

29 FEBRUARY 2024

Peso-Hedged Diversified Income Dividend-Paying Fund



FUND DETAILS:

Inception Date	3-Aug-20	Latest NAVPU	0.804900
Fund Manager	PIMCO Global Advisors (Ireland) Limited	Initial NAVPU	1.000000
Fund Currency	PHP	Highest NAVPU (01.04.2021)	1.023433
Fund Size	PHP 147.71 Million	Lowest NAVPU (10.24.2022)	0.751021
Management Fee	1.85% p.a.	Pricing / Valuation	Daily

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

February saw new record highs in equity markets on a positive earnings season in the U.S., while resilient macro data weighed on treasuries, as investors continued to par back pricing of cuts to the federal funds rate. The U.S. 2y yield rose 41bps to 4.62%, while the UK 2y yield rose 4bps to 4.28%. The U.S. 10y yield rose 34bps to 4.25%, while the UK 10y yield rose 33bps to 4.12%. In Germany, the 2y yield rose 48bps to 2.90%, while the 10y rose 25bps to 2.41%. Within spreads, USD investment grade tightened 2bps to 100bps, while EUR investment grade tightened 9bps to 121bps. USD high yield credit tightened 30bps to 329bps, while EUR high yield spreads tightened 40bps to 354bps. In the equities space, tech companies drove gains for multiple indexes. The Japan Nikkei index delivered notably strong performance returning 7.99% and driving the index above its 1989 record high. The S&P500 registered a monthly gain of 5.34% and also reached a record high level.

In the monetary space, central banks' messaging and strong economic data continued to further push back the timeline for rate cuts. While Federal Reserve Chair Jerome Powell stated his base case is inflation would continue to fall throughout the first half of 2024, Fed officials will continue to adopt a data dependent approach to gain confidence that inflation is on a sustainable downwards path before starting to cut rates. The Bank of England left policy rates unchanged at 5.25% for the fourth consecutive meeting. While guidance and language shifted to a more neutral stance, there was no discussion of future rate cuts. The People's Bank of China cut the five-year loan prime rate (LPR) from 4.20% to 3.95%, marking the largest cut in the rate since its introduction in 2019. The move aims to stimulate the Chinese property market. Meanwhile, the one-year LPR was left unchanged at 3.45%.

Regarding macro prints, U.S. non-farm payrolls printed at +353k (higher than the +180k expected), while the unemployment rate remained at 3.7% (vs 3.8% expected). Meanwhile, U.S. core CPI remained at 3.9%yoy (above the 3.7% expected). U.S. headline CPI fell, printing at 3.1%yoy (also above expectations). In the UK, core CPI remained at 5.1%yoy (vs. 5.2% expected), and headline CPI printed at 4%yoy (vs 4.2%yoy expected). Euro Area core inflation printed at 3.3%yoy for January, below last month's, while headline inflation printed in line with expectations at 2.8%yoy for January. Finally, the Eurozone and UK flash composite PMIs rose to 48.9 and 53.3 respectively in February. The Eurozone print is consistent with stagnation in activity, while the UK PMI points to positive growth in the economy.

Market Outlook

We believe credit has rarely appeared more compelling relative to equities, as starting yield levels are historically attractive. Given continued macro-economic uncertainty, the portfolio continues to emphasize resilience, namely through an allocation to Agency and Non-Agency Mortgage-Backed Securities. Over a medium to long-term horizon, we are constructive on current valuations but are mindful of the risk that volatility could remain elevated in the near term. We favor DM, higher quality risk relative to EM risk alongside better fundamentals and a more attractive risk-reward profile. We continue to see opportunities in companies that we believe are more resilient to rising recession risks and margin pressures, the crossover segment given positive rating momentum, as well as relative value opportunities in credit derivatives versus cash bonds.

PIMCO RISK AND REWARD INDICATOR



Investment Objective

To maximize total return, consistent with prudent investment management by investing primarily in a diversified pool of corporate and emerging market fixed income securities of varying maturities

- 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 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.

- 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.

