Allianz Green Transition Bond

Quarterly Reporting | March 2022

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This is a marketing communication. Please refer to the prospectus of the Allianz Green Transition Bond fund and to the KIID before making any final investment decisions.

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Investment objective

Globally diversified, multi-sector bond portfolio that supports environmental-friendly solutions and aspirations while seeking to minimise exposure to risks related to environmental pollution and climate change.

Summary

- European bonds sold off in March amid concerns that the Russia/Ukraine conflict would heighten inflationary pressures across the EU;
- It was also another weak month for Emerging Market (EM) bonds, with both hard and local currency bonds declining over the month;
- The strategy outperformed its benchmark by +0.5% on a net basis (WT6-USD share class) and posted a -1.30% total return (vs -1.80% for the benchmark);
- Markets will focus on Central Banks speeches and actions which will drive the credit market and should give more visibility on monetary tightening.

Key Information

ISIN / Share class	LU2417539132 / WT6 - USD
Benchmark	33% JPM ESG EMBI Global 33% BBG MSCI Global Corp 33% BBG MSCI Global Green
Launch date	14/12/2021
Net assets	20.63 m EUR
Share Class volume	23.11 m USD

Characteristics

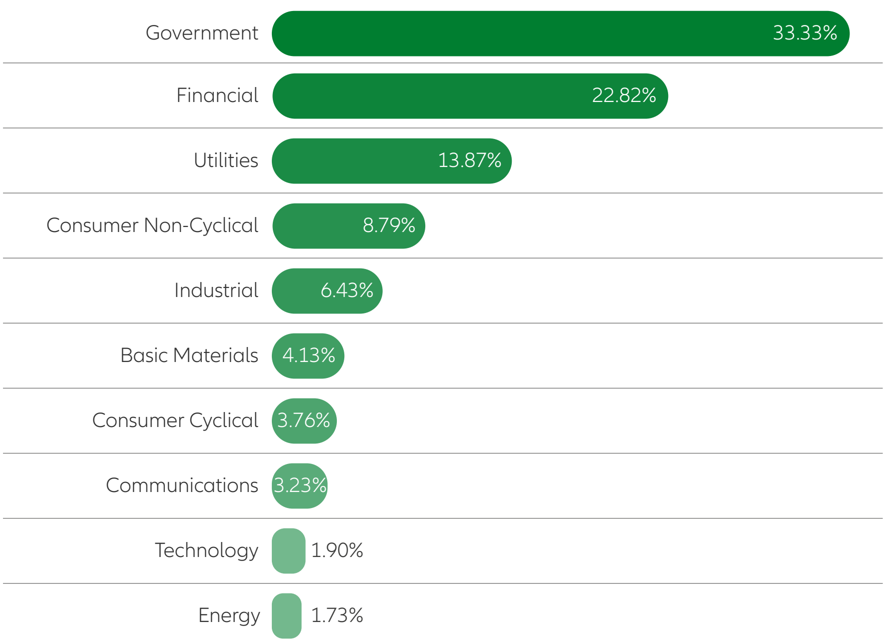
Yield (YTW) in USD	3.59%
Rating	BBB
Duration	7.6
# of issues	156

Value. Shared.

