MARCH GREEN TRANSITION BOND

Monthly Reporting | March 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 SGIIC, 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	96.1
AUM (USD)	27.692.596,5

Portfolio Characteristics

Yield (YTW) in USD	4.91%
Rating	BBB+
Duration	6.68
# of issues	183

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.

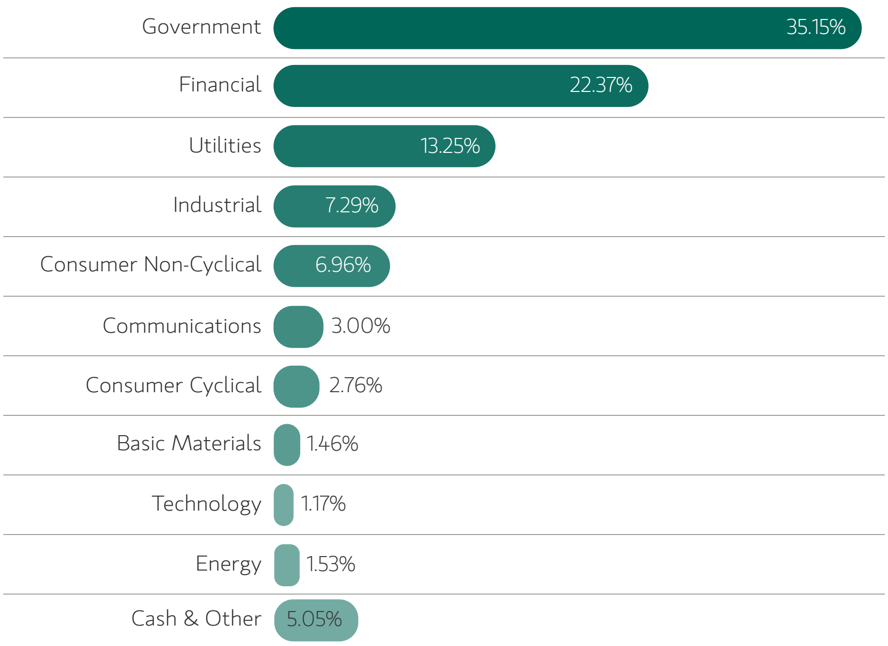
[3] TER generally: Total cost (except transaction costs) charged to the fund during the last financial year. TER for funds-of-funds: The costs incurred by the fund itself (except transaction costs). Since the fund held other investment units ("target funds") in the reporting period, further costs, charges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

