

August 2021

Allianz Life All China Equity Fund



Investment Objective

The Allianz Life All China Equity Fund (the "Fund") feeds into Allianz All China Equity Fund- 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	YTD (Since Inception)
Allianz Life All China Equity Fund	-4.93%	-11.20%
Benchmark	0.22%	-10.33%
Allianz All China Equity (USD)	-4.42%	-12.14%

Ringgit depreciated 1.38% (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.

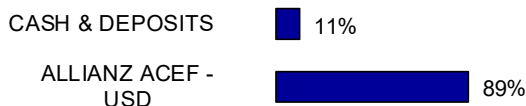
Facts on CIS

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

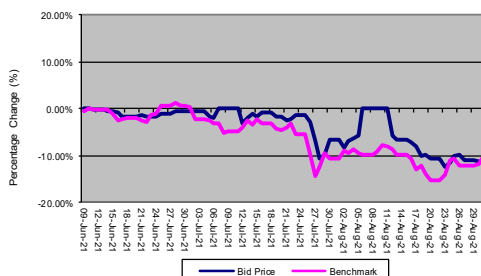
Key Fund Facts

Fund Size	RM16.349 million
Risk Profile	Moderate Investor
Launch Date	8 th June 2021
Fund Currency	Ringgit Malaysia
Investment Manager	Allianz Life Insurance Malaysia Berhad
Pricing Frequency	Daily
Price per Unit' (as at 31st August 2021) - Bid	0.888
Management Fee	1.50% p.a
Other Charges ²	Include but not limited to government tax, auditor fee, custodian fee, & transaction charge

Portfolio Composition



Performance Since Inception



- 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.
- Expenses directly related to and necessary in operating the Fund.

Disclaimer:

The Allianz Life All China Equity 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 < <https://sg.allianzgi.com/>>. 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 All China Equity 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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Allianz Life All China Equity Fund



Manager's Comment (For Allianz All China Equity Fund- USD)

Market Commentary

- The Fund lagged the benchmark in August. Although the index return ended close to flat for the month, there was significant volatility during the period. There was also a high level of rotation within the market. For example, there was almost a 25% dispersion between the best performing sector (Energy) and the worst (Health Care). Our relatively close-to-benchmark sector positions helped mitigate the performance impact from sector allocations, but the market rotation led to significant profit-taking in some stocks that had previously performed well.
- At a single stock level, a top detractor was Will Semiconductor, China's leading semiconductor design house. The stock saw some profit-taking after a strong run, with the catalyst being slightly weaker-than-expected quarterly results. In the long term, we expect the company to be a beneficiary of China's need to become self-sufficient in key strategic areas such as semiconductor production.
- On the other hand, a top contributor was a photoelectric equipment manufacturer. Previously viewed by the market as a silicon solar cell production equipment company, the catalyst for the strong share price move was an ongoing re-rating following the announcement of new orders in its semiconductor equipment operations. The company has invested heavily in its semiconductor business over recent years, and the move to mass production should provide a further growth driver.

Market Outlook and Strategy

- China equities, especially offshore markets, were volatile in August and there was significant churn within the market. This partly reflects the pivot in government policy, especially towards the goals of combating social inequality and reducing extremes of income and wealth ("common prosperity"). One way to achieve this will likely be lowering the cost of living, for example by reducing the prices of widely used medicines and drugs, which led to weakness in Health Care stocks last month.
- Another influence on the market has been the quarterly results season. There are a number of short-term headwinds – tough comparisons against a year ago, as well as higher input costs for many manufacturing businesses. In the somewhat nervous market environment, small misses in quarterly results led to significant share price weakness. Given the market turnover, especially in A-shares, remains dominated by retail investors with short-term investment horizons, we believe this will bring attractive longer-term opportunities.
- Looking ahead, our base case is that we will enter a more policy-friendly market environment. We expect an easing of monetary policy and some targeted fiscal spending to help mitigate the bumpy economic slowdown. We also believe the intensity and tone of the recent regulatory crackdown will be lessened. This should be supportive for China markets as we enter the final quarter of the year.
- During the month, we looked to take advantage of the volatility. For example, we initiated a holding in a large cement and gypsum board producer. We expect an increase in infrastructure spending in coming months which should support demand and pricing of cement after an extended period of weakness. We also added to our renewable energy exposure with a focus on the solar sector.
- As many solar stocks are classified in the Information Technology sector by MSCI, this is now our heaviest overweight sector (+5.3%). The largest underweight sectors are Communication Services (-5.5%) and Utilities (-2.0%). The portfolio remains overall underweight the large Internet/e-commerce stocks which are being most impacted by the regulatory announcements.

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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 a rigorous review of macroeconomic factors and asset allocation strategy.
- **Currency Risk** – For foreign investment, fluctuations in currency exchange rates may have an impact on the value of the Fund’s investment assets. This risk may be minimized by engaging in foreign currency hedging.
- **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 a rigorous review of macroeconomic factors and asset allocation strategy.
- **Specific Security Risk** – The value of the assets in particular securities and money market instruments may be affected by company-specific factors, such as business situation, financial condition and corporate governance of the company. This risk may be minimized through diversification of investments in a wide scope of companies belonging to a multitude of sectors.
- **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 minimized through portfolio diversification and control on sector concentration risk.
- **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. The lack of liquidity of an asset may cause its purchase price to increase significantly. The risk is managed by including liquidity factor into security selection and further mitigated by diversification.
- **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.

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.