December 2021

Allianz Life All China Equity Fund

Investment Objective

The Allianz Life All China Equity Fund (the "Fund") feeds into Allianz All China Equity- USD ("CIS") and aims to provide long term capital growth by investing in onshore and offshore People's Republic of China ("PRC"), Hong Kong and Macau equity markets.

Investor Profile

The Fund is designed for investors who pursue the objective of general capital formation/asset optimisation and/or above-average participation in price changes; have basic knowledge and/or experience of financial products; and are capable of bearing a financial loss. The Fund may not be suitable for investors who wish to withdraw their capital from the Fund within a short or medium timeframe.

Performance Indicator

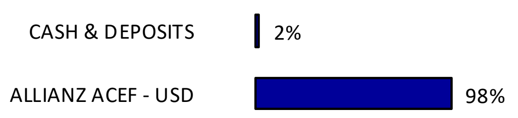
	1 month	3 months	6 months	YTD (Since Inception)
Allianz Life All China Equity Fund	-4.20%	-2.88%	-15.36%	-15.70%
Benchmark	-1.52%	-2.53%	-15.53%	-14.96%
Allianz All China Equity (USD)	-3.87%	-3.46%	-19.26%	-17.47%

Ringgit depreciated 2.33% (YTD since inception).
Source: Bloomberg and https://sg.allianzgi.com/
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.

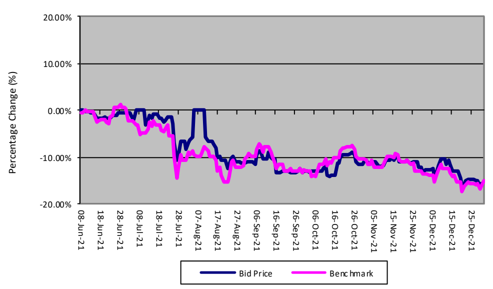
Facts on CIS

Name	Allianz All China Equity- USD ("Allianz ACEF - USD")
Type	Undertaking for Collective Investment in Transferable Securities
Fund Manager	Allianz Global Investors Asia Pacific
Fund Currency	USD

Portfolio Composition



Performance Since Inception



Key Fund Facts

Fund Size	RM24.957 million
Risk Profile	Moderate Investor
Launch Date	8th June 2021
Fund Currency	Ringgit Malaysia
Investment Manager	Allianz Life Insurance Malaysia Berhad
Pricing Frequency	Daily
Price per Unit[1] (as at 31st December 2021) - Bid	0.843
Management Fee	1.50% 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 (For Allianz All China Equity- USD)

Market Commentary

- The Fund performed in line with the benchmark in December. It was another bumpy month for China equities, particularly in offshore markets, which was marked by significant rotation at a sector and stock level.
- At a single stock level, a leading contributor was an electronics component maker. The company is a key supplier to a US tech giant. The stock had previously been weak as excess inventory of wireless earbuds was digested. The company is now seeing demand recovery in wearables, as well as integration benefits from recent acquisitions, which are starting to contribute to the bottom line.
- On the other hand, a top detractor was a large ecommerce company which has been one of the "winners" from policy reform, having gained significant market share during the year. The stock was weaker in December after its key shareholder decided to divest its holding.

