

29 FEBRUARY 2024

# Dollar Flexi Asia Dividend-Paying Bond Fund

## FUND DETAILS:

|                |                                |                            |          |
|----------------|--------------------------------|----------------------------|----------|
| Inception Date | 11-Dec-17                      | Latest NAVPU               | 0.545030 |
| Fund Manager   | Allianz Global Investors (AGI) | Initial NAVPU              | 1.000000 |
| Fund Currency  | USD                            | Highest NAVPU (12.11.2017) | 1.000000 |
| Fund Size      | USD 21.72 Million              | Lowest NAVPU (11.07.2022)  | 0.515532 |
| Management Fee | 1.85% p.a.                     | Pricing / Valuation        | Daily    |



## Risk Classification

The Fund is suitable for investors who take medium to long - term views. As a marked -to-market Fund, its net asset value and total return may fall or rise as a result of interest rates movements. On redemption of units, a policyholder may receive an amount less than the original amount invested. Prior to investment in the Fund, the policyholder shall undergo a client suitability assessment procedure to determine whether the Fund is appropriate for him considering his investment objective, risk tolerance, preferences and experience.

## Market Commentary

Despite a big sell-off in the US Treasuries (UST) at the beginning of February, Asian credit spreads managed to tighten throughout the month, more than offsetting the UST sell-off, thanks to continuously robust performance from Asia high yield (HY), as well as the resilience of Asia investment grade (IG) credit. In February, the JP Morgan Asia Credit Index (JACI) – Composite managed to stay afloat with 10 basis points (bps) in total return, lifted by 2.2% total return from Asia HY. Year-to-date, JACI has delivered 40 bps in total return, mainly driven by the strong total return of 4.9% from Asia HY. For IG, the JACI IG spread tightened 12 bps, not enough to cushion UST sell-off, resulting in a slightly negative 20 bps in total return. Nonetheless, JACI IG outperformed JP Morgan US Liquid Index (JULI) IG and EUR IG in both total return and spread return terms, thanks to its lower duration exposure and stronger technicals. The new issue market in February remained quiet with activities mainly from regional financial institutions.

In Asia credit markets, higher total yield helped attract buyers into Asia IG over the month, despite the slightly negative return for the IG segment. Within Asia IG, Indian IG corporates spread continued to show strong momentum for compression, mainly led by continuous repricing in the credits of a transport and utility infrastructure company. China IG spreads also enjoyed a decent rally on the back of buoyant Chinese New Year travel and consumption data, as well as the bigger-than-expected 25-bps loan prime rate (LPR) cut during the month. Indonesia’s no-surprise presidential election result gave investors more clarity and visibility in policy continuity, which supported resilience in Indonesian IG spreads. Towards end of the month, Hong Kong’s annual budget announcement with property relaxation

measures have lifted HK property sentiments, leading to spread compression in Hong Kong IG property names.

In contrast, Asia HY had another month of strong performance, up 2.2%, significantly outperforming global HY (+1.5%) and US HY (+30bps). The stellar performance was mainly led by the sovereigns (ie, Pakistan and Sri Lanka), and China HY. Asian HY additional tier 1 bonds (AT1s) also had a good month, led by Southeast Asia (SEA) and Hong Kong banks, after better-than-expected earning results. The rest of the Asia HY market was jogging along, while most SEA corporates released satisfactory earnings.

## Market Outlook

Notwithstanding any near-term rebalancing activities after Asia credit market’s outperformance year-to-date against other credit markets, we expect Asia credit spreads to remain largely resilient, given favourable growth and inflation dynamics in the region, well-positioned credit cycle, as well as strong technicals. Moreover, shifting policy landscape in China reduces tail risk that could otherwise have been exacerbated by further downward spiral of growth.

While Asia IG spreads are fair at best, total yield level remains attractive versus history average and should continue to attract buyers into the market. Limited supply in Asia IG space will limit the extension of spread widening, should global risk sentiment turn. We continue to like the carry in Asia IG credits.

Asia HY has outperformed other credit markets year-to-date by a large margin and remains reasonably attractive considering its higher rating composition. Favourable credit cycle of most of the sectors in Asian HY space gives us comfort to build our core holdings with stable carry, while normalisation of default rate in China offers spread compression and credit repricing opportunities. That said, as certain sectors and corporates are navigating the downcycle, credit selection in those sectors is key to outperformance.

