Quarterly Active U.S. Bond Market Report

January 2025

HANetf & PT Asset Management
Performance Trust Total Return Bond UCITS ETF
PTAM
75 bps
IE00BJQTJ848
Product Inception Date: 09/10/2024

For Professional Clients Only. Capital at risk.
All data as of 31/12/2024
This report was written by, and is the opinion of, PT Asset Management.

Active U.S. Bond ETF Manager Review

Other than the very front of the curve, U. S. Treasury rates rose significantly during the quarter with the selloff most pronounced in the intermediate portion of the curve. The 5-year to 10-year part of the Treasury curve was up approximately 50 basis points. Interest rates at the very front end of the curve (inside of 12 months) fell as the Treasury bill market reacted to two additional Federal Reserve cuts during the period after the 50 basis point cut in September 2024.

The strongest contributors to Fund performance during the quarter were our Interest Rate Defense sectors, which tend to be less sensitive to interest rate moves. Performance was led by our Investment Grade (IG) Corporates (specifically bank debt and floating rate), Commercial Mortgage-Backed Securities (CMBS), High Yield (HY) Corporates, Collateralized Loan Obligations (CLOs), and U.S. Treasury Bills with all of these sectors delivering positive total returns. These sectors benefitted from pricing off the front end of the Treasury curve and/or spread tightening and proved resilient despite the rise in U.S. Treasury rates.

Our Interest Rate Offense sectors, including Long U.S. Treasuries and Taxable Municipals, detracted from the Fund's relative performance. These sectors are more sensitive to interest rate moves so negative total returns resulted from higher U.S. Treasury rates during the period.

Macro Outlook

The leadership team is excited about the go-forward potential of the ETF. We believe the overall high level of interest rates, the shift in the yield curve, and the new opportunities created as a result of the changing landscape offer fresh ways to create additional total return.

The theme remains that attractive U.S. Treasury yields, and tight credit spreads, present a case to add interest rate risk over credit risk in today's environment. As a result, most of the ETF's exposure to credit risk remains at the short end of the curve. We believe this can potentially mitigate the risk of spreads widening to historical averages or possibly beyond if concerns around recessionary scenarios grow.

Additional sources available upon request. All data as of 31/12/2024.

For professional investors only. When you invest in ETFs your capital is at risk.

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Active U.S. Bond ETF Details

Performance Trust Total Return Bond UCITS ETF (PTAM) aims to provide exposure to U.S. bonds, while employing PT Asset Management's unique Shape Management methodology to target long-term performance and consistent growth across both rising and falling rate environments.

The Active U.S Bond ETF is actively managed by a senior investment team with a deep expertise and proven track record, while using Shape Management to help curate a portfolio that looks different to its peers and provides exposure to many niche fixed income sectors.

The Active U.S. Bond ETF is actively managed by the expert team at PT Asset Management.

Visit the PTAM fund page for more information.

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3. Bitwise Europe GmbH, a limited liability company incorporated under the laws of the Federal Republic of Germany, issuing under the terms in the Prospectus approved by the Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin") and the final terms ("Cryptocurrency Prospectus") is the issuer of the ETCM ETCs. Investors should read the latest version of the Cryptocurrency Prospectus before investing and should refer to the section of the Cryptocurrency Prospectus entitled 'Risk Factors' for further details of risks associated with an investment in the ETCs contained in the Cryptocurrency Prospectus. Any decision to invest should be based on the information contained in the Cryptocurrency Prospectus.

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The relevant ETF Prospectuses, ETC Securities Documentation, Multi-Asset ETC Securities Documentation and Cryptocurrency Prospectus can all be downloaded from www.hanetf.com.

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