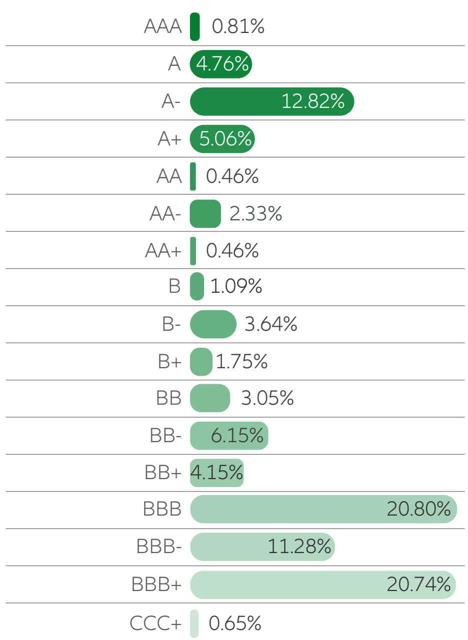
Allianz Global Investors

Portfolio structure

Sectors



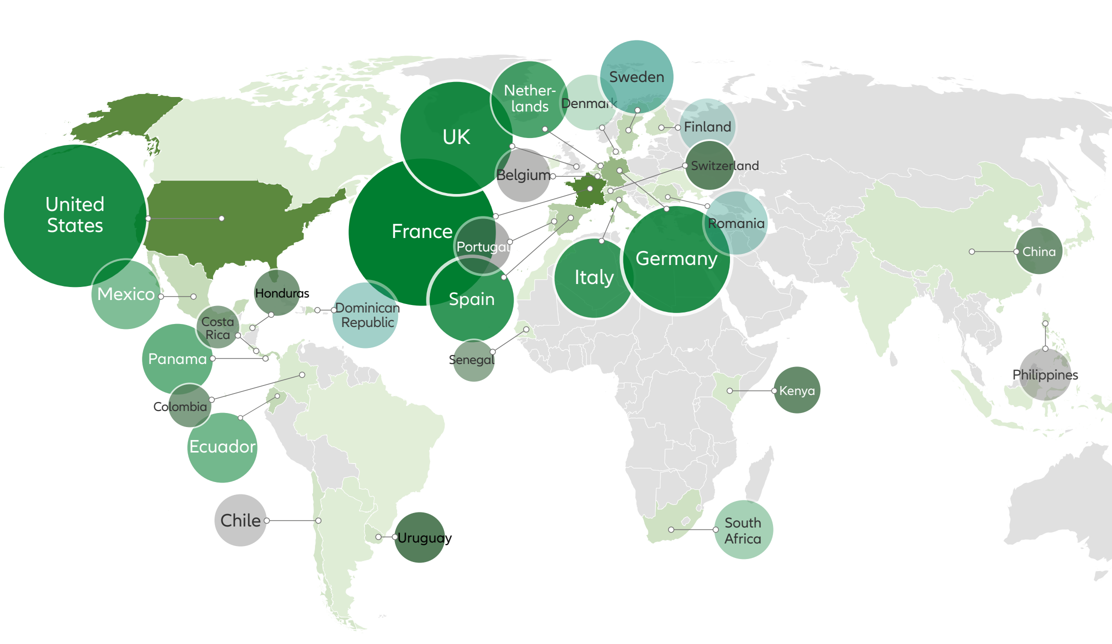
Rating breakdown (%)



Top Holdings (%)

Global Green Bonds	%	SBTi Corporate	%	EM Government Bonds	%
Republic of Chile Fix 3.500% 25.01.2050	1.55%	Burberry Group PLC Fix 1.125% 21.09.2025	1.05%	Republic of Ecuador Regs Step 5.000% 31.07.2030	2.86%
Scottish Hydro Electric Emtn Fix 2.250% 27.09.2035	1.01%	Mercialys SA Fix 2.500% 28.02.2029	0.90%	United Mexican States Fix 2.659% 24.05.2031	2.72%
Banco Bilbao Vizcaya Arg. Conv Fix To Float 6.000% 15.10.2198	0.99%	Diageo Capital PLC Fix 3.875% 18.05.2028	0.88%	Republic of South Africa Fix 5.875% 22.06.2030	2.01%
Skandinaviska Enskilda Emtn Fix 0.750% 09.08.2027	0.90%	EDP Finance BV 144A Fix 3.625% 15.07.2024	0.85%	Romania Regs Fix 3.000% 14.02.2031	1.95%
Hungary Fix 1.750% 05.06.2035	0.89%	State Grid Europe Develo Fix 3.250% 07.04.2027	0.84%	Dominican Republic Regs Fix 4.875% 23.09.2032	1.92%
TOTAL	5.34%	TOTAL	4.52%	TOTAL	11.46%

Country/Location



France	12.34%
United States	11.62%
United Kingdom	7.30%
Germany	6.70%
Spain	4.22%
Italy	3.64%
Netherlands	3.43%
Sweden	3.18%
Panama	2.94%
Ecuador	2.90%
Mexico	2.77%
Dominican Rep.	2.58%
Romania	2.40%
South Africa	2.05%
Finland	1.85%
Denmark	1.84%
Portugal	1.80%
Belgium	1.74%
Philippines	1.64%
Chile	1.57%
Uruguay	1.54%
Switzerland	1.43%
Kenya	1.29%
China	1.27%
Honduras	1.24%
Colombia	1.10%
Costa Rica	1.09%
Senegal	1.03%
Other	11.51%

Monthly commentary

Market environment

European bonds sold off in March amid concerns that the Russia/Ukraine conflict would heighten inflationary pressures across the EU. In Germany, the yield on the 10-year German Federal Government Bond (Bund) touched +0.7%, its highest level since March 2018, before ending March around +0.55%, a rise of about 40 basis points over the month. On the five-year part of the curve, yields turned positive for the first time in more than four years. US Treasury bond yields moved sharply higher, with the yield on the 10-year Treasury yield briefly breaking through +2.5% for the first time in almost three years Shorter-dated US Treasury yields rose even more, causing the yield curve to partly invert. However, sentiment improved in the second half of the month when oil prices came off their highs, and the US Federal Reserve took steps to tackle rampant inflationary pressures. Tentative signs of progress in negotiations between Russia and Ukraine also added to the positive tone.

