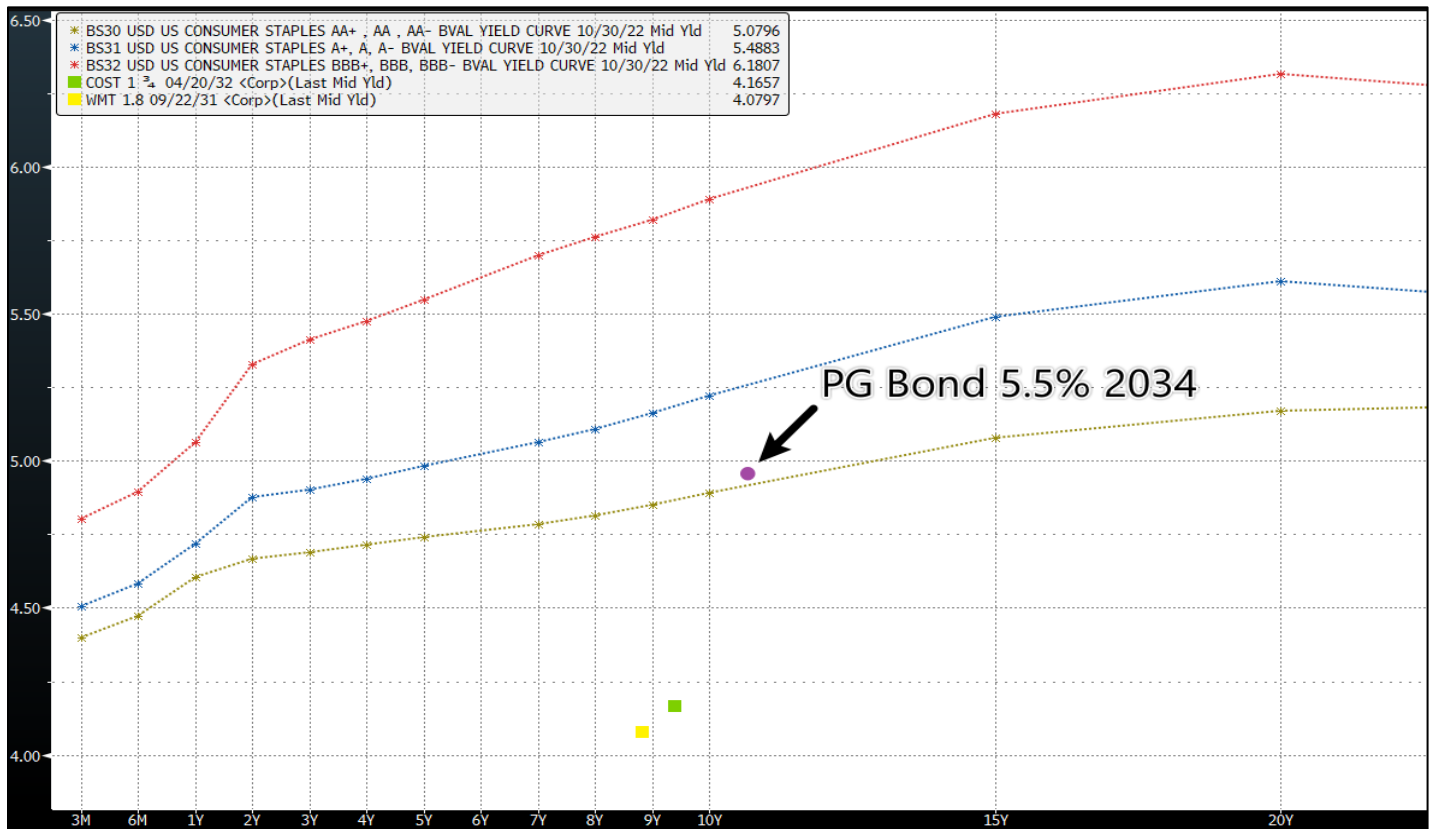


EXECUTIVE SUMMARY

Cusip:	742718CB3
Price 12/04/2022:	103.04
Coupon:	5.50%
YTM:	5.53%
YTW:	4.90%
OAS (Trsy):	100.8 bps
Duration:	8.22 yrs.
Credit Rating:	Aa3/AA-
Seniority:	Senior Unsecured
Callable Date/Price:	Make-whole
Offered Amt.:	\$500M
Amt. Outstanding:	\$266M

