

June 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

	YTD (Since Inception)
Allianz Life All China Equity Fund	-0.40%
Benchmark	0.68%
Allianz All China Equity (USD)	2.22%

Ringgit depreciated 0.84% (YTD since inception).

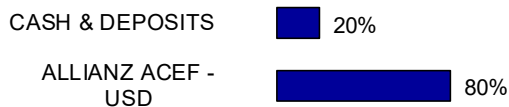
Source: Bloomberg and <https://sg.allianzgi.com/>

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.

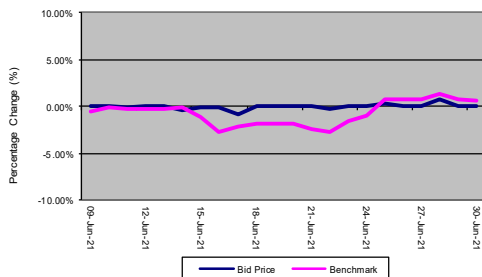
## Facts on CIS

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

## Portfolio Composition



## Performance Since Inception



## Key Fund Facts

Fund Size	RM3,102 million
Risk Profile	Moderate Investor
Launch Date	8 <sup>th</sup> June 2021
Fund Currency	Ringgit Malaysia
Investment Manager	Allianz Life Insurance Malaysia Berhad
Pricing Frequency	Daily
Price per Unit' (as at 30th June 2021) - Bid	0.996
Management Fee	1.50% p.a
Other Charges <sup>2</sup>	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 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.

While reasonable care has been taken to ensure the accuracy and completeness of this presentation as at the date of publication, Allianz accepts no responsibility for any errors or omissions. Allianz assumes no obligation to update any information contained herein.

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# Allianz Life All China Equity Fund



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

### Market Commentary

- The Fund outperformed the benchmark in June. Stock selection was the main driver of performance. In particular, there were broad-based contributions across the Industrial, Health Care, Technology and Financials sectors.
- As an example, at a single stock level, a top contributor in June was Yunnan Energy New Material, the largest electric vehicle (EV) separator manufacturer in China. A separator is one of the main components of EV batteries, and one of Yunnan Energy's key customers is Contemporary Amperex Technology (CATL), a large lithium-ion battery producer. Along with many of the EV names, the stock has recovered strongly from the post-Chinese New Year weakness driven by strong industry demand, leading to upward revisions on the earnings outlook.
- On the other hand, a top detractor was a leading yeast manufacturer in China. The cause of the modest share price weakness has been concerns about weakness in the US dollar and translation impact on their overseas earnings. Our view is that the company remains well placed to deliver longer-term growth but the near-term outlook may be somewhat subdued.

### Market Outlook and Strategy

- China equity markets saw some profit-taking during the month before recovering towards the end of June. A partial rebound in internet names helped offshore China stocks outperform China A-shares. Overall, during the first half, MSCI China A Onshore Index returned 4.8% and MSCI China Index 1.9% in USD terms.
- A key influence on market performance in the first half has been the tightening of policy in response to the economic recovery in China. We view policy as finely balanced between supporting economic growth, while also using the strength of the recovery to tackle structural issues – such as excessive debt – which are seen to pose a risk to financial and social stability.
- So far, the impact of policy to address excessive debt has shown up mainly in bond markets. Offshore property credits, for example, have been notably weak. Business models that relied on high levels of leverage and access to credit are now being squeezed. Real Estate is a much smaller part of equity benchmarks (typically about 2%) and hence the impact on China equity markets has been limited.
- In terms of earnings, the recently concluded results season was generally strong. Our expectations of earnings growth for the full year is in the low-teens percentage range. On balance, the risk is somewhat to the downside. We see the potential for earnings to finish the year closer to 10% if there is further monetary or regulatory tightening.
- Valuations for China A shares are around 15x price-to-earnings (P/E) ratio. This is slightly above the long-term average but still reasonable. Offshore valuations are just a little higher at around 16x. Overall, H1 2021 has been a period of consolidation, allowing earnings to grow to the valuations reached earlier in the year. Our base case is to remain constructive on the longer-term outlook.
- Portfolio activity was limited in June. In terms of sectors, the largest overweight positions are Materials (+4.7%) and Industrials (+3.8%) and the largest underweights are Communication Services (-6.1%) and Utilities (-2.0%).

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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.