VER CAPITAL SHORT TERM (VCST), March 2024

VER CAPITAL

Ver Capital Short Term

Ver Capital Short Term's (VCST) objective is capital preservation throughout a low-volatility market strategy. Ver Capital Short Term fund is UCITS IV compliant, with daily NAV. It mainly invests in EUR, USD and GBP bonds with a remaining maturity of less than 24 months. Non-Euro currencies are fully hedged. Key drivers of VCST return are: good credit quality and short maturity of the portfolio allow to reduce credit risk, in addition to an inherent hedging from rising interest rates. The portfolio manager strategically allocates resources between IG and HY based on credit cycle, market environment, monetary policy decisions and economic indicators.

Inception date Nov. 06th, 2020

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 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.

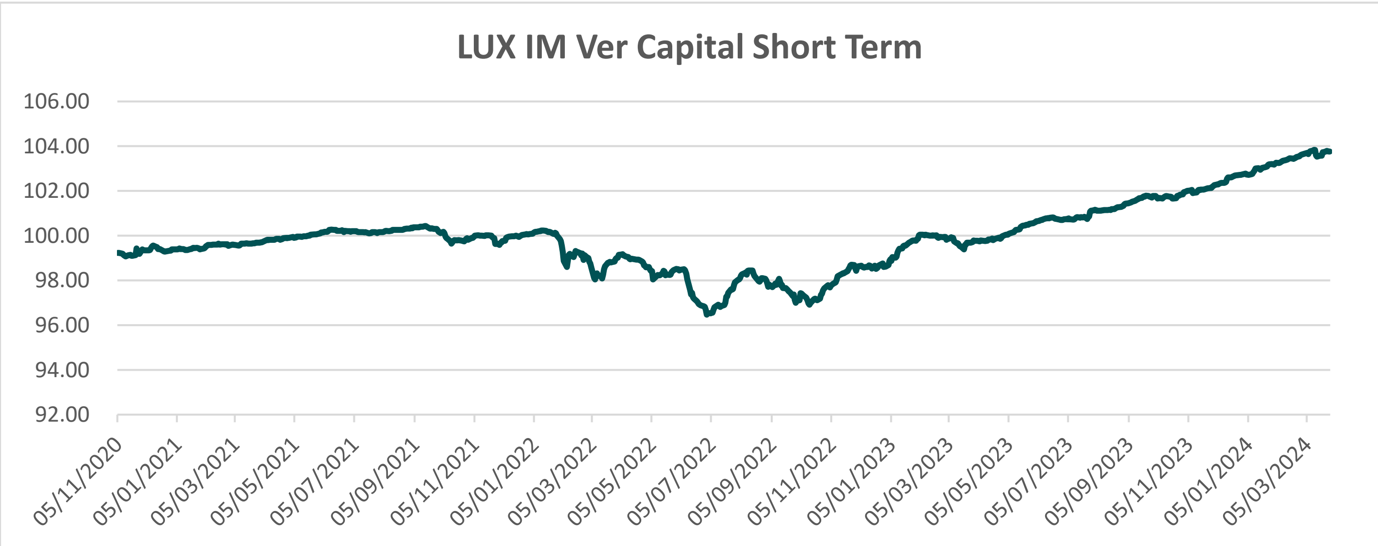
In March, spreads widened by c.10bp in the Euro High Yield market, partly due to the collapse of Altice, Intrum and Ardagh bonds. The widening partially reversed the tightening seen in the previous two months and reduced spread compression to 35bp. The European HY market is now a binary market, with 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

The fund in the month of March returned +0.13%. In the following weeks we will continue to reinvest the funds received from matured and called bonds into bonds mainly maturing in 36 months, as a consequence of updated guidance provided by BCE and FED.

NAV Performance

1 Month	YTD	1 Year	Since Inception (Nov. 06th, 2020)	Volatility
+ 0.13%	+ 1.00%	+4.06%	+4.57%	0.62%



VER CAPITAL SHORT TERM (VCST), March 2023

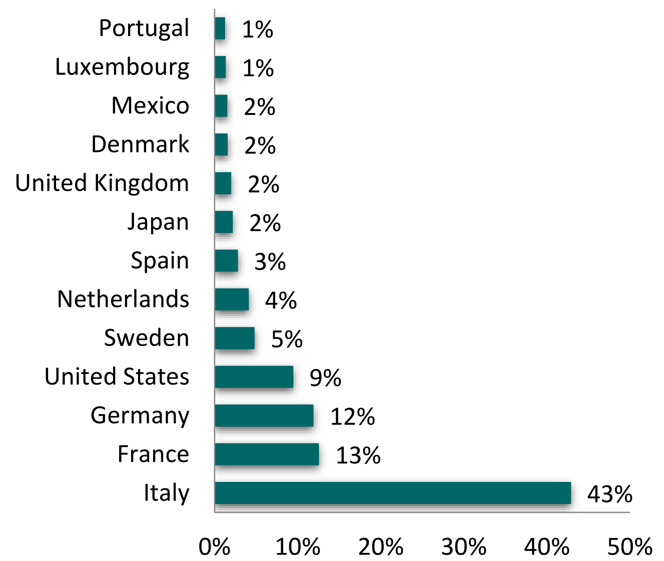
Portfolio Performance

Geographical Distribution (EU)	85%
Currency denomination (EUR)	100%
Average rating	BB/BB-
Average coupon (not including cash)	3.8%
Yield to worst (not including cash)	5.5%
Yield To Maturity (not including cash)	6.5%
Modified Duration	0.77
Number of sectors	35
Number of issuers	101
Number of issuances	107
Top 10 holdings	29%