The TCM All-Weather team recommends buying Procter & Gamble's (PG) 5.50% 2034 bond [742718CB3]. This Procter & Gamble bond is rated Aa3/AA- and offers an attractive yield-to-worst of 4.90% (101 bps Treasury OAS) with a duration of 8.22 years. (See chart). Our recommendation is based on the following: 1) Procter & Gamble's financial strength hasn't been affected by COVID and is likely to continue to perform well because the company fundamentals remain strong; 2) Procter & Gamble's core business segments will continue to grow steadily due to the unbeatable market demand, seen by its increasing segment revenues and margins; 3) Consumer Staple sector tends to outperform amid economic downturns and the market's fear for recession. Procter & Gamble's cash flow forecasts and debt maturity schedule (presented on page 2) show the company will generate sufficient cash flows to cover its debt repayments over our investment horizon.

Key uncertainties: 1) Volatility in costs, currencies, and consumer dynamics. 2) Freight, raw materials, and packaging material costs are increasing.

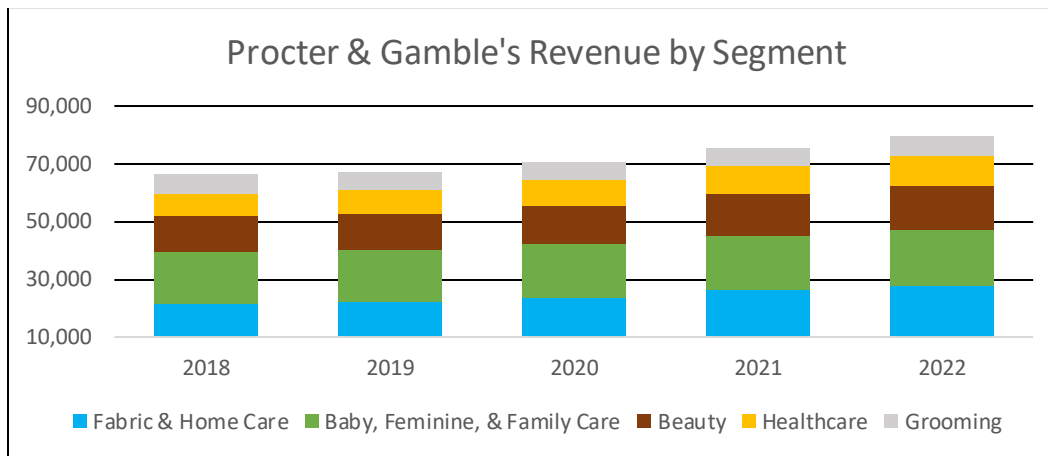


COMPANY OVERVIEW

Procter and Gamble Co. (PG) is an American multinational goods corporation specializing in producing and manufacturing personal/health, personal care, and hygiene products. The company operates through its five largest segments: 1) Fabric & Home; 2)Baby & Family Care products; 3) Beauty; 4) Grooming; 5) Healthcare. Procter & Gamble's customers include large merchandisers, grocery stores, membership club stores, drug stores, distributors, and e-commerce retailers. The company is headquartered in Cincinnati, OH, and was founded by William Procter and James Gamble in 1837.

