Monthly factsheet as of 28.02.2025

Credit Opportunities Fund (A)

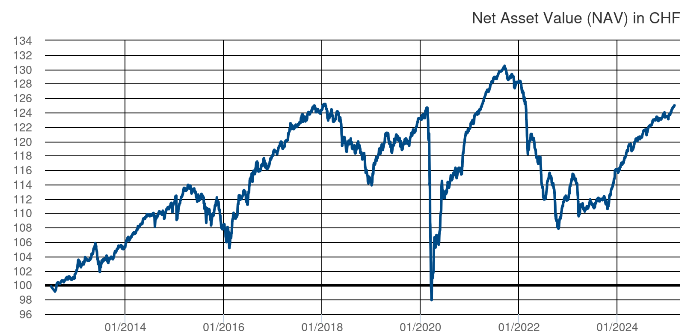
ZUGERBERG FINANZ

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	0.76%
3 months	1.35%
2025 (YTD)	1.22%
1 year	6.16%
3 years (annualized)	0.85%
Since Inception (annualized)	1.77%
Since Inception	24.97%
Lowest NAV	97.94
Highest NAV	130.48
Months with Positive Returns	65%
Sharpe Ratio (last 3 years)	0.04
Max. Drawdown (last 3 years)	-11.48%
Max. Drawdown Length (days for last 3 years)	169
Max. Drawdown Recovery (days for last 3 years)	476

Modified Duration

< 1 year	46%
1 - 3 years	19%
3 - 5 years	27%
5 - 7 years	6%
> 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.)	480.68
NAV Fund Class A (CHF Mio.)	11.04
NAV per Unit (CHF)	124.97
Modified Duration (Years)	2.3
Yield to Worst (%, local currency)	7.6
Yield to Worst (%, hedged CHF)	4.9
ø Credit Rating	BB+
Cash Position (%)	9.8
No. of Sectors	17
No. of Issuers / Issues	173 / 195
Top 10 Positions (%)	15.5

* 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

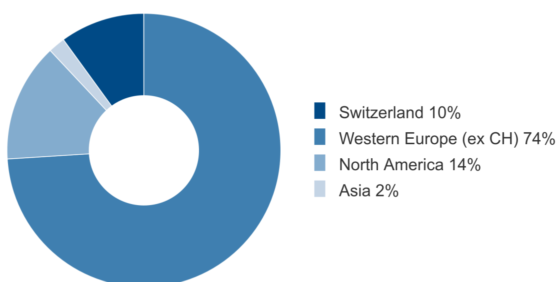
Rating Breakdown

Rating	Weight
>A	10%
A	2%
A-	0%
BBB+	3%
BBB	10%
BBB-	10%
BB+	9%
BB	10%
BB-	7%
B+	14%
B	23%
B-	3%
<B-	-1%

Top 10 Industry Sectors

Sector	Weight
Banking	14%
Other Industrial	13%
Consumer Cyclical	11%
Insurance	7%
Other Financial Services	7%
Energy	6%
Transportation	6%
Consumer Non-Cyclical	4%
Communications	3%
Technology	3%

Geographic Diversification



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Monthly Commentary

In February US Treasury yields moved lower at a quite remarkable speed after underlying growth news came in a bit softer and markets put more weight on near-term hazards from tariffs' rhetoric morphing into action. Increased recognition of the potential vulnerabilities arising from policy uncertainty led to an increase in (option-implied) market pricing of recessionary rate cuts (below 2.75% FED funds) over the next 2 years from 20% to around 30%. The interpretation is that markets remain relatively relaxed about the recession tail in the US. Nevertheless, sharp downgrades in growth pricing (nowcasts indicators like the Atlanta Fed's GDPNow collapsed from over 3% to -1.5% in one month) shifted the narrative from inflation woes towards downside risks to growth. US bond yields are coming down not because of robust growth expectations and disinflation but rather because of consumers' worries and enormous tax cuts being less likely - not very much what Mr. Trump had in mind. For the Eurozone, markets are already pricing in a boost to forward growth from higher defense and infrastructure spending (especially for Germany as we know by now) but a quick ramp-up is not that easy as it seems given various constraints (bureaucratic delays being one of those). This shift comes amid concerns over the transatlantic alliance following Trump's return to the White House. Chances of increased fiscal spending within the Eurozone have already decreased the number of expected rate cuts by the ECB as opposed to an increase in rate cuts expectations by the FED. This is mirrored by an increasing divergence between US benchmark yields (sharply down) and German Bund yields (with an upward bias).

Within credit markets, expensive valuations (spread tightness) are compensated by a comfortable rate cushion, but if negative headlines persist or if the scope of tariffs expands beyond current expectations, a buildup of a risk premium is very likely. In US HG (idiosyncratically motivated) fallen angel risk has re-emerged with the notable downgrades to junk of Nissan and Celanese. The pipeline of potential fallen angels is also the highest since 2020. In Europe to the opposite the pipeline is still at below average levels.

Euro HG bonds yields decreased to 3.03% (-0.09%), credit spreads stayed put at 91bp, well below the 25-year monthly median of 113bp, implying comfortably positive total returns but barely positive excess returns. The yield for the US HG corporate bonds segment decreased markedly to 5.08% (-0.22%) since a selective deterioration in economic data, notably retail sales, overwhelmed still-firm inflation trends and triggered a 25-30bp compression in US Treasury yields. By contrast historically tight spreads (relative to a 25-year monthly median at 130bp) increased to 87bp (+8bp). Overall US HG delivered an impressive total return over 2% but excess returns vs. duration-matched sovereign benchmarks were negative. In the HY space, Euro HY corporate yields decreased to 5.03% (-0.23%) with spreads extending their tightening trend to 284bp (-10bp). This compares to a 25-year monthly median at 419bp. Both total and excess returns were positive. Yields for their US HY peers hardly decreased to 7.15% (-0.05%) since higher spreads at 280bp (+19bp) compensated the move lower in rates. Nonetheless, spreads remain tight compared to their 25-year monthly median of 452bp. Total returns were positive but excess returns clearly negative.

The COF had a positive month (+0.76%) and outperformed by 0.99% the broad Swiss Bond Index (SBI). February's performance was driven by a carry of 0.47% (in local currency), positive effects from rates (especially from lower US Treasury yields), neutral effects from spreads and currency hedging costs. The Yield-to-worst of the fund was lower at 7.6% (-0.1%) in local currency but stable at 4.9% on a Swiss Franc-hedged basis. The average coupon was lower at 6.3% (-0.3%). The average price of the bonds increased to 98.9% (+0.5%), the OAS spread increased to 428bp (+11bp) and the Modified Duration was lower at 2.3 (-0.2).

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