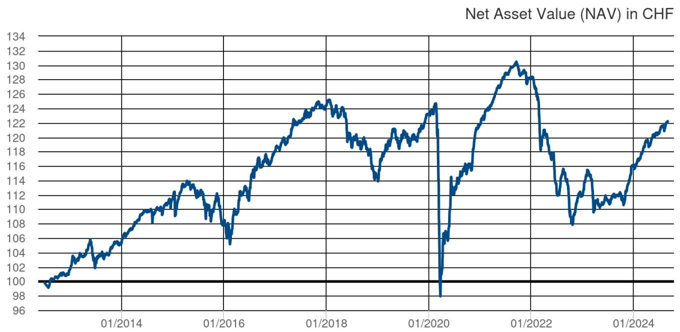
Monthly factsheet as of 31.08.2024

Credit Opportunities Fund (A)

Investment Objective

The Credit Opportunities Fund is a globally investing, yield-oriented bond fund for Swiss investors. It is suitable for investors seeking a steady, positive return in Swiss francs on the bond market.
The approach is based on a strict discipline on the use of the opportunities in the Swiss market as well as in selected international bond markets. The fund is based on macroeconomic and microeconomic risk assessments. Each debtor is subject to a comprehensive overall assessment. An attractive risk / return profile at the rating threshold BBB / BB is preferred.
The fund does not follow any benchmark and aims at absolute positive returns in the medium term. The increase in value is primarily achieved with credit risk premiums and with the roll-down effect. A broad diversification is under consideration, with the Swiss bond market clearly overweight. In the meantime, the investor is accepting certain fluctuations in order to be able to benefit from interesting investment opportunities in the credit sector in the medium to long term.

Performance



1 month	0.47%
3 months	1.67%
2024 (YTD)	5.39%
1 year	9.22%
3 years (annualized)	-2.01%
Since Inception (annualized)	1.66%
Since Inception	22.22%
Lowest NAV	97.94
Highest NAV	130.48
Months with Positive Returns	65%
Sharpe Ratio (last 3 years)	-0.18
Max. Drawdown (last 3 years)	-17.34%
Max. Drawdown Length (days for last 3 years)	286
Max. Drawdown Recovery (days for last 3 years)	-

Modified Duration

< 1 year	44%
1 - 3 years	20%
3 - 5 years	25%
5 - 7 years	8%
> 7 years	3%

Morningstar Rating
10 Year
★★★★
TM

Fund Facts

Fund Name	PPF ("PMG Partners Funds") - Credit Opportunities Fund - A
Valor	18792129
ISIN	LU0765607063
WKN	A1JV4J
Bloomberg	PPFPCOP LX
Fund Domicile	Luxemburg
Fund Class	A
Currency	CHF
Cut-Off Time	Daily, until 5pm (CET)
Settlement	T+3
Launch Date	June 1st, 2012
Fiscal Year End	December 31st
Distribution Policy	Accumulation
Legal Registration	Switzerland

Fund Information*

NAV Total (CHF Mio.)	453.02
NAV Fund Class A (CHF Mio.)	11.46
NAV per Unit (CHF)	122.22
Modified Duration (Years)	2.4
Yield to Worst (%, local currency)	7.6
Yield to Worst (%, hedged CHF)	5.4
ø Credit Rating	BB+
Cash Position (%)	14.1
No. of Sectors	18
No. of Issuers / Issues	145 / 176
Top 10 Positions (%)	15.9

* Securities portfolio, including cash.

Expenses

Management Fee (% p.a.)	1.25
Total Expense Ratio (TER) as of 31.12.2023 (%)	1.57

Investment Amounts

Minimal Initial Investment (CHF)	1'000

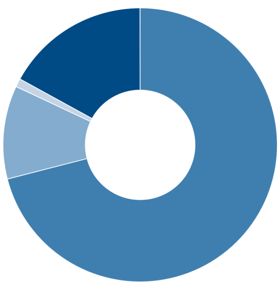
Rating Breakdown

>A	15%
A	2%
A-	1%
BBB+	4%
BBB	9%
BBB-	9%
BB+	10%
BB	12%
BB-	6%
B+	9%
B	17%
B-	3%
<B-	3%

Top 10 Industry Sectors

Banking	14%
Consumer Cyclical	10%
Other Industrial	9%
Insurance	8%
Capital Goods	5%
Transportation	5%
Other Financial Services	5%
Communications	4%
Consumer Non-Cyclical	4%
Energy	4%