## AGI RISK AND REWARD INDICATOR



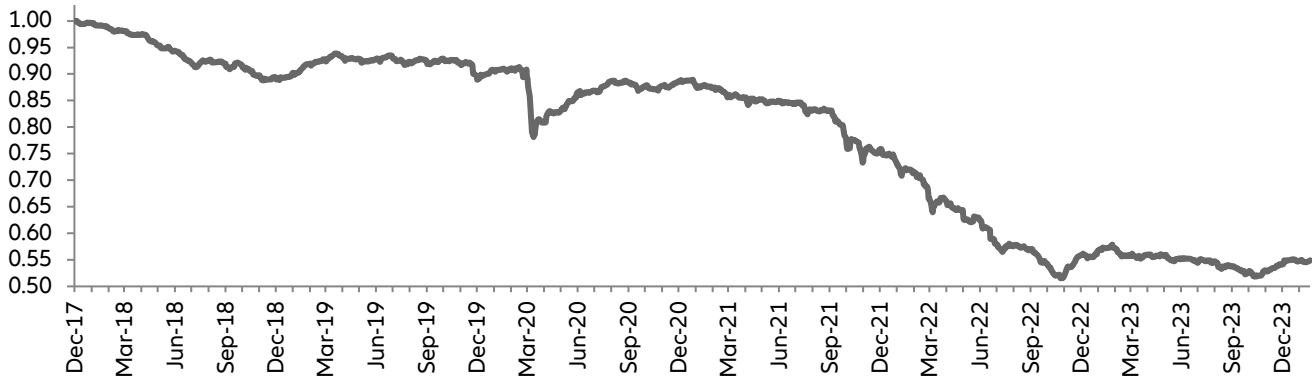
## Investment Objective

To achieve long-term capital appreciation and income, investing primarily in EUR, USD, GBP, JPY, AUD, NZD or any Asian currency denominated debt markets, with the focus on Asian countries

## Performance Overview

| Performance History | Year To Date | 1 Year (YoY) | 3 Years (YoY) | 5 Years (YoY) | Since Inception |
|---------------------|--------------|--------------|---------------|---------------|-----------------|
| Absolute            | -1.09%       | -1.52%       | -36.26%       | -41.91%       | -45.50%         |
| Annualized          | N/A          | -1.52%       | -13.94%       | -10.30%       | -9.30%          |

## NAVPU Since Inception

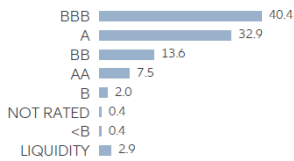


## Portfolio Analysis

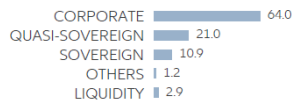
### Asset Allocation



### Credit Rating Allocation (%)



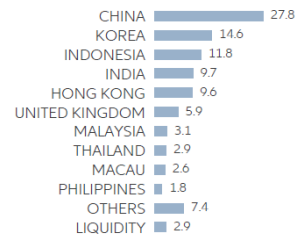
### Bond Type Allocation (%)



### Currency Allocation (%)



### Country/Location Allocation (%)



### Top 10 Holdings <sup>3</sup>

| Top 10 Holdings <sup>3</sup>                                 | Country/Location | %           |
|--|------------------|-------------|
| REPUBLIC OF INDONESIA FIX 4.650% 20.09.32                    | INDONESIA        | 2.7         |
| REPUBLIC OF INDONESIA FIX 5.650% 11.01.53                    | INDONESIA        | 1.7         |
| REPUBLIC OF INDONESIA FIX 2.150% 28.07.31                    | INDONESIA        | 1.0         |
| PT PERTAMINA (PERSERO) REGS FIX 4.175% 21.01.50              | INDONESIA        | 0.9         |
| GEELY AUTOMOBILE PERP FIX TO FLOAT 4.000% 09.06.2198         | CHINA            | 0.9         |
| AIA GROUP LTD GMTN PERP FIX TO FLOAT 2.700% 07.10.2198       | HONG KONG        | 0.9         |
| TALENT YIELD INTNTNL FIX 2.000% 06.05.26                     | CHINA            | 0.9         |
| KASIKORNBANK PCL HK EMTN CONV FIX TO FLOAT 4.000% 10.02.2198 | THAILAND         | 0.8         |
| STANDARD CHARTERED PLC REGS FIX TO FLOAT 2.608% 12.01.28     | UNITED KINGDOM   | 0.8         |
| REPUBLIC OF INDONESIA FIX 3.550% 31.03.32                    | INDONESIA        | 0.8         |
| <b>Total</b>   |                  | <b>11.4</b> |

### Statistics Summary

|                                     |            |
|-------------------------------------|------------|
| Average Coupon                      | 3.88%      |
| Average Credit Quality <sup>4</sup> | BBB+       |
| Effective Maturity                  | 6.68 years |
| Effective Duration                  | 4.48 years |
| Yield to Maturity                   | 6.46%      |

### IMPORTANT NOTICE:

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