June 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

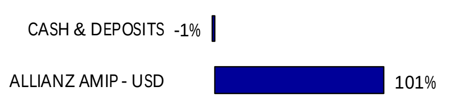
	1 month	6 months	1 year	3 years	5 years	10 years	YTD	Since Inception (Annualised)
Allianz Life Asia Multi-IncomePLUS Fund	3.49%	-5.04%	-5.20%	-4.58%	15.74%	60.62%	-5.04%	3.72%
Benchmark: 2/3 MSCI AC ASIA Pac Ex Japan High Dividend Yield Total Return (Net) + 1/3 JP Morgan Asia Credit Index (JACI) - Non Investment Grade Index *	4.31%	-8.98%	-6.20%	3.71%	17.99%	66.99%	-8.98%	3.52%
Allianz Asian Multi Income Plus ($USD)	5.47%	-8.92%	-7.54%	-0.82%	8.36%	35.56%	-8.92%	2.93%

Ringgit depreciated 4.52% (YTD) and depreciated 1.74% (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.

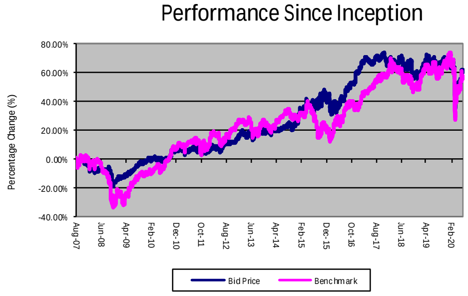
Facts on CIS

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	RM1.954 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 30th June 2020) - Bid	1.603
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

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Manager's Comment

Market Commentary

- Equity markets in the Asia Pacific ex Japan surged at the start of June, fueled by greater optimism of an economic recovery. Additional supportive measures from governments and central banks also buoyed stocks. While this advance was partly tempered by concerns over a second wave of COVID-19 infections and gloomy central bank predictions for the global economic outlook, currency movements had a positive impact on performance, with many currencies appreciating against the US dollar. In particular Chinese stocks were among the strongest performers on a global basis. China's official purchasing managers' index (PMI) of manufacturing activity came in at a stronger-than-expected reading of 50.9 in June, while the Caixin/Markit manufacturing PMI rose to 51.2, its highest reading since December 2019. China's economy continued to recover from the COVID-19 crisis, but Beijing was forced to reimpose travel restrictions after it suffered a new coronavirus outbreak, centred on a wholesale food market.
- Asian high yield bonds enjoyed another strong month in June as more economies re-opened and economic data continued to be better than expected. The J.P. Morgan Asia Credit Non- Investment Grade Index rose by 3.91% over the month, driven by high interest accrual and compressing credit spreads (to 746bps from 820bps). New issues remain heavily oversubscribed, leaving no spread premium in many cases. This led to more muted performance initially for some new issues in June.
- In June, the Fund returned strongly in USD terms.
- The top contributor over the month was China Tourism Group Duty Free Corp, the dominant duty free shop operator in China. This China A-shares company is expected to benefit from the recent relaxation of duty free sales regulations in Hainan Province. This has lifted the allowable level of purchases, which has the potential to substantially increase future earnings. In the long term, this company is well positioned to benefit from the structural consumption upgrade trend in China. On the negative side, the top detractor was a Chinese utility company as the market expects a potential revaluation loss on its investment properties given the economic weakness. The company has, however, historically had strong and stable cash flow from its Hong Kong water business which accounts for 70% of revenue. The company's management has maintained their dividend growth commitment and we continue to hold the stock.
- Our asset allocation at the end of the month was 63.7% invested in Asian equities and 33.4% in Asian fixed income, with the remainder in cash. We maintain an asset allocation close to the 65:35 level.
- In terms of portfolio activity, we took advantage of the recent market recovery to trim some Australia exposure. We have continued to add to companies with a structural growth outlook where the valuation remains supportive. For example, we initiated a position in a large Chinese pharmaceutical company with a strong and underappreciated pipeline of drugs. We also increased our position in a leading electric vehicle battery player in Korea. The fixed income sleeve adopts a lower turnover income-focused approach. A few bonds in the sleeve matured in June and some bonds were sold on long term credit concerns. The proceeds were then reinvested in a number of higher quality Chinese issues.
- At the end of the month, we held 62 equities and 64 fixed income securities. The equity portfolio yield was 2.9% 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

- As we enter H2 2020, the outlook for Asian equity markets will likely remain dependent on COVID-19 and the ongoing US-China tensions. Most recently, there have been questions about the outlook for Hong Kong in the light of the new national security legislation, which has triggered US retaliatory threats to revoke the city's special trade privileges. Our view is that Hong Kong will continue to be an important financial gateway between China and the world. While China continues to have a non-convertible currency and strict capital controls, Hong Kong should be able to maintain its importance as an offshore financial centre, provided it can maintain a legal system that financial institutions can trust. It is notable, for example, how many of the ADRs are looking at a secondary listing in Hong Kong, as opposed to other markets.
- Overall, whilst earnings expectations in Asia have been revised down, we believe there will be a recovery in H2 2020. Both fiscal and monetary policy is also likely to remain supportive. In this environment, the equity portfolio will remain broadly diversified with a good spread of exposure to capture both growth and income opportunities.
- The USD Asian high yield space has rebounded well over the last 3 months following the selloff in March. Yields are now returning back into the long term range, albeit still at the cheap side of the range. While the number of primary issuances has increased, these have been well absorbed by the market and are not dampening the rally. We expect credit spreads to tighten further over the next few months and continue to favour higher quality issuers for interest accrual.

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