February 2020

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

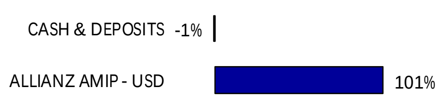
	1 month	6 months	1 year	3 years	5 years	10 years	YTD	Since Inception (Annualised)
Allianz Life Asia Multi-IncomePLUS Fund	1.35%	0.79%	-0.24%	-1.38%	22.33%	64.24%	-2.31%	4.05%
Benchmark: 2/3 MSCI AC ASIA Pac Ex Japan High Dividend Yield Total Return (Net) + 1/3 JP Morgan Asia Credit Index (JACI) - Non Investment Grade Index *	-3.38%	0.86%	-0.67%	9.70%	20.60%	74.16%	-7.18%	3.77%
Allianz Asian Multi Income Plus ($USD)	-1.43%	1.79%	-2.30%	8.25%	11.24%	46.41%	-4.84%	3.37%

Ringgit depreciated 2.66% (YTD) and depreciated 1.65% (since inception).
* Source: Bursa.
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.

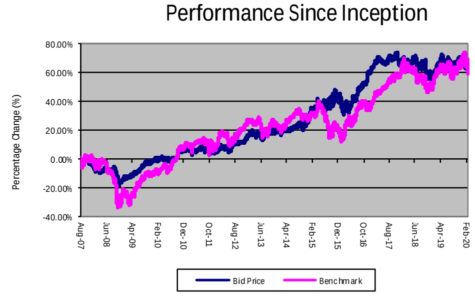
Facts on CIS

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	RM2.01 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 29th February 2020) - Bid	1.649
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)
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Manager's Comment

Market Commentary

- Equity markets in Asia Pacific ex Japan initially advanced in February, with sentiment lifted by news that China was to halve tariffs on some US imports, as well as further stimulus measures from the Chinese authorities. However, along with other global stock markets, Asian equities suffered steep falls in the second half of the month amid fears that the COVID-19 outbreak would cause a significant slowdown in global growth and company earnings growth. Governments in several of the most affected countries outside of China announced fiscal measures to help offset the impact of the epidemic.
- Chinese equity markets, both onshore and offshore, were among the few markets globally to close February with slight gains. Sentiment was supported by the announcement of fiscal stimulus measures as well as monetary easing by the People's Bank of China. Signs that the number of COVID-19 cases within China were levelling off also helped. Elsewhere in the region, Australia, South Korea and ASEAN markets all fell sharply.
- Asian USD High Yield credits also rose initially in February but gave back gains to close the month slightly down as concerns on the rapid spread of COVID-19 took its toll on markets. The J.P. Morgan Asia Credit Non-Investment Grade Index was relatively unchanged at -0.06% for the month. Returns were supported by interest accrual and stronger US Treasuries (5 year yields dipped further down to 0.94% from 1.31%) but these were negated by wider credit spreads (from 553 bps to 592 bps). Due to the Lunar New Year and virus concerns, new issuances were much lower and this lack of supply provided some support to the market.
- Under this environment, the Fund return was negative in USD terms in February. The monthly distribution was paid from income.
- A key detractor for the month was James Hardie Industries, an Australia-based producer of fibre cement building materials. The stock faced profit-taking pressure after a strong rally. The company has a significant presence in North America which should continue to support growth, given the uptick in US housing construction activity, better plant utilisation and lower pulp and freight costs.
- On the positive side, a top contributor was one of the nationwide supermarket operators in China. The share price was supported by good January sales given the early Chinese New Year, as well as signs of progress in their online business. The COVID-19 outbreak also boosted supermarket sales as people stocked up on daily necessities. This company has been upgrading their store format to improve efficiencies and gain market share from traditional "mom-and-pop" stores.
- Our asset allocation at the end of the month was 63.8% invested in Asian equities and 33.0% in Asian fixed income, with the remainder in cash. We continue to maintain an asset allocation close to the 65:35 level.
- In terms of portfolio activity in February, we took profits in selective positions that have performed well. This includes a Taiwanese 5G equipment manufacturer and a leading supermarket chain in Australia. We also sold our holding in a China toll road company which will remain under pressure to waive tolls, putting cash flows and its dividend as risk. We have used the market weakness to add to high conviction equity positions. We are also looking for opportunities to add to China A-Shares exposure.
- 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 68 equities and 70 fixed income securities. The equity portfolio yield was 3.8% and the average fixed income coupon was 7.7% with an average credit rating of BB- and duration of less than 2 years.

Market Outlook and Strategy

- Although markets have been spooked by the spread of the coronavirus around the world, there is growing evidence that in China the spread has been contained. As confidence within China recovers, the country has started to get back to work. The coming weeks will be crucial for many of China's smaller enterprises, especially in the non-listed universe. As their cash flow deteriorates, larger companies with more robust financials will gain share.
- Our base case is for a short and sharp economic downturn in China with recovery starting in Q2. We expect there will be further stimulus measures both in China and around the region, both in the form of easier monetary policy and/or higher fiscal spending, which should provide support for equities. Valuations are now at more attractive levels. For Asia ex Japan equities, the trailing price/book of 1.55x is significantly below the average level of ~1.80 over the last 20 years.
- Asian high yield credits have been relatively more stable in this environment. With the wider credit spreads over the last month, credit risk is now more attractively priced. New issuance supply in the USD Asian high yield asset class is expected to remain low in March due to COVID-19. In the meantime, easing of regulations on the Chinese onshore market should make it easier for Chinese issuers to raise funds onshore and this should provide liquidity if needed. Returns should continue to be supported by high interest accrual. We will continue to focus on shorter-dated higher quality bonds for income accrual.

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