

Credit Opportunities Fund (B)

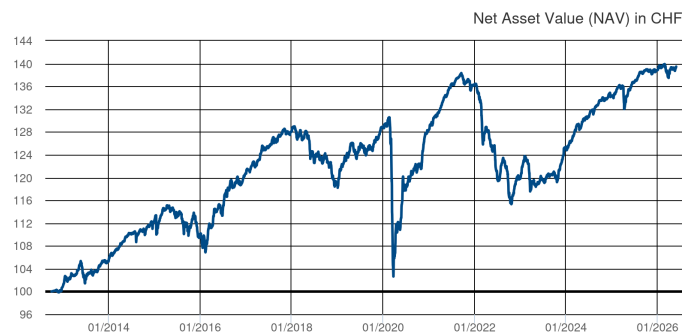
Investment Objective

The Credit Opportunities Fund is a globally investing, yield-oriented bond fund for Swiss investors. It is suitable for investors seeking a steady, positive return in Swiss francs on the bond market.

The approach is based on a strict discipline on the use of the opportunities in the Swiss market as well as in selected international bond markets. The fund is based on macroeconomic and microeconomic risk assessments. Each debtor is subject to a comprehensive overall assessment. An attractive risk / return profile at the rating threshold BBB / BB is preferred.

The fund does not follow any benchmark and aims at absolute positive returns in the medium term. The increase in value is primarily achieved with credit risk premiums and with the roll-down effect. A broad diversification is under consideration, with the Swiss bond market clearly overweight. In the meantime, the investor is accepting certain fluctuations in order to be able to benefit from interesting investment opportunities in the credit sector in the medium to long term.

Performance



1 month	0.37%
3 months	-0.14%
2026 (YTD)	0.43%
1 year	2.73%
3 years (annualized)	5.37%
Since Inception (annualized)	2.48%
Since Inception	39.46%
Lowest NAV	99.85
Highest NAV	139.91
Months with Positive Returns	68%
Sharpe Ratio (last 3 years)	1.87
Max. Drawdown (last 3 years)	-3.08%
Max. Drawdown Length (days for last 3 years)	27
Max. Drawdown Recovery (days for last 3 years)	42

Modified Duration

< 1 year	36%
1 - 3 years	26%
3 - 5 years	26%
5 - 7 years	9%
> 7 years	3%



Fund Facts

Fund Name	PPF ("PMG Partners Funds") - Credit Opportunities Fund - B
Valor	19893847
ISIN	LU0810289230
WKN	A1J1ZV
Bloomberg	PPFPCOB LX
Fund Domicile	Luxembourg
Fund Class	B
Currency	CHF
Cut-Off Time	Daily, until 5pm (CET)
Settlement	T+3
Launch Date	November 2nd, 2012
Fiscal Year End	December 31st
Distribution Policy	Accumulation
Legal Registration	Switzerland

Fund Information*

NAV Total (CHF Mio.)	481.56
NAV Fund Class B (CHF Mio.)	465.21
NAV per Unit (CHF)	139.46
Modified Duration (Years)	2.8
Yield to Worst (% , local currency)	6.6
Yield to Worst (% , hedged CHF)	4.0
Ø Credit Rating	BB
Cash Position (%)	3.5
No. of Sectors	19
No. of Issuers / Issues	198 / 226
Top 10 Positions (%)	5.9

* Securities portfolio, including cash.

Expenses

Management Fee (% p.a.)	0.50
Total Expense Ratio (TER) as of 31.12.2025 (%)	0.78

Investment Amounts

Minimal Initial Investment (CHF)	1'000'000
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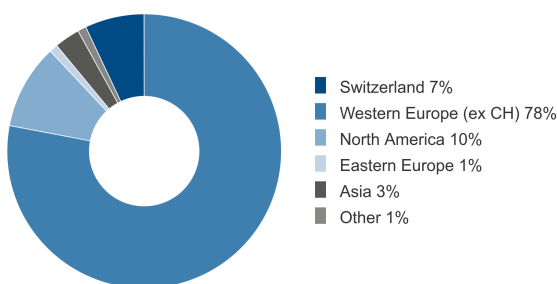
Rating Breakdown

