Marketing Material
For Professional Investors Only

From Carry to Capital Gains: Unlocking Alpha in a Dynamic Credit Environment.

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Convinction in Fundamentals.
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As we enter an investment year marked by significant uncertainties, including the direction of monetary policies and the trajectory of the global economy, we believe credit markets present interesting opportunities looking ahead, for an active manager to capture. Higher yields have made the credit universe more attractive compared to previous years. Could 2025 be as strong as 2024 for credit markets?

One thing is certain: performance dispersion is higher than in the recent past, and most credit asset classes have rewarded investors. Moreover, the current environment offers appealing opportunities within the credit universe that we are well-positioned to capitalise on.

Credit selection *will be key to navigate this environment.*

Reflecting on 2024: the Primary Source of Alpha in a Carry-driven Year

At the beginning of last year, we had identified ***several key themes*** for our credit strategies, including the reopening of the primary market and a proactive approach by issuers to refinance their debt. Some of our holdings have included call options, allowing issuers to redeem their debt before maturity. When these options are exercised or when the market anticipates this event, it often leads to an increase in the bond's price, which is coupled with the carry.

This has provided a significant contribution to our overall portfolio performance, as the primary market has been very active last year, with numerous calls or tenders on financial instruments such as AT1 and Tier 2, as well as some high-yield issuers and CLO instruments.

To provide concrete numbers, the Strata Credit strategy achieved a total return, gross of fees, of **11%.** in EUR terms, composed of a 6.5% carry, a 1.5% capital gain via market spread compression, and ***an alpha of 3%***.

Past performance is not an indicator of future results.

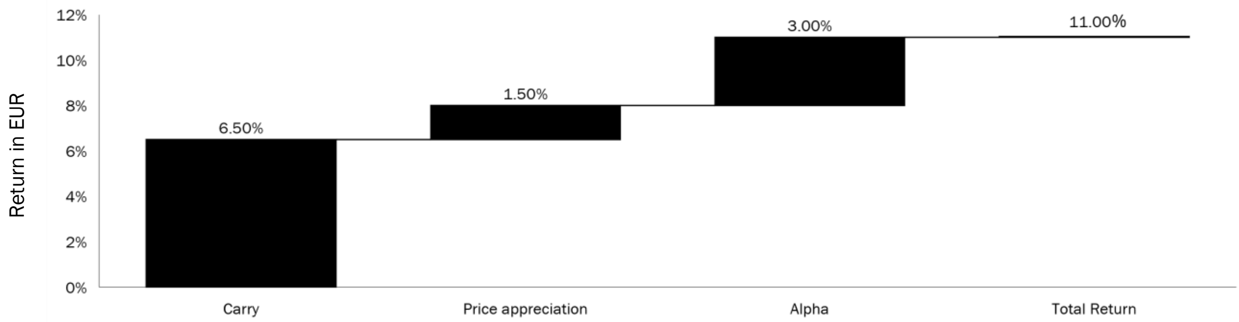

Figure 1. Source: RAM Active Investments, data as of end of November 2024.

Looking Ahead: Key Themes Set to Drive the Market

Looking ahead to 2025 to determine the best portfolio positioning, we note that a recurring theme over the past 18 months has been ***dispersion***, as highlighted in the graph below. It shows that over the past 10 years, credit ratings have generally moved in tandem through phases of compression and decompression. However, we have recently observed that the spread between CCC and B ratings has widened (decompression), while the spread between BB and B ratings has tightened to a 10-year low (compression). This phenomenon is unprecedented in the past decade.

This offers tremendous ***opportunities*** for an active manager, as today's losers could potentially become tomorrow's winners and vice versa.

