

February 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	2.93%	-1.49%	-1.55%	19.78%	37.52%	88.70%	7.55%	4.44%
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 *	1.32%	1.65%	-2.74%	36.61%	29.90%	131.98%	6.88%	4.17%
Allianz Asian Multi Income Plus (\$USD)	3.74%	0.00%	-3.86%	31.16%	17.58%	87.81%	10.30%	3.88%

Ringgit appreciated 1.74% (YTD) and depreciated 1.50% (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

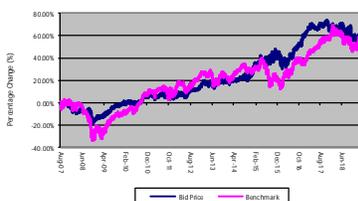
Key Fund Facts

Fund Size	RM2.095 million
Risk Profile	Moderate Investor
Launch Date	4 th June 2007
Fund Currency	Ringgit Malaysia
Investment Manager	Allianz Life Insurance Malaysia Berhad
Pricing Frequency	Daily
Price per Unit ¹ (as at 28th February 2019) - Bid	1.653
Management Fee	1.00% p.a
Other Charges ²	Include but not limited to government tax, auditor fee, custodian fee, & transaction charge

Portfolio Composition



Performance Since Inception



- 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.
- Expenses directly related to and necessary in operating the Fund.

Disclaimer:

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Manager's Comment

Market Commentary

- Equity markets in Asia Pacific ex Japan posted solid gains over February, adding to the rally recorded in January. Hopes for progress in the US/China trade dispute drove markets higher with indications the US would postpone the deadline for the raising of tariffs on USD 200 billion of Chinese exports. In this environment Chinese equities recorded another positive month despite weaker economic data. February's official manufacturing purchasing managers' index dropped further into contraction territory to reach a three-year low. At the end of February, index provider MSCI announced it will increase the country's weighting in its widely-used emerging markets index, a decision that is likely to result in significant investor inflows into Chinese stocks.
- Elsewhere, the region's more developed markets also rallied strongly, with Australia, Hong Kong, Taiwan and New Zealand among the best performers on a global basis. ASEAN markets lagged their more developed counterparts as sentiment was affected by weak growth in China, Southeast Asia's largest trading partner.
- Asian USD high yield credits continued the positive performance from January with the J.P. Morgan Asia Credit Non-Investment Grade Index rising 1.45% in February. Strong inflows into the asset class amidst attractive valuations continued to drive performance. Heavy supply in the high yield space was easily absorbed by the strong demand. Credit spreads at the index level compressed by 18 basis points (bps) to 534 bps while the 5 year US Treasury yield increased by 7 bps to 2.51%.
- In February, the fund return was again positive in USD terms and the monthly distribution was paid from income.
- A top contributor for the month was QBE Insurance. We had been adding to this name during H2 2018 as a turnaround candidate. As a US agriculture insurer, the stock previously got sold off due to concerns over potential losses related to extreme weather in the US. We believe the correction was overdone. The company continues to focus on capital management and is selling off non-core business, to further shore up a strong balance sheet. Recent positive results have provided support on the company's progress.
- On the negative front, Woolworths, the largest supermarket in Australia, was one of the key detractors. The stock faced some pressure following modestly disappointing results, which triggered concerns on the consumer spending outlook in Australia. Woolworths remains as our preferred name within the sector. With its dominant position, we expect it to benefit from an improving competitive environment. We also like its stable business with a dividend yield of about 3.5%. We took advantage of the weakness and added to our position.
- Our asset allocation at the end of the month was 66.6% invested in Asian equities and 32.3% 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. In February we continued to take profits in stocks that have had a good run and used the funds to initiate some new positions which have lagged in the rally. For example, we added to a leading sanitary napkins and baby diapers producer in China, an Australian building materials manufacturer and one of the big four banks in China. We also diversified our portfolio by adding to exposure in Malaysia. We continue to manage a broadly diversified portfolio with good spread of exposure in both sector and country aspects to provide multiple sources of growth and income potential.
- 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 71 equities and 82 fixed income securities. The equity portfolio yield was 3.5% and the average fixed income coupon was 7.3% with an average credit rating of BB- and duration of less than 2 years.

Market Outlook and Strategy

- The first two months of 2019 have so far turned out to be an almost mirror image of the final months of 2018. Asia as a region has recovered almost all the losses made in the last quarter. The easing of macro factors such as the more dovish tone of the US Federal Reserve, a weaker US dollar, and expectations of progress in the US/China trade dispute have altered investor sentiment towards a more optimistic outlook.
- Looking ahead, it is likely that a more sustainable recovery in the market will also require an improvement in fundamentals, especially as the economic data in China has continued to be weak. Our expectation is that we should continue to see an increase in fiscal spending in China in the year ahead, combined with some monetary easing, which will help to mitigate the extent of the economic slowdown. The MSCI announcement of increasing the weighting and scope of China A shares in its widely-followed indices should also provide some flows support into China as a whole.
- Valuations are still attractive on a multi-year window while the default rate for Asian high yield issuers is still projected to be stable and low. We continue to expect further inflows into Asian high yield and this should drive credit spreads tighter. Supply is likely to take a breather in March due to results reporting season but will likely pick up pace again once results have been announced. We also expect to see greater diversity of issuers over the next few months. This should be healthy for the market in general. Our bond portfolio will continue to be well diversified across short dated higher quality bonds with the primary aim of interest accrual.

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