

29 FEBRUARY 2024

# Dollar Income and Growth Dividend-Paying Fund



## AGI RISK AND REWARD INDICATOR



## 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

- The Fund is exposed to significant risks which include investment/general market, company-specific, creditworthiness/credit rating/ downgrading, default, currency, valuation, asset allocation, country and region, emerging market and interest rate risks. The Fund's investments focus on US and Canada which may increase concentration risk.
- The Fund is also exposed to risks relating to securities lending transactions, repurchase agreements and reverse repurchase agreements.
- The Fund may invest in high-yield (non-investment grade and unrated) investments and convertible bonds which may subject to higher risks, such as volatility, loss of principal and interest, creditworthiness and downgrading, default, interest rate, general market and liquidity risks and therefore may adversely impact the net asset value of the Fund. Convertibles will be exposed to prepayment risk, equity movement and greater volatility than straight bond investments.
- The Fund may invest in financial derivative instruments ("FDI") for efficient portfolio management (including for hedging) which may expose to higher leverage, counterparty, liquidity, valuation, volatility, market and over the counter transaction risks. The Fund will not invest extensively in FDI for investment purpose.
- Dividend payments may, at the sole discretion of the Investment Manager, be made out of the Fund's capital or effectively out of the Fund's capital which represents a return or withdrawal of part of the amount investors originally invested and/or capital gains attributable to the original investment. This may result in an immediate decrease in the NAV per share and the capital of the Fund available for investment in the future and capital growth may be reduced.
- This investment may involve risks that could result in loss of part or entire amount of investors' investment.
- In making investment decisions, investors should not rely solely on this material.

## FUND DETAILS:

Inception Date	19-Jun-18	Latest NAVPU	0.891010
Fund Manager	Allianz Global Investors (AGI)	Initial NAVPU	1.000000
Fund Currency	USD	Highest NAVPU (11.09.2021)	1.145309
Fund Size	USD 803.58 Million	Lowest NAVPU (03.24.2020)	0.733313
Management Fee	1.95% p.a.	Pricing / Valuation	Daily

## Risk Classification

The Fund is suitable for investors with a moderately 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 interest rate movements and stock price 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

Markets advanced in February as investors digested better-than-expected corporate earnings, mixed economic data, and a shift in rate cut expectations. A strong finish to the earnings season drove Q4's earnings growth to 4.0% (compared to -0.3% at the end of January) and helped lift 2024 and 2025 earnings estimates. Monthly payroll figures and the unemployment rate topped forecasts and manufacturing and services sector surveys improved. On the other hand, some inflation measures came in higher than expected. As a result, market expectations for the first interest rate cut were pushed out to June's Federal Open Market Committee (FOMC) meeting, aligning with the US Federal Reserve (Fed)'s most recent full-year forecast. Against this backdrop, Treasury yields rose, and investment grade bonds fell.

## Market Outlook

2023's economic momentum should carry over into 2024. Economic tailwinds include low unemployment, steady consumption, government spending, waning inflation, a stabilising manufacturing sector, an end to the rate hike cycle, and inflecting earnings. Economic headwinds include continued restrictive monetary policy and quantitative tightening, less savings, and US/international political risks, among others.

High-yield credit and convertible securities should be better positioned to weather any market volatility given current asset class dynamics, which in some respects are more favourable today than they were exiting 2022. Consequently, today's market outlook resembles 2023's with mid to high single-digit returns possible by year-end 2024 for high-yield credit,

convertible securities, and equities.

The US high-yield market, currently yielding 8%, offers the potential for equity-like returns but with less volatility. Credit fundamentals are stable, near-term refinancing obligations remain low, and management teams continue to prioritise debt reduction. Given these factors, defaults should remain well below historical cycle peaks. The market's attractive total return potential is a function of its discount to face value and higher coupon, which also serves to cushion downside volatility. Notably, after recording an annual decline, the high-yield market has historically delivered two consecutive years of positive returns in six of the seven cases#, and forward 12- and 24-month return projections based on the current market yield have been consistent with mid to high single digits##.

US convertible securities should continue to provide benefits to investors, including an attractive asymmetric return profile and potentially lower volatility relative to the equity market. The shift in the universe's composition exiting 2022 remains largely unchanged heading into 2024. Many securities offer attractive current yields and exhibit defensive characteristics given lower deltas and closer proximities to bond floors. This dynamic may allow for greater downside protection if equity volatility rises. If the prices of underlying stocks advance, convertible securities could be positioned to participate in the upside. Lastly, higher debt financing costs should draw issuers to the convertible market for coupon savings. As a result, new issuance is expected to increase materially year-over-year.

US equity valuations reside near long-term averages. Visibility around 2024 and 2025 earnings, US dollar and Treasury market stabilisation, and an end to the rate hike cycle could be positive developments for stocks. Any equity market volatility will present opportunities for active managers to take advantage of better prices in attractive investments.

A covered call options strategy can be utilised to generate premium income. In periods of elevated or rising equity volatility, premiums collected may translate into more attractive annualised yields.

