

31 May 2024

# Dollar Income and Growth Fund



## AGI RISK AND REWARD INDICATOR

Lower Risk  Higher Risk   
Lower Rewards Higher Rewards  
4/7 as of 16/07/2024

### Investment Objective

To achieve long term capital appreciation and income by investing primarily in a combination of common stocks and other equity securities, debt securities and convertible securities

- The Fund is exposed to significant risks which include investment/general market, company-specific, creditworthiness/credit rating/ downgrading, default, currency, valuation, asset allocation, country and region, emerging market and interest rate risks. The Fund's investments focus on US and Canada which may increase concentration risk.
- The Fund is also exposed to risks relating to securities lending transactions, repurchase agreements and reverse repurchase agreements.
- The Fund may invest in high-yield (non-investment grade and unrated) investments and convertible bonds which may subject to higher risks, such as volatility, loss of principal and interest, creditworthiness and downgrading, default, interest rate, general market and liquidity risks and therefore may adversely impact the net asset value of the Fund. Convertibles will be exposed to prepayment risk, equity movement and greater volatility than straight bond investments.
- The Fund may invest in financial derivative instruments ("FDI") for efficient portfolio management (including for hedging) which may expose to higher leverage, counterparty, liquidity, valuation, volatility, market and over the counter transaction risks. The Fund will not invest extensively in FDI for investment purpose.
- Dividend payments may, at the sole discretion of the Investment Manager, be made out of the Fund's capital or effectively out of the Fund's capital which represents a return or withdrawal of part of the amount investors originally invested and/or capital gains attributable to the original investment. This may result in an immediate decrease in the NAV per share and the capital of the Fund available for investment in the future and capital growth may be reduced.
- This investment may involve risks that could result in loss of part or entire amount of investors' investment.
- In making investment decisions, investors should not rely solely on this material.

### FUND DETAILS:

Inception Date	16-Mar-17	Latest NAVPU	1.570260
Fund Manager	Allianz Global Investors (AGI)	Initial NAVPU	1.000000
Fund Currency	USD	Highest NAVPU (11.09.2021)	1.651781
Fund Size	USD 11.31 Million	Lowest NAVPU (03.24.2020)	0.940443
Management Fee	1.95% p.a.	Pricing / Valuation	Daily

### Risk Classification

The Fund is suitable for investors with a moderately aggressive profile or for those 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 rate movements and stock price 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

Equity, convertible, and high yield markets advanced in May. With the Q1 earnings season nearly complete, most companies surpassed consensus estimates helped by strong sales, cost cuts, and share repurchases. Full-year 2024 and 2025 earnings estimates moved higher over the month despite mixed company management outlooks. Key economic reports were neutral in aggregate. The labour market remained healthy, consumer confidence improved, and inflation showed signs of slowly ebbing. On the other hand, manufacturing fell back into contractionary territory and home and retail sales missed expectations. Finally, the US Federal Reserve (Fed) kept rates unchanged at May's Federal Open Market Committee (FOMC) meeting, with Chair Jerome Powell pushing back against potential rate hikes at the press conference.

### Market Outlook

2023's economic momentum has carried over into 2024. Economic tailwinds include a healthy labour market, steady consumption, government spending, elevated household net worth, a stabilising manufacturing sector, an end to the rate hike cycle, and accelerating earnings. Economic headwinds include persistent inflation, restrictive monetary policy, prolonged yield curve inversion, less personal savings, and US/international political risks, among others.

US equity valuations reside near long-term averages. Visibility around 2024 and 2025 earnings, US dollar and Treasury market stabilisation, and an end to the rate hike cycle could be positive developments for stocks. Any equity market volatility will present opportunities for active managers to take

advantage of better prices in attractive investments.

US convertible securities should continue to provide benefits to investors, including an attractive asymmetric return profile and potentially lower volatility relative to the equity market. The shift in the universe's composition exiting 2022 remains largely unchanged heading into 2024. Many securities offer attractive current yields and exhibit defensive characteristics given lower deltas and closer proximities to bond floors. This dynamic may allow for greater downside protection if equity volatility rises. If the prices of underlying stocks advance, convertible securities could be positioned to participate in the upside. Lastly, higher debt financing costs should draw issuers to the convertible market for coupon savings. As a result, new issuance is expected to increase materially year-over-year.

The US high yield market, yielding more than 8%<sup>^^</sup>, offers the potential for equity-like returns but with less volatility. Credit fundamentals are stable, near-term refinancing obligations remain low, and management teams continue to prioritise debt reduction. Given these factors, defaults should remain well below historical cycle peaks. The market's attractive total return potential is a function of its discount to face value and higher coupon, which also serves to cushion downside volatility. Notably, after recording an annual decline, the high yield market has historically delivered two consecutive years of positive returns in six of the seven cases<sup>#</sup>, and forward 12- and 24-month return projections based on the current market yield have been consistent with mid to high single digits<sup>##</sup>.

A covered call options strategy can be utilised to generate premium income. In periods of elevated or rising equity volatility, premiums collected may translate into more attractive annualised yields.

