Monthly factsheet as of 30.11.2024

Credit Opportunities Fund (A)

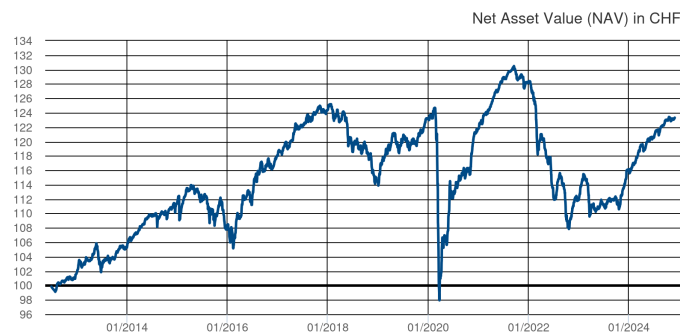
ZUGERBERG FINANZ

PMG INVESTMENT SOLUTIONS
Driven by Needs - Outstanding in Solutions

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	0.40%
3 months	0.89%
2024 (YTD)	6.33%
1 year	8.09%
3 years (annualized)	-1.15%
Since Inception (annualized)	1.70%
Since Inception	23.31%
Lowest NAV	97.94
Highest NAV	130.48
Months with Positive Returns	65%
Sharpe Ratio (last 3 years)	-0.11
Max. Drawdown (last 3 years)	-15.99%
Max. Drawdown Length (days for last 3 years)	207
Max. Drawdown Recovery (days for last 3 years)	-

Modified Duration

< 1 year	38%
1 - 3 years	22%
3 - 5 years	30%
5 - 7 years	8%
> 7 years	2%

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.)	469.09
NAV Fund Class A (CHF Mio.)	11.39
NAV per Unit (CHF)	123.31
Modified Duration (Years)	2.6
Yield to Worst (%, local currency)	7.4
Yield to Worst (%, hedged CHF)	4.9
ø Credit Rating	BB
Cash Position (%)	5.2
No. of Sectors	18
No. of Issuers / Issues	165 / 198
Top 10 Positions (%)	14.5

* Securities portfolio, including cash.

Expenses

Management Fee (% p.a.)	1.25
Total Expense Ratio (TER) as of 30.06.2024 (%)	1.56

Investment Amounts

Minimal Initial Investment (CHF)	1'000

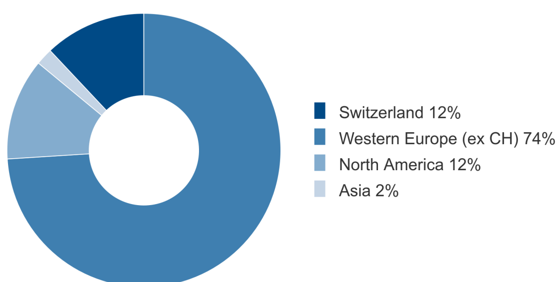
Rating Breakdown

Rating	Share
>A	5%
A	2%
A-	1%
BBB+	3%
BBB	10%
BBB-	10%
BB+	10%
BB	11%
BB-	11%
B+	9%
B	22%
B-	4%
<B-	2%

Top 10 Industry Sectors

Sector	Share
Consumer Cyclical	14%
Banking	14%
Other Industrial	13%
Insurance	8%
Transportation	6%
Other Financial Services	6%
Energy	5%
Capital Goods	5%
Communications	4%
Consumer Non-Cyclical	4%

Geographic Diversification



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Monthly Commentary

Investor speculation regarding potential policies of the incoming US administration initially extended the move higher in US long-end yields given increased anxiety about the de-facto Republican trifecta. Worries about fiscal risks moderated following the news that Scott Bessent (a well-regarded hedge-fund manager which appears to care deeply about containing government debt) would be the pick for Treasury Secretary and 10-year US rates decreased by almost 30bp to 4.17% from the peak achieved mid-November and ended the month only modestly lower. In spite of US rates markets short-term flirt with this nomination, US deficits could remain sticky at elevated levels for a while. In the Eurozone, benchmark Bund yields dipped considerably given weaker than anticipated PMI data, mounting geopolitical tensions, concerns about US tariffs and an impending no-confidence vote in French parliament. The ECB seems reluctant to look past the gradual inflation progress and instead focus on growth risks, a combination likely to be unsustainable. After a broad-based start of the global easing cycle, greater diversity in inflation outcomes in 2025 could result in less synchronized central bank rate action. In the Eurozone substantial easing is in the cards (markets expected over 6 cuts by end 2025) whilst in the US the Fed is poised for limited action (around 3 cuts by end 2025).

Going to corporate credit, in the US market exuberance drove a risk-on rally. To the opposite, in the Eurozone some decompression was apparent given a weaker growth backdrop and outlook. Euro HG corporate bonds yields decreased to 3.03% (-0.28%) but credit spreads widened to 108bp (+4bp), still below the 25-year monthly median of 114bp. The yield for the US HG corporate bonds segment receded to 5.05% (-0.11%) whereas historically tight spreads compressed further to 78bp (-6bp) by month's end. This compares to a 25-year monthly median at 131bp. Total returns were strongly positive for both Euro HG and US HG whilst excess returns vs. duration-matched sovereign benchmarks were positive for US HG but nil for Euro HG. In the HY space, Euro HY corporate yields decreased to 5.48% (-0.19%) but spreads were noticeably wider at 342bp (+28bp). This compares to a 25-year monthly median at 426bp. Yields for their US HY peers also decreased to 7.14% (-0.19%) with spreads tighter to 263bp (-18bp) and entirely responsible for the move lower in yields. This compares to a 25-year monthly median at 432bp. Total returns for both Euro HY and US HY were positive. Excess returns were positive for US HY on the index level and across all rating segments. Conversely, excess returns for Euro HY were negative on an index level with decompression across all the rating segments. Looking forward, corporate bond investors will likely start 2025 with the most severe valuation constraints in decades. But ultimately, a combination of deteriorating fundamentals and weakening technicals is needed to catalyze a valuation reset. Neither is our baseline. The solid buffer provided by government bond yields (despite the tightness of spreads) and the negative correlation between rates and spreads will likely keep the value proposition of corporate bonds compelling: in the US given robust growth expectations, in the Eurozone assuming a more front-loaded easing cycle.

The COF had a positive month (+0.40%) nonetheless underperformed by 1.10% the broad Swiss Bond Index (SBI). November's performance was driven by a carry of 0.51% (in local currency), positive effects from lower rates (mostly from German sovereign benchmarks but also from Swissies) which were offset by currency hedging costs. The Yield-to-worst of the fund was slightly lower at 7.4% (-0.1%) in local currency and even lower at 4.9% (-0.3%) on a Swiss Franc-hedged basis. The average coupon was stable at 6.6%. The average price of the bonds increased to 98.2% (+0.3%), the OAS spread was almost unchanged at 414bp (+1bp) and the Modified Duration was minimally higher at 2.6 (+0.1).

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