

**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 MAY 2018

# DOLLAR INCOME & GROWTH FUND

**FUND DETAILS:**

Inception Date	16-March-17	Latest NAVPU	1.108042
Fund Manager of		Initial NAVPU	1.000000
Underlying Fund	Allianz Global Investors (AGI)	Highest NAVPU (01.30.2018)	1.130958
Fund Currency	USD	Lowest NAVPU (03.28.2017)	0.996886
Fund Size	USD7.56 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.

US Federal Reserve (Fed) minutes suggested that the central bank may be willing to let inflation run above its target level of 2%.

**MARKET OUTLOOK**

Equity market volatility has increased in 2018, but positive market fundamentals remain. Solid corporate earnings growth and an improving global economic outlook continue to be supportive of investments in risk assets.

**MARKET COMMENTARY**

In May, convertible bonds and equities advanced whereas high-yield bonds finished unchanged. The Russell 1000 Growth Index gained 4.4%<sup>1</sup>. The ICE BofA Merrill Lynch All US Convertibles Index and ICE BofA Merrill Lynch US High Yield Master II Index returned 3.5% and 0.0%, respectively<sup>2</sup>. By way of comparison, the 10-year US Treasury increased 1.1%<sup>2</sup>, and the S&P 500 Index was higher by 2.4%.

Despite a more volatile backdrop, convertible and high-yield bond performance expectations should not deviate from their historical return profile of 1) delivering a compelling total return with less volatility than stocks and 2) providing fixed-income diversification benefits in rising interest-rate environments compared to US Treasuries and investment-grade corporate bonds. A case for mid-single digit yearly returns for each of the three asset classes is still supportable.

US stocks were one of the best performing asset classes, significantly outperforming their non-US counterparts. Equity market strength aided convertible bonds and helped buoy the high-yield bond market.

New convertible issuance accelerated in Q1 and will likely continue to remain strong throughout 2018, given rising interest rates and attractive market dynamics for new convertible issuers. Further, redemptions and maturities are expected to decline over the next couple of years and if new issuance improves, the convertible market could grow significantly. This would provide more balanced convertible opportunities and could also improve sector diversification.

US risk assets withstood a number of geopolitical developments as well as bouts of commodity, interest rate and equity volatility. Most headlines focused on global trade negotiations, US/ North Korea summit dialogue, Middle East tensions and Italian government instability. The latter development in particular coincided with a spike in equity volatility, gains in US Treasuries and dollar strength.

High-yield defaults in 2018 are expected to remain below their long-term historical average. Spreads ended the month at 363 bps over comparable Treasuries – widening in the month, but immaterially. This stage of the market cycle can be compared to the mid-1990s and mid-2000s – market environments that exhibited economic stability, low defaults and healthy fundamentals.

The 10-year US Treasury yield rose from 2.94% to 3.12%, then dropped to 2.78% before finishing at 2.89%.

Equity valuations have contracted versus earlier observed premiums to historical averages. Earnings growth expectations for the current year are unchanged, and the future year earnings projection forecasts a continued positive improvement.

Economic reports revealed falling unemployment, tame inflation, home price growth, higher industrial production and increased consumer confidence. Conversely, existing home sales fell modestly month over month.



**RISK PROFILE** ●●●●●

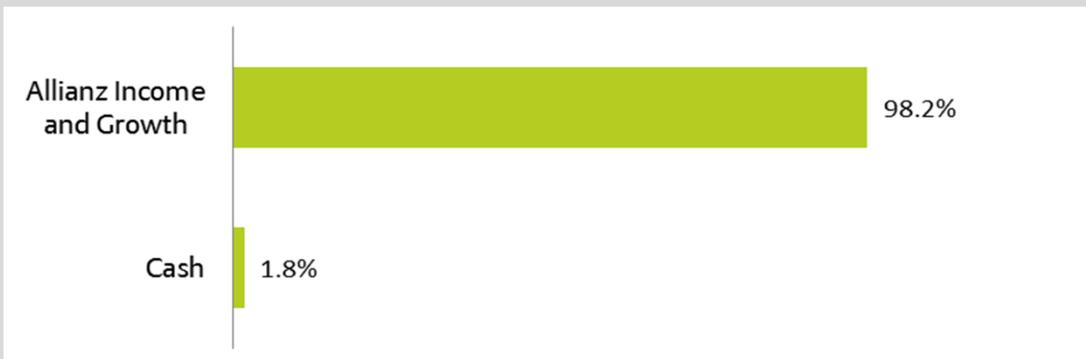
## Performance Overview

Performance History	Year To Date	3 Months	1 Year (YoY)	Since Inception
Absolute	2.19%	-0.06%	8.09%	10.80%
Annualized	N/A	N/A	8.09%	8.86%

## NAVPU Since Inception

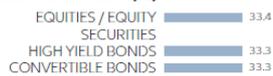


## Asset Allocation

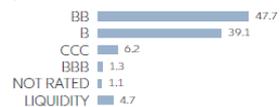


## PORTFOLIO ANALYSIS – ALLIANZ INCOME AND GROWTH

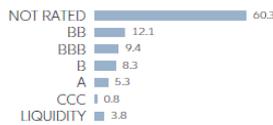
### Asset Allocation (%)



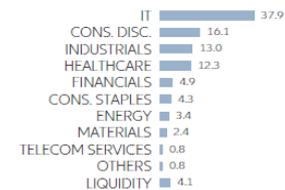
### Rating Allocation - High Yield Bonds (%)



### Rating Allocation - Convertible Bonds (%)



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



### Statistics Summary

Average Coupon - Convertible Bonds	2.40%
Average Coupon - High Yield Bonds	6.25%
Effective Duration - High Yield Bonds	4.11 years
Yield to Maturity - High Yield Bonds	6.51%
Dividend Yield - Equities / Equity Securities	1.42%

## Top Holdings – ALLIANZ INCOME AND GROWTH

### Top 5 Holdings - High Yield Bonds<sup>2</sup>

Security	Yield	Maturity	Sector	%
CENTURYLINK INC	7.5%	04/01/24	TELECOM - WIRELINE INT. & SERV.	0.3
UNITED STATES STEEL CORP	6.875%	08/15/25	STEEL	0.3
AECOM	5.875%	10/15/24	SERVICES	0.3
SPRINT COMMUNICATIONS	11.5%	11/15/21	TELECOM WIRELESS	0.3
DAVITA INC	5.125%	07/15/24	HEALTHCARE	0.3

### Top 5 Holdings - Convertible Bonds<sup>2</sup>

Security	Yield	Maturity	Sector	%
INTEL CORP	3.25%	08/01/39	TECHNOLOGY	0.7
MICRON TECHNOLOGY INC	3%	11/15/43	TECHNOLOGY	0.6
BECTON DICKINSON AND CO	6.125%	05/01/20	HEALTHCARE	0.5
CAESARS ENTERTAIN CORP	5%	10/01/24	CONS. DISC.	0.5
PRICELINE GROUP INC/THE	0.9%	09/15/21	TECHNOLOGY	0.4

### Top 5 Holdings - Equities / Equity Securities<sup>2</sup>

Security	Yield	Sector	%
AMAZON.COM INC		CONS. DISC.	1.0
VISA INC		IT	1.0
MICROSOFT CORP		IT	1.0
APPLE INC		IT	1.0
ALPHABET INC		IT	1.0

### IMPORTANT NOTICE:

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