Monthly factsheet as of 30.04.2024

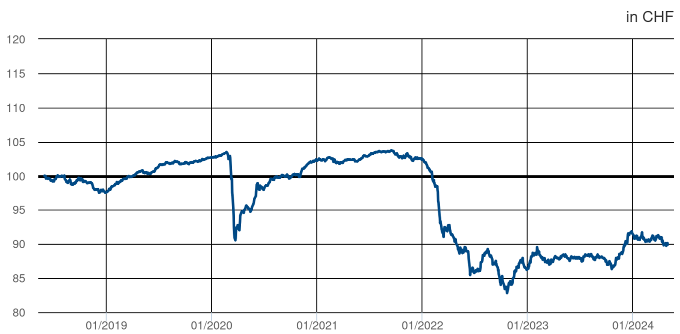
Zugerberg Funds - ZF Income Fund B

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	-1.52%
3 months	-1.74%
2024 (YTD)	-1.80%
1 year	1.84%
3 years (annualized)	-4.22%
Since Inception (annualized)	-1.78%
Since Inception	-10.09%
Lowest NAV	81.00
Highest NAV	103.22
Months with Positive Returns	51%
Sharpe Ratio (last 3 years)	-0.51
Max. Drawdown (last 3 years)	-20.13%
Max. Drawdown Length (days for last 3 years)	288
Max. Drawdown Recovery (days for last 3 years)	-

Modified Duration

< 1 year	7%
1 - 3 years	17%
3 - 5 years	27%
5 - 7 years	28%
> 7 years	21%

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.)	602.14
NAV Fund Class B (CHF Mio.)	595.65
NAV per Unit (CHF)	86.32
Modified Duration (Years)	5.2
Yield to Worst (%, local currency)	4.4
Yield to Worst (%, hedged CHF)	1.9
ø Credit Rating	A-
Cash Position (%)	6.2
No. of Sectors	19
No. of Issuers / Issues	188 / 292
Top 10 Positions (%)	7.9

* Securities portfolio, including cash.

Expenses

Management Fee (% p.a.)	0.50
Total Expense Ratio (TER) as of 31.12.2023 (%)	0.65

Investment Amounts

Minimal Initial Investment (CHF)	1'000'000

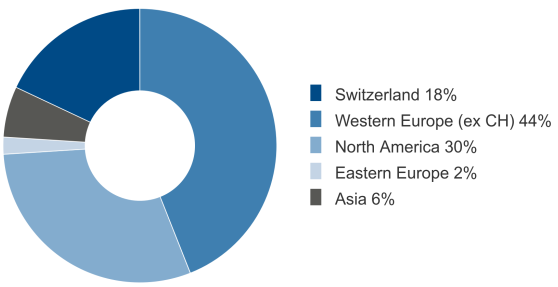
Rating Breakdown

AAA	14%
AA+	3%
AA	4%
AA-	5%
A+	7%
A	9%
A-	11%
BBB+	16%
BBB	15%
BBB-	11%
BB+	3%
BB	1%
<BB	1%

Top 10 Industry Sectors

Banking	13%
Consumer Non-Cyclical	12%
Consumer Cyclical	8%
Other Financial Services	6%
Basic Industry	6%
Insurance	6%
Capital Goods	6%
Technology	6%
Communications	5%
Electric	4%

Geographic Diversification



Monthly Commentary

In April signs that higher inflation in the US could prove less transient than hoped triggered a pullback and a moderate if brief bout of rates and spread volatility in credit markets. As an example, US CPI measures (based just on urban consumer surveys) surprised to the upside, whilst US PCE figures (relying on data from businesses on prices of goods and services for all residents) generally met consensus expectations. In a nutshell, a slew of robust economic data in the US underscored the persistent nature of inflation resulting in yet another repricing of Fed policy rate expectations that reverberated across markets as well as across the Atlantic. In particular, taking the options market on SOFR futures contracts (a good proxy for the Fed Funds rate), the probability of a US rate cut by June was completely priced out and that of at least one rate cut by December collapsed to just 40% from 70% at the begin of the month. Alternatively, the SOFR futures market was more sanguine expecting still one rate cut by December, but also in this case this was down from three cuts priced-in back in March.

At its meeting on May 1st (we incorporate this by purpose for April's commentary), the Fed signaled remote odds of a hiking cycle resumption jointly with toughness on inflation by keeping the Fed Funds rate at 5.5%. Importantly, the Fed also announced a rapid slowdown of their Quantitative Tightening (QT) program (reduction in the pace of shrinkage of the Fed balance sheet) starting as soon as June. Without going into details, this decision implies an additional demand for US Treasuries of USD 35bn a month compared to the situation since July 2022. In essence, tapering of QT flanked by a bias in favor of rate cuts at the first weakening signs from the labor market could move the needle on rates and help shift the US Treasuries yield curve down in the coming days and weeks. A subtle move that works like a mini-stimulus for banks, for the government, and for home buyers. On this side of the Atlantic, no remarkable changes in stance from the ECB still on track to deliver some rate relief in the second half of the year.

Surrounded by increased uncertainties (including the slim chances of rate hikes in the US as well as an escalation of the conflict in the Middle East), credit spreads were remarkably range-bound and continued to tolerate a later start to the easing cycle. Given the tightness of spreads for both HG and HY developed market segments, our baseline view is that of carry-driven returns for the remainder of the year. Within Euro HG corporate bonds yields increased to 3.81% (+0.19%) and OAS spreads contracted only by 2bp to 110bp. Similarly, for US HG bonds yields climbed to 5.73% (+0.43%) and OAS spreads tightened merely by 3bp to 87bp. Total returns for Euro HG were in the red, for US HG even more so. Due to the marginal spread compression, excess returns for both Euro HG and US HG were positive with BBB outperforming higher rating buckets both in absolute and relative terms. In HY space, Euro HY corporate yields increased to 6.63% (+0.34%) with OAS spreads widening by just 1bp to 355bp. Conversely, for the US HY peers yields surged to 8.11% (+0.45%) but OAS spreads were unchanged at 294bp. Total returns for Euro HY were only slightly negative, for US HY clearly negative. Excess returns were positive for both segments with BB bonds leading the pack but CCC lagging behind.

The ZIF had a negative month (-1.52%) and underperformed by 1.28% the broad Swiss Bond Index (SBI). In April negative effects from higher benchmark rates dominated the picture. Marginally positive spread effects and a carry of 0.42% could not compensate the drag from rates. As a comparison the SBI had a carry of merely 0.14%. The Yield-to-worst of the fund was higher at 4.4% (+0.2%) in local currency but unchanged at 1.9% on a Swiss Franc-hedged basis. The average coupon was lower at 3.1% (-0.2%). The average price of the bonds decreased to 94% (-1.5%), the OAS spread was tighter at 110bp (-10bp) and the Modified Duration lower at 5.2 (-0.3).

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 Investor Services Bank S.A.
Auditor	BDO AG
Official Publication	www.swissfunddata.ch, www.pmg.swiss