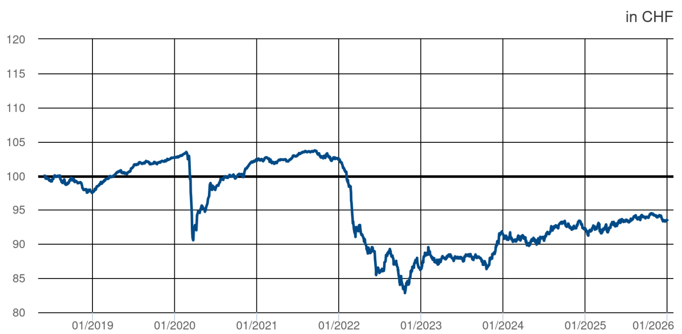
Zugerberg Funds - ZF Income Fund B

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	-0.75%
3 months	-0.45%
2025 (YTD)	1.34%
1 year	1.34%
3 years (annualized)	2.68%
Since Inception (annualized)	-0.88%
Since Inception	-6.51%
Lowest NAV	81.00
Highest NAV	103.22
Months with Positive Returns	57%
Sharpe Ratio (last 3 years)	0.53
Max. Drawdown (last 3 years)	-3.59%
Max. Drawdown Length (days for last 3 years)	185
Max. Drawdown Recovery (days for last 3 years)	29

Modified Duration

< 1 year	7%
1 - 3 years	8%
3 - 5 years	30%
5 - 7 years	27%
> 7 years	28%

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.)	695.60
NAV Fund Class B (CHF Mio.)	688.43
NAV per Unit (CHF)	88.91
Modified Duration (Years)	5.9
Yield to Worst (%, local currency)	2.8
Yield to Worst (%, hedged CHF)	1.5
ø Credit Rating	A
Cash Position (%)	5.0
No. of Sectors	20
No. of Issuers / Issues	200 / 271
Top 10 Positions (%)	8.2

* 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

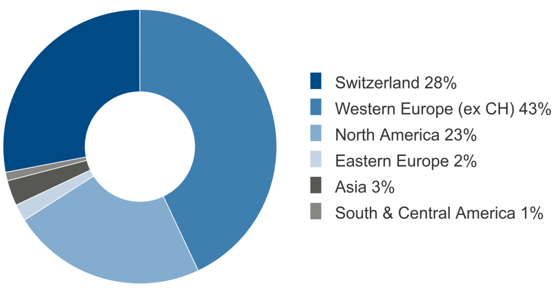
Rating Breakdown

AAA	10%
AA+	3%
AA	4%
AA-	6%
A+	11%
A	9%
A-	19%
BBB+	14%
BBB	17%
BBB-	5%
BB+	2%
BB	0%
<BB	0%

Top 10 Industry Sectors

Banking	15%
Consumer Non-Cyclical	15%
Insurance	11%
Consumer Cyclical	7%
Capital Goods	7%
Technology	6%
Electric	4%
Other Financial Services	4%
Utility	4%
Communications	3%

Geographic Diversification



Monthly Commentary

US economic data remained soft: the US added 64k jobs in November but lost 105k in October due to a 157k drop in government employment, pushing the 3-month moving average of job changes to -8k, the weakest since early 2010 (excluding Covid). The unemployment rate rose to 4.6% in November, with no October figure reported (BLS data blackout during the shutdown). The Fed delivered a 25bp rate cut (after a divisive meeting), bringing the policy rate to 3.5-3.75%. This was the third consecutive cut, and the Fed signaled policy rates are now close to neutral, implying it expects to keep policy at least somewhat restrictive through 2028. Forward guidance was cautious, indicating further cuts would depend on labor market weakness. Consumer sentiment remained subdued through much of December. The US Treasury yield curve steepened: US 2-year yields ended December down 3bp to 3.45%, while 10-year yields rose 13bp to 4.13%. The ECB struck a hawkish tone at its December meeting while holding rates at 2%. It revised up growth and inflation forecasts versus September. The ECB now expects the Eurozone economy to grow 1.2% in 2026 with inflation at 1.9% (up from 1.7%), due to slower price deceleration in the Services sector. Euro area inflation was stable in November with headline at 2.1% YoY and core at 2.4% for a third consecutive month. The Bund curve bear steepened, with 2-year yields up 9bp to 2.12% and 10-year yields up 16bp to 2.86%.

Spread movements across the rating spectrum reflected an overall risk-on tone in both High-Grade (HG) and High-Yield (HY) for December. Euro HG primary markets were essentially closed. FY25 issuance reached a new record of EUR 720bn, up 21% y/y. For 2026, a further record of EUR 750bn is forecast, driven by US hyperscaler funding and M&A financing. Euro HG yields increased to 3.20% (+0.09%), while spreads tightened to 78bp (-5bp), remaining well below the 25-year median of 112bp. Total returns were negative but excess returns positive, with lower-rated segments outperforming. For full-year 2025, Euro HG returned +3.0% with excess return of 2.2%, lagging US HG and HY. In the US, December saw USD 36bn of issuance, bringing 2025 HG supply to USD 1,639bn, the second-highest tally ever. HG yields rose to 4.81% (+0.05%) while spreads tightened modestly to 78bp (-2bp), still well below the long-term median of 128bp. Total returns were negative while excess returns were positive, with lower-rated segments outperforming. For full-year 2025, US HG bonds returned +7.8%, with excess return of +1.0%.

Euro HY primary markets were closed in December, with no deals reported. Euro HY yields edged up to 4.95% (+0.06%), with spreads tightening to 265bp (-7bp), clearly below the 25-year median of 410bp. BB and B spreads tightened, while CCC spreads showed notable widening. Total and excess returns were positive for BBs and Bs, but negative for CCCs. For 2025, Euro HY gained +5.2% with BBs +5.2%, Bs +6.4%, and CCCs -2.1%. In the US, HY yields fell to 6.53% (-0.04%) and hovered near post-hiking lows. Spreads narrowed to 266bp (-3bp), well below the median of 433bp. Total and excess returns were positive for BBs, Bs, and CCCs. For 2025, US HY gained +8.6% with BBs +9.0%, Bs +8.4%, and CCCs +8.3%.

The ZIF recorded a negative return of -0.75% in December, but outperformed the Swiss Bond Index (SBI) by 0.24%. Performance was only partially supported by a positive carry of +0.21% (in local currency). Returns were impacted, in descending order, by rising Swiss, German and US benchmark yields. Tightening credit spreads contributed positively but only partially offset the negative rates effects. Currency-hedging costs remained a drag on results. The fund's yield-to-worst was stable at 2.8% in local currency but increased slightly to 1.5% (+0.1%) on a CHF-hedged basis. The average coupon was unchanged at 2.5%, while the average bond price declined to 98.2% (-0.6%). The option-adjusted spread (OAS) tightened to 92bp (-1bp), and modified duration was slightly lower at 5.9 (-0.1).

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