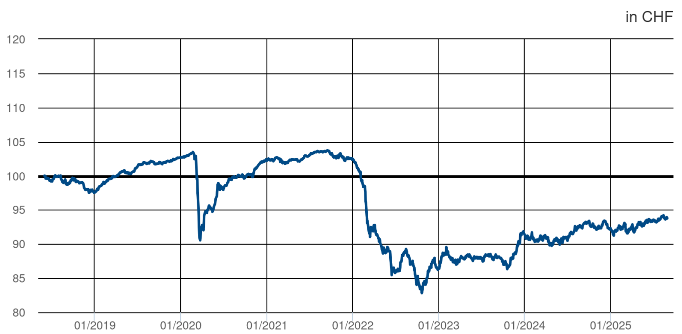
Zugerberg Funds - ZF Income Fund B

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	0.13%
3 months	0.35%
2025 (YTD)	1.63%
1 year	1.36%
3 years (annualized)	2.15%
Since Inception (annualized)	-0.88%
Since Inception	-6.24%
Lowest NAV	81.00
Highest NAV	103.22
Months with Positive Returns	57%
Sharpe Ratio (last 3 years)	0.24
Max. Drawdown (last 3 years)	-5.82%
Max. Drawdown Length (days for last 3 years)	39
Max. Drawdown Recovery (days for last 3 years)	38

Modified Duration

< 1 year	3%
1 - 3 years	10%
3 - 5 years	33%
5 - 7 years	27%
> 7 years	27%

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.)	696.98
NAV Fund Class B (CHF Mio.)	689.74
NAV per Unit (CHF)	89.17
Modified Duration (Years)	6.0
Yield to Worst (%, local currency)	2.9
Yield to Worst (%, hedged CHF)	1.4
ø Credit Rating	A-
Cash Position (%)	1.2
No. of Sectors	19
No. of Issuers / Issues	210 / 292
Top 10 Positions (%)	7.9

* Securities portfolio, including cash.

Expenses

Management Fee (% p.a.)	0.50
Total Expense Ratio (TER) as of 30.06.2025 (%)	0.67

Investment Amounts

Minimal Initial Investment (CHF)	1'000'000

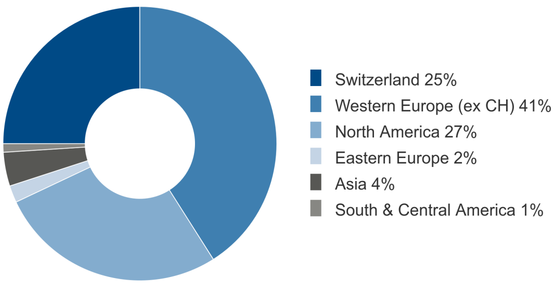
Rating Breakdown

AAA	8%
AA+	4%
AA	3%
AA-	5%
A+	10%
A	12%
A-	19%
BBB+	16%
BBB	15%
BBB-	7%
BB+	1%
BB	0%
<BB	0%

Top 10 Industry Sectors

Banking	16%
Consumer Non-Cyclical	14%
Insurance	9%
Consumer Cyclical	8%
Technology	7%
Capital Goods	6%
Basic Industry	5%
Electric	5%
Other Financial Services	4%
Communications	4%

Geographic Diversification



Monthly Commentary

Treasury markets found modest relief in August, with yields drifting lower on rising confidence in near-term policy easing. Powell's Jackson Hole remarks stressing "downside risks to employment" reinforced the dovish tone, with ~22bp of cuts priced for September and more than two cuts through year-end. By 2026, markets expect over 130bps of easing. While the US front end held steady, risk premia rose at the long end, steepening global government bond curves. US 2-year yields fell by more than 30bps, while German 2-years were almost unchanged; fiscal pressures pushed Japanese, UK and French 30-year yields higher, outpacing the US (+3bps).

