August 2017

Allianz Life Asia Multi-IncomePLUS Fund

Allianz

Investment Objective

The Allianz Asian Multi-IncomePLUS (the "Fund") feeds into Allianz Asian Multi Income Plus- USD ("CIS") and aims to achieve stable income stream and potential capital appreciation by investing primarily in Asian local currency denominated fixed income and quasi-fixed income instruments.

Investor Profile

The Fund is designed for investors who are generally risk averse and require stable returns.

Performance Indicator

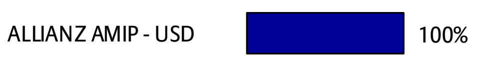
	1 month	6 months	1 year	3 years	5 years	YTD	Since Inception (Annualised)
Allianz Life Asia Multi-IncomePLUS Fund	0.41%	2.27%	15.70%	37.79%	53.23%	6.81%	5.47%
Benchmark: 2/3 MSCI AC ASIA Pac Ex Japan High Dividend Yield Total Return (Net) + 1/3 JP Morgan Asia Credit Index (JACI) - Non Investment Grade Index *	1.69%	8.40%	13.88%	17.13%	36.60%	16.19%	4.61%
Allianz Asian Multi Income Plus ($USD)	0.86%	7.40%	12.33%	5.94%	18.93%	13.97%	4.15%

Ringgit appreciated 4.81% (YTD) and depreciated 2.20% (since inception).
* Source: Bloomberg.
The above performance of the Fund is calculated in Ringgit Malaysia on a NAV-to-NAV basis. It is strictly the performance of the investment fund and not the returns earned on the actual premiums paid of the investment-linked product. Past performance is not an indication of future performance.

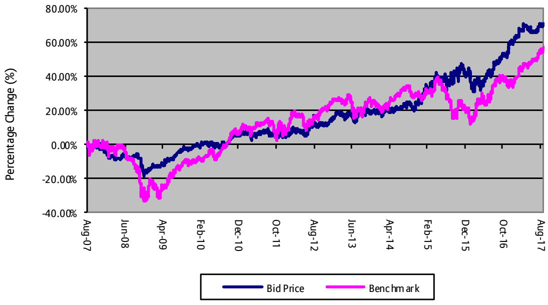
Facts on CIS

Name	Allianz Asian Multi Income Plus- USD ("Allianz AMIP - USD")
Type	Managed Fund
Fund Manager	Allianz Global Investors Singapore Limited
Fund Currency	USD

Portfolio Composition



Performance Since Inception



Key Fund Facts

Fund Size	RM2.21 million
Risk Profile	Moderate Investor
Launch Date	4th June 2007
Fund Currency	Ringgit Malaysia
Investment Manager	Allianz Life Insurance Malaysia Berhad
Pricing Frequency	Daily
Price per Unit[1] (as at 30th August 2017) - Bid	1.710
Management Fee	1.00% p.a
Other Charges[2]	Include but not limited to government tax, auditor fee, custodian fee, & transaction charge

1. The price per unit of the Fund is the total market value of assets in the Fund divided by the total number of units of the Fund. To ensure fair treatment to all unit holders, transaction costs of acquiring and disposing of assets of the Fund are recouped by making a dilution or transaction cost adjustment to the NAV per unit of the Fund. Allianz Life Insurance Malaysia Berhad retains the right to suspend issuance or redemption of units of the Fund under exceptional circumstances, e.g. temporary closure of any stock exchange, as disclosed in the fund brochure.
2. Expenses directly related to and necessary in operating the Fund.

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Manager's Comment

Market Commentary

- August was another good month for regional equity markets with the MSCI Asia Pacific ex Japan Index extending year-to-date gain by another 1.4% in USD terms. The supportive liquidity environment has allowed most markets to offset the geo-political tensions associated with North Korea, although the South Korea market has gone through some modest profit-taking after strong gains earlier in the year.
- Chinese equities were again strong performers. There continues to be a positive correlation with commodity prices. The stronger metals and energy prices over the last month are good for state-owned enterprises, which in turn helps to build confidence in the strength of the Chinese economy and capital markets, including the currency. Related to this, the Australian dollar was another good performer.
- Another factor supporting China equities has been the ongoing strength in technology stocks. Supported by the Nasdaq rally and another set of good earnings, mega caps such as Alibaba and Tencent have continued to reach higher highs, with any profit-taking being short-lived. Component makers across the region have also been boosted as Apple was about to launch its next-generation iPhone.
- Global government bonds rallied in August due to stronger demand for safe-haven assets amid heightened geo-political risks. The yield on the 10-year US Treasury bond, for example, retreated back to 2.12%. Against this backdrop, Asian US dollar high yield bonds generated a positive return. Asian high yield bonds outperformed investment grade bonds due to higher bond carry and credit spread tightening. As risk appetite recovered, the frontier markets in particular outperformed. The month saw USD 14.8 billion of new US dollar issuances in Asia, bringing the year-to-date supply to USD 190 billion, a record high.
- The Fund's total return in USD was positive during the month, continuing the good returns year-to-date, and the distribution was again paid from income.
- At a stock level, AAC Technologies was the key contributor in August. We first bought this smartphone component supplier in May. It was then suspended following allegations of misleading accounting practices by a short seller, and we took advantage of the weakness to add onto our position. Since trading resumed in early June, the share price has rallied by more than 60%. The company has recently announced it is expanding into smartphone camera lens production, which we believe will support future earnings and valuations.
- Our asset allocation at the end of the month was 64.7% invested in Asian equities and 31.6% in Asian fixed income, with the remainder in cash. We continue to maintain an asset allocation close to the 65:35 level.
- The core of the equity portfolio is companies with sustainable dividends and long-term growth potential. Over the month, we have sold out of companies facing political and regulatory pressures, including a reduction in exposure to Australian banks. With future dividend growth less certain, a key valuation driver has been lost. Combined with proceeds from fund inflows, we have used stock specific weakness to add to our cyclical exposure in container terminals and construction materials.
- On the fixed income side, we continued to invest in new issues to benefit from some new issue premium and to gain exposure to new issuers. The Fund generally holds less volatile issuers for interest accrual. We also continued to access a more diversified portfolio of Asian USD high yield credits through the Allianz Dynamic Asian High Yield Fund.
- At the end of the month, we held 64 equities and 55 fixed income securities. The equity portfolio yield was 3.7% and the average fixed income coupon was 7.0% with an average credit rating of BB and duration of less than 3 years.

Market Outlook and Strategy

- The recent resilience of Asian markets in the face of rising geo-political tensions has been impressive. There appears to be a strong 'buy-on-weakness' mentality, which is supported by global investors closing their underweight positions in emerging markets.
- One of the key concerns in recent months has been the narrowness of the equity market advance and the reliance on mega-cap technology stocks in particular. It has therefore been reassuring that in the recent interim result season, the earnings upgrade cycle became more broad-based. In recent weeks, we have seen upward revisions in financials, energy, industrials, and of course, technology.
- In an environment of low and stable inflation globally, bond yields are likely to remain within a range at still low levels. From this perspective, Asian credit is an asset class that offers yield enhancement with relatively better fundamentals compared to other emerging market regions. Despite a rise in idiosyncratic risk in the high yield sector recently, we do not expect a sharp spike in defaults this year as the funding environment generally remains favourable for corporates. While credit spreads are at tight levels from a historical basis, the hunt for yield amidst a continued low interest rate environment will likely keep spreads range-trading around current levels. With this backdrop, we expect returns for Asian high yield credit will be driven by good yield carry and security selection for the rest of the year.

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