Allianz Global Investors

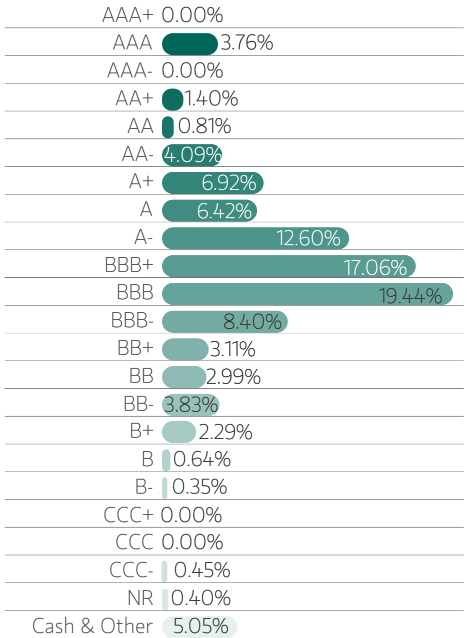
BancaMarch CRECER JUNTOS

Portfolio structure

Sectors



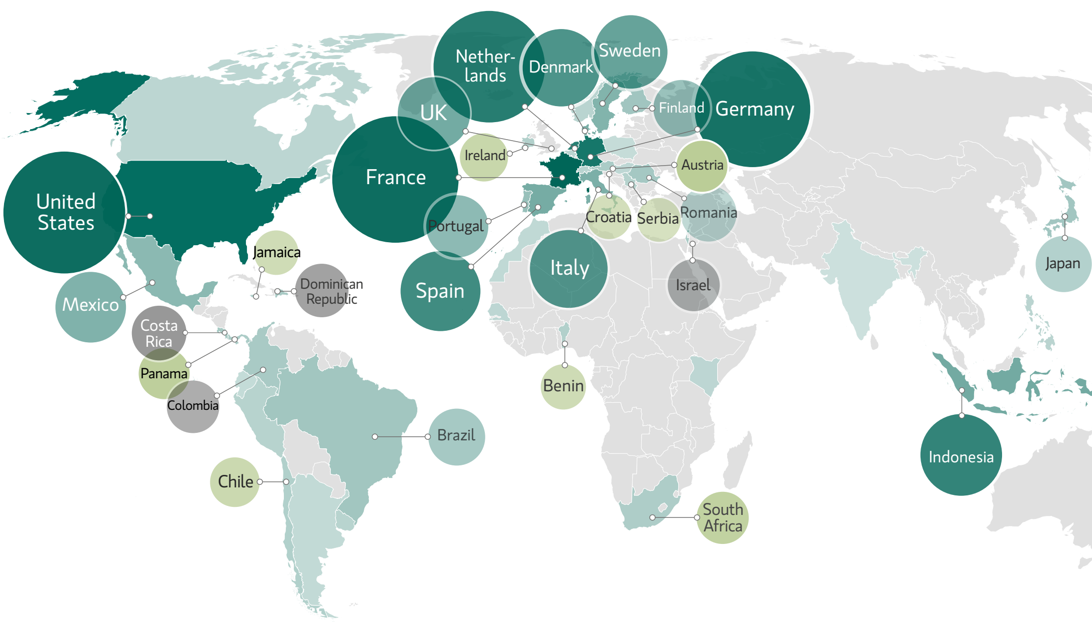
Rating breakdown (%)



Top Holdings by bucket

Global Green Bonds	Weight	SBTi Corporate	Weight	EM Government Bonds	Weight
United Mexican States Fix 2.659% 24.05.2031	2.87%	Burberry Group Plc Fix 1.125% 21.09.2025	0.85%	Intesa Sanpaolo Spa Emtn Fix to Float 6.500% 14.03.2029	1.16%
Republic of Indonesia Fix 2.850% 14.02.2030	2.42%	Siemens Financieringsmat Emtn Fix 3.375% 24.08.2031	0.83%	ABN Amro Bank NV Emtn Fix 4.250% 21.02.2030	0.83%
Dominican Republic Regs Fix 4.875% 23.09.2032	1.62%	La Banque Postale Emtn Fix 4.375% 17.01.2030	0.82%	European Union NGEU Fix 2.750% 04.02.2033	0.81%
Republic of Indonesia Fix 4.850% 11.01.2033	1.54%	EDP Finance BV 144A Fix 3.625% 15.07.2024	0.75%	Sumitomo Mitsui TR Bk Lt 144A Fix 5.500% 09.03.2028	0.78%
Fed Republic of Brazil Fix 3.750% 12.09.2031	1.48%	Enel Finance Intl NV Emtn Fix 2.875% 11.04.2029	0.63%	Skandinaviska Enskilda Emtn Fix 0.750% 09.08.2027	0.72%
Total	9.93%	Total	3.88%	Total	4.29%

Country/Location



France	9.05%
United States	8.42%
Germany	7.79%
Netherlands	7.15%
Indonesia	3.97%
Spain	3.80%
Denmark	3.57%
Italy	3.52%
Sweden	3.23%
United Kingdom	3.03%
Mexico	2.87%
Portugal	2.31%
Finland	1.92%
Brazil	1.86%
Japan	1.85%
Romania	1.76%
Costa Rica	1.72%
Dominican Rep.	1.62%
Colombia	1.61%
Israel	1.52%
Austria	1.47%
Panama	1.45%
South Africa	1.37%
Chile	1.20%
Ireland	1.16%
Benin	1.16%
Jamaica	1.13%
Croatia	1.13%
Serbia	1.04%
Cash & Other	16.34%

