



# US-Canada Income and Growth

March 2024

US-Canada Income and Growth (the "Fund") seeks to provide regular income\* and to a lesser extent long term\*\* capital appreciation by investing in the Target Fund, which will be investing in equities securities, debt securities and convertible securities.

The Fund is suitable for sophisticated investors seeking :

- regular income\* and to a lesser extent long term\*\* capital appreciation on their investments; and
- an investment portfolio of equities securities, debt securities and convertible securities via the Target Fund.

Note: \* Income distribution (if any) is paid out on quarterly basis.

\*\* Long term means the investment horizon should at least be five (5) years.

Any material change to the investment objective of the Fund would require Unit Holders' approval.

Investment Strategy

- The Fund seeks to achieve its investment objective by investing a minimum of 85% of the Fund's NAV in the Allianz Income and Growth ("Target Fund") at all times. This implies that this Fund has a passive strategy.

Asset Allocation

- Allianz Income and Growth 95.79%
- Money market deposits and cash equivalents 4.21%

Source: AmFunds Management Berhad

## Fund Details

Fund Category / Type	Wholesale (Feeder Fund) / Income and Growth
Fund Launch Date	17 June 2014
Offer Price at Launch	MYR 1.0000
NAV Per Unit (29 Feb 2024)	MYR 1.0930
1-year NAV High (29 Feb 2024)	MYR 1.0990 (23 Feb 2024)
1-year NAV Low (29 Feb 2024)	MYR 0.9219 (15 Mar 2023)
Total Units (29 Feb 2024)	49.29 million
Fund Size (29 Feb 2024)	MYR 53.88 million
Annual Management Fee	Up to 1.80% p.a. of the NAV of the Fund
Annual Trustee Fee	Up to 0.08% p.a. of the NAV of the Fund, subject to a minimum fee of RM10,000 p.a.
Entry Charge	Up to 5.00% of NAV per unit of the Class
Exit Penalty	Nil
Redemption Payment Period	By the 10th day of receipt of the redemption notice
Investment Manager	AmFunds Management Berhad
Income Distribution	Subject to availability of income, distribution will be paid on a quarterly basis.

Source: AmFunds Management Berhad

## Target Fund Manager's Commentary (as at 29 February 2024)

The Target Fund aims at long-term capital growth and income by investing in United States of America (US) and/or Canadian corporate debt securities and equities.

Markets advanced in February as investors digested better-than-expected corporate earnings, mixed economic data, and a shift in rate cut expectations. A strong finish to the earnings season drove Q4's earnings growth to 4.0% (compared to -0.3% at the end of January) and helped lift 2024 and 2025 earnings estimates. Monthly payroll figures and the unemployment rate topped forecasts and manufacturing and services sector surveys improved. On the other hand, some inflation measures came in higher than expected. As a result, market expectations for the first interest rate cut were pushed out to June's Federal Open Market Committee (FOMC) meeting, aligning with the US Federal Reserve (Fed)'s most recent full-year forecast. Against this backdrop, Treasury yields rose, and investment grade bonds fell.

2023's economic momentum should carry over into 2024. Economic tailwinds include low unemployment, steady consumption, government spending, waning inflation, a stabilising manufacturing sector, an end to the rate hike cycle, and inflecting earnings. Economic headwinds include continued restrictive monetary policy and quantitative tightening, less savings, and US/international political risks, among others.

High-yield credit and convertible securities should be better positioned to weather any market volatility given current asset class dynamics, which in some respects are more favourable today than they were exiting 2022. Consequently, today's market outlook resembles 2023's with mid to high single-digit returns possible by year-end 2024 for high-yield credit, convertible securities, and equities.

The US high-yield market, currently yielding 8%, offers the potential for equity-like returns but with less volatility. Credit fundamentals are stable, near-term refinancing obligations remain low, and management teams continue to prioritise debt reduction. Given these factors, defaults should remain well below historical cycle peaks. The market's attractive total return potential is a function of its discount to face value and higher coupon, which also serves to cushion downside volatility. Notably, after recording an annual decline, the high-yield market has historically delivered two consecutive years of positive returns in six of the seven cases#, and forward 12- and 24-month return projections based on the current market yield have been consistent with mid to high single digits.

