October 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

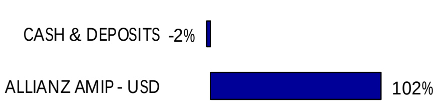
	1 month	6 months	1 year	3 years	5 years	10 years	YTD	Since Inception (Annualised)
Allianz Life Asia Multi-IncomePLUS Fund	2.79%	-0.59%	8.99%	11.35%	37.74%	75.49%	10.41%	4.41%
Benchmark: 2/3 MSCI AC ASIA Pac Ex Japan High Dividend Yield Total Return (Net) + 1/3 JP Morgan Asia Credit Index (JACI) - Non Investment Grade Index *	2.69%	-0.08%	11.45%	19.48%	26.19%	84.47%	9.90%	4.17%
Allianz Asian Multi Income Plus ($USD)	3.32%	-1.16%	11.26%	17.85%	15.93%	57.75%	11.47%	3.75%

Ringgit depreciated 0.80% (YTD) and depreciated 1.63% (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.

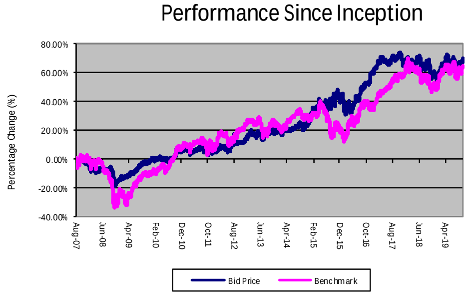
Facts on CIS

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	RM2.101 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 October 2019) - Bid	1.697
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

- Equity markets in the Pacific ex Japan advanced modestly over October. Sentiment was lifted by the prospect of further interest rate cuts as well as optimism over an improvement in US-China trade relations. In this environment, Chinese stocks outperformed the broader region, despite economic data remaining weak. In addition, a large liquidity injection by the People's Bank of China helped lift sentiment as did solid Q3 earnings reports from several bellwether Chinese companies.
- Elsewhere, Taiwan and South Korea equities were lifted on the back of Apple suppliers in these two markets given the strong response to the launch of the new iPhone 11. Hong Kong stocks also advanced, despite news that the territory had fallen into a recession due to ongoing political unrest. In contrast, Australian stocks lost ground slightly. During October, the Reserve Bank of Australia cut interest rates to a fresh low of 0.75%, although it pointed to a possible turning point for Australia's economic outlook.
- Asian USD High Yield credits performed well in October due to a rebound in risk appetite on hopes for a trade deal between the US and China. Asian High Yield credits also benefitted from attractive valuations versus global peers. Performance was driven by both high interest accrual and spread compression. As a reference, the J.P. Morgan Asia Credit Non-Investment Grade Index rose by 1.41% while High Yield credit spreads tightened from 585 basis points (bps) to 559 bps. 5yr US Treasury yields were slightly lower at 1.52% from 1.54%. Primary bond issuances were manageable in size, partly due to the week long holiday in China and supply was well absorbed by strong demand.
- In October, the Fund continued to return positively in USD terms.
- The top contributor for the month 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 stable dividend of approximately 3% which enhances the total return potential.
- On the negative side, a detractor was a company which operates fast-food restaurants in China, where there was some profit-taking pressure after a period of strong performance. We remain positive on this company over the longer term. The company's fast-food restaurants continue to deliver solid growth and have been demonstrating good turnaround progress with steady growth in their delivery business. We also like the company for its strong free cash flow generation and debt-free balance sheet.
- Our asset allocation at the end of the month was 65.5% invested in Asian equities and 32.4% in Asian fixed income, with the remainder in cash. We continue to maintain an asset allocation close to the 65:35 level.
- In October, we took advantage of the stronger markets to take profit on selective positions which have performed well. In addition, we initiated several new positions. One of these is the biggest electro-acoustic products manufacturer in Taiwan. We expect earnings to recover given strong speaker demand from a manufacturer of audio equipment and a multinational technology company. The stock currently pays a dividend yield of close to 6% with a potential to grow further as earnings recover. We also initiated a position in another component maker in Taiwan, and a China A-Shares company which is the leading air conditioner manufacturer in China.
- 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 72 fixed income securities. The equity portfolio yield was 3.3% and the average fixed income coupon was 8.0% with an average credit rating of BB- and duration of less than 2 years.

Market Outlook and Strategy

- Several macro factors globally have combined to create a more risk-on environment. The US-China trade conflict seems to be moving towards a ceasefire. The risk of a 'no-deal' Brexit has receded. And the looser monetary environment, led by the Federal Reserve's policy easing, has resulted in a weaker US dollar which is general positive for emerging market assets. In addition, we also expect governments and central banks in Asia to continue further policy easing and thereby provide a greater cushion to growth.
- Nevertheless, an improvement in fundamentals will ultimately be required to sustain the market rally. It has therefore been encouraging to see solid Q3 earnings reports from companies in China, as well as across the region, in the face of a challenging economic 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.
- The yield of the High Yield asset class remains attractive and fairly stable. We expect the rebound in risk sentiment to persist towards the end of the year on improving global macro sentiments. Short dated higher quality bonds as held by our portfolio continue to provide attractive income accrual.