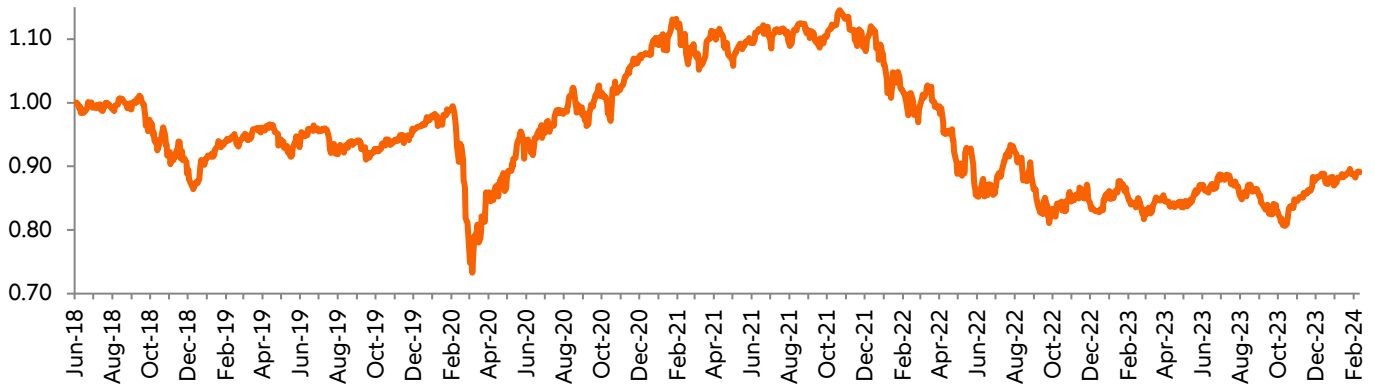
Collectively, these three asset classes can provide a steady source of income and a compelling "participate-and-protect" return profile.

The strategy is a client solution designed to provide favourable monthly income, the potential for capital appreciation, and less volatility than an equity-only fund.

## Performance Overview

Performance History	Year To Date	1 Year (YoY)	3 Years (YoY)	5 Years (YoY)	Since Inception
Absolute	0.26%	6.10%	-15.95%	-5.45%	-10.90%
Annualized	N/A	6.10%	-5.63%	-1.11%	-2.01%

## NAVPU Since Inception

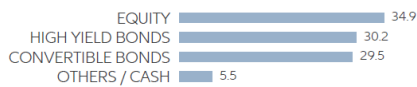


## Portfolio Analysis

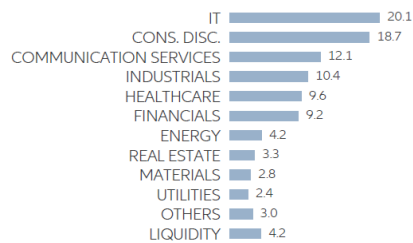
### Asset Allocation



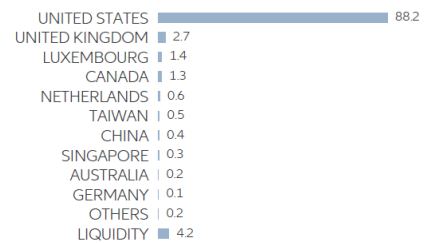
### Asset Allocation (%)



### Sector Allocation (%)



### Country/Location Allocation (%)



### Top 10 Holdings<sup>3</sup>

Top 10 Holdings <sup>3</sup>	Sector	%
MICROSOFT CORP	IT	2.0
AMAZON.COM INC	CONS. DISC.	2.0
NVIDIA CORP	IT	1.4
ALPHABET INC-CLA	COMMUNICATION SERVICES	1.3
SALESFORCE INC	IT	1.0
HOME DEPOT INC	CONS. DISC.	1.0
WELLS FARGO & COMPANY	FINANCIALS	1.0
UNION PACIFIC CORP	INDUSTRIALS	1.0
TESLA INC	CONS. DISC.	1.0
MASTERCARD INC - A	FINANCIALS	1.0
<b>Total</b>		<b>12.7</b>

### Statistics Summary

Average Coupon - Convertible Bonds	2.08%
Average Coupon - High Yield Bonds	6.02%
Effective Duration - High Yield Bonds	3.65 years
Yield to Maturity - High Yield Bonds	7.99%
Dividend Yield - Equities / Equity Securities	1.09%
Credit Quality - High Yield Bonds: BBB- or above	0.86%
Credit Quality - High Yield Bonds: Below BBB-	27.15%
Credit Quality - Convertible Bonds: BBB- or above	17.17%
Credit Quality - Convertible Bonds: Below BBB-	10.35%

### RISKS

- Equities and other equities securities (ie. covered call, short-call option), high-yield bonds and convertible bonds may be subject to volatility and loss risks. The volatility of the fund unit price may be strongly increased.
- The Fund may tactically use a covered call option strategy. This strategy may cause the Fund to forego any appreciation in the underlying instrument's stock price above the option strike price, and so limits the growth potential of the Fund. Equity may fall more than the respective call premium, resulting in the losses of premium cushions on equity holdings
- Underperformance of the U.S. capital market possible
- Currency losses possible against investor currency in unit classes not hedged
- Flexible investment policy is no guarantee that losses will be excluded
- Limited participation in the potential of individual securities
- Success of single security analysis and active management not guaranteed
- Any distributions involving payment of distributions out of the Fund's capital may result in an immediate decrease in the Net Asset Value per Share and may reduce the capital available for the Fund for future investment and capital growth

### IMPORTANT NOTICE:

This document is for information purposes only. This does not constitute an offer or a solicitation to buy or sell any investment referred to in this document. The information in this publication is based on carefully selected sources believed to be reliable but we do not make any representation as to its accuracy or completeness. Any opinions herein reflected are good as of this date but may be subject to change without prior notice. Investment or participation in the Fund is subject to risk and possible loss of principal, and is not insured by the Philippine Deposit Insurance Corporation (PDIC). Losses, if any, shall be for the account and risk of the Trustor/Participant. Past performance is not indicative of future performance.