January 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.

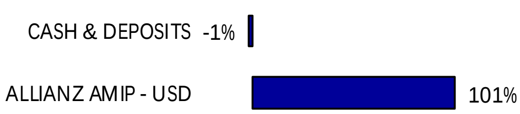
Performance Indicator

	1 month	6 months	1 year	3 years	5 years	10 years	YTD	Since Inception (Annualised)
Allianz Life Asia Multi-IncomePLUS Fund	4.49%	-3.19%	-5.64%	20.48%	34.28%	84.60%	4.49%	4.20%
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 *	5.49%	-0.14%	-6.23%	35.89%	31.74%	104.90%	5.49%	4.08%
Allianz Asian Multi Income Plus ($USD)	6.32%	-3.49%	-9.34%	29.75%	16.50%	78.62%	6.32%	3.57%

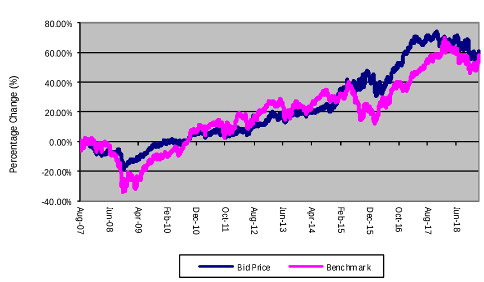
Facts on CIS

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	RM2.035 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 January 2019) - Bid	1.606
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.
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Manager's Comment

Market Commentary

- Equity markets in the Asia Pacific ex Japan advanced in January. Sentiment was improved by growing hopes for improved trade relations between the US and China, as well as more dovish sounding comments from the US Federal Reserve (Fed). Chinese equities led the advance despite ongoing weakness in economic data. China's economy expanded 6.6% in 2018, the slowest pace of growth since 1990. January's official manufacturing purchasing managers' index dropped below 50 for the second consecutive month, indicating that manufacturing activity was contracting for the first time since 2016. In response, the People's Bank of China injected a record amount of liquidity into China's economy and cut the reserve requirement ratio for banks, while the Chinese authorities announced further stimulus measures.
- The region's more developed markets also rallied, although shares of Apple suppliers suffered some weakness on news that the company had cut its revenue forecast for the first time in 16 years. Additionally, Australia was held back by disappointing returns in the financial sector with the big four banks pressured by news that the banking royal commission was soon to publish its report into financial misconduct.
- Asian USD High Yield credits enjoyed a strong start to the year with the J.P. Morgan Asia Credit Non-Investment Grade Index rising by 3.42%. Strong inflows into the asset class drove demand amidst cheap valuations resulting in spread compression being the primary driver for returns. Credit spreads at the index level compressed by 53 basis points (bps) to 552 bps while the 5 year US Treasury yield decreased by 7 bps to 2.44%.
- In such environment, the Fund rebounded strongly in USD terms in January.
- Top contributors included Energy holdings which experienced weakness in late 2018 due to lower oil prices. These include WorleyParsons and China Oilfield Services, oil service providers in Australia and China respectively. Another key contributor was a Chinese pharmaceutical name which focuses on kidney and digestive systems-related medicines. The stock previously sold off despite its products not being included within the new GPO policy in China which aims to cut drug prices. With a very attractive valuation of 7x P/E and decent dividend yield, we believe this is a good income and growth opportunity.
- On the negative front, a leading provider of annuity products in Australia was the top detractor. The share price saw significant profit-taking pressure after the company announced a disappointing set of results. While we continue to like this company as a beneficiary of new regulations in Australia, where pension providers are mandated to offer plan members an option of income for life, we will closely monitor its recovery progress.
- Our asset allocation at the end of the month was 63.9% invested in Asian equities and 30.4% 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 January, we continued to take profits in stocks that have had a good run. We used the funds to initiate new positions in stocks where valuations had fallen to attractive levels after the weakness of recent months and where we expect to see good recovery potential. These include a Guangdong-focused Chinese railway operator and two Korean banks. We also used positive cash flows to re-initiate positions in two Hong Kong retailers that have been sold off and added further to an Australia property developer.
- 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 66 equities and 78 fixed income securities. The equity portfolio yield was 3.7% 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

- Following the market decline in Q4 2018, the resulting attractive valuation levels have triggered a significant market rebound so far this year. Part of this has been driven by the easing of macro factors such as the more dovish tone of the Fed as well as a weaker US dollar. Looking ahead, it is likely that a more sustainable recovery in the market will also require an improvement in fundamentals, either through stabilisation in the economic environment in China, or a breakthrough in trade negotiations which can significantly boost sentiment. Our expectation is that we will 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.
- We continue to manage a broadly diversified portfolio to provide multiple sources of growth and income potential. The portfolio also has a good spread of exposure in both sector and country aspects to provide multiple sources of growth and income potential.
- The increase in fixed income primary issuance supply in January was well absorbed by strong demand. We continue to expect an increase in supply post the Lunar New Year break but this will also likely be well absorbed. Valuations are still cheap on average and interest accrual should continue to be the primary driver of returns in the near term. Our portfolio is well diversified across short dated higher quality bonds with the primary aim of interest accrual.

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