>A	■	3%
A	■	3%
A-		0%
BBB+	■	4%
BBB	■	13%
BBB-	■	12%
BB+	■	13%
BB	■	14%
BB-	■	10%
B+	■	12%
B	■	9%
B-	■	4%
<B-	■	3%

Top 10 Industry Sectors

Banking	■	11%
Consumer Cyclical	■	10%
Insurance	■	9%
Other Industrial	■	8%
Energy	■	8%
Transportation	■	7%
Other Financial Services	■	7%
Capital Goods	■	5%
Consumer Non-Cyclical	■	4%
Technology	■	4%

Geographic Diversification



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Monthly Commentary

The prolonged closure of the Strait of Hormuz kept energy prices elevated throughout May, stoking inflationary concerns (with Brent futures pointing to \$90 by year-end) and prompting a hawkish pivot from some Fed policymakers who had previously backed rate cuts. Markets also moved to price in a rate hike by year-end (from two cuts before the Iran war in February). The 10-year US Treasury yield surged to 4.69% and the 2-year yield reached 4.14% before hopes of a US-Iran peace deal tempered hiking expectations and pared back the early-month rise in yields. The data backdrop was mixed, with positive news from US payrolls while headline CPI was less constructive and climbed to a four-year high of 7.3% on a 3-month annualized basis. Inflation remains the quiet force reshaping everything, with US prices up almost 40% since April 2016, nearly double the long-run average inflation rate. The odds currently point to weaker growth and higher inflation, an environment that could prove challenging for credit markets. Oil majors warned last week about the risk of surging prices because of the loss of "shock absorbers", including declining inventories and the reduction of vast amounts of sanctioned oil from Russia and Iran stuck at sea. Meanwhile, in the Eurozone, a higher core inflation print of 2.5% year-on-year sets up ECB tightening in June.

Unlike during the Russia-Ukraine war in 2022, consumer-facing sectors rather than industrials are most at risk this time. Job insecurity stemming from AI labour-replacement fears, together with a squeeze in real wages as energy prices rise, could cause consumers to increase savings rates. By contrast, industrials are benefiting from higher infrastructure spending, larger defense budgets and AI-related data-center investments. Given attractive all-in yields and a robust technical backdrop, credit markets proved resilient and risk-on. Euro high grade (HG) yields declined to 3.45% (-0.13%), while spreads tightened to 79bp (-3bp), still below the 25-year monthly median of 112bp. This resulted in positive monthly total and excess returns. At the broad sector level, spread compression was similar across Industrials, Financials and Utilities. US HG yields were almost unchanged at 5.13% (-0.01%) due to a bear-flattening of the Treasury yield curve, concentrated in the front and belly, and tighter spreads at 72bp (-6bp), well inside the long-term median of 125bp. Total and excess returns were positive. At the broad sector level, Financials, Industrials and Utilities performed evenly. In both HG segments, BBBs compressed more than AAs and As. Euro high yield (HY) yields fell sharply to 5.26% (-0.37%), driven by lower benchmark yields and spreads tightening to 263bp (-18bp), well inside the 25-year median of 400bp. The BB and B segments experienced spread compression while CCCs widened. Total and excess returns were positive, driven by lower rates and tighter spreads in the two higher-quality rating buckets. In the US, HY yields barely declined to 6.96% (-0.02%), with higher benchmark yields offsetting spreads tightening to a historically low 257bp (-11bp), clearly below the median of 424bp. BBs now make up a record 57% of the index while CCCs have fallen below 9%, leaving US HY at its highest-quality mix ever, with much of the true risk having migrated into private credit. Total and excess returns were both positive and broadly similar, with Bs delivering the strongest and CCCs the weakest performance contribution.

The COF recorded a positive return of +0.37% in May, outperforming the Swiss Bond Index (SBI) by 0.44%. Performance was driven by a positive carry of +0.48% (in local currency) and spread tightening. Rate movements had a negligible impact (with lower German rates offsetting negative effects from higher US rates) and currency-hedging costs remained a drag on results. The fund's yield-to-worst declined to 6.6% (-0.1%) in local currency and at 4.0% (-0.1%) on a CHF-hedged basis. The average coupon was unchanged at 6.2%, while the average bond price was higher at 99.2% (+0.3%). The option-adjusted spread (OAS) tightened to 343bp (-9bp). The modified duration was lower at 2.8 (-0.1).

Investment Manager

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