September 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

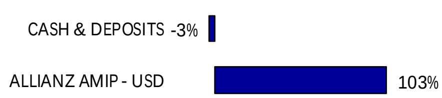
	1 month	6 months	1 year	3 years	5 years	10 years	YTD	Since Inception (Annualised)
Allianz Life Asia Multi-IncomePLUS Fund	-2.31%	18.86%	2.30%	-0.59%	19.62%	63.98%	0.06%	4.06%
Benchmark: 2/3 MSCI AC ASIA Pac Ex Japan High Dividend Yield Total Return (Net) + 1/3 JP Morgan Asia Credit Index (JACI) - Non Investment Grade Index *	-4.67%	12.27%	-2.20%	1.28%	34.24%	50.82%	-8.49%	3.49%
Allianz Asian Multi Income Plus ($USD)	-1.98%	26.35%	4.59%	5.10%	34.92%	35.45%	-0.35%	3.58%

Ringgit depreciated 1.41% (YTD) and depreciated 1.48% (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.

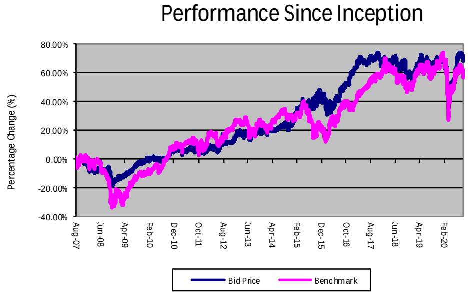
Facts on CIS

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	RM2.043 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 September 2020) - Bid	1.689
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.

Disclaimer:

The Allianz Life Asia Multi-IncomePLUS Fund is a unit-linked fund offered by Allianz Life Insurance Malaysia Berhad (Allianz). This fact sheet is prepared by Allianz and is for information only. The fund fact sheet of the CIS will be available at < http://www.allianzgi.hk/ >. The performance of the Fund is not guaranteed and the value of the units and the income derived there from may increase or decrease. Past returns and any forecast is not necessarily a guide to future performance. Allianz does not warrant or make any representations that the Fund will guarantee profits, or not result in losses or the correctness, accuracy, reliability, or otherwise of this fact sheet. Before deciding to invest in the Allianz Life Asia Multi-IncomePLUS Fund, you should carefully consider your investment objectives, level of experience, and risk appetite. Allianz disclaims any and all liabilities against loss, damages, etc whether direct, indirect or consequential as a result of your reliance on this fact sheet. You should be aware of all the risks associated with fluctuations in a unit-linked fund and are advised to seek the advice of your financial consultant before making any investment.

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Manager's Comment

Market Commentary

- Overall, equity markets in Asia Pacific ex Japan gave back some of their gains during September. Sentiment was impacted by the recovery in the US dollar which triggered concerns about the risk of tightening liquidity. There was also a significant degree of rotation. Cyclical sectors such as Materials rebounded and previous high-flyers such as Health Care and Technology were weaker.
- This was particularly the case for China equities, where internet names tracked the decline in the Nasdaq. Elsewhere, Taiwan and Korea were the strongest performers as bellwether stocks TSMC and a South Korean multinational electronics company were resilient. Recent results have signalled encouraging business momentum at both companies.
- Asian USD high yield bonds initially consolidated for the first 3 weeks of the September but subsequently negative news on Chinese real estate bellwether dragged the sector and asset class down. The news was later refuted and the market rebounded towards the close of the month. The J.P. Morgan Asia Credit Index Non-Investment Grade returned -1.86% for September with the index spread widening from 655 basis points (bps) to 712bps. US Treasury yields continued to be stable, with the 5 year rate unchanged at 0.27%. New issuance was low in September amidst earnings reporting season.
- In line with markets, fund returns in USD terms were weaker in September.
- A top contributor over the month was Chow Tai Fook Jewellery Group, a leading retailer in Hong Kong. After a tough operating environment for much of the last year, there are signs of stronger growth momentum. This is partly due to pent up consumer demand, and also partly as a result of the stronger gold price. The likelihood of the stock being included in the MSCI Index in the next review in November is also a potential catalyst for the stock, which has a decent dividend yield supporting total return potential.
- In contrast, a detractor last month was one of the largest global electric vehicle (EV) battery manufacturers based in Korea. This follows a period of strong performance earlier in the year. A catalyst for the profit-taking was rumours that an electric vehicle manufacturer would move into the battery production space. While this remains a possibility in the long term, in the meantime, this Korean company should continue to win orders from large auto companies including the said electric vehicle manufacturer. Accordingly, we took the opportunity to add to the position during the month.
- The asset allocation at the end of the month was 61.8% invested in Asian equities and 32.2% 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 have selectively added to both structural growth and dividend growth stocks. In addition to adding to the Korean EV battery manufacturer, we also initiated a position in an auto parts retailer in Australia where business momentum is improving. Elsewhere, we added to dividend growth stocks which have been out of favour, in particular China toll road companies. Conversely, we exited positions in several companies where we see limited catalysts for share price performance.
- The fixed income sleeve adopts a lower turnover income focused approach. For September, we invested in shorter-dated Chinese property issues as some of our holdings matured.
- At the end of the month, we held 65 equities and 74 fixed income securities. The equity portfolio yield was 2.3% 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

- The period of consolidation for Asia's equity markets has continued. Since their year-to-date peak in July, they have traded sideways in a relatively narrow band. Similar to the pattern we saw through the earlier part of this year, it is notable how China equities in particular have been less volatile on a day-to-day basis than many other global markets. So far this year, for example, the China A market has recorded only three days of +/- 5% movements compared to 10 days for the S&P 500.
- The recent results season has confirmed the "first-in, first-out" economic thesis for China. Aggregate net profits for China's almost 4,000 listed non-financial firms were flat year-on-year, compared to a 50% decline in Q1. And operating cashflows rebounded sharply. With the economic recovery becoming more broad-based, the improvement in listed earnings is likely to continue for the remainder of the year. These improving fundamentals should also help provide support for both China's and regional Asian equity markets.
- With the correction in USD Asian high yield bonds towards the end of September, valuations are now more compelling. US Treasury yields are close to zero at the short end of the curve and the wide credit spread for USD Asian high yield bonds will provide a good cushion when US Treasury yields eventually rise. In the meantime, we continue to expect credit spreads to grind tighter towards the end of the year amidst attractive valuations and progress towards a COVID-19 vaccine. We favour higher quality issuers for interest accrual.

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