February 2022

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.

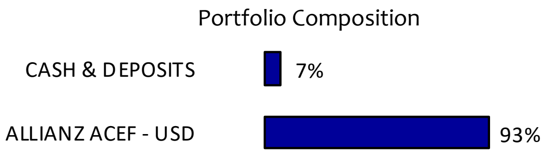
Performance Indicator

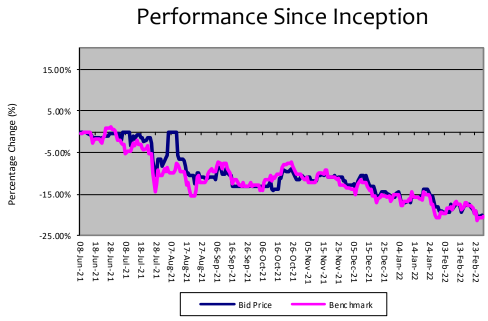
	1 month	3 months	6 months	Since Inception	YTD
Allianz Life All China Equity Fund	-0.99%	-9.09%	-9.91%	-20.00%	-5.10%
Benchmark	-1.23%	-7.91%	-11.32%	-20.48%	-6.49%
Allianz All China Equity (USD)	-1.35%	-9.96%	-12.01%	-22.69%	-6.33%

Ringgit depreciated 0.65% (YTD) and depreciated 2.72% (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")
ISIN	LU1720050803
Type	Undertaking for Collective Investment in Transferable Securities
Fund Manager	Allianz Global Investors Asia Pacific
Fund Currency	USD





Key Fund Facts

Fund Size	RM29.436 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 28th February 2022) - Bid	0.800
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.

Allianz Life Insurance Malaysia Berhad (198301008983)
Level 29, Menara Allianz Sentral , 203 Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur.
Allianz Life Call Centre: 603-2264 1188
www. allianz.com.my

February 2022

Allianz Life All China Equity Fund

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

Market Commentary

- The main detractor over the month was stock selection in the Industrials and Financials sectors. Areas such as the electric vehicle (EV) supply chain were notably weaker, for the most part a result of the ongoing growth / value rotation in the market. The aggregate sector selection effect was small, an outcome of portfolio construction with close to benchmark sector allocations.
- At a single stock level, a key detractor was a designer and manufacturer of aerial working platforms. The stock was impacted by a US Department of Commerce's announcement of final anti-dumping duties which were significantly higher than preliminary review levels. We view the share price reaction as more than discounting the business impact given that the US accounts for a relatively small proportion of total revenues.
- On the other hand, a top contributor was a leading semiconductor design company. The company announced earnings significantly above market expectations. A key growth driver is the potential for further market share gains from foreign competitors, especially in its power management circuit products. The company is also expected to expand into a US tech giant's supply chain later this year.

Market Outlook and Strategy

- February was a relatively stable month for China equity markets overall. The MSCI China All Shares Index rose by 0.3% (USD). China A-shares outperformed in February while offshore China equities were weaker in line with most global equity markets.
- There was a continuation of performance trends from January with cyclical / value areas driving the performance. Sectors such as Energy, Materials, Utilities and Financials have been the standout performers year-to-date. As a result, very often state-owned enterprises (SOEs) – which dominate the composition of these sectors – have also outperformed. In contrast, Health Care, Technology and Consumer Discretionary sectors have lagged.
- Unlike the rest of the world where the value rally has been predicated on a rising rate environment, the situation in China is the reverse. The catalyst has been expectations of an improving macro environment as the economy responds to monetary and fiscal relaxation.
- There have been ongoing signs of policy easing in recent weeks. Property remains a focus area. Restrictions on bank lending have been relaxed further and access to mortgage financing, especially for first time buyers, has improved. There have also been early signs of stabilisation in the property market. In a monthly nationwide survey, 28 of 70 cities saw primary housing prices rise in January month-on-month, compared to 15 in December.
- The National People's Congress (NPC), a key event in the political calendar, took place in early March. A 2022 gross domestic product (GDP) target of "around 5.5%" was announced – at the upper end of expectations – and the government also signalled further monetary and fiscal stimulus. As China's approach is to set targets that are designed to be met or exceeded, this reinforces our view of improved economic momentum through the course of the year.
- In terms of the Russia armed forces invasion of Ukraine – the portfolio has no direct holdings in Russia*. Listed Chinese companies do not generally have significant operations in Russia or generate a high level of revenues there. A characteristic of the China equity universe is its local focus. As an example, over 90% of revenues from listed China A-shares companies are from domestic sources. Based on our research, the highest level of exposure that any company in the portfolio has to Russia is a yeast and yeast extract manufacturer. The company has yeast production facilities in Russia contributing around 3% of its total revenues.
- In terms of recent portfolio activity, we have added slightly to Materials names which benefit from higher commodity prices and the stronger economic stimulus. And we have trimmed our Consumer exposure which may experience some margin squeeze from these higher costs.
- We are of course monitoring the Russia situation very carefully. At this stage, we retain our view that events within China – especially the ongoing pivot to an easier monetary and fiscal policy setting – will be the primary longer-term driver of markets and provide a stabilising backdrop.
- At month end, the onshore / offshore allocation is close to benchmark levels with 52% in China A-shares and 44% in offshore China. The largest overweight sector position is Industrials (2.5%) and the largest underweight is Consumer Discretionary (-1.9%).

Investment Strategy & Approach

The investment approach would be a combination of 1) Top down analysis of the macroeconomic environment to determine asset allocation and sector exposure strategy and 2) Rigorous bottom up analysis which includes value analysis and financial analysis, to select individual stocks/credits to generate alpha return.

On top of regulatory limits imposed by Bank Negara Malaysia, Allianz Life have put in place tight internal investment limits for all asset classes to ensure that the Fund does not take on excessive risk, while recognizing there cannot be total elimination of risks associated with investing in the Fund. The following is a non-exhaustive list of key risk factors when investing into the Fund.

- **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.

- **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.

- **Target Fund Subscription/Redemption Time Lapse Risk** – Due to the inherent unitisation and Target Fund subscription/redemption processing times, there could be a time lapse between the time monies are received by the Fund and the time the monies are subsequently invested into the Target Fund, vice versa for redemption. The risk of unnecessary subscription/redemption time lapse may be minimised by our best efforts in optimizing the process while adhering strictly to the stipulated asset allocation.

Allianz Life Insurance Malaysia Berhad (198301008983)
Level 29, Menara Allianz Sentral , 203 Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur.
Allianz Life Call Centre: 603-2264 1188
www. allianz.com.my