

## Ver Capital Credit Fund

Ver Capital Credit Fund's (VCCF) objective is to maximize absolute return through capital growth and income. VCCF predominantly invests in non-financial high yield bonds issued by European companies and/or Euro denominated. Key drivers of VCCF returns are: bottom-up issue selection, sectorial and geographical diversification, portfolio rotation with yield, duration and volatility targets. VCCF is a UCITS IV Compliant with daily NAV.

### Market

The tone of the central bankers seems to have become softer, the mood of the markets is still risk-on in an environment of low volatility. Forecasts seem to be increasingly pointing towards the expected start of the normalization process of restrictive monetary policies with June as the first date. The calendar would force the ECB to move before the Fed: the Frankfurt Governing Council meeting is scheduled for 6 June and the FOMC on the following Wednesday. President Christine Lagarde and also Chief Economist Philip Lane have repeatedly expressed confidence in the 'good progress' in the fight against inflation thanks also to the normalization process of wage inflation. There is a restrained satisfaction with a difficult battle that is being won without leading to a recession. This tolerance reinforces expectations of a 'no landing' and fuels the ongoing trends in equity markets, which continue their march towards new global highs. Since 1950, only five times has the S&P 500 index recorded double-digit performance for two consecutive quarters.

In the US, data confirm that the labor market, although robust, is gradually rebalancing. Inflation for personal consumer purchases (Pce) rose 0.3% in February, a tenth less than consensus expectations, and 2.5% year-on-year, in line with estimates. In contrast, core Pce inflation rose 0.3% month-on-month and 2.8% year-on-year. This is the Fed's preferred indicator for assessing monetary policy adjustments. There was also a strong rebound for consumer spending, which rose 0.8% in February against the consensus 0.5%.

In March, euro area inflation fell a tenth more than expected, to 2.4% y/y from a previous 2.6% (0.8% m/m from 0.6% in February). The core index (excluding food, energy, alcohol & tobacco) also fell a tenth more than expected, to 2.9% from 3.1% previously. The core ECB

### NAV Performance

1 Month	YTD	1 Year	Since Inception (Dec. 16 <sup>th</sup> , 2011)
+0.10%	+2.16%	+9.13%	+49.32%

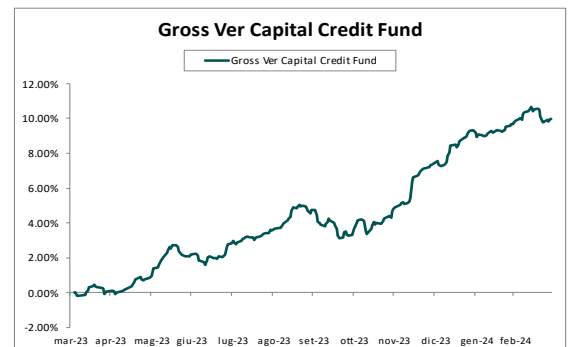
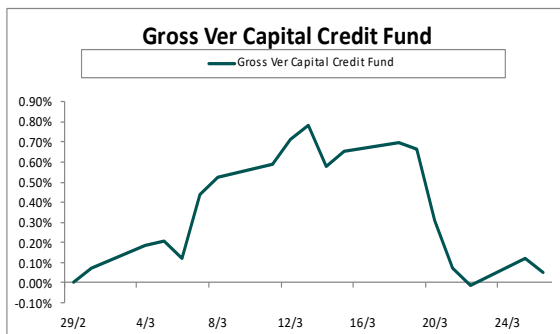
### Inception date Dec. 16<sup>th</sup>, 2011

measure (net of energy and fresh food) decreased to 3.1 % from 3.3 % (one tenth less than in our estimates); however, this is a new low for more than two years. The deflationary contribution from energy is decreasing, the disinflationary impulse from food is intensifying and non-energy industrial goods are showing signs of recovery, in a picture where inflation remains very sticky in services.

In March, spreads widened by c.10bp in the Euro High Yield market, partly due to the collapse of Altice, Intrum and Ardagh bonds. The widening partially reversed the tightening seen in the previous two months and reduced spread compression to 35bp. The European HY market is now a binary market, with strong demand for resilient credits and a harsh reaction to those that prove hostile to bondholders, such as Altice, Intrum and Ardagh. At the same time, the ITraxx Xover was overall unchanged at 305bp against a backdrop of stronger equities, generally satisfactory FY23 results and some issuers considering a less aggressive capital structure. Q1 FY2024 total return stood at 1.54% for the European HY market, demonstrating both its resilience to the economic crisis and its detachment from equities. The first quarter of 2024 was thus the sixth positive quarter in a row in terms of total return.

### Investment Tactics

In March, the fund recorded a return of +0.10%. The overperformance with respect to the benchmark of the high yield market is due to both a factor of duration and credit. Indeed, the duration of the fund is below the market and thus less exposed to rates volatility while credit selection was a driver of over performance. In the upcoming weeks, we will extend the portfolio's duration by participating in new issuances in the primary market and purchasing longer-duration, BB-rated securities in the secondary market.



