

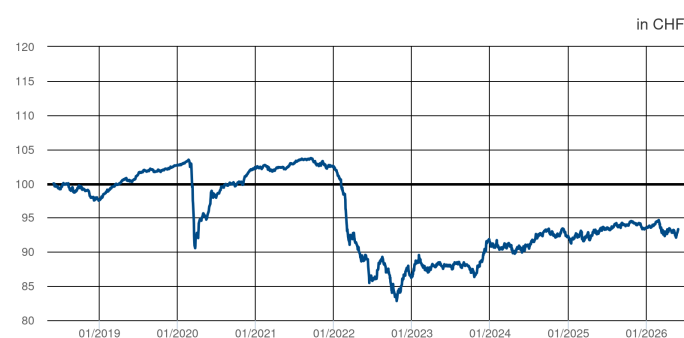
# Zugerberg Funds - ZF Income Fund B

## 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	0.38%
3 months	-1.41%
2026 (YTD)	-0.18%
1 year	-0.12%
3 years (annualized)	1.92%
Since Inception (annualized)	-0.86%
Since Inception	-6.68%
Lowest NAV	81.00
Highest NAV	103.22
Months with Positive Returns	58%
Sharpe Ratio (last 3 years)	0.36
Max. Drawdown (last 3 years)	-2.71%
Max. Drawdown Length (days for last 3 years)	57
Max. Drawdown Recovery (days for last 3 years)	-

## Modified Duration

< 1 year	4%
1 - 3 years	6%
3 - 5 years	33%
5 - 7 years	24%
> 7 years	33%

## 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.)	698.95
NAV Fund Class B (CHF Mio.)	692.13
NAV per Unit (CHF)	88.08
Modified Duration (Years)	6.2
Yield to Worst (% local currency)	2.9
Yield to Worst (% hedged CHF)	1.5
ø Credit Rating	A-
Cash Position (%)	2.2
No. of Sectors	20
No. of Issuers / Issues	202 / 279
Top 10 Positions (%)	3.8

\* Securities portfolio, including cash.

## Expenses

Management Fee (% p.a.)	0.50
Total Expense Ratio (TER) as of 31.12.2025 (%)	0.66

## Investment Amounts

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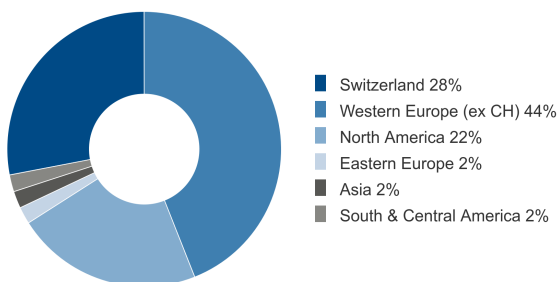
## Rating Breakdown

AAA	■	5%
AA+	■	3%
AA	■	3%
AA-	■	7%
A+	■	12%
A	■	12%
A-	■	22%
BBB+	■	16%
BBB	■	14%
BBB-	■	4%
BB+	■	1%
BB	■	0%
<BB	■	1%

## Top 10 Industry Sectors

Banking	■	17%
Consumer Non-Cyclical	■	13%
Insurance	■	13%
Capital Goods	■	8%
Consumer Cyclical	■	7%
Technology	■	6%
Electric	■	5%
Basic Industry	■	3%
Utility	■	3%
Communications	■	3%

## 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 ZIF recorded a positive return of +0.38% in May, outperforming the Swiss Bond Index (SBI) by 0.45%. Performance was supported by a positive carry of +0.21% (in local currency) and a 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 was unchanged at 2.9% in local currency and lower at 1.5% (-0.1%) on a CHF-hedged basis. The average coupon was unchanged at 2.5%, while the average bond price increased to 97.7% (+0.3%). The option-adjusted spread (OAS) was unchanged at 94bp, and the modified duration was higher at 6.2 (+0.1).

## Investment Manager

**PMG Investment Solutions AG** **Contact**  
Dammstrasse 23  
CH-6300 Zug  
☎ +41 44 215 28 38 ✉ [pmg@pmg.swiss](mailto:pmg@pmg.swiss) 🌐 [www.pmg.swiss](http://www.pmg.swiss)

**Zugerberg Finanz AG** **Contact**  
Lüssiweg 47  
CH-6302 Zug  
☎ +41 41 769 50 10  
✉ [info@zugerberg-finanz.ch](mailto:info@zugerberg-finanz.ch) 🌐 [www.zugerberg-finanz.ch](http://www.zugerberg-finanz.ch)

## Addresses

Management Company	PMG Investment Solutions AG
Custodian Bank	CACEIS Bank, Montrouge, Zweigniederlassung Zuerich/Schweiz
Auditor	BDO AG
Official Publication	<a href="http://www.swissfunddata.ch">www.swissfunddata.ch</a> , <a href="http://www.pmg.swiss">www.pmg.swiss</a>