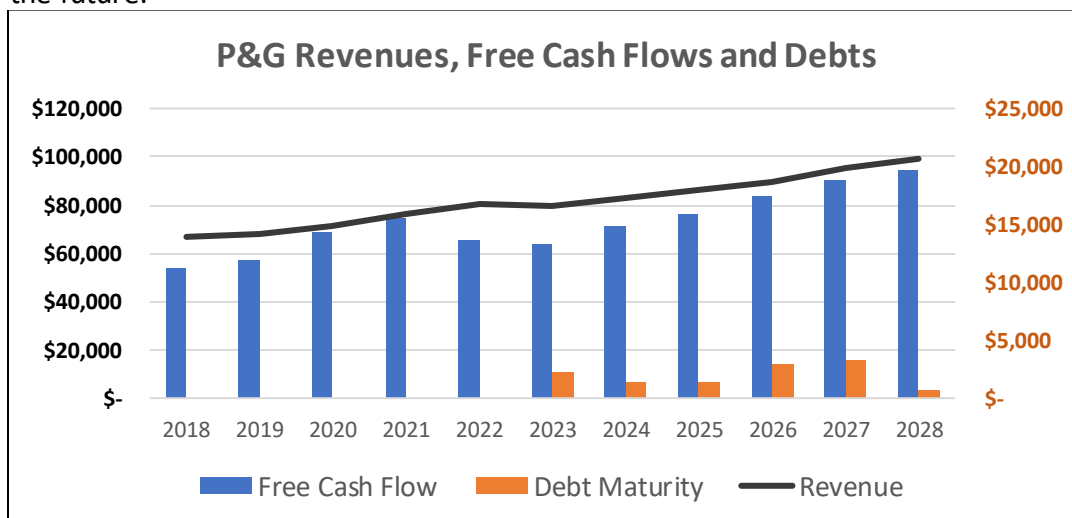
Revenue History

Procter & Gamble's Baby, feminine, and family care has the largest revenue segment over the last 5 years and has been slightly increasing. Fabric and household items have been the 2nd largest revenue stream with strong stability over high inflationary periods. The steady growth in the past was due to the continued consumer demand for household necessities, regardless of whether the economy was upward or downward. The consumer staple industry was not negatively affected during the Covid pandemic and saw a revenue boost because the consumption has shifted from durables to non-durables.



Free Cash Flow & Debt Projections

According to our estimates, Procter & Gamble Co.'s (PG) free cash flow is projected to slightly increase YOY for the next 5 consecutive years. FCF over the last four years was an upward trend, especially during the Covid pandemic when non-durable essentials were all-important to all American households. The company's debt maturity is conservative compared to our FCF projection which gives us confidence that PG can cover its debt payments for the future.



FINANCIAL COMPARISON

PROFITABILITY

Company Name	Sales Growth (3 yr.)	Gross Margin (NTM)	EBIT Margin (NTM)	ROIC (NTM)	ROE (NTM)	Sales	EBITDA	Total Debt	Sales Growth	Gross Margin	EBIT Margin	ROIC	ROE	Avg. Rank	Evaluation
Procter & Gamble	16.96	47.47	22.68	22.07	30.03	\$80,461	\$20,461	\$33,003	5	1	1	1	4	2.0	More Profitable
Costco Wholesale	48.62	11.91	3.60	19.85	27.79	\$226,954	\$10,070	\$11,394	1	6	6	3	5	4.0	Profitable
Walmart	13.48	23.68	4.11	10.58	20.92	\$587,824	\$35,486	\$65,309	6	5	5	6	6	5.5	Less Profitable
TJX Cos	21.24	28.48	10.38	20.07	62.92	\$49,270	\$5,422	\$12,623	4	3	2	2	1	2.8	More Profitable
Dollar General	32.52	31.93	9.35	12.03	46.80	\$35,346	\$3,800	\$15,493	3	2	3	5	2	3.3	Profitable
Target	39.94	26.22	5.10	12.37	38.45	\$108,721	\$7,535	\$19,323	2	4	4	4	3	3.5	Profitable
Average	28.80	28.28	9.20	16.16	37.82	\$181,429	\$13,796	\$26,191							

Procter & Gamble's profitability ranked first place amongst its peers. The next-12-month gross profit margin and EBIT margin are significantly above the peer averages and ranked first compared to peers. EBIT is the foundation of free cash flow to cover future debt repayments. ROIC also ranked first place. However, ROE lags in 4th place but is still close to the peer average. The 3-year sales growth is 16.96%, ranked 5th, revealing the company's limited growth potential because it is a well-established company that has deeply penetrated the industry. More maturity means less volatility in revenue and fewer investment risks associated with slower but stable growth. The overall profitability is very attractive and stable.

LEVERAGE

Company Name	Curr Ratio	EBITDA / Int. Exp	Net Debt / EBITDA	LT Debt/ Ttl Capital	FCF Yield	Dividend Yield	Beta	Diluted Shares	Curr Ratio	EBITDA / Int. Exp	Net Debt / EBITDA	LT Debt/ Capital	Dividend Yield	FCF Yield	Debt Rank	Yield Rank
Procter & Gamble	0.62	45.17x	1.29x	27.62	3.72	2.45	0.60	2,503.6	6	3	2	1	1	3	3.0	2.0
Costco Wholesale	1.02	63.73x	0.03x	32.30	1.48	0.64	0.71	444.7	2	2	1	2	6	6	1.8	6.0
Walmart	0.84	19.21x	1.45x	33.15	2.82	1.57	0.43	2,745.0	5	5	3	3	2	4	4.0	3.0
TJX Cos	1.16	65.18x	1.71x	57.68	2.47	1.46	1.29	1,172.3	1	1	4	5	4	5	2.8	4.5
Dollar General	1.02	23.68x	3.99x	61.62	3.73	0.82	0.61	227.5	3	4	6	6	5	2	4.8	3.5
Target	0.86	16.63x	2.44x	55.46	4.74	1.55	0.83	462.5	4	6	5	4	3	1	4.8	2.0
Average	0.92	38.94x	1.82x	44.64	3.16	1.42	0.74									

