

MARCH GREEN TRANSITION BOND

Monthly Reporting | January 2023

Investment objective:

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

RISK AND REWARD PROFILE

← Typically lower rewards Typically higher rewards →
 ← Typically lower risk Typically higher risk →

1 2 3 4 5 6 7

The portfolio combines **three segments** (asset classes) from within the sustainable fixed income universe



- Finances initiatives that promote the “green” economy according to a taxonomy of eligible projects.
- Transparency in the allocation of proceeds. Verifiable metrics.

- Identifies companies with credible decarbonisation pathways, leaders in the way towards net zero.
- Supports bond issuers in their greenhouse gas reduction strategies.

- Seeks opportunities in emerging economies that are transforming themselves, by implementing a model for sustainable growth.
- Avoids those sovereigns that are reluctant to change and with a poor ESG performance.

Fund Details

Name	March International – March Green Transition Bond
Management Company	FundRock Management Company, S.A
Investment Manager	March Asset Management SGIC, S.A.U
Custodian Bank	RBC Investor Services Bank S.A
Launch Date	14/12/2021
Benchmark	The sub-fund is actively managed without reference to a benchmark**
EU SFDR ¹ Category	Article 8
% of the portfolio invested in the Master fund ² by month end	95.87
AUM (USD)	26.217.096,6

Portfolio Characteristics

Yield (YTW) in USD	4.85%
Rating	BBB+
Duration	6.65
# of issues	182

Shareclass Information

Name	A EUR Hedged ACC	A USD ACC
ISIN	LU2389760575	LU2389760658
Type	Retail	Retail
Distribution Policy	Accumulation	Accumulation
Currency	EUR	USD
Management Fee	0.52%	0.52%
TER ³	1.25%	1.25%

* SBTi : Science-based Target initiative.

** For further information on the Master Fund’s benchmarks, Allianz Green Transition Bond Fund, managed by Allianz Global Investors GmbH, you can check the Prospectus which you can find on: <https://lu.allianzgi.com/documents/UF-LU1997244873-VPE-EN-AGIFENVPSVVS-31122021>

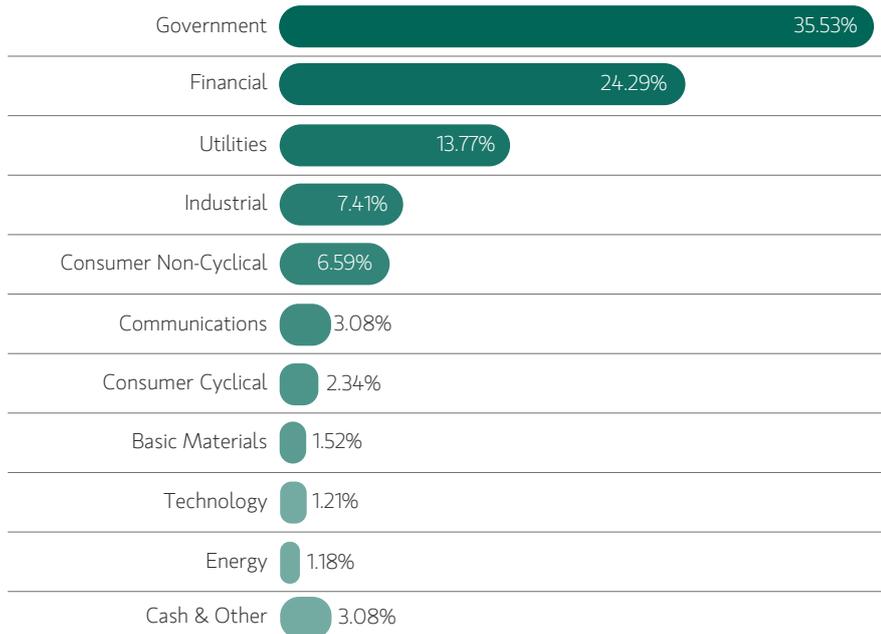
¹ SFDR: EU Sustainable Finance Disclosure Regulation. Information accurate at time of publishing.

² The Master Fund is Allianz Green Transition Bond Fund, managed by Allianz Global Investors GmbH.