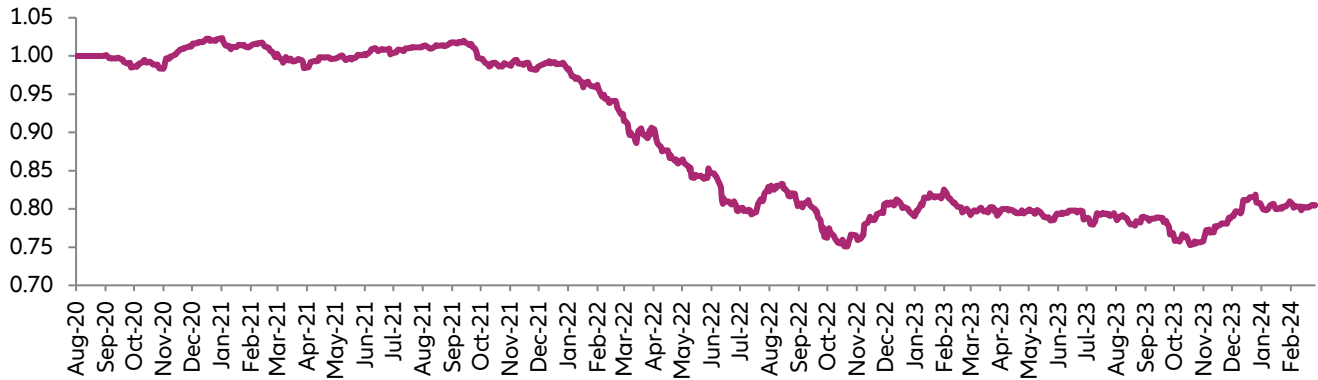
- This investment may involve risks that could result in loss of part or entire amount of investors' investment.

- In making investment decisions, investors should not rely solely on this material.

Performance Overview

Performance History	Year To Date	1 Year (YoY)	3 Years (YoY)	5 Years (YoY)	Since Inception
Absolute	-0.43%	1.71%	-18.19%	N/A	-19.51%
Annualized	N/A	1.71%	-6.47%	N/A	-5.89%

NAVPU Since Inception



Portfolio Analysis

Asset Allocation

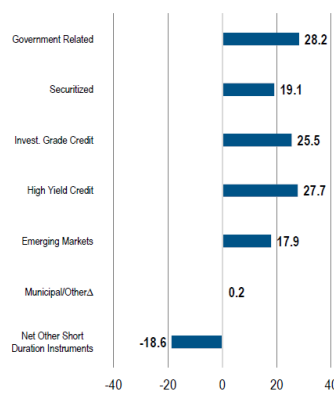


Top 10 Holdings (% Market Value)*

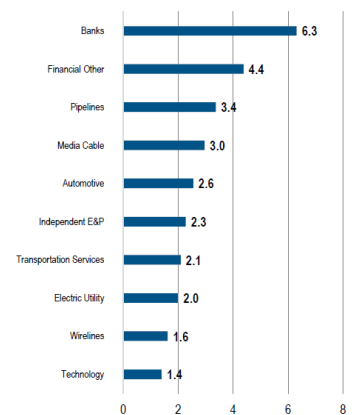
FNMA TBA 6.5% FEB 30YR	4.3
FNMA TBA 6.0% FEB 30YR	2.9
FNMA TBA 5.5% FEB 30YR	2.8
FNMA TBA 5.0% JAN 30YR	2.4
U S TREASURY BOND	1.3
MUNDYS SPA SR UNSEC SMR	1.1
PEMEX SR UNSEC	0.8
CHARTER COMMU OPER TL B2 1L TSFR3M	0.7
REPUBLIC OF TURKEY SR UNSEC	0.6
REPUBLIC OF ARGENTINA	0.6

*Top 10 holdings as of 12/31/2023, excluding derivatives.

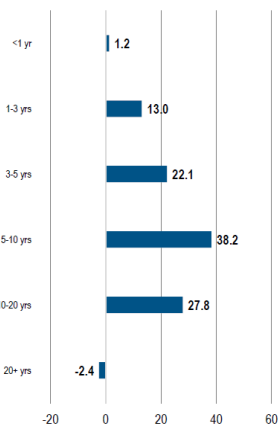
Sector Allocation (% Market Value)



Top 10 Industries (% Market Value)



Duration (% Duration Weighted Exposure)



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.

RISKS

- Share value can go up as well as down and any capital invested in the Fund may be at risk.
- The fund may use derivatives for hedging or as part of its investment strategy which may involve certain costs and risks.
- Currency-hedged funds are invested in assets denominated in currencies other than the base currency of the fund. The fund value may then fluctuate depending on the movement of the exchange rate, and could either be higher or lower than the amount invested, regardless of the performance of the fund's underlying assets. Currency-hedged funds aim to minimize this currency exposure by employing a hedging mechanism. However, there is no guarantee that such hedge transactions can fully eliminate currency risks.
- 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.