Procter & Gamble has a debt rank of 3rd place mainly due to its lower current ratio, measured at 0.62, where the peer average is 0.92. However, the company has a higher-than-average EBITDA to interest expense ratio and a significantly lower net debt to EBITDA ratio and long-term debt to total capital ratio, revealing its outstanding ability to meet its debt obligations. As for the yield rank, P&G ranked first place. FCF yield and dividend yield show P&G's superior ability to generate sufficient cash flows and pay dividends to investors.

VALUATION ANALYSIS

PEER COMPARISON

Company Name	Cusip	Coupon	Maturity	Credit Rating (Moody's/S&P)	YTW	OAS (Trsy)	Altman Z-score (Bloomberg)	Outstanding Issuance	Duration	Adjust weight if desired by changing these figures=>				Weighted Rank
										2.0 Yield Spread Rank	2.0 Default Risk Rank	1.0 Int. Rate Risk Rank	1.0 Financial Risk Score	
Procter & Gamble	742718CB3	5.500%	2/2034	AA-	4.90%	101	8.20	\$266	8.22 yrs.	3	1	6	3.00	2.8
<i>max 2 bonds per company</i>														
Costco Wholesale	22160KAQ8	1.750%	4/2032	A+	4.18%	57	7.54	\$1,000	8.35 yrs.	6	2	7	1.75	4.1
Walmart	931142ET6	1.800%	9/2031	AA	4.02%	43	4.85	\$2,000	7.86 yrs.	7	3	5	4.00	4.8
TJX Cos	872540AW9	1.600%	5/2031	A	4.58%	100	4.83	\$500	7.64 yrs.	4	4	3	2.75	3.6
Dollar General	256677AG0	3.500%	4/2030	BBB	4.87%	128	3.70	\$1,000	6.29 yrs.	1	5	1	4.75	3.0
Target	87612EBP0	4.500%	9/2032	A	4.58%	94	3.35	\$1,000	7.73 yrs.	5	6	4	4.75	5.1
	87612EAK2	6.350%	11/2032	A	4.73%	109	3.35	\$302	7.46 yrs.	2	6	2	4.75	3.8

Overall Ranking: 1st

This P&G bond places first overall against its peers when considering yield, financial risk, and interest rate risk. Financial risk is broken down into default risk, which Altman's Z-score measures, and financial risk scores, measured by liquidity and leverage. P&G has the highest Z-score of 8.20 and 3.0 financial scores, which ranked 3rd place.

Yield Spread: 3rd

The yield spread for P&G ranked 3rd among its peers with a fair option-adjusted spread (OAS) to account for the small possibility of default. Although Dollar General and one of Target's bonds have slightly higher OAS, they also represent higher credit risks. Dollar General and Target Crop. have much higher debts and lower financial risk ranks. Considering the yield and risk tradeoff, P&G currently offers 4.90% YTW, 5.14% last trade yield on 11/30/2022, and a 101 treasury OAS with an AA- credit rating, which is the most attractive.