The European Central Bank (ECB) announced it was accelerating the scaling back of its bond-buying programme. It also raised its inflation forecasts for 2022 to +5.1%, from an earlier estimate of +3.2%, citing the "exceptional energy price shock" stemming from the Russia/Ukraine conflict. ECB President Christine Lagarde warned of "new inflationary trends" and said that the invasion "posed significant risks to growth".

Given this context, the Euro Investment Grade market generated a negative total return of -1.4% in March. It was also another weak month for Emerging Market (EM) bonds, with both hard and local currency bonds declining over the month as ongoing Russia-Ukraine crisis dampened risk appetite. Against this backdrop, emerging market bonds in Europe fell the most. In addition, Russia as well as Belarus were excluded from the flagship JPMorgan EM Debt indices as of the 31st March. This resulted in the market value for Russian debt being set to zero, reflecting a total return loss due to market disruption.

The global green bond and global corporate sustainability markets generated a negative performance of -2.53% and -2.07% respectively. Credit spread tightening (-19 bp for € IG and -42 bp for € HY BB-B) was not enough to compensate the surge of German risk-free rates. The emerging markets EMBI ESG Index generated a negative performance of -0.88%.

Performance analysis

Within this context, the strategy outperformed its benchmark by +0.5% on a net basis (WT6-USD share class) and posted a -1.30% total return (vs -1.80% for the benchmark).

During the month of March, the primary market was very active. We selectively invested in new issues on the green bond market: Iberdrola, Canadian Government and Kojamo among others. Referring to the SBTi sleeve we participated in new issues from Pernod Richard, ABB, Akzo or Castellum, all companies having set targets at 1.5°C or well below 2°C. On the secondary market, we arbitraged some positions that performed well and sold bonds that had gain in value (La Banque Postale, Aareal, Berlin Hyp and BNP) to buy primary issues offering decent new issue premium.

The emerging market sleeve saw positive absolute returns in March and significantly outperformed the benchmark. As already communicated, the portfolio did not hold any Russian debt due to concerns around potential sanctions, in the event of an invasion, and because Russia has not ratified the Paris Agreement. It also scores too poorly on governance on the Freedom House Index. Our zero holdings of Russia and Kazakhstan debt have been the biggest contributor to performance last month. However, the portfolio holds one Ukraine sovereign bond, which saw a large recovery last month. This was on the back of a relief rally triggered by some progress of Russia/Ukraine peace talks. We have already seen significant bi-lateral/multi-lateral support for Ukraine and we expect this to be a theme going forward. As we have indicated, our expectation is that (assuming a cessation of the current conflict and Ukraine continuing to exist as an independent sovereign state) it is unlikely there is any default. However, bondholders are likely to be asked to share some of the burden of rebuilding Ukraine possibly via a friendly exchange/NPV haircut with significant pledges of new cash from the financial community. We continue to hold our direct exposure in Ukraine.

Monthly commentary

Looking into other contributors and detractors in performance, not holding any of the ultra-long dated Middle East bonds was also positive for returns as the latter performed poorly given the big rally in US treasuries. Finally, volume issued on the primary market were rather low in the EM space due to the ongoing Russia-Ukraine crisis. Hence our activity in the primary market was limited to adding exposure to a new Green Bond issued by the largest Chinese grid company, State Grid – a key international player in the renewables space with a global footprint.

Outlook

Markets are likely to focus on the evolution of the conflict between Russia and Ukraine. Central Banks speeches and actions will also drive credit markets sentiment and should give more visibility on monetary tightening. We are also following the polling situation for the French presidential election. Should the lead in the polls of President E. Macron's erode and an extreme risk begin to materialize, we will reduce our exposure to France. Looking forward, new issuance volumes should drop in April due to Easter and earnings season blackouts.

Source: IDS, PICO.

The Ukraine crisis and the related sanctions against the Russian Federation, the separatist regions of DNR and LNR, and Belorussia are constantly evolving. The statements below are as of the date provided and are subject to change.

