MARCH GREEN TRANSITION BOND

Monthly Reporting | November 2022

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

Global green bonds	Bonds from SBTi* corporate issuers	Government bonds in emerging markets
• 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	96.79
AUM (USD)	23.354.382,6

Portfolio Characteristics

Yield (YTW) in USD	4.49%
Rating	BBB+
Duration	5.51
# of issues	160

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.

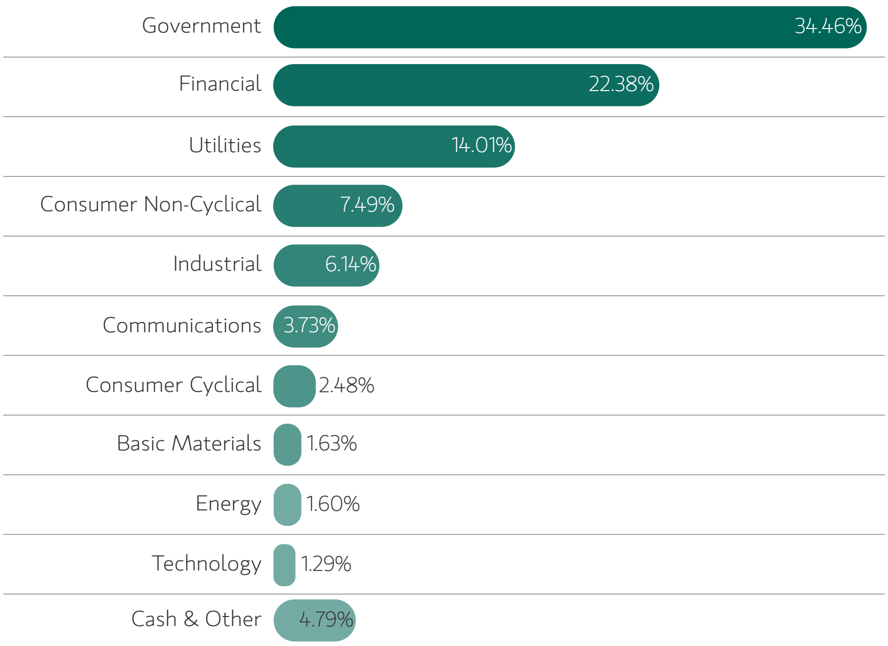
[3] TER generally: Total cost (except transaction costs) charged to the fund during the last financial year. TER for funds-of-funds: The costs incurred by the fund itself (except transaction costs). Since the fund held other investment units ("target funds") in the reporting period, further costs, charges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