Modified Duration: 6th

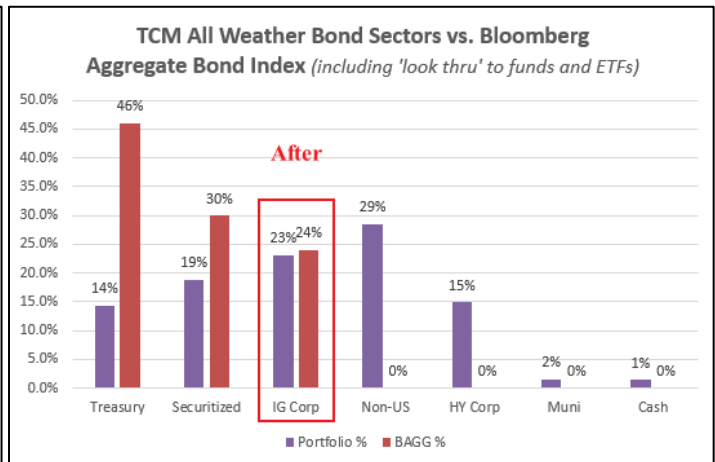
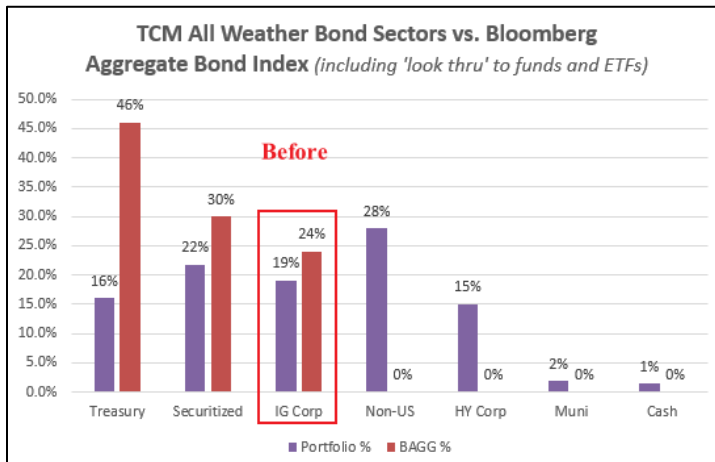
The modified duration is 8.22 years, ranked second last place amongst the peers. However, as we incorporate the All-Weather team's economic outlook, we are optimistic about the pace of future rate hikes. We even anticipate a rate drop within our investment horizon. Therefore, we seek to increase our portfolio duration by adding higher-duration securities.

Financial Risk: 3rd

P&G has the 3rd financial risk, measured by the average liquidity and financial leverage. P&G's lower liquidity contributed to its lower financial risk rank. However, the company has the highest credit rating against its peers. Its default risk is the lowest because it has the highest Altman Z-score of 8.20.

PORTFOLIO IMPACT AND SUMMARY

The TCM All-Weather team recommends buying a 2% position in Procter & Gamble (PG) 5.50% 2034 bond [742718CB3] to increase exposure in a more defensive sector, improve the portfolio’s credit quality, and pursue duration closer to the benchmark. Currently, the TCM Asset Allocation bond portfolio has a credit rating of A- and a duration of 5.91 years. Our bond selection will raise our Asset Allocation bond portfolio’s credit rating and duration closer to the benchmark. The trade should bring the bond portfolio into a more defensive posture by increasing our investment grade corporate exposure from 19% to 22% and Consumer Stable sector exposure from 9% to 11%.



Fixed-Income Mutual Funds and ETFs													BEFORE	
Ticker	Description	Quantity	Price	Purchase	Credit Rating	Bond Sector	Sub-Sector	Duration	YTM	% Bond	% Total	Mkt. Value	Cost	
AGG	ISHARES CORE US AGGREGATE BOND ETF	213	94.900	103.550	AA	Diversified	Diversified	6.40	2.66%	7.35%	2.11%	\$20,214	\$22,056	
USIBX	USAA Intermediate-Term Bond	16,164	8.760	9.280	A	Diversified	Diversified	5.70	2.96%	51.47%	14.78%	\$141,595	\$150,000	
FBND	Fidelity Total Bond ETF	321	43.900	46.710	A+	Diversified	Diversified	6.23	3.52%	5.12%	1.47%	\$14,092	\$14,994	
PRSNX	T. Rowe Price Global Multi-Sector Bd	7,470	9.350	10.040	A	Non-US	Diversified	7.56	3.51%	25.39%	7.29%	\$69,846	\$75,000	
PRFRX	T. Rowe Price Floating Rate	1,638	8.970	9.160	B+	HY Corp	Diversified	0.55	4.65%	5.34%	1.53%	\$14,689	\$15,000	
TGHNX	TCW High Yield Bond N	2,492	5.880	6.020	BB-	HY Corp	Diversified	4.45	4.84%	5.33%	1.53%	\$14,651	\$15,000	
Fixed Income Portfolio Characteristics:					A-			5.91	3.30%	100%	29%	\$275,086	\$292,050	