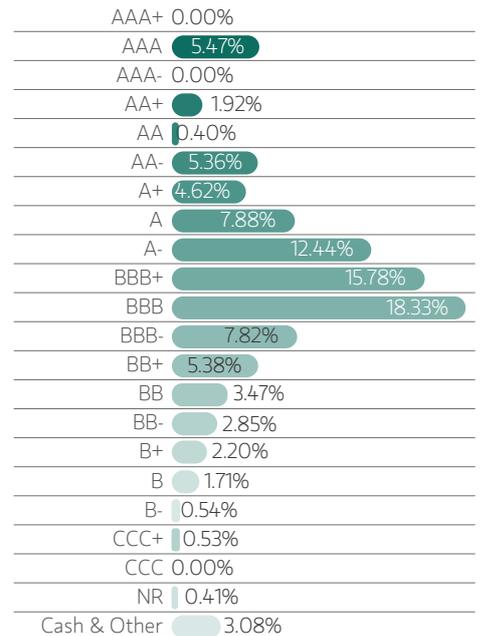
³ TER generally: Total cost (except transaction costs) charged to the fund during the last financial year. TER for funds-of-funds: The costs incurred by the fund itself (except transaction costs). Since the fund held other investment units (“target funds”) in the reporting period, further costs, charges and fees may have been incurred at the level of the target fund.

Portfolio structure

Sectors



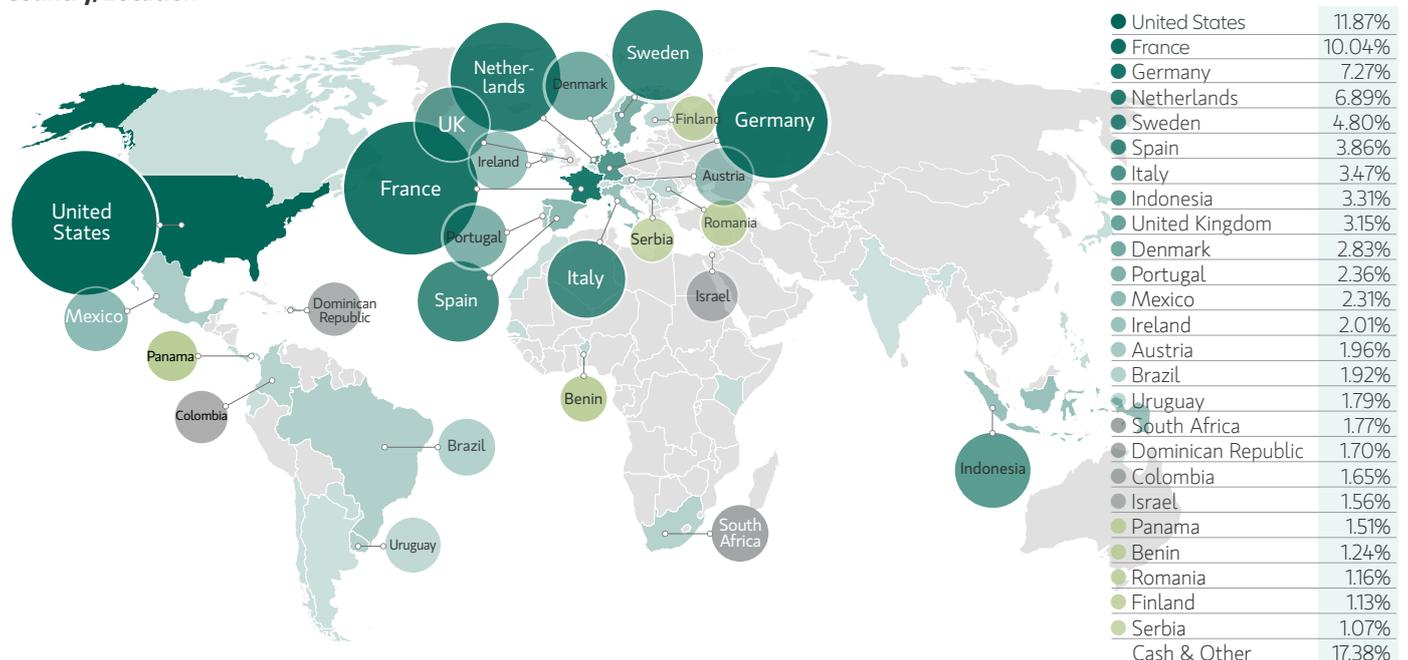
Rating breakdown (%)