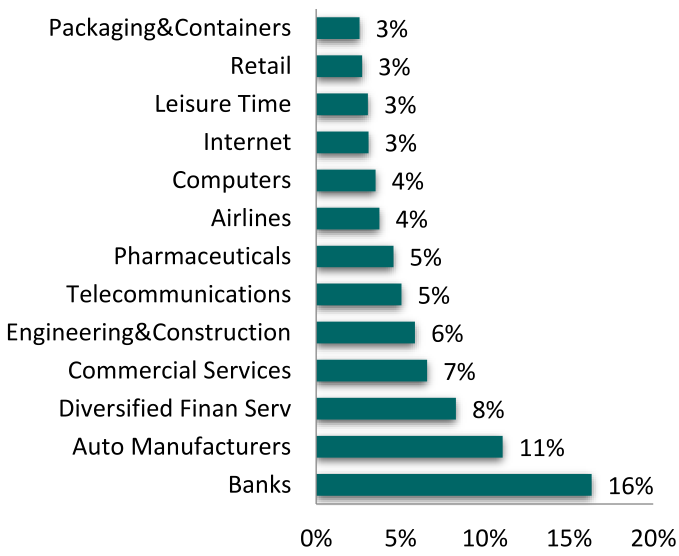
Top 10 holdings

Top 10 securities	Ticker	wgt	Cumulated Wgt
1	VOLVO CAR AB	3.98%	3.98%
2	RENAULT SA	3.96%	7.94%
3	WEBUILD SPA	3.81%	11.76%
4	ROSSINI SARL	3.51%	15.26%
5	ALMAVIVA THE ITALIAN INN	2.71%	17.98%
6	NIBC BANK NV	2.40%	20.38%
7	BANCA IFIS SPA	2.37%	22.76%
8	CA AUTOBANK SPA IE	2.35%	25.11%
9	SOFTBANK GROUP CORP	2.19%	27.30%
10	AZZURRA AEROPORTI SPA	2.05%	29.35%
	Totale		**29.35%**

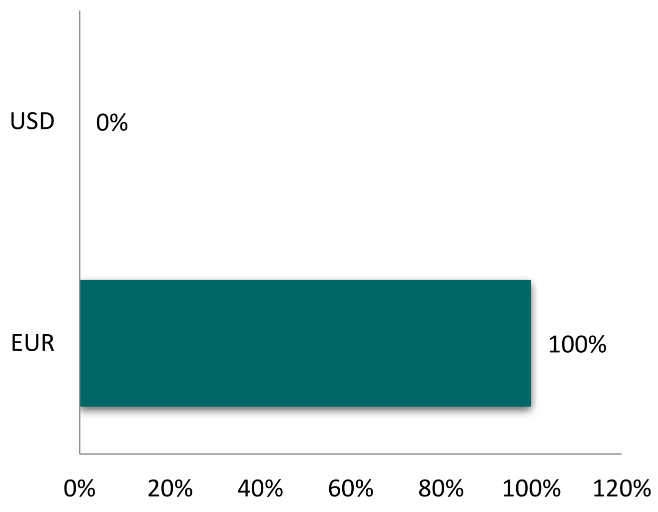
Geographical allocation (Company headquarter)



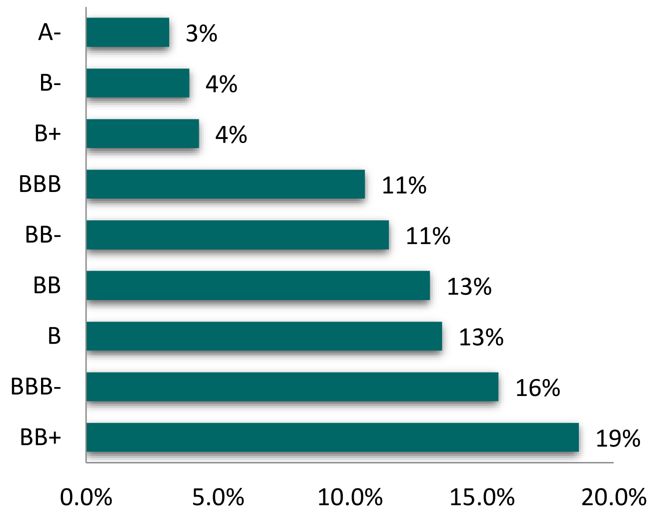
Sector allocation



Currency exposition



Allocation by rating



Info

NAV	Daily
Investment Manager	Ver Capital SGRpA

Contacts

Ver Capital SGRpA

Mail	info@vercapitalsgr.it
Phone Number	+39 02 62723811
Web site	www.vercapital.com
Alberto Gesualdi	agesualdi@vercapitalsgr.it
Giacomo Bergamo	gbergamo@vercapitalsgr.it