest 0.40% gain.
	The U.S. economy expanded at a stronger-than-expected 3.0% annualized pace in Q2, recovering from a 0.5% contraction in Q1 and outperforming consensus expectations of 2.4%, per the advance estimate. The rebound was driven largely by a 30.3% plunge in imports, which followed a front-loaded surge in Q1 as businesses and consumers rushed to secure goods ahead of anticipated tariff hikes. Consumer spending also gained momentum, particularly in goods, though it marked the weakest back-to-back quarters of growth since the pandemic. Government spending added further support.
	Forward-looking indicators suggest economic momentum carried into Q3. The S&P Global Composite PMI rose to 54.6 in July from 52.9 in June, the strongest reading this year. The improvement was led by a pickup in services activity, while manufacturing posted moderate gains. Employment continued to expand across the private sector, but business confidence softened amid ongoing concerns about tariffs and looming federal spending cuts.
Fund Performance	Inflation edged up to 2.7% in July, marking the second consecutive monthly increase, but the impact of recent tariffs has yet to be fully felt. Many firms have signalled price increases ahead, suggesting more pronounced inflationary pressures could emerge in Q3. The labour market remained resilient: June’s unemployment rate unexpectedly fell to 4.1%, and May payrolls were revised higher, reinforcing the narrative of a strong labour backdrop despite tightening conditions.
	Against this backdrop, the Federal Reserve kept interest rates unchanged at 4.25%-4.50% for a fifth consecutive meeting, as expected. Notably, two governors dissented in favour of a cut (the first dual dissent since 1993) highlighting growing divergence within the FOMC. Policymakers acknowledged mixed signals: while net exports skew the growth data, underlying activity may be slowing, and inflation remains above target. The Fed reiterated its data-dependent approach, with tariffs and policy uncertainty now posing key downside risks.
	Despite some recent softness in job creation and downward revisions to earlier payrolls, the labour market remains fundamentally solid. Meanwhile, headline inflation in May ticked up to 2.4% from 2.3%, and core inflation held steady at 2.8%, underscoring sticky underlying price pressures. These dynamics support the Fed’s current pause, even amid political pressure from the Trump administration for a rate cut. In the euro area, GDP growth slowed to 0.1% in Q2, down from 0.6% in Q1, per preliminary estimates. While slightly ahead of expectations for flat growth, the result marks the weakest pace since late 2023. The deceleration reflects a more cautious stance by businesses and consumers, who are weighing easing inflation and lower interest rates against rising trade-related uncertainty, particularly stemming from U.S. tariff policy.
Market and Investment Outlook	Growth across the bloc was uneven. Spain (+0.7%) and France (+0.3%) posted solid gains, while Germany and Italy both contracted by 0.1%. The Netherlands managed a marginal 0.1% increase. The divergence highlights persistent structural imbalances and external vulnerabilities within the euro area.
	Business activity showed modest improvement in July, with the HCOB Composite PMI rising to 51.0, its highest reading in 11 months, driven by strength in services and a less pessimistic tone in manufacturing. On the inflation front, headline CPI held steady at 2.0%, slightly above expectations and in line with the ECB’s target. While this supports the case for maintaining accommodative policy, external risks remain elevated, particularly from global trade dynamics and their potential spillover effects.
	The CC High Income Bond Fund gained 0.57% in July. 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 labour 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 ZF Finance and CPI Property Group. Additionally, the manager opened positions in Paprec Holdings, Nissan Motors, and Flutter Entertainment.
	Fixed income markets have faced persistent headwinds in recent months, as elevated inflation, intensifying geopolitical tensions, and shifting monetary policy expectations have weighed on investor sentiment. Sovereign bonds have been at the centre of this volatility, reflecting heightened market sensitivity to these crosscurrents.
	In July, U.S. Treasury yields swung sharply. Although part of the early-month widening retraced, the overall move was higher, with the 10-year benchmark closing 15bps above June’s level at 4.37%. Corporate credit posted another month of gains, with both investment-grade and high-yield segments extending their recent positive momentum.
	Looking ahead, fixed income markets are likely to remain highly reactive to developments on trade tariffs and their economic implications, factors that could delay the Federal Reserve’s policy clarity until the autumn. Political pressure on the Fed is intensifying, as the administration pushes for lower borrowing costs following additional fiscal spending. With multiple forces at play, the yield curve’s trajectory remains uncertain. In this environment, maintaining balanced duration exposure and focusing on selective credit opportunities will be key. While volatility in core rates is set to persist, credit markets are supported by resilient corporate fundamentals and stable balance sheets. The combination of a firm labour market and persistent inflation reinforces a cautious, neutral stance on duration.
	We maintain a constructive view on European credit, supported by the ECB’s ongoing easing cycle, while also recognising growing relative value in U.S. high yield as the scope for further monetary accommodation in the euro area narrows. Given the fluid macroeconomic and geopolitical backdrop, a proactive and adaptive management approach will remain essential to navigating risks and capitalising on opportunities.

Disclaimer

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