

31 MARCH 2022

Peso-Hedged Diversified Income Dividend-Paying Fund

FUND DETAILS:

Inception Date	03 Aug 2020	Latest NAVPU	0.897505
Fund Manager of	PIMCO Global Advisors (Ireland)	Initial NAVPU	1.000000
Underlying Fund	Limited	Highest NAVPU (01.04.2021)	1.023433
Fund Currency	Peso	Lowest NAVPU (03.16.2022)	0.886286
Fund Size	PHP 145.87 Million	Pricing / Valuation	Daily
Management Fee	1.85% p.a.		



RISK RATING ●●○○○○

Investment Objective

To maximize total return, consistent with prudent investment management by investing primarily in a diversified pool of corporate and emerging market fixed income securities of varying maturities

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

Market participants grappled with geopolitical tensions, persistent elevated inflation, monetary policy tightening, and soaring commodity prices in March. In response to the Russia-Ukraine conflict, western governments implemented sanctions against Russia and the U.S. banned imports of Russian oil. However, hopes for a negotiated settlement on the conflict partially eased investors' minds, leading to risk assets recovering a portion of the losses suffered in the previous month. The S&P500 finished March 3.7% higher although still negative for the quarter, while the MSCI World rose +2.5% in March. Within investment grade credit, USD and EUR spreads tightened by 6bps and 16bps, respectively. Likewise, in high yield credit, USD and EUR spreads tightened by 34bps and 37bps, respectively. The Bloomberg Commodity Index rose +8.6% with the energy component leading the way. Meanwhile bond markets continued to decouple from equity markets, reflecting central bank tightening and growth concerns. 10Y US Treasuries, German bunds and UK gilt yields increased 51bps, 41bps and 20bps to 2.34%, 0.55% and 1.61%, respectively. US curves continued to flatten with the 2s10s spread reaching negative territory at the end of the month. EM Local debt posted returns of -1.53%, as the decline in local rates was more than offset by the depreciation of EM currencies versus the U.S. dollar. Amongst currencies, the Dollar strengthened for the third month in a row, trading around its highest levels since early 2020. The Japanese yen weakened on the backdrop of BoJ's announcement to buy unlimited bonds at a fixed rate to cap the rise in bond yields below the desired ceiling of 0.25%.

Despite geopolitical risks, central banks maintained their hawkish stance amid elevated inflationary pressures. In the U.S., the Fed concluded its asset purchase program and raised its policy rate by 25 bps while alluding to the potential for a 50 bps rate hike in May. The ECB delivered some hawkish guidance by accelerating its tapering program and opening the door to potential rate hikes in the second half of the year. The BoE hiked its policy rate by +25bps to 0.75%, which the market reacted to as a relatively dovish signal, as within MPC no one voted for a +50bps hike and given the softened forward guidance, saying that further modest tightening "may be" instead of "is likely to be" appropriate in coming months. Looking at macro indicators, in the U.S. February core CPI was in line with expectations as headline inflation surged to another 40-year high. Core inflation moderated relative to January (0.6% m/m to 0.5% m/m) on softer goods price inflation. In the U.K. inflation surprised to the upside (yet again) in February, with core inflation increasing +0.8pts to 5.2% (YoY). Similarly, the Eurozone February annual inflation rate rose to a new record-high of 5.8% and is expected to rise even further as the war in Ukraine exacerbates surging energy costs.

