

**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.

31 JANUARY 2019

# DOLLAR INCOME & GROWTH FUND

**FUND DETAILS:**

Inception Date	16-March-17	Latest NAVPU	1.081520
Fund Manager of		Initial NAVPU	1.000000
Underlying Fund	Allianz Global Investors (AGI)	Highest NAVPU (10.02.2018)	1.151921
Fund Currency	USD	Lowest NAVPU (03.28.2017)	0.996886
Fund Size	USD11.09 Million	Pricing / Valuation	Daily
Management Fee	1.95% p.a.		

**RISK CLASSIFICATION**

The Fund is suitable for investors with a very 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 stock prices 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**

Equities, convertibles and high yield bonds rallied in January. The Russell 1000 Growth Index was up +9.0%. The ICE BofA Merrill Lynch All US Convertibles Index and ICE BofA Merrill Lynch US High Yield Master II Index returned +7.0% and +4.6%, respectively. By way of comparison, the 10-year US Treasury increased +0.7% and the S&P 500 Index increased by +8.0%.

After a weak finish to 2018, risk assets started 2019 on a strong footing. US equities recorded their best monthly gain since October 2015. Rallying alongside stocks, US high-yield bonds posted their strongest monthly performance since October 2011 and outperformed investment grade corporates and the 10-year US Treasury note. Convertible bonds primarily benefitted from equity market strength.

Market sentiment was resilient in the face of the longest-running US federal government shutdown and weakening overseas economic data. Factors that helped lift investor confidence included US-China trade progress, a dovish pivot by the US Federal Reserve (Fed) and better-than-feared Q4 financial results thus far. Strength in crude oil and stimulus measures by the People's Bank of China (PBoC) also supported sentiment globally.

As expected, the Fed kept rates unchanged and signalled a patient approach toward monetary policy adjustments and indicated balance sheet flexibility.

Energy companies traded up concurrent with crude oil as market participants assessed the severity of the recent selloff against the potential impact of production cuts and falling inventories. Crude oil increased more than USD 8 and settled just below USD 54 per barrel.

**MARKET OUTLOOK**

The Fed has communicated balance sheet flexibility and a patient approach toward future monetary policy adjustments. It is worth noting that while the Fed has projected two interest hikes this year as of December 2018, the futures market is currently pricing in very low odds of a single rate increase in 2019 as of month-end. Overseas, monetary policies continue to be constructive. Over the past 30 years, the US has not fallen into a recession, nor have high-yield spreads moved substantially higher, without being preceded by an inverted yield curve. The difference between the three-month Treasury bill and the 10-year Treasury note has narrowed, but the curve remains positive sloping and accommodative for growth.

After bottoming in Q2 2016, corporate profits have accelerated through Q3 2018. In 2019, the profit trajectory is still higher, but growth could be less robust given high year-over-year comparisons, US dollar strength and trade uncertainty/tariffs.

The relative value proposition of US high yield is clear given the attractive yield opportunity against a healthy credit backdrop. Trading well below par, the asset class offers capital appreciation potential for the first time in years. The asset class should deliver a mid-single digit annual return even in the face of rising interest rates. A higher future coupon would be additive.

The US convertible market is expected to benefit from positive credit and fundamental outlooks, providing bond floor stability and principal growth potential. Like high yield, many issues enter the new year trading at a discount with very attractive yields. On balance, the asset class is targeted to produce a high-single digit annual return, driven by equity gains and income.



**RISK PROFILE** ● ● ● ● ●

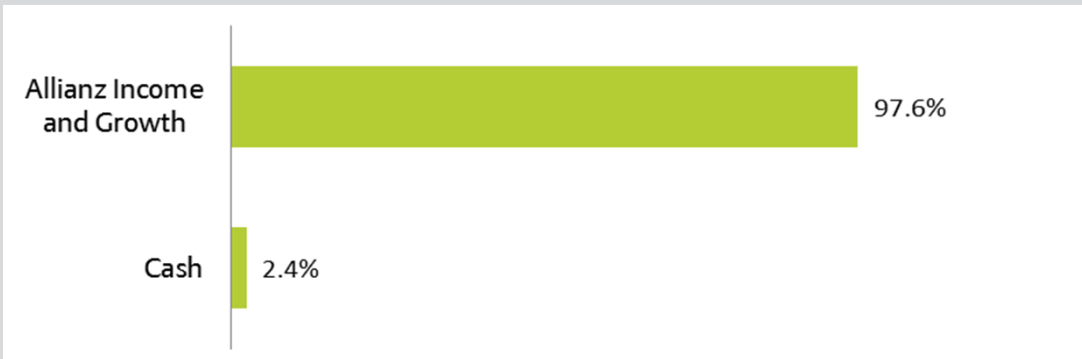
## Performance Overview

Performance History	Year To Date	3 Months	1 Year (YoY)	Since Inception
Absolute	6.91%	1.54%	-3.59%	8.15%
Annualized	N/A	N/A	-3.59%	4.26%

## NAVPU Since Inception

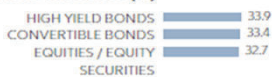


## Asset Allocation

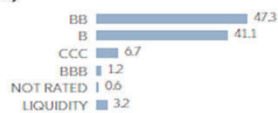


## PORTFOLIO ANALYSIS – ALLIANZ INCOME AND GROWTH

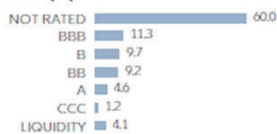
### Asset Allocation (%)



### Rating Allocation - High Yield Bonds (%)



### Rating Allocation - Convertible Bonds (%)



### Sector Allocation - Equities / Equity Securities (%)



### Statistics Summary

Average Coupon - Convertible Bonds	2.29%
Average Coupon - High Yield Bonds	6.27%
Effective Duration - High Yield Bonds	4.01 years
Yield to Maturity - High Yield Bonds	6.94%
Dividend Yield - Equities / Equity Securities	1.51%

## Top Holdings – ALLIANZ INCOME AND GROWTH

Top 5 Holdings - High Yield Bonds <sup>3</sup>	Sector	%
UNITED RENTALS NORTH AM 5.5% 07/15/25	SERVICES	0.3
BAUSCH HEALTH COS INC 6.125% 04/15/25	HEALTHCARE	0.3
KENNEDY-WILSON INC 5.875% 04/01/24	HOME. & REAL EST.	0.3
ZAYO GROUP LLC/ZAYO CAP 5.75% 01/15/27	TELECOM - WIRELINE INT. & SERV.	0.3
SIRIUS XM RADIO INC 5% 08/01/27	BROADCASTING	0.3
Top 5 Holdings - Convertible Bonds <sup>3</sup>	Sector	%
WELLS FARGO & COMPANY 7.5% 12/31/49	FINANCIALS	0.6
ILLUMINA INC 0% 08/15/23	HEALTHCARE	0.5
WORKDAY INC 0.25% 10/01/22	IT	0.5
BECTON DICKINSON AND CO 6.125% 05/01/20	HEALTHCARE	0.5
PALO ALTO NETWORKS 0.75% 07/01/23	IT	0.5
Top 5 Holdings - Equities / Equity Securities <sup>3</sup>	Sector	%
AMAZON.COM INC	CONS. DISC.	1.0
MICROSOFT CORP	IT	0.9
VISA INC	IT	0.9
ALPHABET INC	COMMUNICATION SERVICES	0.9
APPLE INC	IT	0.8

### IMPORTANT NOTICE:

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