December 2019

Allianz Life Asia Multi-IncomePLUS Fund

Investment Objective

The Allianz Life Asia 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.

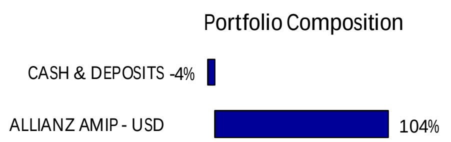
Performance Indicator

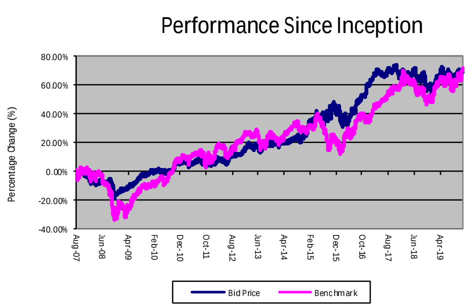
	1 month	6 months	1 year	3 years	5 years	10 years	YTD	Since Inception (Annualised)
Allianz Life Asia Multi-IncomePLUS Fund	-0.18%	-0.18%	9.82%	5.43%	32.18%	68.97%	9.82%	4.31%
Benchmark: 2/3 MSCI AC ASIA Pac Ex Japan High Dividend Yield Total Return (Net) + 1/3 JP Morgan Asia Credit Index (JACI) - Non Investment Grade Index *	4.51%	3.05%	14.39%	26.69%	33.15%	89.50%	14.39%	4.45%
Allianz Asian Multi Income Plus ($USD)	1.76%	1.52%	13.23%	20.71%	20.29%	55.37%	13.23%	3.83%

Ringgit appreciated 1.09% (YTD) and depreciated 1.45% (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





Key Fund Facts

Fund Size	RM2.058 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 31st December 2019) - Bid	1.688
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

December 2019

Allianz Life Asia Multi-IncomePLUS Fund

Manager's Comment

Market Commentary

- Equity markets in Asia Pacific ex Japan fell slightly over December, with overall returns held back by weak performance from Australia, one of the region's largest markets. Elsewhere returns were mostly positive, as sentiment was lifted by the agreement of a "phase one" trade deal between the US and China. In particular, Chinese stocks ended the year on a strong note. The Caixin purchasing managers' index of Chinese manufacturing activity rose to 51.8 in November, its highest level since December 2016, and the official purchasing managers' index, which tracks larger, state-owned companies, rose back above the 50 level that separates expansion from contraction for the first time since May.
- Elsewhere in the region, South Korea and Taiwan advanced strongly, helped by robust returns from semiconductor manufacturers. Hong Kong shares also gained. Indonesia was the standout market in the ASEAN region, with stocks rebounding from their sell-off in November. Other ASEAN markets also rose, although gains were more moderate, buoyed by hopes of improved global trade.
- Asian USD High Yield credits performed well in December, with the J.P. Morgan Asia Credit Non-Investment Grade Index rising by 0.71%, driven by high interest accrual and strong spread compression (high yield credit spreads tightened by 19 bps from 554 bps to 535 bps). 5 year US Treasury yields were slightly higher (1.69% from 1.63%). The market was driven by positive sentiment following the marked improvement in US-China trade relations compounded with traditionally lower year end liquidity which led to strong spread compression.
- In December, the Fund returned positively in USD terms. The monthly distribution was paid from income.
- The top contributor for December was Taiwan Semiconductor Manufacturing Company (TSMC), the leading global semiconductor foundry. The share price continued to rally as the company is benefitting from better smart phone demand as well as strong customer demand especially for its products within 5G infrastructure. TSMC also distributes a dividend of approximately 3% which enhances the total return potential.
- On the negative side, several Australia holdings were detractors as share prices retreated along with the Australia market. One of them was Brambles, an Australian supply-chain logistics company that specialises in the provision of pallets, crates and containers. We continue to like this name for its turnaround potential as the company is selling off non-core investments and focused on improving margins of their core business.
- Our asset allocation at the end of the month was 65.3% invested in Asian equities and 30.1% in Asian fixed income, with the remainder in cash. We continue to maintain an asset allocation close to the 65:35 level.
- In December, we took profits in selective positions that have performed well. These include an Indian bank, an engineering & infrastructure company in Malaysia, a leading supermarket chain in Australia and a Malaysian telecommunication conglomerate group. We used the funds to add further to two China A-shares position – a commercial bank and a leading air conditioner manufacturer in China. We also added to Hong Kong positions which have de-rated significantly amid political unrest.
- On the fixed income side, we continue to hold the existing bonds for interest accrual and are selectively investing in both new and secondary issues. The Fund generally holds shorter dated, less volatile issuers.
- At the end of the month, we held 67 equities and 70 fixed income securities. The equity portfolio yield was 3.3% and the average fixed income coupon was 7.9% with an average credit rating of BB and duration of less than 2 years.

Market Outlook and Strategy

- Looking forward, we are cautiously optimistic for the coming year. Although Asian equities have recovered over the last 12 months, valuations are still reasonable compared to their historical levels. We believe that the region's long term growth drivers remain in place and will support future corporate earnings growth.
- There are, however, a number of uncertain factors which cloud the short term outlook. While there were signs towards the end of last year of a partial resolution of the US-China trade dispute, we believe this is likely to be an ongoing source of friction. With the US election taking place in November 2020, it is likely that China, will remain an area of geo-political focus. Partly as a result of uncertainty caused by the imposition of tariffs, Chinese economic growth continues to decelerate.
- Our expectation is that we will continue to see policy easing from several countries within Asia – including China - to provide economic support. In this environment, the equity portfolio will continue to focus on companies with sustainable dividends and long-term growth potential and will remain broadly diversified with a good spread of exposure across sectors to capture income and growth opportunities.
- While the Asian high yield asset class performed well in 2019, the technical backdrop for 2020 remains supportive. High yield credit spreads remain attractive on a relative basis and net new issuance supply is expected to be approximately 50% lower than 2019. The global search for yield continues to drive demand for high yield credits and we expect to see further credit spread compression this year. We will continue to focus on short dated higher quality bonds for income accrual.

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