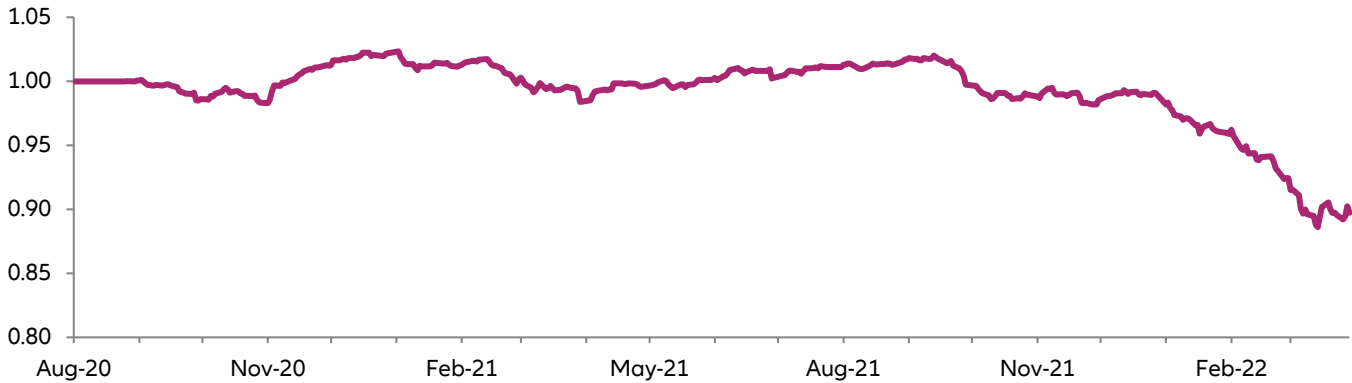
Market Outlook

Although credit spreads have widened vs their post-pandemic tight, we remain cautious on incremental risk additions until we have greater clarity on the implications of higher input costs/inflation and tightening monetary and fiscal policy. We favor high yield risk relative to EM risk alongside better fundamentals and a more attractive risk-reward profile. We continue to see opportunity in companies within COVID-impacted sectors, the crossover segment given positive rating momentum, as well as relative value opportunities in credit derivatives versus cash bonds.

Performance Overview

Performance History	Year To Date	1 Year (YoY)	3 Years (YoY)	5 Years (YoY)	Since Inception
Absolute	-9.44%	-8.78%	N/A	N/A	-10.25%
Annualized	N/A	-8.78%	N/A	N/A	-6.30%

NAVPU Since Inception



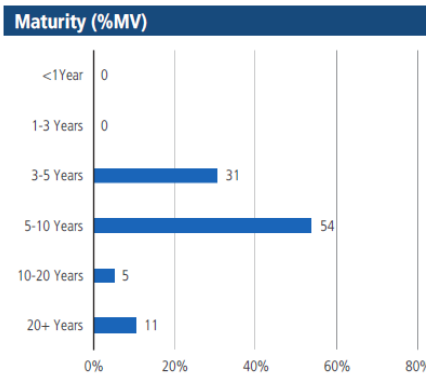
Portfolio Analysis

Asset Allocation

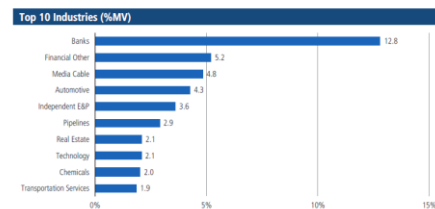
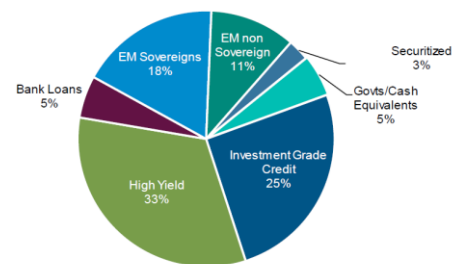


Top 10 Corporate Holdings	
UNICREDIT SPA SR UNSEC 144A	0.6
NISSAN MOTOR CO SR UNSEC 144A	0.6
LINCOLN FINANCING SARL SEC REGS SMR	0.5
COMMSCOPE INC 1ST LIEN 144A	0.5
PEMEX SR UNSEC REGS	0.5
ASDA BELLIS ACQUISITION CO SEC REGS SMR	0.5
GAZPROM PJSC (GAZ FN) SR UNSEC	0.5
PEMEX SR UNSEC	0.5
EQT CORP SR UNSEC	0.5
FOSUN INTERNATIO SR UNSEC	0.4

*Top 10 corporate holdings as of 31/12/2021, excluding derivatives.



Allocations by Sector



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