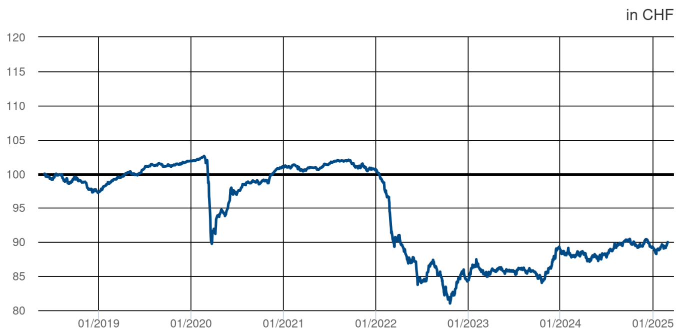
Monthly factsheet as of 28.02.2025

# Zugerberg Funds - ZF Income Fund A

## 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 | 0.77% |
| 3 months | -0.25% |
| 2025 (YTD) | 0.82% |
| 1 year | 2.48% |
| 3 years (annualized) | -1.05% |
| Since Inception (annualized) | -1.55% |
| Since Inception | -10.02% |
| Lowest NAV | 79.73 |
| Highest NAV | 102.45 |
| Months with Positive Returns | 52% |
| Sharpe Ratio (last 3 years) | -0.35 |
| Max. Drawdown (last 3 years) | -12.79% |
| Max. Drawdown Length (days for last 3 years) | 169 |
| Max. Drawdown Recovery (days for last 3 years) | - |

## Modified Duration

| | |
|---|---|
| < 1 year | 2% |
| 1 - 3 years | 14% |
| 3 - 5 years | 33% |
| 5 - 7 years | 28% |
| > 7 years | 23% |

## 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.) | 677.56 |
| NAV Fund Class A (CHF Mio.) | 7.20 |
| NAV per Unit (CHF) | 87.21 |
| Modified Duration (Years) | 5.6 |
| Yield to Worst (%, local currency) | 3.4 |
| Yield to Worst (%, hedged CHF) | 1.3 |
| ø Credit Rating | A |
| Cash Position (%) | 1.7 |
| No. of Sectors | 19 |
| No. of Issuers / Issues | 209 / 308 |
| Top 10 Positions (%) | 7.5 |

* 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 |

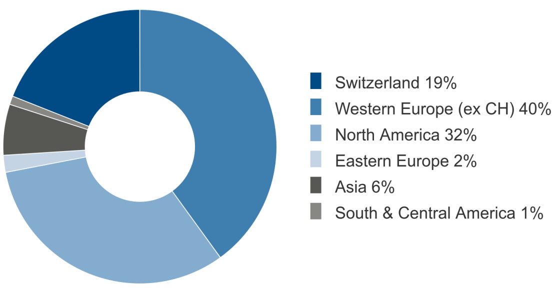
## Rating Breakdown

| | |
|---|---|
| AAA | 7% |
| AA+ | 3% |
| AA | 5% |
| AA- | 5% |
| A+ | 8% |
| A | 13% |
| A- | 17% |
| BBB+ | 19% |
| BBB | 13% |
| BBB- | 8% |
| BB+ | 1% |
| BB | 1% |
| <BB | 0% |

## Top 10 Industry Sectors

| | |
|---|---|
| Consumer Non-Cyclical | 14% |
| Banking | 13% |
| Consumer Cyclical | 8% |
| Insurance | 8% |
| Technology | 7% |
| Capital Goods | 6% |
| Basic Industry | 6% |
| Other Financial Services | 6% |
| Electric | 5% |
| Communications | 5% |

## Geographic Diversification






## 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 ZIF had a positive month (+0.77%) and outperformed by 1.01% the broad Swiss Bond Index (SBI). February's performance was driven by a carry of 0.25% (in local currency), positive effects from rates (especially from lower US Treasury yields), neutral effects from spreads (negative impacts from wider US HG spreads compensated by positive effects from tighter Swiss and Euro HG spreads) and finally currency hedging costs. The Yield-to-worst of the fund was lower at 3.4% (-0.2%) in local currency but stable at 1.3% on a Swiss Franc-hedged basis. The average coupon was stable at 3.1%. The average price of the bonds was clearly higher at 98.7% (+0.8%), the OAS spread increased at 91bp (+6bp) and the Modified Duration was higher at 5.6 (+0.3).

## Investment Manager

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## Addresses

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