Market Outlook and Strategy

- December was another month with significant divergence between onshore and offshore China equities. While China A-shares traded in a narrow band, the Hong Kong market and US-listed American depositary receipts (ADRs) were notably weaker.
- For the year as a whole, the MSCI China A Onshore Index returned 4.0% compared to MSCI China -21.7%. The divergence is mainly due to the sharp correction in Internet / Ecommerce stocks, reflecting both the weaker macro conditions and also the change in the regulatory environment.
- Another feature this month was a sharp reversal in renewable energy stocks compared to positive returns from traditional energy providers. The Utilities sector was the top performer in December. This follows the annual Central Economic Work Conference (CEWC) – an important policy body – which stressed the ongoing importance of traditional energy sources in ensuring stable power supply. Q4 2021 saw significant power shortages in China which contributed to the economic slowdown.
- It is clear both from the CEWC announcement and People's Bank of China (PBOC) monetary easing that pragmatism has prevailed, and the government focus now is to stabilise the economy through a more growth-oriented policy mix. Accordingly, it looks very much like other longer-term priorities such as decarbonisation and deleveraging that will take a back seat for the time being.
- This policy easing should be helpful for China A-shares, in particular which are especially sensitive to domestic credit and liquidity conditions. And it also helps explain the recent A-share market resilience in the face of weaker economic data.
- As we look ahead to the coming year, our base case is for corporate earnings to be around the high single-digit level and for valuations to be supported by the more accommodative policy mix. With an eye on China's 20th Party Congress later in 2022, where President Xi Jinping is expected to gain a third term of office, we expect a relatively stable market environment.
- There was little change to overall fund positioning during the month. We continue to have an overweight in China A-shares, which account for 52% of the portfolio. And at month end, the largest overweight sector position is Information Technology (4.0%) and the largest underweight is Communication Services (-2.5%).

Investment Strategy & Approach

Investors should realize that there are risks of investing in the Funds as listed below:-

- **Market Risk** – The value of the Fund's investment assets may be affected by changes in economic fundamentals, interest rate movement, regulatory policy, political and industrial developments. These market factors may result in fluctuations in the value of the Fund's investment assets. This risk may be mitigated by ensuring regular and rigorous reviews of macroeconomic factors and asset allocation strategy.

- **Country/Foreign Investment Risk** – This risk refers to the risks of investing in foreign markets. The value of the foreign investment assets directly or indirectly held by the Fund may be affected by country-specific factors, such as the country's economic fundamentals, social and political stability and regulatory policy. This risk may be mitigated by ensuring regular and rigorous reviews of macroeconomic, socio – politic and regulatory factors as well as adopting an appropriate asset allocation strategy.

- **Currency Risk** – For foreign investments, fluctuations in currency exchange rates may have an impact on the value of the Fund's investment assets. This risk may be managed by engaging in foreign currency hedging.

- **Sector Risk** – The value of the Fund's investment assets may be adversely affected by the changes in sector-specific factors, such as the business condition, industry outlook and demand/supply dynamic of the industry. This risk may be managed through portfolio diversification and control on sector concentration risk.

- **Company Specific Risk** – The asset values of securities may be affected by company-specific factors, some of which include volatile business situations, adverse financial conditions and poor corporate governance. This risk may be contained through appropriate portfolio diversification, prudent investment selection and better control on investment concentration risks.

- **Liquidity Risk** – If an asset has insufficient liquidity, there is the risk that the asset cannot be sold or can only be sold at a significant discount to the purchase price. Appropriate portfolio diversification, control on investment concentration limits taking into account liquidity constraints and regular monitoring could help mitigate the said risk.

- **Target Fund Risk** – As the Fund is a feeder fund, it will invest into a Target Fund which is being managed by a Target Fund Manager. While we would make every effort to ensure that the objectives of the Target Fund are appropriately aligned with those of ours, we do not have control over the Target Fund Manager's investment in terms of its approach, intelligence, operations and management. In the unlikely event of any mishandling of the Target Fund, the NAV of our Fund, which is investing predominantly into the Target Fund, could be similarly adversely affected. This risk may be mitigated by our constant monitoring of the Target Fund, which is requisite to ensuring that the Target Fund's objective, risk profile and characteristics are in line with ours. Please also refer to the Target Fund's prospectus for more detailed and comprehensive information on Target Fund specific risks.

Overall, on top of regulatory limits imposed by Bank Negara Malaysia, we have put in place tight internal investment limits for all asset class with oversight by risk officer to ensure that the Fund does not take on excessive risk, albeit we cannot guarantee the total elimination of risks associated with investing in the Fund.