Geographic Diversification



Switzerland 17%
Western Europe (ex CH) 71%
North America 11%
Asia 1%

Monthly Commentary

The notable miss in July's nonfarm payrolls (NFP) data and an unexpected uptick in the US unemployment rate to 4.3% surprised markets, sparked a sell-off in risky assets and a rally in government bonds in early August - a move likely amplified by a notable deterioration in liquidity conditions during the summer lull. Ahead of key US August's NFP data, signals out of the US have furthered the post-July NFP theme. Incremental inflation news (with both CPI and PCE inflation readings arriving at below consensus) have reinforced the shift in FED focus towards the labor market and a repricing of rate cuts expectations. In the Euro Area the HICP came in at 2.2% (down from 2.6%) and downside surprises in both German and Spanish inflation numbers continued to indicate ongoing disinflation. Basically, a flurry of subpar US labor-market data (soft job openings, grim readings from regional FED and ISM surveys, a gloomy Beige Book) together with an underwhelming NFP release could convince FOMC members that a 50bp cut is appropriate for September - a highly contentious political move shortly before US elections. The current pricing (31bp of cuts for September and almost 100bp by year-end) and the FED's aversion to additional labor market weakening sets up some asymmetry around the August jobs report, with a larger move in both rate level and curve likely in the event of a downside surprise. Historically, the reversal in yields following a growth scare typically plays out over several months and requires the avoidance of additional material worries. Within the Eurozone, the ECB's still-entrenched focus on upside inflation risks, albeit growth data are unconvincing, bears the risk that the market underprices the possibility of faster 2025 rate cuts.

Corporate earning calls showed an increasing focus on shareholder value, receding concerns around recession risk and inflation, still robust credit fundamentals but also an ongoing bifurcation in profitability (lower for the median HY issuer, higher in HG), a trend that warrants monitoring. Euro HG corporate bonds yields decreased minimally over the month to 3.43% (-0.03%) with credit spreads moving wider to 117bp (+7bp). Interestingly, spreads increased for all sectors (except real estate) as well as uniformly across maturities and rating buckets. The yield for the US HG corporate bonds segment collapsed to 4.94% (-0.20%) but spreads stayed flattish at 93bp (-1bp). Looking at details, spreads for all sectors stayed firm (except technology hardware & semiconductors where heavyweight issuer Intel was the main culprit being put on negative outlook by rating agencies). Both HG segments showed positive total returns (for US HG strongly positive). Excess returns for Euro HG were negative (due to spread widening) and US HG eked out a minimal outperformance vs. duration-matched US Treasuries given a lack a spread compression. In the HY space, Euro HY corporate yields decreased to 5.97% (-0.31%) with spreads moving also tighter to 346bp (-18bp). Yields for their US HY peers declined by a similar magnitude to their Euro HY peers to 7.30% (-0.29%) and spreads trended also southwards to 305bp (-9bp). Total returns for both Euro and US HY were comfortably positive. Similarly, for excess returns given that spreads compressed across all rating buckets and most sectors (mostly for CCC).

The COF had a positive month (+0.47%) and outperformed by 0.19% the broad Swiss Bond Index (SBI). August's performance was propelled by positive rates effects (a reflection of lower benchmark rates and bull-steepening of yield curves), minimally tighter spreads and a carry of 0.48% (in local currency). The Yield-to-worst of the fund was slightly lower at 7.6% (-0.2%) in local currency. On a Swiss Franc-hedged basis the Yield-to-Worst was unchanged at 5.4%, given a reduction in currency hedging costs (a consequence of increasing rates cuts expectations). The average coupon was lower at 6.2% (-0.1%). The average price of the bonds increased to 97.8% (+0.6%), the OAS spread compressed to 422bp (-9bp) and the Modified Duration was lower at 2.4 (-0.1).

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Auditor	PricewaterhouseCoopers (PwC)
Paying Agent in Switzerland	InCore Bank AG
Official Publication	www.swissfunddata.ch, www.pmg.swiss