Opportunities

+ Interest income from bonds, capital gains opportunities on declining market yields
+ Focus on issuers with good credit quality
+ Environmentally responsible investment approach
+ Possible extra returns through single security analysis and active management

Risks

– Interest rates vary, bonds suffer price declines on rising market yields
– Limited return potential of investment-grade bonds
– Environmentally responsible approach narrows the range of available issuers
– Success of single security analysis and active management not guaranteed

Quarterly Report
Investment cases & sustainable metrics

Summary

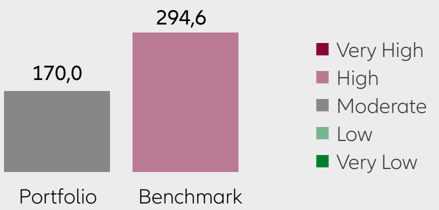
- Sustainable Metrics
- Green Bond Investment Case: Iberdrola
- SBTi Bond Investment Case: Siemens
- EMD Investment Case: Chile Case Study

Scope 1 & 2 Carbon intensity* of Allianz Green Transition is 42.3% lower than its reference index

		Portfolio	Coverage	Benchmark	Coverage	Difference
Weighted average carbon intensity						
Corporate constituents tons CO2e / $M sales	Scope 1+2	170,0	66.2%	294,6	57.8%	-42,3%

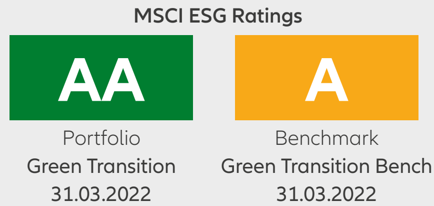
* Weighted average. Source: MSCI ESG Carbon Footprint Calculator as of 31.03.2022.

Carbon Risk
(T CO_2E/$M Sales)

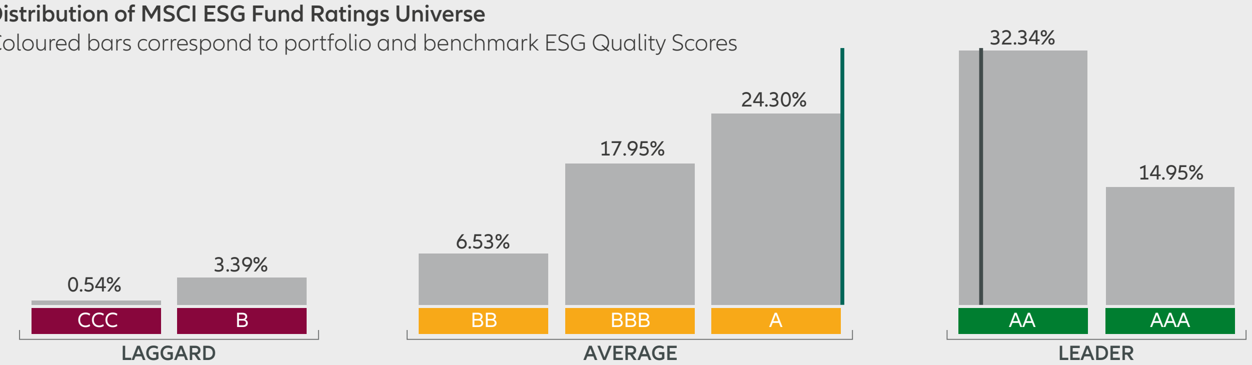


Moderate Carbon Risk

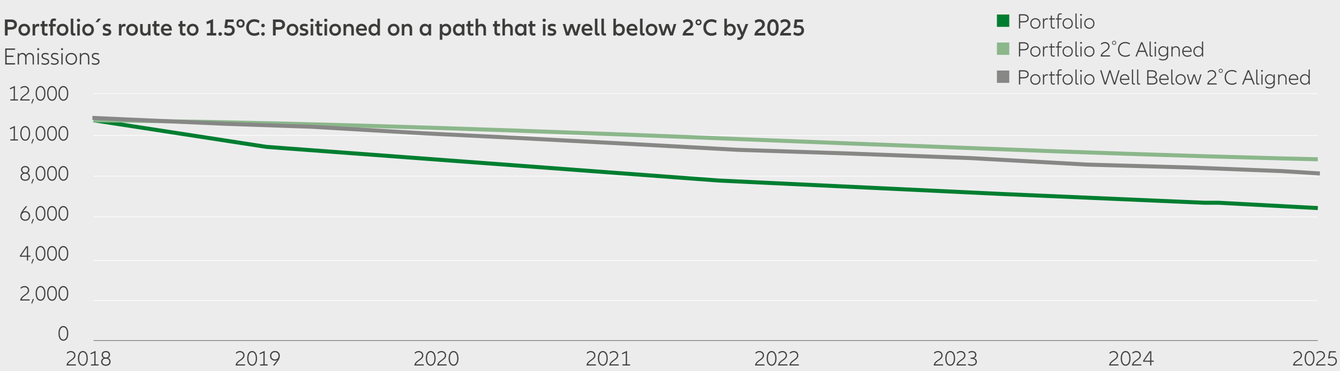
ESG Metrics
Allianz Green Transition is rated in the Leader category by MSCI with AA rating