Monthly commentary

Market environment

It was a volatile month for Fixed Income Markets. Initially bond yields moved higher following a series of hawkish central bank statements but yields subsequently fell sharply amid growing hopes of a more accommodative stance as the banking crisis led to tighter lending conditions. Higher quality bonds outperformed lower quality debt as investors favoured low-risk assets given the heightened uncertainty. Holders of bank debt were stunned when the Swiss regulator Finma prioritised Credit Suisse shareholders over holders of the investment bank's Additional Tier 1 debt. In early-March, the yield on the 10-year German Bund moved above 2.7% for the first time in almost 12 years. However, the shock failure of two US lenders and enforced takeover of Credit Suisse caused bond yields to plunge, with the 10-year German yields falling towards 2.0% before closing the month around 2.3%.

In general, data showed that economic activity was accelerating, particularly in China. While headline inflation rates remained on a downward path, core inflation proved far stickier. Central banks remained hawkish and continued to hike rates, although the banking crisis muddied the outlook as policymakers wait to see the impact of tighter lending conditions on confidence and growth.

As a result, some of the daily moves were the largest seen for decades as developed market bonds rallied with investors rotating into safe haven assets. By the end of the quarter, the immediate volatility had subsided, but the turmoil led to speculation about whether something was finally breaking after a rapid series of central bank rate hikes. Nevertheless, even with that market turbulence in March, Q1 and the month of March proved positive for emerging market bonds. A weaker tone to the US dollar further boosted the returns of local currency bonds in USD terms.

Performance analysis

In February Allianz Green Transition Bond underperformed its benchmark by -0.56% on a net basis and posted a total return of +1.30% (Net, WT6 USD share class) vs +1.86% for the benchmark.

During the month of March, we benefitted from our overweight on government owned (no guarantee) issuers (overweight on La Banque Postale, Deutsche Bahn, Orsted and Tennet), our overweight on capital goods issuers (overweight on Schneider and Siemens) and banking (overweight on ABN, Intesa Sanpaolo and SEB). Our main sectorial detractors were our underweight on treasuries (lack of exposure to France, Germany or UK sovereign green bonds), on Supranationals (underweight on EIB and EU) and from our lack of exposure to Government Guaranteed issuers (mainly KFW).

We participated to the following new issues on the green bond bucket:

- A tap on the European Union 2048 bond, refinancing eligible green expenditures undertaken by Member States included in their national recovery and resilience plans, of which no less than 37% must be climate-related expenditures. These relate to renewable energy generation projects, energy-efficient buildings, and low-carbon transportation
- Koninkijke Ahold Dlhaize, financing the construction of certified energy-efficient buildings and EV charging stations, as well as the deployment of on-site solar energy generation equipment across the issuer's facilities
- Two issues from Neste, financing the upgrading of existing refineries to produce renewable diesel, sustainable aviation fuel and other renewable fuels
- Autoliv, financing the manufacturing of products related to electric vehicles, the construction of renewable energy generation facilities, as well as energy efficiency enhancements, such as LED lighting and modern insulation
- Volksbank, financing the deployment of electric vehicles and related charging infrastructure, as well as the construction of certified energy-efficient buildings
- DNB Bank, financing the construction of renewable energy generation facilities, certified green buildings and electric vehicle charging infrastructure
- Intesa Sanpaolo, financing the construction of renewable energy generation facilities, zero tailpipe emissions vehicles and associated infrastructure, as well as certified green buildings
- Stellantis, financing the development and manufacture of zero emissions vehicles
- Sumitomo, financing the construction of renewable energy generation facilities and certified green buildings, as well as the deployment of electric vehicle charging infrastructure

