

31 MARCH 2024

# Peso-Hedged Diversified Income Dividend-Paying Fund



## FUND DETAILS:

Inception Date	3-Aug-20	Latest NAVPU	0.814240
Fund Manager	PIMCO Global Advisors (Ireland) Limited	Initial NAVPU	1.000000
Fund Currency	PHP	Highest NAVPU (01.04.2021)	1.023433
Fund Size	PHP 147.75 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

In March, risk assets experienced strong gains, driven by continued investor optimism for a soft landing. Meanwhile, bond market returns were more muted, as investors grappled with the prospect that stickier inflation and strong macro data may prompt central banks to deliver less cuts this year than market participants were previously expecting. The U.S. 2y yield was flat, remaining at 4.62%, while the UK 2y yield fell 12bps to 4.16%. The U.S. 10y yield fell 5bps to 4.20%, while the UK 10y yield fell 19bps to 3.93%. In Germany, the 2y yield fell 5bps to 2.85%, while the 10y fell 11bps to 2.30%. Within spreads, USD investment grade tightened 6bps to 94bps, while EUR investment grade tightened 8bps to 113bps. USD high yield credit tightened 14bps to 315bps, while EUR high yield spreads widened 15bps to 369bps. In the equities space, most major world indices delivered notable gains. The FTSE 100 delivered strong performance returning 4.85%, while the S&P500 registered a monthly gain of 3.22%.

In the monetary space, central banks worldwide took diverging policy decisions. The Bank of Japan delivered its first hike since 2007, moving its policy rate from -0.1% to a range of 0-0.1% and putting an end to yield curve control, marking the end of an era of extraordinary easing. The Swiss National Bank surprised markets by cutting its policy rate by 0.25% to 1.50%. The move confirmed that in SNB officials' judgment, the rate hikes to counter the post-pandemic inflation surge have achieved the objective of returning Swiss inflation to somewhat below 2%. The European Central Bank kept interest rates unchanged as it acknowledged inflation is declining more rapidly than previously anticipated and adjusted its inflation projections

accordingly. The Bank of England maintained its policy rate at 5.25% while also signaling plans for more than one interest rate cut this year. The Federal Reserve also kept its policy rate unchanged in the range of 5.25-5.50%. The committee acknowledged that January's pickup in inflation might have been seasonal and reiterated the possibility of beginning to dial back the restrictive policy stance later this year. The People's Bank of China (PBoC) kept its medium-term lending facility rate unchanged; the decision was followed by the one-year and five-year loan prime rates also remaining unchanged.

Regarding macro prints, U.S. non-farm payrolls printed at +275k (higher than the +200k expected), while the unemployment rate rose to 3.9% (vs 3.7% expected). Meanwhile, U.S. core CPI fell to 3.8%yoy (above the 3.7% expected). U.S. headline CPI rose, printing at 3.2%yoy (also above expectations). In the UK, core CPI fell to 4.5%yoy (vs. 4.6 % expected), and headline CPI printed at 3.4%yoy (vs 3.5%yoy expected). Euro Area core inflation printed at 3.1%yoy for February, below last month's and in line with expectations. Euro Area headline inflation also printed in line with expectations at 2.6%yoy for February. Finally, the Eurozone and UK flash composite PMIs printed at 49.9 and 52.9, respectively, in March.

## Market Outlook

We believe credit has rarely appeared more compelling relative to equities, as starting yield levels are historically attractive. Given the ongoing macro-economic uncertainty, the portfolio continues to emphasize resilience, namely through an allocation to Agency and Non-Agency Mortgage-Backed Securities. We favor DM, in light of the higher quality relative to EM risk, alongside better fundamentals and a more attractive risk reward profile. We continue to see opportunities in select companies with good earnings visibility and that we believe are more resilient to margin pressures, the crossover segment given positive ratings momentum, as well as relative value opportunities in credit derivatives versus cash bonds.

## PIMCO RISK AND REWARD INDICATOR

Lower Risk Lower Rewards ●●●●●○ Higher Risk Higher Rewards  
4/7 as of 08/05/2024

## 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	0.73%	2.89%	-17.24%	N/A	-18.58%
Annualized	N/A	2.89%	-6.11%	N/A	-5.47%

## NAVPU Since Inception



## Portfolio Analysis

### Asset Allocation

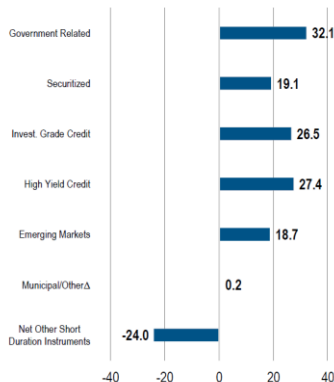


### Top 10 Holdings (% Market Value)\*

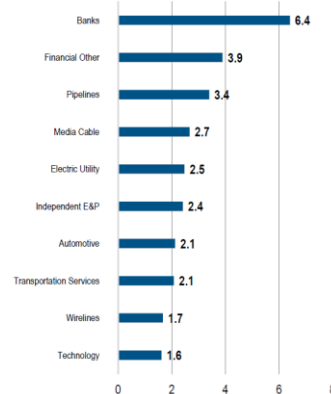
FNMA TBA 6.5% FEB 30YR	4.3
FNMA TBA 6.0% FEB 30YR	2.9
FNMA TBA 5.5% FEB 30YR	2.8
FNMA TBA 5.0% JAN 30YR	2.4
U S TREASURY BOND	1.3
MUNDYS SPA SR UNSEC SMR	1.1
PEMEX SR UNSEC	0.8
CHARTER COMMU OPER TL B2 1L TSFR3M	0.7
REPUBLIC OF TURKEY SR UNSEC	0.6
REPUBLIC OF ARGENTINA	0.6

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

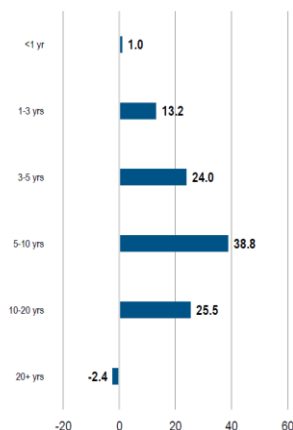
### Sector Allocation (% Market Value)



### 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.