Political interference remains a risk: Trump's attack on the Fed threatens credibility; history shows politicised central banks bring higher inflation, volatile growth and weaker currencies. At the same time, a US appeals court restricted the president's authority to impose tariffs under the 1977 IEEPA, limiting executive power and underscoring the judiciary's role in shaping policy. France's fiscal fragility also weighs, with debt at 114% of GDP, behind only Greece and Italy in the EU. Five-year OATs trade above BTPs despite France's AA- rating versus Italy's BBB. Asia's subdued inflation, driven by Chinese overcapacity and falling export prices, contrasts with US inflation risks, which the Fed still sees as outweighing labour market weakness.

Euro high-grade (HG) bond yields rose to 3.06% (+0.05%), while spreads widened to 84bp (+5bp). This remains well inside the 25-year monthly median of 112bp. Total returns were flat, with excess returns negative across ratings, sectors, and duration buckets. In the US, HG bond yields declined to 4.91% (-0.16%), while spreads widened modestly to 79bp (+3bp), still comfortably inside the 25-year monthly median of 129bp. Excess returns were negative across the board, most notably in the 5-7 years bucket, but total returns were supported by falling Treasury yields. In the high-yield (HY) segment, Euro HY corporate yields increased to 4.97% (+0.06%) in parallel with spreads widening to 281bp (+8bp), compared with a 25-year monthly median of 416bp. Total returns were positive for BB and B paper, but negative for CCC; excess returns followed the same pattern. US HY corporate yields dropped to 6.75% (-0.33%), while spreads tightened to 272bp (-6bp), significantly below the 25-year median of 442bp. Both total and excess returns were positive, with CCC-rated bonds leading the rally, while BB and B lagged. In general, while US and Euro HY index level spreads hover near all-time tights, dispersion in the HY market remains stubbornly high (the ratio average/median HY spread is at a historically high 1.6-1.8). This "left-tail" is driven by distressed bonds with very wide spreads. CCCs trade historically wide versus the rest of HY, but not cheap in absolute terms. Given the current sluggish growth environment, the status quo is likely to persist.

The ZIF posted a positive return in August (+0.10%) but underperformed the Swiss Bond Index (SBI) by 0.26%. Performance was primarily driven by lower rates, with bull steepening in US Treasuries, a twist in German Bunds (bull steepening up to 10 years, bear flattening beyond 10 years), and a bull flattening in Swiss government bonds. In addition, carry contributed +0.22% (in local currency). The impact from credit spreads was negative, reflecting on the one hand widening spreads for EUR and USD corporates, and on the other tightening spreads for CHF corporates, as well as a build-up of a political instability premium for French issuers (which have begun to underperform their Spanish and Italian peers, especially among financials). Interestingly, for the same issuers, CHF-denominated bonds showed spread compression, whereas EUR- and USD-denominated bonds widened - possibly pointing to divergent investment actions after the 39% US tariff on Swiss exports. Currency hedging costs continued to weigh on performance. The fund's yield-to-worst was unchanged at 2.9% in local currency and slightly higher on a CHF-hedged basis at 1.4% (+0.1%). The average coupon remained stable at 2.7%. The average bond price rose to 98.6% (+0.2%). The option-adjusted spread (OAS) widened to 90bp (+4bp), and the modified duration increased slightly to 6.0 (+0.1).

Investment Manager

PMG Investment Solutions AG
Dammstrasse 23
CH-6300 Zug
☎ +41 44 215 28 38 ✉ pmg@pmg.swiss 💻 www.pmg.swiss

Contact
Patrick Brühwiler

Zugerberg Finanz AG
Lüssiweg 47
CH-6302 Zug
☎ +41 41 769 50 10
✉ info@zugerberg-finanz.ch 💻 www.zugerberg-finanz.ch

Contact
Prof. Dr. Maurice Pedergnana
Dr. Danilo Zanetti

Addresses

Management Company	PMG Investment Solutions AG
Custodian Bank	CACEIS Bank, Montrouge, Zweigniederlassung Zuerich/Schweiz
Auditor	BDO AG
Official Publication	www.swissfunddata.ch, www.pmg.swiss