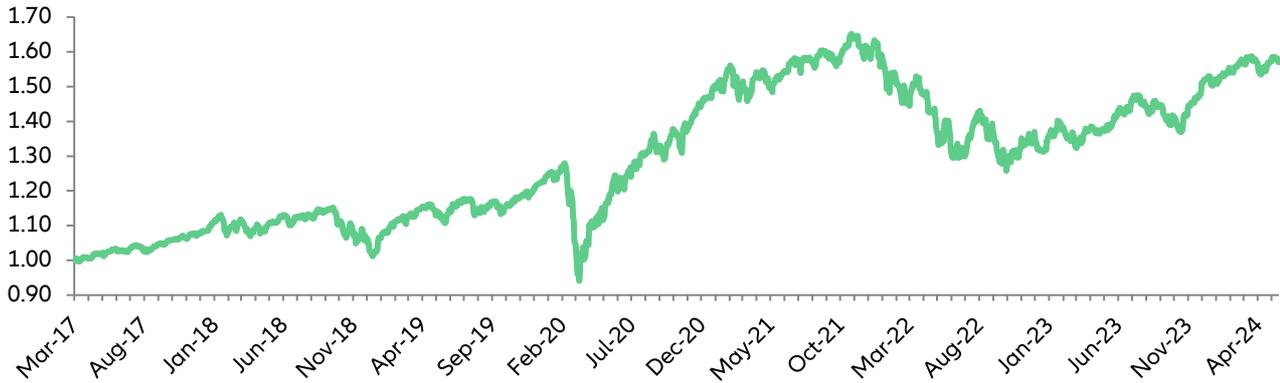
Collectively, these three asset classes can provide a steady source of income and a compelling "participate-and-protect" return profile.

The Fund is a client solution designed to provide high monthly income, the potential for capital appreciation, and less volatility than an equity-only fund.

## Performance Overview

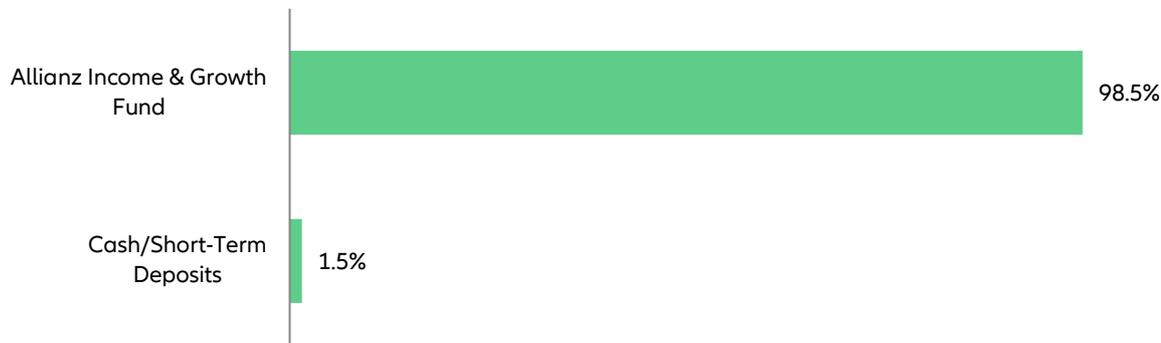
Performance History	Year To Date	1 Year (YoY)	3 Years (YoY)	5 Years (YoY)	Since Inception
Absolute	2.62%	12.72%	2.56%	40.70%	57.03%
Annualized	N/A	12.72%	0.85%	7.07%	6.46%

## NAVPU Since Inception

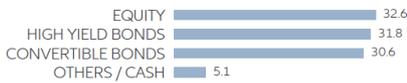


## Portfolio Analysis

### Asset Allocation



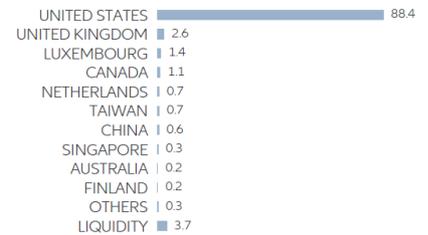
### Asset Allocation (%)



### Sector Allocation (%)



### Country/Location Allocation (%)



Top 10 Holdings <sup>3</sup>	Sector	%
MICROSOFT CORP	IT	2.3
AMAZON.COM INC	CONS. DISC.	1.9
NVIDIA CORP	IT	1.4
APPLE INC	IT	1.3
WELLS FARGO & COMPANY	FINANCIALS	1.0
ALPHABET INC-CL A	COMMUNICATION SERVICES	1.0
TENET HEALTHCARE CORP	HEALTHCARE	0.9
MASTERCARD INC - A	FINANCIALS	0.9
BARCLAYS BANK PLC	COMMUNICATION SERVICES	0.9
MERRILL LYNCH BV	COMMUNICATION SERVICES	0.9
<b>Total</b>		<b>12.5</b>

### Statistics Summary

Average Coupon - Convertible Bonds	1.94%
Average Coupon - High Yield Bonds	6.15%
Effective Duration - High Yield Bonds	3.56 years
Yield to Maturity - High Yield Bonds	8.11%
Dividend Yield - Equities / Equity Securities	1.23%
Credit Quality - High Yield Bonds: BBB- or above	0.85%
Credit Quality - High Yield Bonds: Below BBB-	29.43%
Credit Quality - Convertible Bonds: BBB- or above	19.20%
Credit Quality - Convertible Bonds: Below BBB-	9.96%

### RISKS

- Equities and other equities securities (ie. covered call, short-call option), high-yield bonds and convertible bonds may be subject to volatility and loss risks. The volatility of the fund unit price may be strongly increased.
- The Fund may tactically use a covered call option strategy. This strategy may cause the Fund to forego any appreciation in the underlying instrument's stock price above the option strike price, and so limits the growth potential of the Fund. Equity may fall more than the respective call premium, resulting in the losses of premium cushions on equity holdings
- Underperformance of the U.S. capital market possible
- Currency losses possible against investor currency in unit classes not hedged
- Flexible investment policy is no guarantee that losses will be excluded
- Limited participation in the potential of individual securities
- Success of single security analysis and active management not guaranteed
- Any distributions involving payment of distributions out of the Fund's capital may result in an immediate decrease in the Net Asset Value per Share and may reduce the capital available for the Fund for future investment and capital growth

### IMPORTANT NOTICE:

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