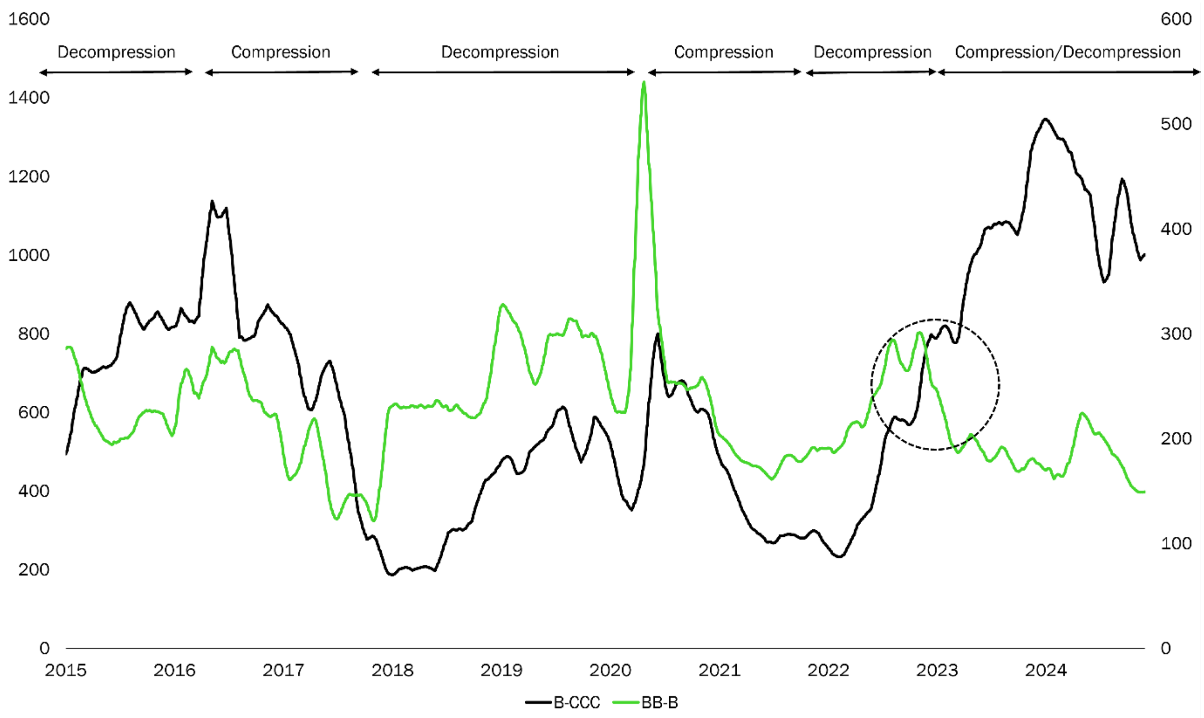

Figure 2. Source: RAM Active Investments, data as of end of November 2024.

Exploring 2025 Opportunities for an Active Credit Manager

Our flexible approach, based on rigorous fundamental analysis, gives us confidence for 2025. In this environment, active issuer selection will be crucial due to the heightened dispersion and the presence of idiosyncratic opportunities. Below, we highlight some of our recent investments, demonstrating how the ***increased dispersion*** and market disconnects have created ***valuable investment opportunities***.

- **Lenzing** is a leading global producer of high-quality wood-based cellulosic fibre for the textile and non-woven industries. Management believes that sustainable wood-based cellulosic fibre has greater environmental properties and considerable long-term growth prospects from substitution. In the company's capital structure, the perpetual instruments stand out as an interesting opportunity. LNZAV 5 ¾ PERP Corp is callable in December 2025 with a reset at 11.2% over Euro 5yr swap. The incentive of call is very high given the prohibitive reset. Bond is trading at 98 (2pts upside) + a coupon at 5.75%.

Past performance is not an indicator of future returns.

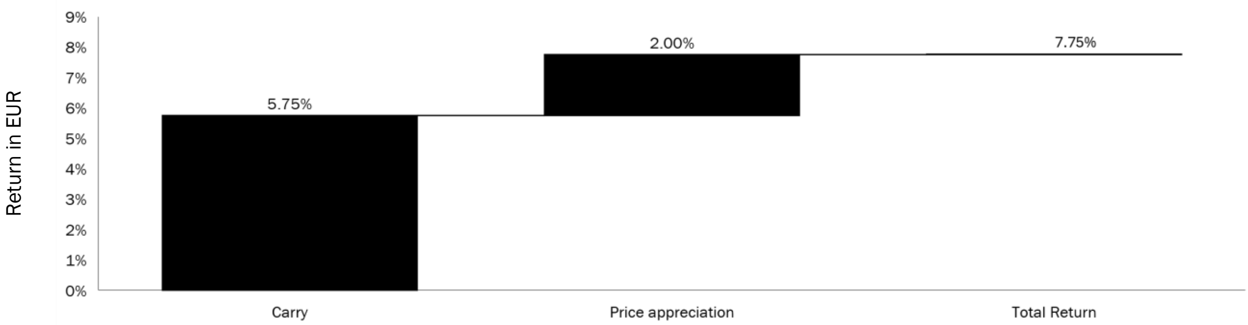

Figure 3. Source: RAM Active Investments, data as of end of November 2024.

- **Grifols** is a global healthcare company involved in the production of plasma-derived medicines and transfusion medicine. The company operates in a high-growth and high-margined industry, with volume growth supported by improving diagnostics. The business remains family-owned, and we believe it makes it the appealing target candidate for a takeover. GRFSM 3 ⅞ 10/15/28 (unsecured bond) looks to us the right place to play this event with signification upside given the bond is trading at a strong discount versus its change of control price (101).

