Monthly factsheet as of 30.09.2024

Credit Opportunities Fund (B)

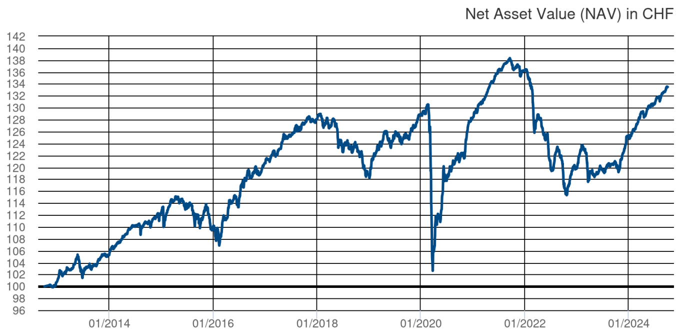
ZUGERBERG FINANZ

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	0.66%
3 months	2.24%
2024 (YTD)	6.64%
1 year	10.41%
3 years (annualized)	-0.95%
Since Inception (annualized)	2.45%
Since Inception	33.49%
Lowest NAV	99.85
Highest NAV	138.33
Months with Positive Returns	68%
Sharpe Ratio (last 3 years)	-0.06
Max. Drawdown (last 3 years)	-16.14%
Max. Drawdown Length (days for last 3 years)	278
Max. Drawdown Recovery (days for last 3 years)	-

Modified Duration

< 1 year	44%
1 - 3 years	18%
3 - 5 years	27%
5 - 7 years	8%
> 7 years	3%

Morningstar Rating
10 Year
★★★★★
TM

Fund Facts

Fund Name	PPF ("PMG Partners Funds") - Credit Opportunities Fund - B
Valor	19893847
ISIN	LU0810289230
WKN	A1J1ZV
Bloomberg	PPFPCOB LX
Fund Domicile	Luxemburg
Fund Class	B
Currency	CHF
Cut-Off Time	Daily, until 5pm (CET)
Settlement	T+3
Launch Date	November 2nd, 2012
Fiscal Year End	December 31st
Distribution Policy	Accumulation
Legal Registration	Switzerland

Fund Information*

NAV Total (CHF Mio.)	460.39
NAV Fund Class B (CHF Mio.)	440.07
NAV per Unit (CHF)	133.49
Modified Duration (Years)	2.4
Yield to Worst (%, local currency)	7.4
Yield to Worst (%, hedged CHF)	5.2
ø Credit Rating	BB+
Cash Position (%)	11.5
No. of Sectors	18
No. of Issuers / Issues	154 / 187
Top 10 Positions (%)	14.8

* Securities portfolio, including cash.

Expenses

Management Fee (% p.a.)	0.50
Total Expense Ratio (TER) as of 30.06.2024 (%)	0.78

Investment Amounts

Minimal Initial Investment (CHF)	1'000'000

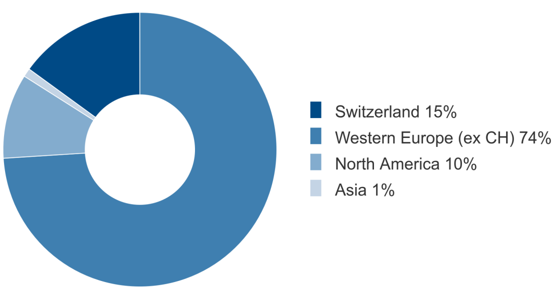
Rating Breakdown

>A	12%
A	2%
A-	2%
BBB+	3%
BBB	10%
BBB-	9%
BB+	10%
BB	13%
BB-	6%
B+	9%
B	18%
B-	4%
<B-	2%

Top 10 Industry Sectors

Banking	14%
Other Industrial	12%
Consumer Cyclical	11%
Insurance	8%
Other Financial Services	5%
Transportation	5%
Capital Goods	5%
Energy	4%
Communications	4%
Consumer Non-Cyclical	4%