Monthly commentary

And on the SBTi bucket:

- Two tranches from Heineken, the food and beverage processing company, having a 1.5°C target set by 2030. It is also committed to net-zero

Against this background, the EM sleeve of the Green Transition Bond fund outperformed its benchmark over the month of March and therefore added to the overall return of the portfolio. Across regions, last month saw Asia as the best performing region with Africa performing the worst and the only region posting a negative return. In this context, our overweight in Latin America which ended the month positively benefitting from the rebound towards the end of the month, offset the negative impact from our overweight in Africa. In Latin America, our overweight in Mexico, Brazil, Chile, Colombia, Costa Rica (new issue) and Panama (new issue) added the most. However, our overweight in Ecuador weighed on relative returns on the back of the potential impeachment of President Lasso making some progress through the Constitutional Court. Events are still unfolding and the confirmation of an impeachment in Congress is less than straightforward. In addition, even if President Lasso was removed, we believe that governability may not deteriorate significantly from current levels since the moderate vice-president would take over. So we hold on to our overweight in Ecuador hard currency sovereign bonds. In addition, Ecuador still has a solid fiscal position and strong capacity to pay. In Africa, our zero holding in Egypt was one of the main contributors to returns. In addition, our overweight in South Africa also added to returns. Meanwhile, our overweight in Benin, was one of the largest detractors from returns over the month. Finally, our underweights in the Middle East, such as in the United Arab Emirates, Qatar and Saudi Arabia proved the largest detractors to returns over the month. Over to Eastern Europe, our overweight in Serbia proved positive for returns but now owning any exposure to Turkey weighed from returns over the month. Turkey's bonds have rallied with the opposition coalition's advances in some election polls ahead of the 14th May general elections. However, fund restrictions prevent us from owning turkey sovereign bonds.

In regard to new issuance, there have been some new issues in the market last month despite the high volatility. Cost Rica came to the market with a 11-year deal which was much anticipated. We participated given the strong fundamental story. Costa Rica is a structurally improving credit story, where growth has been benefitting from nearshoring and the strong rule of law and constitutional framework attracts capital. The 2018 fiscal reform has resulted in a large consolidation of the fiscal accounts, with Costa Rica moving from a 2.5% of GDP primary deficit in 2019 pre pandemic to a 2% of GDP surplus expected in 2023. In addition, Panama came to the market with a 30year bond which came cheaper to existing bonds and we therefore added. This is a tactical trade. Outlook for Panama has been improving on the back of a resolution for the dispute with First Quantum, adding $375mm a year or more to government revenues. In regards to rates, in early March we had added a 5s30s steepener to the portfolio, buying 5yr and selling 30yr futures having taken advantage of the further inversion of the US yield curve on the back of stronger US Economic data. This was very timely with SVB going into receivership and resulting risk aversion causing curves to steepen. This trade added significant alpha to the portfolio and we booked profits.

Outlook

Looking ahead, there is still a high degree of uncertainty about the depth and length of the economic growth shock following the banking system stresses in recent weeks, although it has already been reflected in lower front-end rates and in some cyclical assets. Ahead of the crisis, our proprietary leading economic activity indicators were already signalling a sub-trend growth path for the global economy over the next 3-6 months; the risks to growth are now likely skewed further to the downside. Even if a sharp systemic shock doesn't materialise, more conservative bank lending practices are likely to be a new headwind for growth in the coming months. Previous banking crises through history show that they can have large and persistent effects on economic growth. From an interest rate perspective, we are seeing a transition from monetary policy tightening to credit tightening - a growth hit from tighter lending standards that are big enough for the Fed to signal a shift in terminal Fed funds rate expectations (to around 5.0%) and a re-pricing lower in rate expectations from H2 2023. llowing the uncertainly that characterised March, we have seen some stability returning to EM markets. We continue to expect EM to offer an attractive yield in 2023 and in turn entice investors back into the still-under-owned asset class.

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.

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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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