September 2021

Allianz Life Asia Multi-IncomePLUS Fund

Allianz

Investment Objective

The Allianz Life Asia Multi-IncomePLUS (the "Fund") feeds into Allianz Asian Multi Income Plus- USD ("CIS") and aims to provide long term capital appreciation and income by investing primarily in equites, trusts and interest bearing securities with a focus on the Asia Pacific Region.

Investor Profile

The Fund is designed for investors who are generally risk averse and require stable returns.

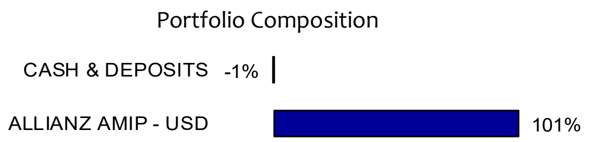
Performance Indicator

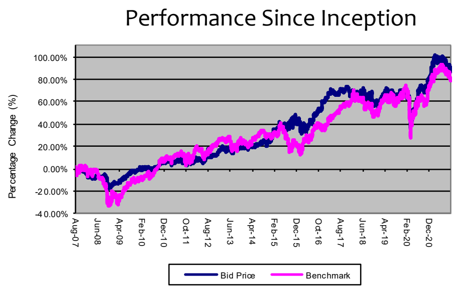
	1 month	3 months	6 months	1 year	3 years	5 years	10 years	YTD	Since Inception (Annualised)
Allianz Life Asia Multi-IncomePLUS Fund	-1.22%	-5.28%	-5.43%	10.42%	11.01%	21.50%	75.28%	0.81%	4.50%
Benchmark: 2/3 MSCI AC ASIA Pac Ex Japan High Dividend Yield Total Return (Net) + 1/3 JP Morgan Asia Credit Index (JACI) - Non Investment Grade Index	-3.47%	-4.90%	-3.73%	14.42%	13.70%	29.30%	71.26%	1.07%	4.23%
Allianz Asian Multi Income Plus ($USD)	-1.48%	-6.17%	-6.08%	11.61%	14.93%	30.36%	51.06%	-2.23%	4.13%

Ringgit depreciated 3.98% (YTD) and depreciated 1.43% (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 Asian Multi Income Plus- USD ("Allianz AMIP - USD")
Type	Managed Fund
Fund Manager	Allianz Global Investors Asia Pacific
Fund Currency	USD





Key Fund Facts

Fund Size	RM2.221 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 2021) - Bid	1.865
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.

Allianz Life Insurance Malaysia Berhad (198301008983)
Level 29, Menara Allianz Sentral , 203 Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur.
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Manager's Comment (For Allianz Asian Multi Income Plus- USD)

Market Commentary

- Equity markets in Asia Pacific ex Japan declined over September. Sentiment was knocked by developments in China, with further regulatory crackdowns, additional signs of slowing economic activity and the threat of default at a major Chinese property developer all causing concern. In this environment, offshore China equities were again weak and the MSCI China Index has declined by around 30% since February's peak. In contrast, China's onshore equity markets were resilient, with China A-shares closing flat on the month.
- Elsewhere, Australian equities also weakened as industrial commodity prices fell on expectations of lower Chinese demand. ASEAN markets were mixed. Indonesia was the strongest market, while Singapore and the Philippines also eked out slight gains.
- Asian USD high yield bonds declined in September as idiosyncratic credit concerns on a major property developer dragged the broader Chinese property sector down. The developer later missed coupon payments but has 30 days to rectify it. The JP Morgan JACI Non-Investment Grade Index corrected by -4.15% driven by wider credit spreads (721 basis points (bps) from 672 bps). The US Treasury 5-year yield also rose from 0.78% to 0.96% as the market continued to price in the start to US Federal Reserve (Fed) tapering.
- In this market environment, the Fund return was negative in USD terms in September.
- The top detractor over the month came from a Macau casino operator. The sector overall was weak following the release of a consultation paper which included proposals to tighten regulations including potential dividend restrictions. While the level of uncertainty remains high, we believe the share price reaction has been extreme. We also see some potential for relief over the coming year as COVID travel restrictions are relaxed.
- On the positive side, the top contributor over the month was Alchip Technologies. Alchip is an integrated chip design house based in Taiwan focused on high-complexity and high-volume chip design in the networking market. We expect their artificial intelligence-related (AI-related) projects will become a significant future growth driver for the company.
- The asset allocation at the end of the month was 67.7% invested in Asian equities and 28.8% in Asian fixed income, with the remainder in cash. We maintain an asset allocation close to the 65:35 level.
- In terms of equity portfolio activity in September, we focused on exiting selective positions where we see limited near-term catalysts. This includes an Indonesian bank, as well as a steel producer and a Korean cosmetics company. We used the funds to add to both structural growth and dividend growth stocks. For example, we initiated a position in a private hospital chain operator in China after a period of weakness. Elsewhere, we added to dividend growth stocks such as a leading telco in Singapore, a Korea financial services company and a building materials producer in Australia.
- For the fixed income sleeve, we invest in bonds with the aim of long-term interest accrual. In September, we reduced exposure to weaker issuers with idiosyncratic concerns.
- At the end of the month, we held 68 equities and 109 fixed income securities. The equity portfolio yield was 2.9% and the average fixed income coupon was 6.7% with an average credit rating of BB and duration of around 2 years.

Market Outlook and Strategy

- A key question at the moment is whether developments around a Chinese property developer (and other highly leveraged property companies) could lead to a broader systematic impact for the financial sector ie, is this China's "Lehman's moment"? We think this is very unlikely.
- Our perspective is that the property sector in China has long been viewed as a source of financial risk. The recent action should be seen as an active decision by policy makers that is designed to send a strong signal to the rest of the property sector to rein in leverage. Our expectations are for an orderly restructuring of the company with state-owned financial enterprises being required to step in where needed. The first signs of this were evident towards the end of the month with the company raising USD 1.5 billion by selling its stake in a bank to a state-owned institution.
- Looking ahead, our base case is that we will enter a more policy-friendly market environment. We expect an easing of monetary policy in China and some targeted fiscal spending to help mitigate the bumpy economic slowdown. This should be supportive for China, and other markets in the region, as we enter the final quarter of the year. Our equity portfolio will continue to be broadly balanced between structural growth and dividend growth stocks, with a good spread of exposure across sectors.
- Market sentiment for Asian high yield credits is likely to remain weak in the short term but should rebound when policy measures in China are eased. The broad correction in Chinese property credits has also resulted in compelling valuations especially for stronger credits and we look to invest in some of these stronger papers to lock in the attractive yields.

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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.