March 2018

Allianz Life Asia Multi-IncomePLUS Fund

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

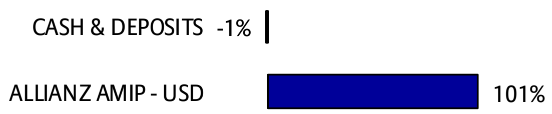
	1 month	6 months	1 year	3 years	5 years	YTD	Since Inception (Annualised)
Allianz Life Asia Multi-IncomePLUS Fund	-2.98%	-4.12%	-4.40%	19.25%	38.52%	-3.38%	4.68%
Benchmark: 2/3 MSCI AC ASIA Pac Ex Japan High Dividend Yield Total Return (Net) + 1/3 JP Morgan Asia Credit Index (JACI) - Non Investment Grade Index *	-1.64%	4.58%	10.44%	22.66%	29.21%	0.37%	4.64%
Allianz Asian Multi Income Plus ($USD)	-1.48%	5.28%	10.80%	18.12%	16.85%	1.64%	4.46%

Ringgit appreciated 4.87% (YTD) and depreciated 1.13% (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.

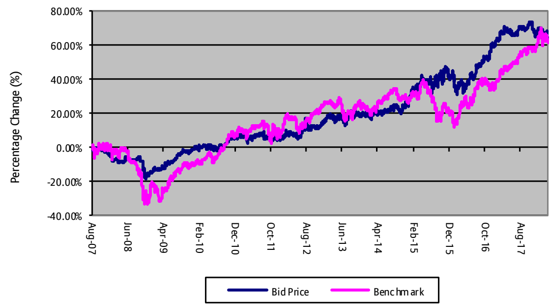
Facts on CIS

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	RM2.106 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 March 2018) - Bid	1.629
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.

Allianz Life Insurance Malaysia Berhad (104248-X)
Level 29, Menara Allianz Sentral , 203 , Jalan Tun Sambanthan, Kuala Lumpur Sentral , 50470 Kuala Lumpur.
Allianz Life Call Centre : 603-2264 1188
www. allianz.com.my

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Manager's Comment

Market Commentary

- Asia Pacific equity markets fell in March. Shares were undermined by escalating fears of a global trade war following the Trump administration's decision to impose tariffs on the imports of a range of goods, prompting China to announce it was planning retaliatory tariffs. Weakness in US equity markets, especially the technology sector, also dampened sentiment.
- Australian equities were among those with the worst returns in March, touching their lowest levels in five months. Financials were among the weakest performers, with banks remaining under pressure from a government-backed Royal Commission enquiry into misconduct by financial institutions.
- Chinese equities declined along with the broader region despite data indicating economic activity had strengthened modestly. Returns for ASEAN markets were mixed, with Indonesia and the Philippines being the weakest markets. Singapore and Thailand also lost ground, but Malaysia posted slight gains.
- In Asian USD credit markets, credit spreads widened which offset the benefit of lower US Treasury yields, resulting in a flat return for the overall market (J.P. Morgan Asia Credit Index return 0.01%). Investment grade credits outperformed high yield credits due to their longer duration, hence benefitting more from the decline in yields. Asian US dollar high yield bonds corrected by -0.64% (J.P. Morgan Asian Credit Index – Non-Investment Grade). Asian bond issuance remained strong with USD 21.9 billion of new USD bonds issued during the month. However, demand softened particularly from Chinese investors, which resulted in weaker secondary market performance.
- In this environment, the Fund retreated slightly in USD terms but was significantly less volatile than overall equity markets. The monthly distribution was paid from income.
- Mediatek, a Taiwanese semiconductor company, was the top contributor. We bought into the company as a turnaround situation last year. Led by new management, the company has diversified away from previous reliance on Samsung, which created significant earnings volatility. With the start of the recovery of Android smartphone demand and a more stable earnings outlook, we believe Mediatek is increasingly well positioned. The stock also offers a 3% dividend yield to enhance the total return potential.
- On the negative side, impacted by the concerns over potential tariffs of US, Hankook Tire faced some profit taking pressure this month. Nonetheless, we believe there is a good turnaround potential for this Korea-based tire producer given its product-mix improvement, increase of new plant utilization and strong balance sheet. The upcoming car replacement cycle and attractive valuation levels should, in our view, also provide further support.
- Our asset allocation at the end of the month was 66.2% invested in Asian equities and 30.9% 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. For example, we added further to our Chow Tai Fook holding last month. This Hong Kong-based jewelry retailer previously had a very challenging environment with falling tourist arrivals from China. However, the company is now well on the path to recovery as a combination of a more stable macro environment and lower costs through rental reductions produced a more promising outlook for both earnings and dividends.
- On the fixed income side, we increased our holdings in a number of both existing and new issues. We will continue to opportunistically look for more attractively priced issues. 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 69 equities and 72 fixed income securities. The equity portfolio yield was 3.1% 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

- Although Asia Pacific markets generally weakened over the last month, we have been reassured by their relative resilience in the face of the US volatility, as well as rising geopolitical risks. Our central case is that we do not expect the tariff disputes to escalate into a global trade war as this is a 'lose-lose' situation for the US and China, as well as the global economy.
- We continue to manage a broadly diversified portfolio and this has helped to provide a degree of resilience in recent weeks. In particular, our focus on sustainable earnings as well as dividends means we do not have significant exposure to the technology sector, especially internet stocks. As well as being diversified by sector, we also have a good spread of exposure geographically. In addition to the bigger markets like China, Hong Kong and Australia, the portfolio is well represented in South Korea, Taiwan and the ASEAN markets.
- Asian credit fundamentals remain broadly stable. However, technicals have weakened driven by softer demand from Chinese investors. The 'China bid' has pulled back on higher LIBOR funding costs, a change in the currency and rates view, and better relative value in the onshore RMB bond market. This has resulted in weaker performances of new issuances as well as secondary market performance, but has improved valuations from the very tight levels reached last year. With this backdrop, fundamentals and relative value becomes even more important, and this is the key focus of our investment strategy. In terms of the rates outlook, the 10-year US Treasury has risen from 2.43% at the start of the year and appears to have topped out at 2.95% (21 February 2018), pricing in most of the anticipated interest rate normalization by the US Federal Reserve for this year (likely another two rate hikes in 2018). We expect a consolidation around current levels. We continue to monitor the situation closely and will actively adjust the Fund's positioning as conditions change.

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