

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.

31 JANUARY 2019

DOLLAR FLEXI-ASIA BOND FUND

FUND DETAILS:

Inception Date	16-Mar-17	Latest NAVPU	1.007393
Fund Manager of		Initial NAVPU	1.000000
Underlying Fund	Allianz Global Investors (AGI)	Highest NAVPU (11.09.2017)	1.037206
Fund Currency	USD	Lowest NAVPU (11.22.2018)	0.972029
Fund Size	USD5.72 Million	Pricing / Valuation	Daily
Management Fee	1.85% p.a.		

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

Global financial markets started 2019 on a firm footing, buoyed by optimism over US-China trade talks and the dovish policy tone from major central banks. Global government bonds continued their rally from the previous month, with the 10-year US Treasury yield dipping to as low as 2.55% as concerns mounted over signs of weaker global growth. A recovery in investors' risk appetite subsequently eroded some of these gains but dovish comments from the US Federal Reserve (Fed) helped keep a lid on the backup in Treasury yields rise. The 10-year Treasury bond closed the month at 2.66%.

US economic data over January showed a mixed picture. While employment data came in much stronger than expected, other indicators such as the ISM manufacturing and non-manufacturing data, slipped lower. With economic activity indicators showing signs of weakness globally, both the Fed and the European Central Bank (ECB) raised concerns over downside growth risks. The Fed also signalled the possibility of either a slowdown or a pause to its current interest rate hike cycle and balance sheet reduction program. In China, the People's Bank of China (PBOC) injected a record amount of liquidity into China's economy and cut the reserve requirement ratio for banks, while the Chinese authorities announced further stimulus measures.

Asian local currency government bond returns rallied over January in USD terms as Asian currencies strengthened against the USD. In local currency terms, local bond markets also posted positive returns,

as local rates moved in tandem with US Treasury yields. Investor sentiments were also boosted by the positive turn in macro events. By country, Philippines and Thailand outperformed in USD terms over the month.

Asian credit markets rallied over January, with both investment grade and high yield bonds seeing strong returns. Asian investment grade bonds returned 1.60%, driven by the drop in Treasury yields and tighter spreads as investor sentiments turn positive. Asian high yield bonds also delivered a strong performance, returning 3.42% for the month, as progress in US-China trade talks and the liquidity injection by the PBOC were positive for risk sentiments in Asia. New issuance volume rose over January, with USD 29 billion of new bonds issued. Despite the higher issuance volume compared to previous months, the issuance was well-absorbed by the market on the back of strong investor demand.

MARKET OUTLOOK

The Fed has turned more dovish on their policy stance over recent months, which included a lower forecast for the Fed Funds rate over 2019. Market expectations have also shifted, with the market pricing a potential pause in the Fed rate hike cycle over the first half of the year. As such, we see that US Treasury yields may stay within a more benign range over near term. For Asia, a slower pace or even a pause in the rise of US interest rates would lessen the pressure for most central banks to raise domestic interest rates.

We believe that a less hawkish Fed, coupled with the weaker US economic activity data, may help moderate the strength of the USD over the next few months. As such, we see potential opportunities for selective Asian currencies to perform better.

At the current juncture, we believe that Asian credit valuations are very attractive for investors for long-term interest accrual while credit fundamentals remain broadly stable. The yield-to-maturity for Asian investment grade bonds is at 4.6%, a level that is near five year highs. At these levels, investment grade corporate bonds offer compelling return-to-risk profiles. The yield-to-maturity for Asian high yield bonds is 8.1%, which is at the high end of the range over the last five years.



RISK PROFILE ●●●●○

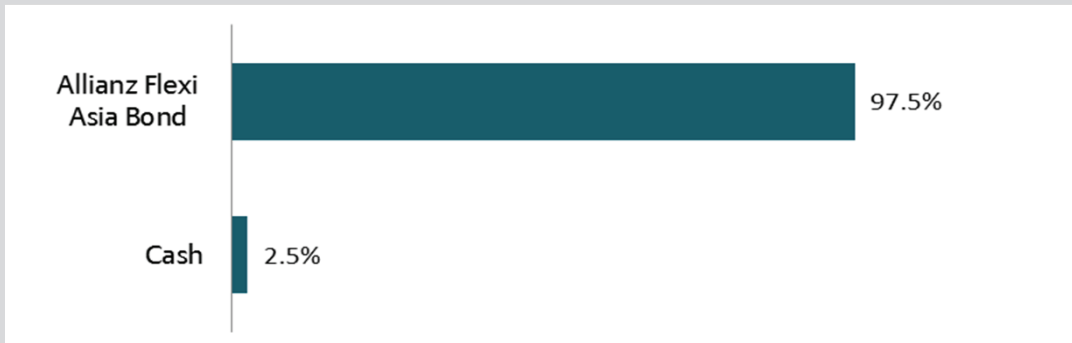
Performance Overview

Performance History	Year To Date	3 Months	1 Year (YoY)	Since Inception
Absolute	2.55%	2.94%	-2.42%	0.74%
Annualized	N/A	N/A	-2.42%	0.39%

NAVPU Since Inception

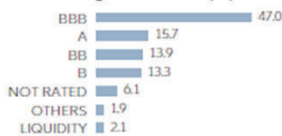


Asset Allocation

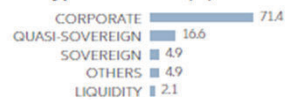


PORTFOLIO ANALYSIS – ALLIANZ FLEXI ASIA BOND

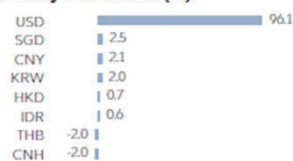
Credit Rating Allocation (%)



Bond Type Allocation (%)



Currency Allocation (%)



Country Allocation (%)



Statistics Summary

Average Coupon	5.66%
Average Credit Quality ³	BBB-
Effective Maturity	5.37 years
Effective Duration	2.91 years
Yield to Maturity	7.45%

Top 10 Holdings – ALLIANZ FLEXI ASIA BOND

Top 10 Holdings	Country	%
LNDLS US CAP INC EMTN F4.5% 26.5.26	AUSTRALIA	3.2
TEWOO GROUP FIN NO 2 FIX 4.500% 16.12.19	CHINA	2.8
HUARONG FINANCE II EMTN FIX 5.500% 16.01.25	CHINA	2.0
ALLIANZ DY AS IN GR B-W	OTHERS	1.8
SINO OCEAN LND TRS FIN I FIX 6.000% 30.07.24	CHINA	1.7
HUZHOU CITY INVS DEV FIX 4.875% 20.12.20	CHINA	1.7
CHOUZHOU INTL INV LTD FIX 4.000% 05.12.20	CHINA	1.6
UNIGROUP INTERNATIONAL FIX 6.000% 10.12.20	CHINA	1.6
SIRIUS INTERNATIONAL GRP REGS FIX 4.600% 01.11.26	BERMUDA	1.5
HUARONG FINANCE 2017 CO EMTN FIX 4.250% 07.11.27	CHINA	1.4
Total		19.3

IMPORTANT NOTICE:

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