Monthly factsheet as of 31.08.2024

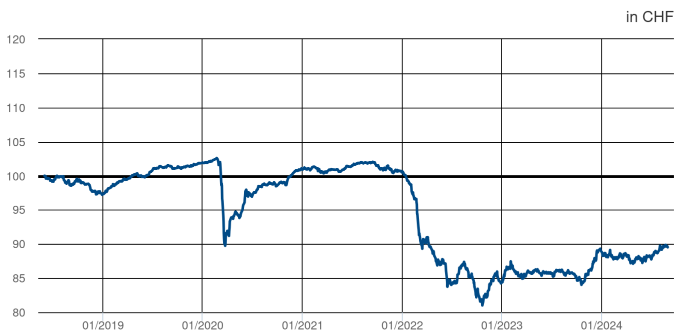
Zugerberg Funds - ZF Income Fund A

ZUGERBERG FINANZ

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	0.25%
3 months	2.36%
2024 (YTD)	0.57%
1 year	4.15%
3 years (annualized)	-4.21%
Since Inception (annualized)	-1.75%
Since Inception	-10.48%
Lowest NAV	79.73
Highest NAV	102.45
Months with Positive Returns	51%
Sharpe Ratio (last 3 years)	-0.51
Max. Drawdown (last 3 years)	-20.61%
Max. Drawdown Length (days for last 3 years)	288
Max. Drawdown Recovery (days for last 3 years)	-

Modified Duration

< 1 year	10%
1 - 3 years	14%
3 - 5 years	27%
5 - 7 years	27%
> 7 years	22%

Fund Facts

Fund Name	Zugerberg Funds - ZF Income Fund - A
Valor	41512237
ISIN	CH0415122370
Bloomberg	ZFZIFAC SW
Fund Domicile	Switzerland
Fund Class	A
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.)	644.23
NAV Fund Class A (CHF Mio.)	7.36
NAV per Unit (CHF)	86.77
Modified Duration (Years)	5.4
Yield to Worst (%, local currency)	3.8
Yield to Worst (%, hedged CHF)	1.7
ø Credit Rating	A-
Cash Position (%)	2.2
No. of Sectors	19
No. of Issuers / Issues	199 / 309
Top 10 Positions (%)	7.2

* Securities portfolio, including cash.

Expenses

Management Fee (% p.a.)	1.00
Total Expense Ratio (TER) as of 30.06.2024 (%)	1.16

Investment Amounts

Minimal Initial Investment (CHF)	1'000

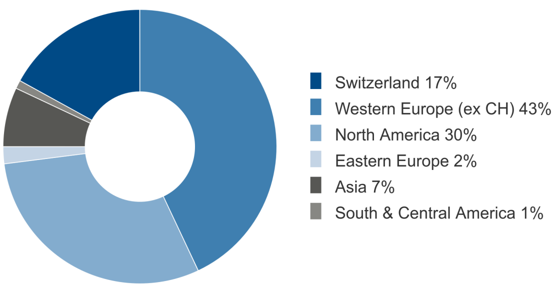
Rating Breakdown

AAA	11%
AA+	2%
AA	6%
AA-	5%
A+	8%
A	11%
A-	14%
BBB+	17%
BBB	14%
BBB-	10%
BB+	1%
BB	1%
<BB	0%

Top 10 Industry Sectors

Banking	14%
Consumer Non-Cyclical	13%
Basic Industry	7%
Consumer Cyclical	7%
Insurance	7%
Other Financial Services	7%
Capital Goods	6%
Technology	6%
Communications	5%
Electric	4%

Geographic Diversification



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 ZIF had a positive month (+0.25%) and underperformed by 0.02% 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) and a carry of 0.26% (in local currency). Spreads were unchanged (but under the surface Euro HG spreads underperformed). The Yield-to-worst of the fund was slightly lower at 3.8% (-0.1%) in local currency. On a Swiss Franc-hedged basis the Yield-to-Worst was unchanged at 1.7%, given a reduction in currency hedging costs (a consequence of increasing rates cuts expectations). The average coupon was slightly higher at 3.3% (+0.1%). The average price of the bonds increased to 97.8% (+0.7%), the OAS spread was almost unchanged at 110bp (+1bp) and the Modified Duration unchanged at 5.4.

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 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