

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 MAY 2018

DOLLAR FLEXI-ASIA BOND FUND

FUND DETAILS:

Inception Date	16-Mar-17	Latest NAVPU	1.010484
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 (03.16.2017)	1.000000
Fund Size	USD5.6 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.

Our tactical macro overlays added value to overall fund performance but could not fully offset the negative impact from widening credit spreads.

The Fund continued to keep to a defensive duration stance by underweighting duration. We added to high quality, short-dated China USD bonds where yields have turned more attractive following the recent market dislocation. We also opportunistically added to IDR-denominated bonds, in line with our view that the sell-off had been overdone in local currency IDR bonds. We continued to stay active in our macro hedging strategies, using US Treasury futures and currency forwards to extend duration and tactically added risk-off positioning, during periods of market risk aversion to protect the Fund performance. We also sold credit default swap protection on Indonesia alongside our exposure to IDR bonds.

MARKET COMMENTARY

May was marked by a rise in volatility across financial markets as markets were buffeted by concerns over global macro conditions and geopolitical issues. Investors have been worried about higher oil prices which spiked over USD 80 per barrel, US inflation, tensions over North Korea, political risks in Italy as well as the worsening trade relations between US and China. Global bond markets also experienced a similarly volatile month, as 10-year US Treasury yields rose to a seven-year high of 3.12% before ending the month at 2.86%. Yields had risen sharply on inflation concerns but later receded as investors sought out safe haven assets amidst trade and Italian political tensions.

MARKET OUTLOOK

Despite weaker market technicals, Asian credit fundamentals remain broadly stable. The current bout of market repricing has also led to marked improvements in valuations. While there may be further bouts of volatility in the near term, we believe Q2 should see the worst of this and we expect market to stabilize in the second half of the year, providing good investment opportunities for investors.

Asian credit markets ended the month flat on a total return basis, as negative returns from widening credit spreads were offset by lower Treasury yields in the second half of the month. High yield bonds led the losses, returning -1.23% as the high yield market was roiled by heightened risk aversion sentiments and concerns over idiosyncratic risk events.

We look to adapt our portfolio strategy to the more challenging market environment with a greater emphasis on secondary market liquidity and increased diversification. Liquidity conditions have turned less conducive for shorter term relative valuation positions. As such, we expect to keep to a lower portfolio turnover until market conditions improve. We will also maintain a more diversified portfolio, with a focus on fundamentally stronger, shorter-dated issues for interest accrual, which should hold up well in the current environment. We will also continue to look for selective opportunities in local currency bonds and currencies that can add value to overall fund performance.

The Fund's USD credit exposure detracted from performance over the month as credit spreads widened particularly in the high yield segment. The Fund also has a higher allocation to China, which saw a larger sell-off amidst concerns over Chinese issuers. The Fund's exposure to Asian local currency bonds also detracted on the back of the stronger USD.

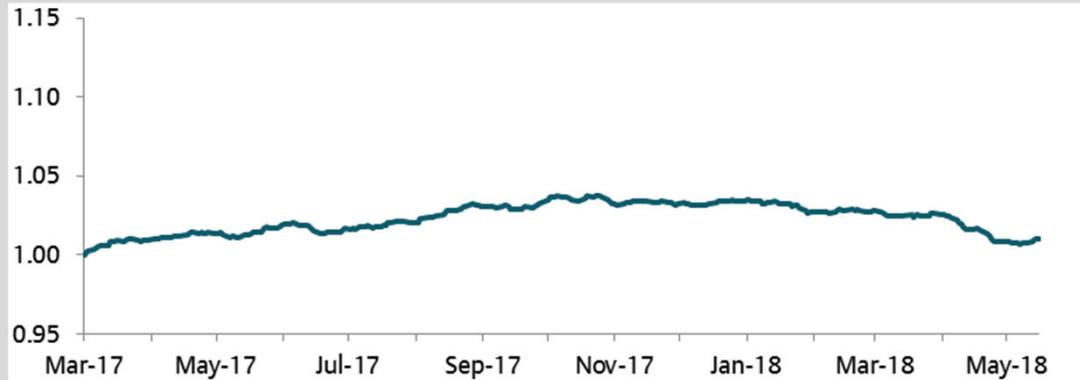


RISK PROFILE ● ● ● ● ○

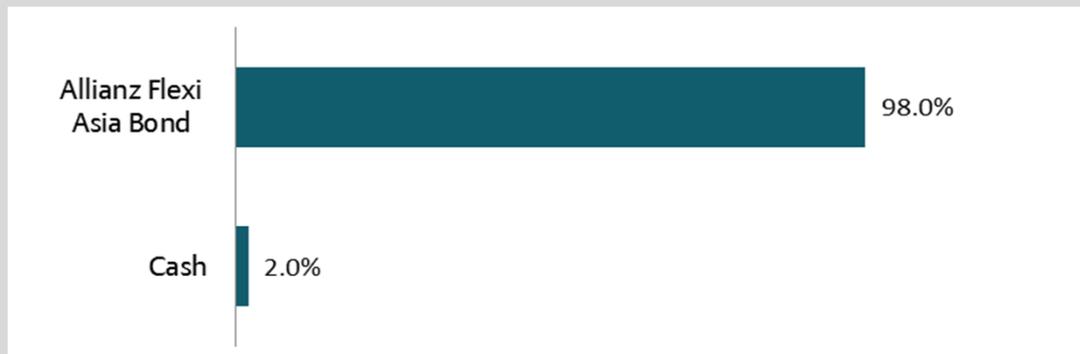
Performance Overview

Performance History	Year To Date	3 Months	1 Year (YoY)	Since Inception
Absolute	-2.11%	-1.77%	-0.21%	1.05%
Annualized	N/A	N/A	-0.21%	0.87%

NAVPU Since Inception

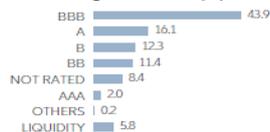


Asset Allocation



PORTFOLIO ANALYSIS – ALLIANZ FLEXI ASIA BOND

Credit Rating Allocation (%)



Bond Type Allocation (%)



Currency Allocation (%)



Country Allocation (%)



Top 10 Holdings – ALLIANZ FLEXI ASIA BOND

Top 10 Holdings	Country	%
ALLIANZ DYN ASIAN HY-W	OTHERS	3.0
FRANS BRILL LTD PERP FTF 4% 3.1.2198	CHINA	2.4
LNDS US CAP INC EMTN F4.5% 26.5.26	AUSTRALIA	2.1
TEWOO GROUP FIN NO 2 FIX 4.500% 16.12.19	CHINA	2.0
CCB LIFE INSURANCE FIX TO FLOAT 4.500% 21.04.77	CHINA	2.0
CHINA CITIC BANK CORP NCD ZERO 01.06.18	CHINA	2.0
CHONG HING BNK LTD FTF3.876% 26.7.27	CHINA	2.0
WEICHA I INTL HK ENERGY PERP FIX TO FLOAT 3.750% 14.03.2198	CHINA	1.8
ALLIANZ DY AS IN GR B-W	OTHERS	1.7
HUZHOU CITY INVS DEV FIX 4.875% 20.12.20	CHINA	1.6
Total		20.6

Statistics Summary

Average Coupon	5.11%
Average Credit Quality ²	BBB
Effective Maturity	4.72 years
Effective Duration	3.25 years
Yield to Maturity	6.75%

IMPORTANT NOTICE:

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