Allianz Global Investors

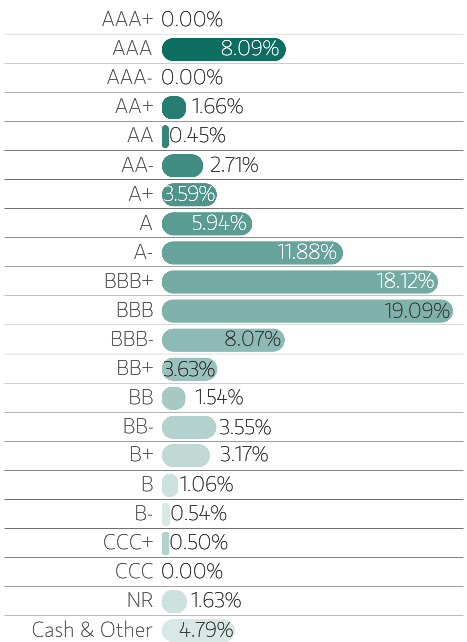
BancaMarch CRECER JUNTOS

Portfolio structure

Sectors



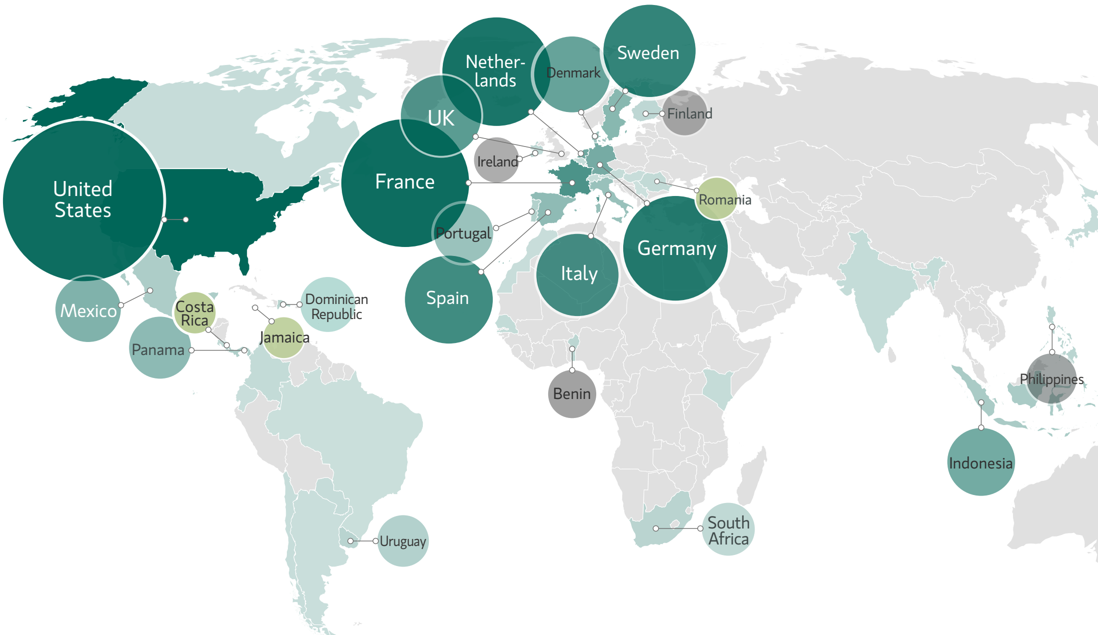
Rating breakdown (%)



Top Holdings by bucket

Global Green Bonds	Weight	SBTi Corporate	Weight	EM Government Bonds	Weight
Adif Alta Velocidad Emtn Fix 3.500% 30.07.2029	0.92%	Burberry Group Plc Fix 1.125% 21.09.2025	0.93%	Treasury Bill Zero 16.02.2023	5.56%
Jyske Bank A/S Fix 5.500% 16.11.2027	0.91%	EDP Finance BV 144A Fix 3.625% 15.07.2024	0.84%	Republic of Indonesia Fix 2.850% 14.02.2030	2.74%
European Union NGEU Fix 2.750% 04.02.2033	0.91%	Enel Finance Intl NV Emtn Fix 2.875% 11.04.2029	0.69%	United Mexican States Fix 2.659% 24.05.2031	2.51%
ABN Amro Bank NV Emtn Fix 4.250% 21.02.2030	0.90%	Enel Finance Intl NV Fix 3.875% 09.03.2029	0.69%	Republic of Panama Fix 2.252% 29.09.2032	2.29%
Renew Power Pvt Ltd Regs Fix 5.875% 05.03.2027	0.84%	Vattenfall AB Emtn Fix 3.250% 18.04.2024	0.67%	Dominican Republic Regs Fix 4.875% 23.09.2032	1.80%
TOTAL	4.48%	TOTAL	3.82%	TOTAL	14.90%

Country/Location



United States	14.68%
France	9.27%
Netherlands	6.82%
Germany	6.38%
Sweden	5.09%
Spain	4.57%
Italy	3.91%
United Kingdom	3.76%
Denmark	3.46%
Indonesia	2.74%
Mexico	2.51%
Panama	2.29%
Portugal	2.09%
Dominican Republic	1.80%
Uruguay	1.60%
South Africa	1.54%
Philippines	1.50%
Benin	1.37%
Ireland	1.22%
Finland	1.21%
Costa Rica	1.06%
Romania	1.02%
Jamaica	1.00%
Other	19.12%

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Market environment

Global bonds rallied as signs that inflationary pressures may be lessening sparked hopes that central banks may become less aggressive in raising rates. Sentiment was also lifted by speculation that China may start to ease its strict zero-COVID policy. US GDP growth for the third quarter was revised up to an annualised rate of 2.9%, but economic momentum appears to be weakening in the fourth quarter as high inflation and rising interest rates hit demand. US inflation eased to 7.7% in October, the smallest 12-month increase since January, while core inflation fell to a year-on-year rate of 6.3%, compared with 6.6% in September. Euro-zone inflation eased to an annual rate of 10.0% in November, down from 10.6% in October and the first decline in 17 months. While manufacturing activity in Europe remained in contraction territory, manufacturers reported an easing in supply chain delays and a slowdown in cost increases. However, activity in the services sector remained low.