Fixed-Income Mutual Funds and ETFs													AFTER	
Ticker	Description	Quantity	Price	Purchase	Credit Rating	Bond Sector	Sub-Sector	Duration	YTM	% Bond	% Total	Mkt. Value	Cost	
AGG	ISHARES CORE US AGGREGATE BOND ETF	213	94.900	103.550	AA	Diversified	Diversified	6.40	2.66%	7.64%	2.11%	\$20,214	\$22,056	
USIBX	USAA Intermediate-Term Bond	12,982	8.760	9.280	A	Diversified	Diversified	5.70	2.96%	42.96%	11.87%	\$113,720	\$120,470	
FBND	Fidelity Total Bond ETF	321	43.900	46.710	A+	Diversified	Diversified	6.23	3.52%	5.32%	1.47%	\$14,092	\$14,994	
PRSNX	T. Rowe Price Global Multi-Sector Bd	7,470	9.350	10.040	A	Non-US	Diversified	7.56	3.51%	26.39%	7.29%	\$69,846	\$75,000	
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TGHNX	TCW High Yield Bond N	2,492	5.880	6.020	BB-	HY Corp	Diversified	4.45	4.84%	5.54%	1.53%	\$14,651	\$15,000	
PG	Procter & Gamble Bond	170	103.040	103.040	AA-	IG Corp	Cons. Staples	8.22	4.90%	6.60%	1.82%	\$17,478	\$17,478	
Fixed Income Portfolio Characteristics:					A-			6.08	3.44%	100%	28%	\$264,689	\$279,998	

HISTORICAL FINANCIALS

Company Name: **Procter & Gamble Company (PG)**

Source: FactSet Fundamentals

Condensed Financial Data							
	JUN '22	JUN '21	JUN '20	JUN '19	JUN '18	JUN '17	5-yr. Avg.
Revenue	\$79,066	\$73,268	\$67,648	\$66,727	\$62,981	\$59,436	\$68,188
Growth	7.91%	8.31%	1.38%	5.95%	5.96%		5.90%
Operating Margin	22.34%	24.43%	23.10%	21.44%	21.58%	22.38%	22.54%
Growth	-8.54%	5.72%	7.76%	-0.63%	-3.57%		0.15%
EBIT / Int. Expense	40.80x	37.04x	35.25x	28.51x	28.50x	30.91x	33.50x
Growth	10.17%	5.06%	23.64%	0.04%	-7.79%		6.23%
Total Debt / EBITDA	1.52x	1.50x	1.79x	1.74x	1.81x	1.82x	1.70x
Growth	1.34%	-16.17%	3.08%	-4.27%	-0.40%		-3.29%
LT Debt / Total Capital	29.72%	29.96%	29.45%	26.39%	24.96%	20.79%	26.88%
Growth	-0.79%	1.71%	11.60%	5.72%	20.09%		7.67%
Return on Inv. Cap.	21.04%	20.32%	18.84%	5.54%	13.32%	13.52%	15.43%
Growth	3.55%	7.85%	240.19%	-58.43%	-1.49%		38.33%
Gross Profit Margin	47.65%	51.43%	51.18%	49.40%	49.71%	50.90%	50.05%
Growth	-7.33%	0.47%	3.60%	-0.61%	-2.35%		-1.24%
Net Margin	18.38%	18.79%	18.36%	5.76%	14.59%	15.54%	15.24%
Growth	-2.18%	2.36%	218.89%	-60.53%	-6.11%		30.49%
EPS (diluted)	\$5.81	\$5.50	\$4.96	\$1.43	\$3.67	\$3.65	\$4.17
Growth	5.56%	10.86%	246.94%	-61.04%	0.66%		40.60%
Dividends per Share	\$3.52	\$3.24	\$3.03	\$2.90	\$2.79	\$2.70	\$3.03
Growth	8.66%	7.05%	4.52%	4.00%	3.26%		5.50%
Return on Equity	31.71%	30.80%	27.80%	7.83%	18.14%	17.97%	22.38%
Growth	2.97%	10.78%	254.87%	-56.82%	0.98%		42.56%