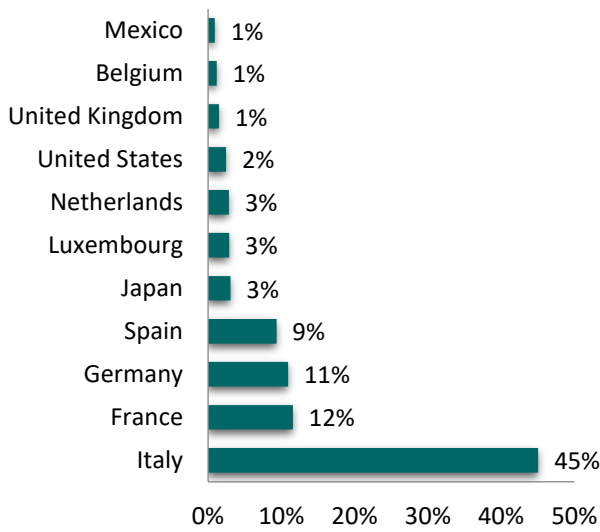
**Portfolio Performance**

Geographical Distribution (EU)	91%
Currency denomination (EUR)	100%
Average rating	B+/B
Average coupon (not including cash)	5.4%
Yield to worst (not including cash)	9.5%
Yield To Maturity (not including cash)	11.2%
Modified Duration	1.99
Number of sectors	26
Number of issuers	62
Number of issuances	65
Top 10 holdings	30%

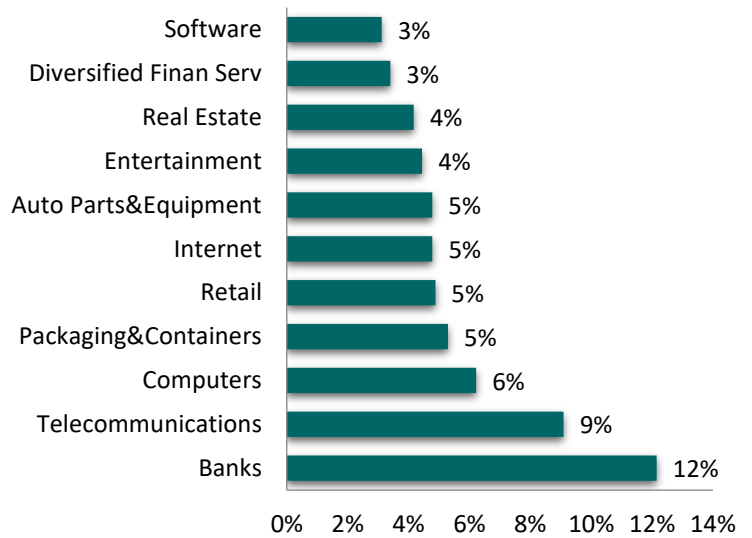
**Top 10 holdings**

Top 10 securities	Ticker	wgt	Cumulated Wgt
1	REKEEP SPA	4.48%	4.48%
2	ZF EUROPE FINANCE BV	3.66%	8.14%
3	BACH BIDCO SPA	3.13%	11.27%
4	SOFTBANK GROUP CORP	3.06%	14.33%
5	CERVED INFORMATION SOLUT	2.97%	17.30%
6	WEBUILD SPA	2.72%	20.02%
7	LABORATOIRE EIMER SELAS	2.64%	22.66%
8	TEAMSYSTEM SPA	2.50%	25.16%
9	RENO DE MEDICI SPA	2.46%	27.62%
10	AVIS BUDGET FINANCE PLC	2.45%	30.07%
<b>Totale</b>			<b>30.07%</b>

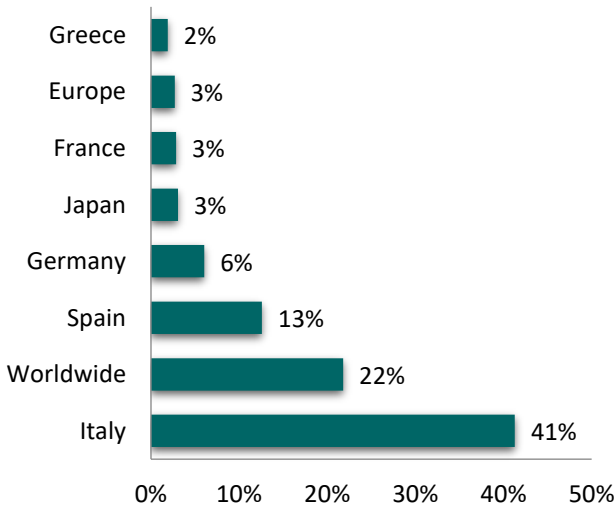
**Geographical allocation (Company headquarter)**



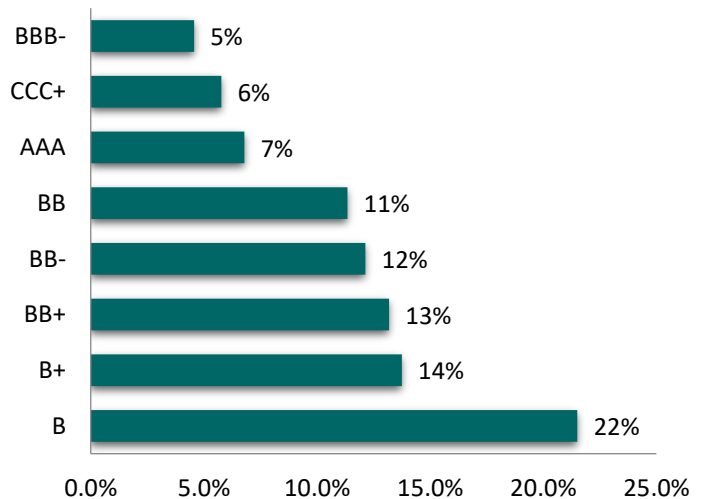
**Sector allocation**



**Geographical allocation (Country of risk)**



**Allocation by rating**



**Info**

NAV  
Investment Manager

Daily  
Ver Capital SGRpA

**Contacts**

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