Monthly factsheet as of 31.03.2025

Zugerberg Funds - ZF Income Fund B

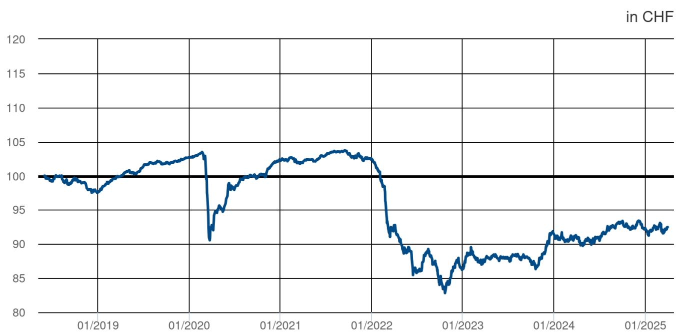
ZUGERBERG FINANZ

Investment Objective

The investment objective of the ZF - Income Fund is to achieve long-term capital and value growth in the reference currency, the Swiss franc, through investments in the credit market.

The fund aims to filter out investment opportunities on the global credit markets. It concentrates on a large variety of bonds from solid companies with an average investment grade rating. Corporate bonds can generate stable returns over the business cycle as a whole. In good times, additional credit risk premiums can be earned over government bonds. In addition, the typical interest rate sensitivity is significantly lower thanks to the lower average maturity. In bad times, companies reduce their debt much faster, while governments are often forced to borrow more to support the economy.

Total Return



1 month	-0.65%
3 months	0.25%
2025 (YTD)	0.25%
1 year	1.30%
3 years (annualized)	-0.10%
Since Inception (annualized)	-1.14%
Since Inception	-7.52%
Lowest NAV	81.00
Highest NAV	103.22
Months with Positive Returns	54%
Sharpe Ratio (last 3 years)	0.06
Max. Drawdown (last 3 years)	-10.73%
Max. Drawdown Length (days for last 3 years)	144
Max. Drawdown Recovery (days for last 3 years)	489

Modified Duration

< 1 year	4%
1 - 3 years	11%
3 - 5 years	31%
5 - 7 years	28%
> 7 years	26%

Fund Facts

Fund Name	Zugerberg Funds - ZF Income Fund - B
Valor	41512238
ISIN	CH0415122388
Bloomberg	ZFZIFBC SW
Fund Domicile	Switzerland
Fund Class	B
Currency	CHF
Cut-Off Time	Daily, until 5pm (CET)
Settlement	T+2
Launch Date	May 31st, 2018
Fiscal Year End	December 31st
Distribution Policy	Accumulation
Legal Registration	Switzerland

Fund Information*

NAV Total (CHF Mio.)	676.75
NAV Fund Class B (CHF Mio.)	669.60
NAV per Unit (CHF)	88.79
Modified Duration (Years)	6.0
Yield to Worst (%, local currency)	3.4
Yield to Worst (%, hedged CHF)	1.5
ø Credit Rating	A
Cash Position (%)	1.6
No. of Sectors	19
No. of Issuers / Issues	204 / 292
Top 10 Positions (%)	7.8

* Securities portfolio, including cash.

Expenses

Management Fee (% p.a.)	0.50
Total Expense Ratio (TER) as of 30.06.2024 (%)	0.66

Investment Amounts

Minimal Initial Investment (CHF)	1'000'000

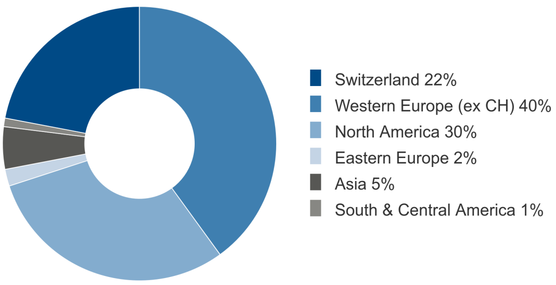
Rating Breakdown

AAA	7%
AA+	5%
AA	5%
AA-	5%
A+	9%
A	11%
A-	18%
BBB+	17%
BBB	14%
BBB-	7%
BB+	1%
BB	1%
<BB	0%

Top 10 Industry Sectors

Consumer Non-Cyclical	15%
Banking	13%
Insurance	9%
Technology	7%
Consumer Cyclical	7%
Capital Goods	6%
Basic Industry	5%
Electric	5%
Other Financial Services	5%
Communications	4%

