

June 2021

# Allianz Life Oriental Income Fund



## Investment Objective

The Allianz Life Oriental Income Fund (the "Fund") feeds into Allianz Oriental Income Fund- USD ("CIS") and aims to provide long term capital by investing in Asia Pacific equity and bond 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 Oriental Income Fund	-1.30%
Benchmark	-0.30%
Allianz Oriental Income Fund (USD)	0.10%

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 Oriental Income Fund- USD ("Allianz OIF - USD")
Type	Undertaking for Collective Investment in Transferable Securities
Fund Manager	Allianz Global Investors Asia Pacific
Fund Currency	USD

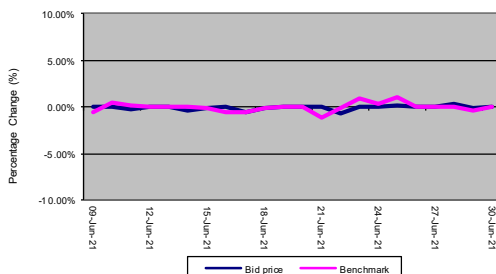
## Key Fund Facts

Fund Size	RM2.647 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 <sup>1</sup> (as at 30 <sup>th</sup> June 2021) - Bid	0.987
Management Fee	1.50% p.a
Other Charges <sup>2</sup>	Include but not limited to government tax, auditor fee, custodian fee, & transaction charge

## Portfolio Composition

CASH & DEPOSITS	15%
ALLIANZ OIF - USD	85%

## Performance Since Inception



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 Oriental Income 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 Oriental Income 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 Oriental Income Fund



## Manager's Comment (For Allianz Oriental Income Fund- USD)

### Market Commentary

- Equity markets in Asia advanced slightly over June. Sentiment was lifted by ongoing optimism over the global economic recovery, although this was countered by higher inflation data as well as fresh COVID-19 outbreaks in some countries. Chinese stocks were flat over the month as the country suffered a COVID-19 outbreak in Guangdong, home to some of China's largest ports, which has dampened exports.
- In Japan, overall sentiment was helped when the state of emergency in place across Tokyo, Osaka and seven other prefectures was lifted given a decline in nationwide infection rates and an accelerating vaccine rollout. Seven areas, including Tokyo and Osaka, remain under a quasi-emergency state. Elsewhere, technology shares helped Korea and Taiwan, although a fresh COVID-19 outbreak spread in Taiwan, threatening to delay shipments of semiconductors. ASEAN markets were generally weak with several countries introducing new restrictions to curb fresh COVID-19 outbreaks.
- From a country perspective, positive stock selection in China and Thailand was offset by weakness in Australia and Korea. From a sector perspective, the underweight to Financials and overweight to Health Care and Information Technology was offset by stock selection in Consumer Staples and Industrials.
- On a single stock basis, one of the top contributors to performance in the month was Hutchinson China Meditech. This is a China-based bio-pharmaceutical company focused on oncology as well as having a developed health care business. The share price rallied over the month as one of its products (Savolitinib - an inhibitor) was approved in China. The company now has three in-house drugs approved in China, with the potential for further approval outside of China in the coming year. We retain our holding as ongoing investment in research & development (R&D) and the ramp up of marketing/sales initiatives are expected to drive future growth.
- The top detractor over the month was Koh Young Technology. This is a small cap Korean company and a global leader in inspection equipment for consumer and auto electronics. The company reported strong Q1 results but the stock faced some profit taking pressure after a strong rally earlier in the quarter. We remain positive on the outlook, given future growth potential from artificial intelligence-based smart factory solutions. This should help to shift the market perception of Koh Young from a hardware maker to more of a software company.
- The overall positioning of the portfolio remains little changed. From a country perspective, the portfolio has a large overweight to Taiwan, with limited holdings in Japan, China, and India. From a sector perspective, the portfolio has significant exposure to the Information Technology and Health Care sectors, balanced by limited holdings in Financials, Consumer Discretionary and Communication Services. Our favoured positions are often in smaller companies which have invested heavily in their core technologies over several years to establish a sustainable, competitive edge.
- In June, we exited our holdings in two research & consulting service companies, one based in Japan and the other in Taiwan. Furthermore, we added an application software provider and a Japanese chemicals producer to the portfolio.

### Market Outlook and Strategy

- The outlook for Asian equity markets remains dependent primarily on the outlook for China. A key influence on China equity performance in H1 has been the tightening of policy in response to the economic recovery. We believe most of this tightening has already happened, and looking ahead 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.
- In Japan, even though the State of Emergency has been extended in some areas, the vaccination rollout is helping to restore consumer confidence. Elsewhere in the region, while new COVID-19 outbreaks in several countries caused some pressure, this has helped ease concerns about policy tightening / normalisation. In terms of earnings, the recently concluded results season was generally strong across the region. Overall, H1 has been a period of consolidation, allowing earnings to grow into the valuations reached earlier in the year. Our base case is to remain constructive on the longer-term outlook for the region.

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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.