Distribution of MSCI ESG Fund Ratings Universe
Coloured bars correspond to portfolio and benchmark ESG Quality Scores



Portfolio´s route to 1.5°C: Positioned on a path that is well below 2°C by 2025
Emissions



Source: Trucost. This information relates to the Green and SBTi buckets of the Allianz Green Transition Bond Portfolio (Sovereigns bonds are not included on the scope of calculation). Our "Climate platform" enables our investment teams to perform an alignment analysis—an assessment of how close portfolios and underlying companies are aligned to keeping global temperature rise well below 2°C from pre-industrial levels by 2100.

Green Bond Investment Case: Iberdrola

Company Description

After more than 170 years of history, **the Iberdrola group today is a global energy leader, the world's leading wind energy producer, and one of the largest electricity companies by market capitalisation**. It has accelerated the energy transition by two decades to fight climate change and offer a sustainable, competitive business model that will create value in the territories in which it operates.

The group supplies energy to almost 100 million people in dozens of countries, with over 600,000 shareholders, a workforce of close to 40,000 and assets valued at more than €140,000 million.

Iberdrola leads the energy transition towards a sustainable model through our investments in renewable energy, smart grids, large-scale energy storage and digital transformation to offer the most advanced products and services to our customers.

Iberdrola's corporate purpose, which is in line with the Sustainable Development Goals of the 2030 Agenda of the United Nations, reflects the main social trends and addresses major economic, social and environmental challenges, reflecting the expectations of stakeholders and defining Iberdrola's role as an agent of social change and transformation in the energy sector.

In keeping with its sustainable business model, Iberdrola is positioned as one of the world's leading and pioneering business groups in ESG financing. This has the threefold objective of (i) aligning its financial strategy with its purpose, values and investment strategy, (ii) optimizing the cost of its debt, and (iii) diversifying its sources of financing, transforming sustainability into both an end and a means to the financial strength it pursues and which characterises it.

Iberdrola demonstrates this commitment to ESG financing in the various regions in which it operates and through the different instruments and formats it uses to finance itself.

By way of summary, at year-end 2021, the composition of the group's ESG financial operations portfolio was as follows:

Iberdrola Group ESG Financial Transactions
(31/12/2021) Millions of euros

Green	**20,922**
Bonds	14,961
Bank loans	354
Multilateral loans	2,658
Structured funding	2,949
Sustainable	**17,836**
Loans	250
Credit facilities	12,586
Commercial paper programmes	5,000
TOTAL ESG	**38,758**

Iberdrola has been committed to green financing since **its first green bond was issued in 2014**. Since then and until today, the number, volume and type of operations that have been using this format have grown steadily and significantly, to the point that it currently has 20,9 bn euros on its balance sheet of which 7,1 bn euros are operations signed in 2021.

The differentiating feature of green financing is the commitment to use the funds to invest in environmentally responsible projects like renewable energy, expansion and digitalization of electricity transmission and distribution grids, research of new technologies that are more efficient, and smart mobility projects. **This use of funds approach is considered as the most rigorous approach according to socially responsible investors**. As a company belonging to the electricity sector, which is essential in achieving a carbon-free economy, a very significant part of Iberdrola's investment can be considered aligned with the Taxonomy of the European Union, with a large number of projects that fit this approach and thus implement the Group's financing strategy through green financing. Iberdrola is therefore preferentially committed to green financing in all operations in which funds are available for more than one-year term.

For **public bond issues**, Iberdrola relies on VigeoEiris to validate the green nature of its transactions. VigeoEiris delivers its assessment not only on the transaction and the projects it finances, but also on the issuer's overall sustainability policy.

In the capital markets, for yet another year **Iberdrola is the world's leading corporate group in terms of green bonds issued. The company issued** its **first green bond in 2014**, and since then has intensified its financing through this type of instrument, with many more issues and in various areas: both public and private issues, involving senior and subordinated debt (hybrid bonds) issued by the Corporation or other subsidiaries.

As of end or March 2022, Iberdrola has a total of 16 current green bonds issued by the Corporation.

Green Bond Investment Case: Iberdrola

Extra-Financial Analysis

IBERDROLA FINANZAS issued a new 10-y bond in Euro in February 2022.