Top Holdings by bucket

Global Green Bonds		Weight	SBTi Corporate	Weight	EM Government Bonds	Weight
ABN Amro Bank NV Emtn Fix 4.250% 21.02.2030	0.86%	Burberry Group Plc Fix 1.125% 21.09.2025	0.88%	Treasury Bill Zero 16.02.2023	2.52%	
Hypo Noe Lb Noe Wien AG Emtn Fix 4.000% 01.02.2027	0.84%	La Banque Postale Emtn Fix 4.375% 17.01.2030	0.85%	Republic of Indonesia Fix 2.850% 14.02.2030	2.52%	
Sparebank 1 Sr Bank Asa Emtn Fix 3.750% 23.11.2027	0.84%	EDP Finance BV 14-4A Fix 3.625% 15.07.2024	0.76%	United Mexican States Fix 2.659% 24.05.2031	2.31%	
European Union NGEU Fix 2.750% 04.02.2033	0.83%	Enel Finance Intl NV Emtn Fix 2.875% 11.04.2029	0.66%	Dominican Republic Regs Fix 4.875% 23.09.2032	1.70%	
Skandinaviska Enskilda Emtn Fix 0.750% 09.08.2027	0.75%	Vattenfall AB Emtn Fix 3.250% 18.04.2024	0.64%	Fed Republic of Brazil Fix 3.750% 12.09.2031	1.53%	
Total	4.12%	Total	3.79%	Total	10.57%	

Country/Location



Monthly commentary

Market environment

Fixed income markets and risk sentiment started 2023 on a positive footing as global inflation fears eased somewhat and as markets continued to anticipate the end of interest rate hiking cycles.

In terms of economic data, the US GDP grew by a stronger-than-forecast 2.9% on an annualised basis in the fourth quarter, buoyed by consumer spending and a build-up of inventories at manufacturing and utilities companies. Job growth remained solid, while wage growth eased to a year-on-year rate of 4.6% in December. Headline inflation fell to an annual rate of 6.5% in December. The euro-zone economy proved more resilient than expected in the fourth quarter of 2022, with GDP growing 0.1% as modest contractions in Germany and Italy were offset by expansions in France and Spain. The flash estimate of S&P Global's euro-zone composite purchasing managers' index (PMI) moved back into expansion territory for the first time in six months in January. Eventually, International Monetary Fund upgraded its global economic forecasts for 2023 and beyond, citing China's zero-COVID pivot, US support for green investment and lower recessionary risk in Europe as reasons for the improved outlook.

Despite easing signs of inflationary pressures, US policymakers kept up their hawkish rhetoric, saying that further increases are to be expected as, while inflation has eased, it remains high by historical standards. Likewise, European Central Bank officials dismissed any suggestions of a more dovish monetary stance, insisting they will "stay the course" until inflation is back to its 2% target.

Against this backdrop, the yield on the 10-year US Treasury bond closed January near 3.5%, a decline of around 30 basis points over the month, having traded as low as 3.3% mid-month. US Credit markets outpaced Treasuries with credit spreads on both investment-grade and high-yield corporate bonds narrowing. In Europe, the benchmark German government bond yield fell by a similar amount, closing January around 2.3%.

Emerging market bonds rallied in January, helped by strong investor inflows, with both hard currency and local currency bonds delivering solid gains. Hard currency bond returns were driven by falling US Treasury yields and tighter credit spreads. Local currency bonds returns were also positive, particularly in USD terms, as many emerging market currencies appreciated against the US dollar over January.



Performance analysis

Allianz Green Transition Bond underperformed its benchmark by 0.24% on a net basis and posted a total return of 2.91% (Net, WT6 USD share class) vs 3.15% for the benchmark.

During January, we benefitted from our overweight on government-owned (no guarantee) issuers (overweight on La Banque Postale, Deutsche Bahn, Tennet, and Orsted), capital goods issuers (overweight on Schneider and Siemens), and consumer non-cyclical (overweight on Kellogg, General Mills, and Pernod Ricard). Our main sectorial detractors were treasuries (lack of exposure to France, Italy, Germany, and UK sovereign green bonds) and supranationals (lack of exposure to EIB and underweight on the EU).

The primary market was active in January. On the green bond bucket, we participated, among others, in bonds issued by Landesbank Hessen-Thüringen Girozentrale, whose proceeds are earmarked for financing the construction of solar and wind renewable energy generation infrastructure, and bonds issued by Ile de France Mobilités, which will be used for financing improvements to France's public transportation infrastructure, including the acquisition of zero-tailpipe emissions buses, improvements to public transport information services, and the acquisition of electrically assisted bicycles. On the SBTi bucket, we invested, among others, in a new issue from Deutsche Bahn, a German rail operator, which has a target set at 2°C and is committed to Net-Zero (NZ), and a new issue from Schneider Electric, an electrical equipment company, which has set near- and long-term targets at 1.5°C and is committed to Net Zero by 2050.