Geographic Diversification



Monthly Commentary

In September markets did largely follow a post-growth scare pattern of restoring growth expectations supported by an easier (growth-friendly) policy tilt from major DM central banks and as a consequence a move towards steeper yield curves. The FOMCs dovish pivot with a larger than consensus 50bp cut in the Fed policy rate, against a backdrop of resilient US consumer spending and real GDP growth jointly with still above target inflation, brings up the question whether US Treasury (UST) bond yields already embed enough compensation for risk. Term premia (the compensation investors require for holding long-term bonds versus rolling over a series of short-term bonds) provide an answer to this question. Unfortunately, term premia must be inferred either by term-structure models or surveys and both are prone to errors. Nonetheless, current 10y USTs term premia estimates are well below their pre-QE average of about 100bp (the Fed is still in QT-mode). Rising US government deficits imply further upside to these figures if not countered by a QE restart and a reduction in inflation uncertainty. These observations imply that the longer-end USTs rates look like having mostly exhausted their downward potential except in a hard landing scenario, which at present is not our base case. In Europe conversely, while policy support for China growth is welcome, incoming data remains concerning, as both PMIs and inflation readings (Eurozone inflation at 1.8% which should be sufficient for the ECB to cut again in October after a 25bp cut in September) point to ongoing downside risks thus clearly favoring holding duration exposure.

HG credit spreads are near their tight end of their 3m range, but beneath the surface sector dispersion is increasing, albeit from a very low level (some sectors spreads are near their tights, other sectors near their wides). Euro HG corporate bonds yields decreased to 3.18% (-0.25%) with credit spreads staying patt at 117bp. The clear underperformer was the automotive sector which experienced widening across the board given guidance cuts by several high quality OEMs (and their suppliers) which currently face an inventory glut, increased competition, pressure on pricing and consumer softness, notably in China and the US. The yield for the US HG corporate bonds segment declined to 4.72% (-0.22%) and spreads were slightly tighter at 89bp (-4bp). Looking at details, automotive sector bonds also suffered but the effect to the overall index was more muted given the lower index weight of 3% vs. 7% for their Euro HG peers. Both HG segments showed positive total and excess returns vs. duration-matched US Treasuries. In the HY space, Euro HY corporate yields decreased to 5.70% (-0.27%) with spreads flattish at 345bp (-1bp). Yields for their US HY peers declined by a similar magnitude to 6.99% (-0.31%) and spreads trended also southwards to 295bp (-10bp). Total returns for both Euro and US HY were comfortably positive. Excess returns were positive for US HY but nil for Euro HY. The strong performance of the US HY index was driven by the CCC bucket which notably compressed and outweighed the widening of BB and B buckets. Notably, US CCC issuers have around half of their debt in floating rate loans which quickly becomes more affordable after Fed easing. In case of Euro HY, the outlier was the automotive sector for the same reasons as for the Euro HG peers (mostly BB and with 11% the 2nd biggest sector).

The COF had a positive month (+0.66%) but underperformed by 0.02% the broad Swiss Bond Index (SBI). September'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 0.53% (in local currency). The Yield-to-worst of the fund was slightly lower at 7.4% (-0.2%) in local currency. On a Swiss Franc-hedged basis the Yield-to-Worst dropped similarly to 5.2% (-0.2%). The average coupon was 6.3% (+0.1%). The average price of the bonds increased to 98.3% (+0.5%), the OAS spread compressed to 419bp (-3bp) and the Modified Duration was unchanged at 2.4.

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 Finance Ltd.
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	MultiConcept Fund Management S.A.
Custodian Bank	Credit Suisse (Luxembourg) S.A.
Auditor	PricewaterhouseCoopers (PwC)
Paying Agent in Switzerland	InCore Bank AG
Official Publication	www.swissfunddata.ch, www.pmg.swiss