Projects financed are:

- Smart grid projects;
- Renewable energy projects (wind, solar, hydroelectric);
- Energy efficiency (sustainable customer solutions, electric mobility, green hydrogen stations).

Assessment of criteria complying with CBI (use of proceeds, management of proceeds, process for selection of project, reporting among others) have been validated by external agency Vigeo.

The issuance of this new green bond is consistent with the climate strategy of the issuer.

Outcome

Based on the quality of the project being financed and the very good quality of Reporting, combined with solid fundamentals of this Investment Grade issuer (rated in the BBB category) with public commitment to be carbon-neutral by 2050, as well as having SBTi target set at 1.5°C, we have invested in this new Green bond.

Source: Allianz Global Investors, company website, Iberdrola Sustainability Report 2021.

Key Characteristics

Ticker	XS2455983861
Issuer	IBERDROLA FINANZAS SAU
Amount	1MMM
Currency	EUR
Issue Date	11/03/2022
Maturity	11/03/2032
Coupon	1,375
Coupon type	FIXED
Country	ES
Classification	Corporate
Industry sector	Utilities
Industry group	Electric
Rating comp	BBB+
Seniority	Sr Unsecured
Last update	31/03/2022

Screened Criteria

Use of proceeds	Y
Self-reported UoP	Y
Management of proceeds	Y
Process for project selection	Y
Reporting	Y
Assurance providers	Y
Provider name	Vigeo SASV

Projects Financed

- Smart grids projects
- Renewable energy projects (wind, solar, hydroelectric)
- Energy efficiency (sustainable customer solutions, electric mobility, green hydrogen stations)

Climate Strategy of the Issuer

SDG target	N
Repeat issuer	Y
Number of green bonds	16
SBTi	Y
Net zero target	Y
Reporting quality	Very good
Total GHG/CO_2 emissions (Mn Tons)	12.7

Iberdrola is a member of the Business Ambition for 1.5oC campaign from the SBTI: target set at 1.5oC by 2030 and a commitment to net zero emissions by 2050. They plan to reach this by increasing their installed capacity free of emissions, investing in innovation for the development of new, clean generation technologies, increase in efficiency and development of innovative services, and develop their positioning in Green Hydrogen activities.

SBTi Investment Case: Siemens

Company Description

Siemens AG is a technology company focused on the fields of industry, infrastructure, mobility, and healthcare. By combining the real and digital worlds, Siemens empowers its customers to transform their industries and their markets. In addition to its core businesses of Digital Industries, Smart Infrastructure, and Mobility, Siemens is the majority shareholder of the exchange-listed company Siemens Healthineers (SHS) – a globally leading provider of medical technology that is shaping the future of Healthcare.

Siemens is a technology company that operates in nearly all countries of the world. Ever since it was founded in 1847, it has stood for technical performance, innovation, quality, reliability, and internationality. In fiscal 2021, which ended on September 30, 2021, Siemens generated revenues of €62.3 billion and a profit after taxes of €6.7 billion. As of September 30, 2021, the company had around 303,000 employees worldwide.

It is a clear statement that sustainability is an integral part of their business: technologies and solutions should support the transition toward a sustainable future.

Financial Analysis

Siemens has leading positions in factory automation and electrification end-markets, with size and geographic diversification. Its reshaping around digital, healthcare and mobility is paying off and translates into a lower cyclicality. Although Siemens' appetite for M&A is recognized, it is well covered by its strong Free Cash-Flow generation (> €6bn p/a), as well as by its financial discipline, as demonstrated by the capital increase to acquire Varian in Apr 2021. Credit metrics should remain within the range for the current A1/A+ rating. Event risk remains stable. If needed, Siemens can divest further its remaining stakes in various companies.

Extra-Financial Analysis

Siemens originally launched a “Carbon-Neutral 2030” program in 2015 and joined the Science Based Targets initiative (SBTi) in 2021, committing to report on operating emissions and those of its entire value chain. They are backing up their commitment with additional actions. As a member of the Climate Group – an initiative of like-minded companies – they agreed to convert entirely to renewable energy by 2030, to use or run all their buildings on a CO2-neutral basis, and to switch entirely to electric vehicles.

Siemens wants to cut emissions throughout the value chain at least by 20% until 2030 (basis: fiscal 2020). To achieve this goal they support their suppliers with tools to analyze their carbon footprint and reduce it efficiently.

They developed a clear framework for sustainability as an integral part of their business. One of their ambitions relates to decarbonization and supports the 1.5°C target to fight global warming.