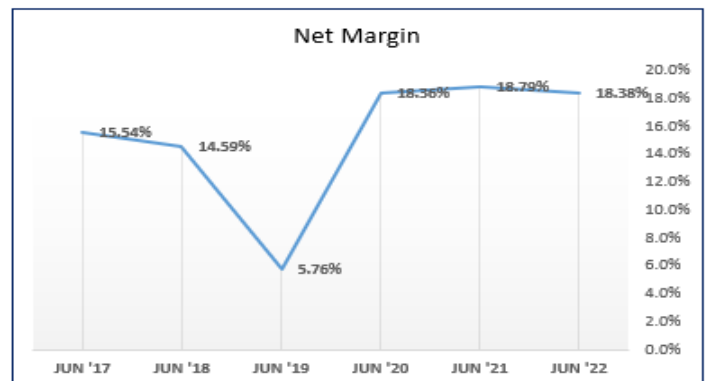
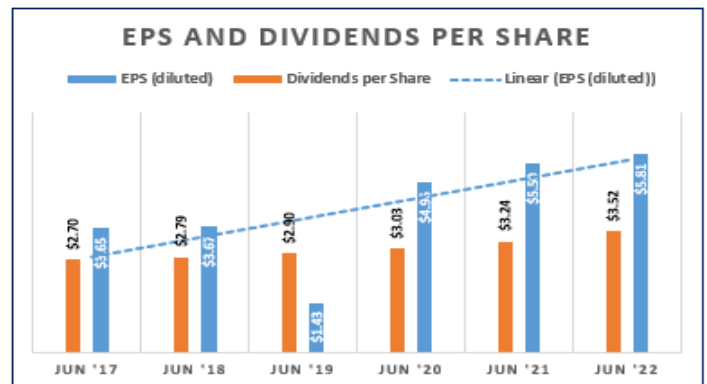
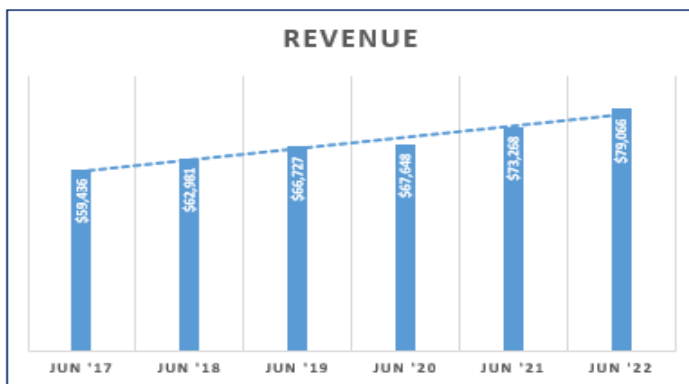
Source: FactSet Fundamentals

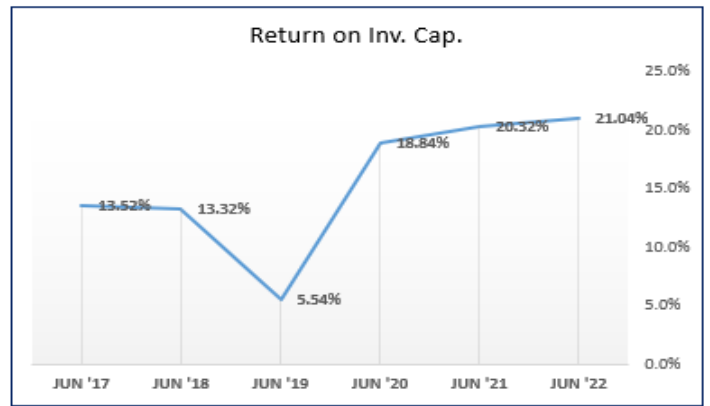
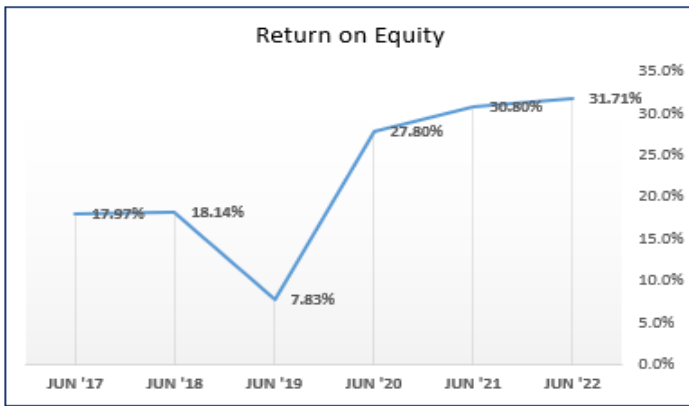
Capital Structure		
Procter & Gamble Company (PG)		
	0	<=Industry
	0	<=Sub-Sector
Fully Diluted Market Cap.	362,433	92.2%
+ Long-term Debt	21,286	5.4%
+ Short-term Debt	13,599	3.5%
- In-the-Money Convertible De	-	
- Cash & Equivalents	-6,710	-1.7%
+ Preferred Stock	843	0.2%
- In-the-Money Convertible Pf	-843	-0.2%
- Investments in Unconsol. Sub	0	0.0%
+ Non-Controlling Interest	259	0.1%
+ Pension Liabilities	2,435	0.6%
Enterprise Value	\$393,302	100%