Geographic Diversification



Monthly Commentary

In March markets moved into anticipation modus to the US administration's April 2 announcements on reciprocal tariffs. US sentiment indicators showed a rapid cooling with growing concern over the possibility of a recession with soft-data becoming hard-data reality. Depending on the actual tariffs announcements a substantial market response, both in terms of risk-off and in terms of the stagflationary impulse to the US and global economy, is likely. The White House's tariffs may only be the start, as retaliations from other countries would further strain the once-prized global supply chains. In the Eurozone, German benchmark yields jumped with the trigger being the approval by Germany's Parliament of plans for a 500bn Euro infrastructure spending package alongside a reform to the debt brake to exclude defense spending from the structural deficit. The shift by the Eurozone's biggest economy away from its historic reluctance to borrow has pushed other Eurozone government's borrowing costs higher. Markets concentrated at first on the prospects of a positive spillover from Germany's spending splurge within the Eurozone which could potentially offset the effects of higher borrowing costs. But as the month progressed negative sentiment across tariff policy took center stage. Policymakers and investors face indeed a delicate balancing act between trade policies, inflationary dynamics, and an increasingly uncertain economic environment.

In this environment new issue concessions in primary markets crept up to the mid- to high-single digits. Other indicators of demand, like fund flows and dealer inventories, were also beginning to soften. Euro HG bonds yields increased markedly to 3.28% (+0.25%), same direction (but less pronounced) for credit spreads which widened to 98bp (+7bp), still below the 25-year monthly median of 112bp, implying deeply negative total returns and modestly negative excess returns. The yield for the US HG corporate bonds segment increased marginally to 5.15% (+0.07%), a rise fully attributable to a widening of spreads to 94bp (+7bp). This was the largest month-over-month change since March 2023's regional banking meltdown. Notwithstanding, current spread levels still score favorably vs. a 25-years monthly median of 130bp. Total returns and excess returns on US HG were moderately negative. In the HY space, Euro HY corporate yields jumped to 5.66% (+0.63%) with spreads gapping wider to 334bp (+50bp). This compares to a 25-year monthly median at 418bp. Both total and excess returns were deeply negative. Yields for their US HY peers surged to 7.73% (+0.58%) which (in analogy to their US HG peers) was entirely explained by a spike in spreads to 347bp (+57bp), the largest change since FED rate hikes and inflation drove June 2022's recession fears. Nonetheless, FED funds futures are currently pricing 3 rate cuts by December 2025 and spreads remain tight compared to their 25-year monthly median of 443bp. Total returns and excess returns were clearly negative. In general, spreads widened for all rating buckets and sectors with de-compression more pronounced the lower the rating, a typical pattern when negativity prevails. Looking back at 1Q25, Euro HG and HY were the better investment relative to German bunds. To the opposite, US HG and HY lagged US Treasuries.

The ZIF had a negative month (-0.65%) nonetheless outperformed by 0.17% the broad Swiss Bond Index (SBI). March's performance was driven by a carry of 0.25% (in local currency), negative effects from rates (marginally positive from lower US rates, negative from higher and steeper German and Swiss benchmark yield curves despite the rate cuts by ECB and SNB), negative effects from higher spreads (mainly from Euro and US HG corporate bonds) and currency hedging costs. The Yield-to-worst of the fund was stable at 3.4% in local currency but higher at 1.5% on a Swiss Franc-hedged basis. The average coupon was lower at 2.9% (-0.2%). The average price of the bonds was clearly lower at 97.4% (-1.3%), the OAS spread widened to 96bp (+5bp) and the Modified Duration was higher at 6.0 (+0.3).

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