Siemens is not misaligned or strongly misaligned on any of the 17 SDGs.

SBTi Targets

– Reduce absolute scope 1 and 2 GHG emissions 50% by 2030 (from a 2019 base year)
– Reduce absolute scope 3 GHG emissions 15% by 2030 (from a 2019 base year)

By 2030, Siemens will offset the remaining CO_2 emissions for scope 1 and 2 with high-quality CO_2 certificates to achieve their “Net Zero 2030” target.

The integration of CO_2 reduction into the Long-term Incentive components of management compensation strengthens the responsibility of all operating business units. Thus, their commitment to climate protection is firmly embedded in the compensation of Managing Board members and senior management.

Decarbonization	Baseline	Progress until end of FY 21	Ambitions
1. Net zero operations by 2030 in line with SBTi pathway[1]	926 kt CO_2[2]	-36%	-50%
2. Net zero supply chain by 2050, 20% emissions reduction by 2030	8,098 kt CO_2e[3]	-1%	-20%

[1] Science Based Targets Initiative inclusive of Siemens Healthineers equivalent to 50 % reduction in emissions from business operations (scope 1 and 2) by 2030.

[2] Baseline FY 19. 2030 SBTi reduction path requires 50 % operative CO2 emissions reductions (Scope 1 and 2).

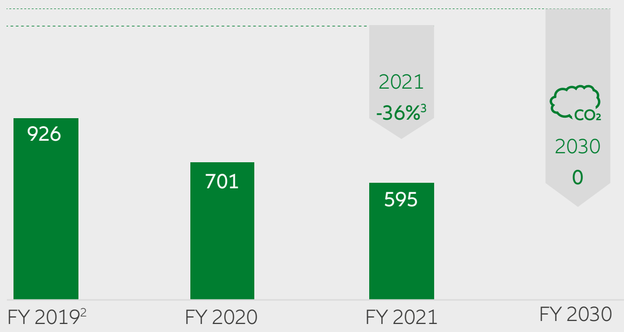
[3] Baseline FY 20.

SBTi Investment Case: Siemens

Achievements on Carbon Footprint

- -36 % Scope 1 and Scope 2 emissions since FY 2019 according to our SBTI-based reduction path.
- 78 % of total energy consumption is green electricity.

Emission reduction as part of the "Net Zero 2030" program
(in kt CO_2 for Siemens AG)[1]



How

Siemens has pledged to convert its electricity consumption completely to electricity from renewable sources by the year 2030 at the latest. Green power currently accounts for 78 % of our power consumption. In purchasing green electricity, they follow the purchasing guidelines of the WWF's "Next Generation Green Electricity" initiative.

Siemens is striving to convert their motor vehicle fleet (43.000 vehicles) completely to electric vehicles by the year 2030.

Siemens commits to only owning or leasing buildings with no net CO_2 emissions by the year 2030.

The use of biogas is another component of their decarbonization strategy. By using biogas, they have been able to reduce the annual emissions by 22.5 thousand metric tons of CO_2 compared to the use of conventional natural gas.

Engagement with the company

We held the annual engagement meeting with the Supervisory Board Chairman in December 2021 who provided thorough insights into strategic and sustainability considerations. This provided us with comfort that the strategic re-orientation of the company is well on track and sustainability topics are integrated into their thinking. We also discussed Board composition in light of their new strategic focus, touching upon concerns as well about their AGM agenda 2022 about which only standard items are considered. Regarding remuneration, we appreciate their clear structure and transparent reporting on target setting and achievements.

Outcome

Siemens issued a 3-tranche deal in Euro in February 2022 over 3 maturities (2027, 2030 and 2035). Based on the solid fundamentals of this highly-rated issuer with strong and public commitment to be carbon-neutral by 2030, we invested in these benchmark-size (>= € 500 mio) new bonds splitted across the 3 maturities.

Source: Allianz Global Investors, company website, Siemens Sustainability Report 2021

Joined the SBTi in 2021

SBTi targets:

- Reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2019 base year
- Reduce absolute scope 3 GHG emissions 15% by 2030 from a 2019 base year

Also part of other initiatives

- **RE100**: will source 100% renewable power by 2030
- **EP100**: own/lease only buildings that have net-zero carbon emissions by 2030
- **EV100**: aim for electric vehicles to account for 100% of their fleet by 2030

Aligned with a 1.5°C scenario

- Committed to Net Zero campaign
- Member of the Business Ambition for 1.5°C campaign by the SBTI