The EM sleeve of the Green Transition Bond fund performed in line with its benchmark, therefore a flat contribution to overall portfolio performance during January. Across regions, last month saw all regions performing positively with Latin America and Asia performing the best, followed by Africa. In this context, our overweight in Latin America as well as our overweight in Africa added to returns whilst our underweight in Asia weighed on returns. In Latin America, our overweight in Mexico, Paraguay, and Uruguay boosted

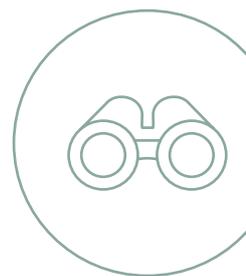


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returns as they all rallied. So we took profit on our long-end positions in Paraguay and Uruguay. In Africa, our overweight in South Africa was one of the largest contributors to returns last month followed by our overweight in Benin -particularly our social bond issue holding- and our overweight in Senegal. Finally, our underweights in the Middle East, such as in the United Arab Emirates and Oman weighed on returns as these countries outperformed. Over to Eastern Europe where our overweight in Serbia proved one of the largest contributors to relative returns over the month as well as our holding in Hungary. In terms of EM primary activities, we have participated in, among others, new issues from Colombia, Serbia, Israel (green bond), the Philippines (sustainability linked bond), Romania, and Indonesia.

Outlook

The market environment must be watched carefully as uncertainty is still high from a macroeconomic perspective. Lurking recession indicators and mixed inflation figures that would contrast with the current disinflationary narrative could derail the rally and spur volatility once more. Inflation figures and recession indicators, such as job addition figures, will remain the main drivers of risk sentiment, as those should set the pace of central banks' monetary tightening policies. As a result, volatility and dispersion in the European Credit Market will persist. Yields and spreads have nonetheless reached attractive levels offering investment opportunities for active managers in 2023. In EM, there has been a deluge of new issuance in January which was well absorbed with most bonds trading higher in the secondary market following issuance. This demonstrates a strong appetite for EM bonds. We continue to seek attractive opportunities to selectively add more risk to the portfolio.



Monthly commentary

Opportunities

- + Interest income from bonds, capital gains opportunities on declining market yields
- + Enhanced return potential through addition of emerging markets and high-yield bonds
- + Prospect of positive impact on the environment through the Green Transition Strategy
- + Currency gains possible in unhedged share classes
- + Broad diversification across numerous securities
- + Potential additional returns from security analysis and active management

Risks

- Interest rates vary, bonds suffer price declines on rising market yields
- Increased risk of price fluctuations, market illiquidity and losses of emerging markets and high-yield bonds
- Positive impact on the environment through the Green Transition Strategy not guaranteed, this approach additionally narrows the investment universe.
- Currency losses possible in unhedged share classes
- Limited participation in the potential of individual securities
- Success of single security analysis and active management not guaranteed

THIS IS A MARKETING COMMUNICATION

Past performance is not a reliable indicator of future results. If the currency in which the past performance is displayed differs from the currency of the country in which the investor resides, then the investor should be aware that due to the exchange rate fluctuations the performance shown may be higher or lower if converted into the investor's local currency.

Please refer to the prospectus of the UCITS and to the KIID before making any final investment decisions, available at <https://www.march-am.com/>. The sub-fund is currently registered in Spain for public distribution and KIID is available in Spanish. The investments described may carry a number of risks described in the prospectus and the fund's KIID. For more information about our sustainable and responsible investment criteria, please access <https://www.march-am.com/quienes-somos/inversion-sostenible-y-responsable/>. For more information about the Master Fund and Allianz Global Investors sustainable policies, please access <https://www.allianzgi.com/en/our-firm/esg/documents#keypolicydocumentsandreports>.

March Green Transition Bond is a sub-fund of March International, an open-ended investment company with variable share capital organised under the laws of Luxembourg. The sub-fund is a feeder sub-fund which invests at least 85% of its net assets in Allianz Green Transition Bond, a sub-fund of Allianz Global Investors Fund SICAV (the "Master Fund"), an open-ended investment company with variable share capital organised under the laws of Luxembourg. For further information on the Master Fund, KIID is available at: <https://regulatory.allianzgi.com/es-ES/B2C/Spain-ES/funds/mutual-funds/allianz-green-transition-bond-wt6-usd>.

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