Stock Statistics	
Beta	0.60
P/E (next 12 months)	24.31
52-week low	\$0.00
52-week high	\$0.00
Dividend Yield	2.45%
WACC (per FactSet)	0.00%
ROIC - WACC	15.43%

5 yr. average ROIC OK: equal to or better than required return

Note: Source of cash flow forecasts is FactSet's analysts' review.





METRIC NAME	VALUE	TREND
Revenue Forecast (FINBOX)	79.745 B	
Dividend Yield	2.4%	
P/E Ratio	24.8x	
EV / EBITDA	17.8x	
Free Cash Flow Per Share	5.53	

Peer Benchmarks

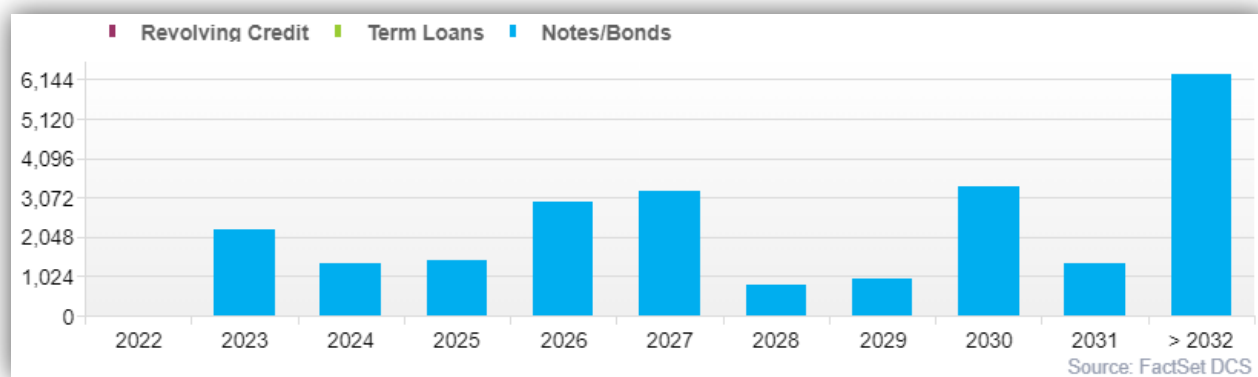
Quote	Value	Size	Growth	Profit
		● PG	● Peers	● Sector
Gross Profit	38.005 B	785.5 M	21.133 M	
Net Income to Common Margin	17.8%	8.6%	3.8%	
Return on Invested Capital	18.3%	12.1%	5.1%	
Return on Assets	12.4%	8.2%	3.9%	
Return on Common Equity	32.3%	39.3%	7.7%	
Avg Return on Common Equit...	22.7%	25.6%	7.2%	

PEER COMPARISON SUMMARY

SUMMARY OF RATIO COMPARISON

Company Name	Stock Valuation	Profitability	Debt Rank	Yield Rank	Avg. Factor Rank	Over/Under Weight?	Price	Profitability	Debt	Yield
Procter & Gamble	4.4	2.0	3.0	2.0	2.9	Over wgt.	High Price	More Profitable	Less Debt	More Yield
Costco Wholesale	4.2	4.0	1.8	6.0	4.0	Under wgt.	High Price	Profitable	Less Debt	Less Yield
Walmart	2.2	5.5	4.0	3.0	3.7	Under wgt.	Low Price	Less Profitable	More Debt	More Yield
TJX Cos	4.0	2.8	2.8	4.5	3.5	Market wgt.	High Price	More Profitable	Less Debt	Less Yield
Dollar General	3.5	3.3	4.8	3.5	3.8	Under wgt.	Fair Price	Profitable	More Debt	Avg. Yield
Target	1.5	3.5	4.8	2.0	2.9	Over wgt.	Low Price	Profitable	More Debt	More Yield

DEBT MATURITY SCHEDULE



REFERENCES

Factset

Procter & Gamble 10-K