How

- Transition own electricity consumption to 100% green energy by 2023
- Reduction of motor vehicle fleet emissions
- Reduction of building emissions
- Investing in its own operations
- Promote increased efficiency of its products
- Swith to SF6-free products (to decarbonize power grids)
- End new business with coal-fired power plants (done in 2020)

Progress

- By end of FY 21: -36% in scope 1 and 2 emissions since FY19.
- Between FY20 and FY21: reduction of scope 1 and 2 emissions by 83 thousands metrics tons of CO_2 of -12%.
- In FY21, 78% of total energy consumption is green electricity

SBTi Investment Case: Siemens

Engagement with Siemens on December 2021

We had the annual engagement meeting with the supervisory board chairman who was providing thorough insights into strategic and sustainability considerations. This provided us with comfort that the strategic re-orientation of the company is well on track and sustainability topics are integrated more and more into their thinking. We also discussed board composition in light of their new strategic focus, overboarding concerns as well as their AGM agenda 2022 where we will only see standard items. Regarding remuneration, we appreciate their clear structure and transparent reporting on target setting and achievements.

SDG	Alignment
1	Neutral
2	Neutral
3	Neutral
4	Neutral
5	Aligned
6	Neutral
7	Aligned
8	Aligned
9	Aligned
10	Neutral
11	Neutral
12	Aligned
13	Aligned
14	Neutral
15	Neutral
16	Neutral
17	Neutral

EMD Investment Case: Chile

Chile was the first to issue…

2019	2020	2021	2022
1st Green Bond	1st Social Bond	1st Sustainable Bond	1st Sustainable -Linked Bond
Environmental Score	Social Score	Governance Score	ESG Overall Score
8.3	8.4	8.9	8.6

28% of total debt ($31bn) now in ESG/ Sustainability focused instruments

Direction of Travel

ESG	✓	Chile is one of the strongest sovereigns from an ESG perspective overall as well as on individual E, S and G pillars
E	✓	Chile scores highly on the **Environmental** pillar and is taking steps to reduce its main environmental vulnerabilities which mainly revolve around water stress and GHG emissions. For example, it has recently committed to switch the use of fresh water for sea water for mining activities by 2032. It also plans to deem water a public good in the new constitution that the country is working on.
S	✓	Chile's **Social** score is also well above average, thanks to outperformance on several healthcare indicators in particular.
G	✓	The country has some of the most robust and independent institutions across emerging markets, scoring well above average on all seven of the **Governance** indicators in our proprietary ESG Sovereign framework.The high level of civil liberties, lower corruption perception and independence of the judiciary are notable strengths.

Chile – first Sovereign to issue a Sustainability-Linked Bond (SLB)

20yr Chilean SLB bonds

SDG (Sustainable Development goals) Alignment

KPI	SPT (Sustainability Performance Targets)
KPI 1: Absolute GHG Emissions ($MtCO_2e$)	a) Absolute emissions to reach 95$MtCO_2e$ by 2030 b) Carbon budget 2020-2030 not to exceed 1,100 $MtCO_2e$
KPI 2: Share of Non-Conventional Renewable Energy Generation in the National Electric System	a) Achieve 50%of electric generation derived from NCRE sources by 2028 b) Achieve 60% of electric generation derived from NCRE sources by 2032

NCRE: Non Conventional Renewable Energy.

EMD Investment Case: Chile

Our engagement

We have regularly engaged with the Chilean authorities over the years. Most of the focus of our engagement has been on their climate change adaptation and mitigation plans as well as their labelled bond issuance plans. Most recently, we have discussed their green transition projects as well as their debt issuance plans during a conference call held ahead of the inaugural SLB issuance, where we focused in particular on the feasibility of their SPTs (above); the timeline for their NCRE generation capacity increase; and their efforts to bring more of the key stakeholders to the "climate table", e.g. including a wider set of key ministries a well as stetting up a Public private Green Financing Table. After the SLB issuance, we followed up on our engagement by providing feedback on the opportunity for the country to review its project pipeline and labelled bond issuance program to both improve its cost of borrowing as well as support the development of the broader EM sustainable issuance market, by taking targeted advantage of the strong investor demand that the SLB evidenced.

Our investment

The inaugural SLB saw impressive demand across both EM dedicated and Cross Over investor base versus a modest issue size of USD2bn. This resulted in many investors, including ourselves, not been appropriately allocated. Such buoyant demand testifies to Chile's strong commitment to achieving the SDGs, with a particular focus on its climate goals. We support Chile's green transition via our exposure to the Chile $2050 green issue and ongoing engagement.

Quarterly Report

Source: Allianz Global Investors, March 2022

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