US convertible securities should continue to provide benefits to investors, including an attractive asymmetric return profile and potentially lower volatility relative to the equity market. The shift in the universe's composition exiting 2022 remains largely unchanged heading into 2024. Many securities offer attractive current yields and exhibit defensive characteristics given lower deltas and closer proximities to bond floors. This dynamic may allow for greater downside protection if equity volatility rises. If the prices of underlying stocks advance, convertible securities could be positioned to participate in the upside. Lastly, higher debt financing costs should draw issuers to the convertible market for coupon savings. As a result, new issuance is expected to increase materially year-over-year.

US equity valuations reside near long-term averages. Visibility around 2024 and 2025 earnings, US dollar and Treasury market stabilisation, and an end to the rate hike cycle could be positive developments for stocks. Any equity market volatility will present opportunities for active managers to take advantage of better prices in attractive investments.

A covered call options strategy can be utilised to generate premium income. In periods of elevated or rising equity volatility, premiums collected may translate into more attractive annualised yields.

Collectively, these three asset classes can provide a steady source of income and a compelling "participate-and-protect" return profile. The strategy is a client solution designed to provide favourable monthly income, the potential for capital appreciation, and less volatility than an equity-only fund.

Source: Allianz Global Investors

## Target Fund's Top 5 Holdings (as at 29 February 2024)

Microsoft Corp	2.00%
Amazon.Com Inc	2.00%
NVIDIA Corp	1.40%
Alphabet Inc-CL A	1.30%
Salesforce Inc	1.00%

Source: Allianz Global Investors

## Target Fund's Sector Allocation\* (as at 29 February 2024)

IT	20.10%
Consumer Discretionary	18.70%
Communication Services	12.10%
Industrials	10.40%
Healthcare	9.60%
Financials	9.20%
Energy	4.20%
Liquidity	4.20%
Real Estate	3.30%
Others	3.00%
Materials	2.80%
Utilities	2.40%

\* As percentage of NAV. Please note that asset exposure for the Target Fund is subject to frequent change on a daily basis.

Source: Allianz Global Investors

## Target Fund's Country Allocation\* (as at 29 February 2024)

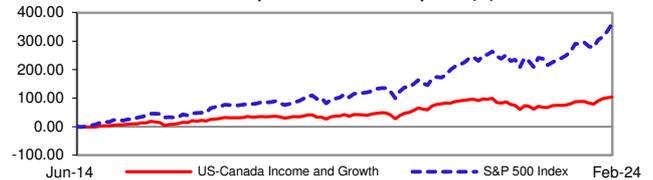
United States	88.20%
Liquidity	4.20%
United Kingdom	2.70%
Luxembourg	1.40%
Canada	1.30%
Netherlands	0.60%
Taiwan	0.50%
China	0.40%
Singapore	0.30%
Australia	0.20%
Others	0.20%
Germany	0.10%

\* As percentage of NAV. Please note that asset exposure for the Target Fund is subject to frequent change on a daily basis.

Source: Allianz Global Investors

## Fund Performance (as at 29 February 2024) in MYR

### Cumulative performance over the period (%)



The value of units may go down as well as up. Past performance is not indicative of future performance.

Note: The S&P 500 Index is only used as a reference for investment performance comparison purpose. The Fund is not managed against the S&P 500 Index. The risk profile of the Fund is not the same as the risk profile of the S&P 500 Index.

Source: AmFunds Management Berhad

## Performance Data (as at 29 February 2024)

	YTD	1 m	6 m	1 yr	3 yrs	5 yrs
Fund (%)	2.83	1.15	8.47	16.14	10.90	48.19
*Benchmark (%)	10.70	5.65	16.51	38.01	64.19	132.29

\*S&P 500 Index

Source Benchmark: \*AmFunds Management Berhad

Source Fund Return : Novagni Analytics and Advisory Sdn. Bhd.

The Fund Performance is calculated based on NAV-to-NAV using Time Weighted Rate of Return ("TWRR") method

## Most Recent Income Distribution History

Year	2023	2022	2021	2020	2019
Total Payout per unit (Sen)	1.92	3.00	5.50	6.00	5.65

Source: AmFunds Management Berhad

## Calendar Year Return

	2023	2022	2021	2020	2019
Fund (%)	17.88	-16.04	11.54	19.98	17.37
*Benchmark (%)	31.60	-13.25	33.10	16.37	30.10

\*S&P 500 Index

Source Benchmark: \*AmFunds Management Berhad

Source Fund Return : Novagni Analytics and Advisory Sdn. Bhd.