As widely expected, the Fed hiked rates by a further 75 basis points in November, taking the federal funds rate to a range of 3.75%-4%. However, hopes grew that future rate increases may be smaller after inflation data in for November was lower than forecast. Fed chair Jay Powell also hinted that it may be appropriate to slow the pace of US interest rates rises. In Europe, with indicators suggesting that inflation may have peaked, European Central Bank (ECB) president Christine Lagarde moved to dismiss any suggestion that the ECB would adopt a softer stance to raising interest rates, warning that the ECB "is not done" raising interest rates and that inflation "still has a way to go". However, financial markets moved to assign a greater likelihood of a 50-bps increase in euro-zone interest rates in December, compared to the previous 75-bps hike.

The yield on the 10-year US Treasury bond closed November around 3.7%, a decline of around 30 basis points (bps) over the month. 10-year UK Gilt yields fell even more as Liz Truss' ill-fated spending policies were swiftly reversed when the new UK government returned to fiscal prudence. 10-year German Bund yields fell around 20 bps to just under 2.0%.

Overall Emerging market bonds rallied in November, helped in part by lower bond yields in developed markets. Risk sentiment was downbeat at the start of the month on the back of the FOMC's hawkish announcement with Fed chair Powell noting that the peak of the policy rates would likely be higher than previously expected. However, around mid-month, the softer CPI report showed a broad-based slowdown in inflationary pressures sending risky assets, and EM in particular, to a rally. This positive risk sentiment lasted until the end of the month especially as towards the end, Fed Chair Powell unwound some of his hawkishness signalling a slower pace of rate hikes. EM Hard currency bonds were particularly strong, delivering one of the biggest monthly gains since 2009, as a decline in the US dollar helped lower the debt burdens of emerging nations that rely on non-domestic bond markets for funding.

Performance analysis

Within this context, the strategy slightly underperformed its benchmark by -0.07% on a net basis and posted a +5.08% total return (vs +5.15% for the benchmark).

The Green Bond and SBTi bucket of the Green Transition Bond fund performed in line with its benchmark in November. During November, we benefited from an overweight exposure on government-owned issuers, on the electric sector and on the consumer non-cyclical segment. Our main sectorial detractors were our underweight on treasury and supranational, and our absence of exposure on the energy sector in relative terms. The primary market was active during November. We participated selectively in new issues with interesting premiums. On the green bond side, we participated, among others, in new issues from the European Union, where the proceeds of the bond are earmarked for refinancing eligible green expenditures undertaken by the member states, and ABN Amro, where the proceeds of the bond are set aside for financing the construction or acquisition of certified green buildings, renewable energy generation infrastructure, as well as projects aimed at enhancing energy efficiency. On the SBTi bucket, we participated, among others, in the new issues from Schneider Electric and Bertelsmann, which are all aligned with a 1.5°C scenario.

The EM sleeve of the Green Transition Bond fund slightly underperformed its benchmark over the month. Across regions, last month saw all regions performing positively, with Africa performing the best followed by Latin America. Consequently, our overweights in both Latin America and Africa contributed

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positively to returns. Within Africa, our overweight in Benin, particularly our social bond issue holding, was one of the largest contributors to performance last month. In Latin America, our overweight in Mexico, Panama, Ecuador, Paraguay, and Uruguay boosted returns significantly as they all rallied amidst the positive market sentiment. In contrast, our long-standing avoidance of some more problematic countries, such as Turkey, Ghana, and Ukraine, weighed on returns as they all delivered solid gains last month. We maintain our no-holding stance on Ghana given the lack of clarity on the magnitude of debt relief the country will seek from investors. Finally, our underweights in the Middle East, such as UAE, Saudi Arabia, and Qatar, weighed on returns as these countries outperformed. In terms of new issuance, last month was relatively light but we expect to see a pickup in new issuance going forward, especially at the start of next year. We will look for attractive opportunities to add selectively. We had booked some profits at the beginning of November ahead of the Federal Reserve decision as we viewed the path for core rates remaining less than straightforward.

Outlook

The market environment is likely to remain volatile as uncertainty is very high from a macroeconomic perspective. Growth indicators and new inflation figures will remain the main drivers of risk sentiment, as those will drive the pace of central banks' monetary tightening policies. Despite the growing probability of recession, spreads still offer some premium versus the expected probability of defaults. Liquidity is expected to shrink towards Christmas as banks are not expected to modify their risk stance on their balance sheet towards year end.

For EM, we think the DM-EM economic growth differential would favour EM once again in 2023. We expect China's re-opening to be positive albeit that might put additional pressure on the inflation front. Valuations are very compelling despite the recent rally, with EM risk-reward attractive versus other asset classes. Against this background, we are comfortable with our modest risk overweight position.

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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