- **Vontobel** offers wealth management and asset management services to both institutional and private clients with its Assets Under Management (AUM) roughly split equally between the two segments with CHF108bn in the private client side and CHF111bn in the institutional side. In terms of capital, the bank reported a CET1 ratio of 18.3% in 1H24 and a total capital ratio of 23.6%, well above minimum requirements. To express our positive view on the issuer, we chose to invest at the bottom of the capital structure, where VONTOB 9.48 PERP (NC31) trades at a discount vs other Swiss peers such as EFG or Julius Baer despite similar credit metrics.

Past performance is not an indicator of future returns.

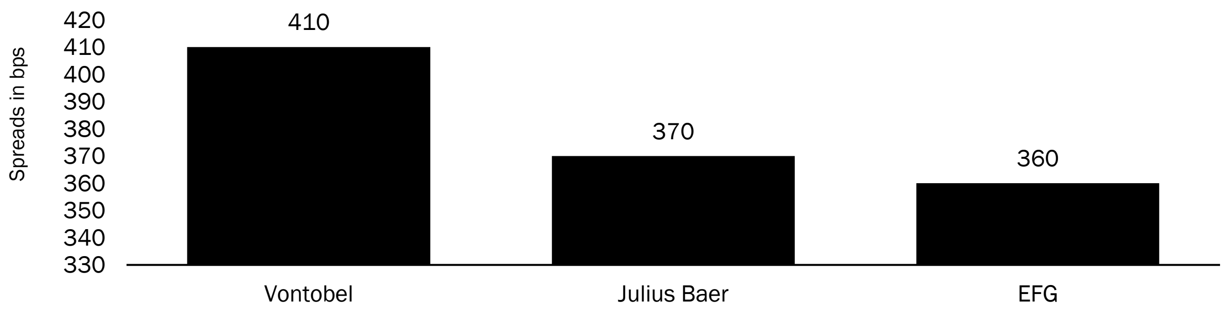

Figure 4. Source: RAM Active Investments, data as of end of November 2024.

Disclaimer

Important Information:

The Strata strategy is applied to the Strata Credit sub-fund that was transferred on 30.05.2024 from the Luxembourg FCP Palladium to the Luxembourg SICAV RAM (Lux) Tactical Funds II

Please note that the performance shown reflects periods before the sub-fund's transfer and was achieved under different regulatory and operational conditions, which may no longer apply. Notwithstanding this, the performance is based on investment objectives and policies that have not materially changed following the sub-fund's transfer and is attributable to investment objectives, policies, restrictions, and strategies that are compliant with UCITS regulations. The investment management function remains consistent, with no changes to the team responsible for managing the fund after the transfer. Importantly, there has been no material change in the level of fees charged to investors as a result of this transfer. For further information, please refer to the Prospectus.

Rating: the rating measures the creditworthiness of a borrower (bond issuer). Ratings are published by rating agencies and offer the investor reliable information on the risk profile associated with a debt security.

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.

We have classified this product as 2 out of 7, which is a low risk class. This rates the potential losses from future performance at a low level, and poor market conditions are very unlikely to impact our capacity to pay you. Be aware of currency risk. You may receive payments in a currency that differs from your reference currency, so the final return you will get depends on the exchange rate between the two currencies. This risk is not considered in the indicator shown above. The sub-fund is also exposed to the following materially relevant risks that are not included in the summary risk indicator: Credit risk in debt instruments, liquidity risk and risk linked to financial derivatives.

The RAM (Lux) Tactical Funds II – Strata Credit Fund is a Sub-Fund of RAM (Lux) Tactical Funds II, a Luxembourg SICAV with registered office: 14, Boulevard Royal L-2449 Luxembourg, approved by the CSSF and constituting a UCITS (Directive 2009/65/EC). The sub-fund STRATA CREDIT FUND was been created in the RAM (LUX) Tactical Funds II SICAV to receive the PALLADIUM FCP – RAM Mediobanca Strata UCITS Credit Fund sub-fund. The transfer was effective on 30th May 2024.

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Please refer to the Key Investor Information Document and prospectus with special attention to the risk warnings before investing. For further information on ESG, please refer to https://www.ram-ai.com/en/regulatory-information and the relevant Sub-Fund webpage.

The prospectus, constitutive documents and financial reports are available in English and French while PRIIPs KID are available in the relevant local languages. These documents can be obtained, free of charge, from the SICAVs' and Management Company's head office and www.ram-ai.com, its representative and distributor in Switzerland, RAM Active Investments S.A. and the relevant local representatives in the distribution countries.

A summary of Investors' rights is available on: https://www.ram-ai.com/en/regulatoryinformation

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