The Fund Performance is calculated based on NAV-to-NAV using Time Weighted Rate of Return ("TWRR") method

The S&P 500 Index is a product of S&P Dow Jones Indices LLC ("SPDJI"), and has been licensed for use by AmFunds Management Berhad. S&P® is a registered trademark of S&P Global ("S&P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"); US-Canada Income and Growth is not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability for any errors, omissions, or interruptions of the S&P 500 Index.

This advertisement material is prepared for information purposes only and may not be published, circulated, reproduced or distributed in whole or part, whether directly or indirectly, to any person without the prior written consent of AmFunds Management Berhad [198601005272 (154432-A)] ("AmInvest"). This advertisement material should not be construed as an offer or solicitation for the purchase or sale of any units in AmInvest's wholesale fund(s). Investors shall be solely responsible for using and relying on any contents in this advertisement material. AmInvest and its employees shall not be held liable to the investors for any damage, direct, indirect or consequential losses (including loss of profit), claims, actions, demands, liabilities suffered by the investors or proceedings and judgments brought or established against the investors, and costs, charges and expenses incurred by the investors or for any investment decision that the investors have made as a result of relying on the content or information in this advertisement material.

Investors are advised to read and understand the contents of the Replacement Information Memorandum dated 1 December 2014 for US-Canada Income and Growth, including any supplementary made thereof from time to time ("Information Memorandum(s)") and its Product Highlights Sheet ("PHS"), obtainable at [www.aminvest.com](http://www.aminvest.com), before making an investment decision. The Information Memorandum(s) and PHS have been lodged with the Securities Commission Malaysia, who takes no responsibility for its contents. The Securities Commission Malaysia has not reviewed this advertisement material. Investors may wish to seek advice from a professional advisor before making an investment.

The Fund's units will only be issued upon receipt of the complete application form accompanying the Information Memorandum(s). Past performance of the Fund is not an indication of its future performance. The Fund's unit prices and income distribution payable, if any, may rise or fall. Where a unit split/distribution is declared, investors are advised that following the issue of additional units/distribution, the Net Asset Value ("NAV") per unit will be reduced from pre-unit split NAV/cum-distribution NAV to post-unit split NAV/ex-distribution NAV. Please be advised that where a unit split is declared, the value of investor's investment in Malaysian Ringgit will remain unchanged after the distribution of the additional units.

Investments in the Fund are exposed to risk of passive strategy, risk of not meeting the Fund's investment objective, currency risk, liquidity risk, regulatory and legal risk, taxation risk and income distribution risk. Please refer to the Information Memorandum(s) for detailed information on the specific risks of the fund(s). Investors are advised to consider these risks and other general risk elaborated, as well as the fees, charges and expenses involved.

This advertisement material may be translated into languages other than English. In the event of any dispute or ambiguity arising out of such translated versions of this advertisement material, the English version shall prevail. AmInvest's Privacy Notice can be accessed via [aminvest.com](http://aminvest.com).

Note: Unless stated otherwise, all fees, charges and/or expenses disclosed in this material are exclusive by way of example and not limitation; goods and services tax, value added tax, consumption tax, levies, duties and other taxes as may be imposed by the Government of Malaysia from time to time (collectively known as "Taxes"). If these fees, charges and/or expenses are subject to any Taxes, such Taxes shall be borne and payable by the Unit Holders and/or the Fund (as the case may be) at the prevailing rate, including any increase or decrease to the rate, in addition to the fees, charges and/or expenses stated herein.

Privacy Notice: AmFunds Management Berhad [Company Registration: 198601005272 (154432-A)] issued its Privacy Notice as required by Personal Data Protection Act 2010, which details the use and processing of your personal information by AmFunds Management Berhad. The Privacy Notice can be accessed via [www.aminvest.com](http://www.aminvest.com) and is also available at our head office. If you have any queries in relation to the Privacy Notice of AmFunds Management Berhad, please feel free to contact our Customer Service Representative at Tel: +603 2032 2888 OR e-mail: [enquiries@aminvest.com](mailto:enquiries@aminvest.com).