February 2022

Allianz Life Global Income Fund

Investment Objective

The Allianz Life Global Income Fund (the "Fund") feeds into Allianz Global Income- USD ("CIS") and aims to attain long term income and capital growth by investing in a broad range of asset classes, in particular in global equity and global 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 timeframe.

Performance Indicator

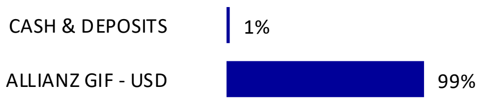
	1 month	3 months	Since inception	YTD
Allianz Life Global Income Fund	-0.42%	-7.11%	-5.90%	-7.20%
Allianz Global Income (USD)	-0.67%	-6.90%	-6.23%	-8.45%

Ringgit depreciated 0.65% (YTD) and depreciated 0.65% (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 including gross dividends paid out. 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.

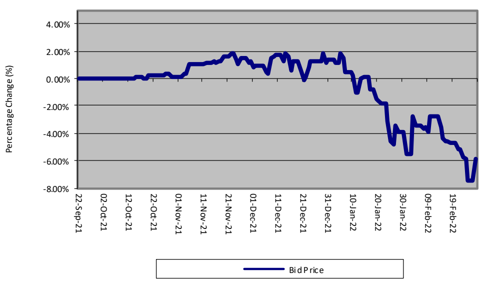
Facts on CIS

Name	Allianz Global Income- USD ("Allianz GIF - USD")
ISIN	LU2236285917
Type	Undertaking for Collective Investment in Transferable Securities
Fund Manager	Allianz Global Investors US
Fund Currency	USD

Portfolio Composition



Performance Since Inception



Key Fund Facts

Fund Size	RM23.821 million
Risk Profile	Moderate Investor
Launch Date	22nd September 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	0.941
Management Fee	1.25% 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 Global Income Fund

Manager's Comment (For Allianz Global Income- USD)

Market Commentary

- The market's defensive tone persisted in February. Investors contended with an increasingly hawkish US Federal Reserve (Fed) backdrop before geopolitical developments dominated news flow, further pressuring sentiment.
- The hawkish repricing of the monetary policy outlook was also unmistakable. The futures markets pulled forward an aggressive pace of rate increases with odds exceeding 90% in early February for a hike of 50 basis points (bps) at the March Federal Open Market Committee (FOMC) meeting. However, odds unwound into month-end – nearly as quickly as they accelerated – as tensions between Russian and Ukraine escalated, and an invasion transpired. Sudden changes in monetary policy expectations exacerbated rate volatility and caused the yield curve to flatten.
- Economic reports were mixed. Payrolls and job openings increased, and manufacturing and services surveys indicated continued expansion, while consumer sentiment ticked lower, and inflation accelerated.
- Companies continued to report strong Q4 earnings results, although management guidance was tepid given the dynamic environment. Into month-end, 76% of S&P 500 companies topped earnings per share (EPS) estimates – surprising by 7.8% – and 78% topped revenue estimates, according to FactSet.
- Commodities surged with industrial metals, grains, and energy prices jumping on frictions related to transporting and buying Russian oil and Ukrainian exports. Crude oil (WTI) rallied USD 7 to USD 95.72/barrel.
- Against this macro backdrop, both risk assets and safe-haven investments finished lower for the period. Global equity markets, as measured by the MSCI World Index, returned -2.53%* with non-US developed stocks continuing to outperform their US counterparts. Global convertible securities and high-yield bonds also finished lower but US exposure outperformed. New issuance for both markets remained constrained on geopolitical tensions and rate volatility. Global fixed income, as measured by the Bloomberg Global Aggregate Index, returned -1.19%^ with US core bonds slightly lagging non-US core bonds.
- The Fund returned negatively for the month.
- The portfolio's equity exposure was the primary performance detractor. Given their defensive characteristics, convertible security and high-yield bond issues held up much better than stocks, helping dampen overall portfolio volatility. With the selloff in rates, investment grade corporates also declined, providing less resiliency than expected in a risk averse market environment.
- Individual holdings that detracted the most from performance were exposed to Social Media and Technology (eg, Apple, Microsoft, and Mastercard), home improvement retailing, and banking (eg, J.P. Morgan).
- Positive individual contributors were exposed to Cybersecurity, Biopharma (eg, AbbVie), Mining, Insurance (eg, Aon) and Energy, among other industries.
- New purchases included expose to Industrials and Consumer Staples. Holdings in Health Care and Technology, among other sectors, were sold during the month.

Allianz Life Global Income Fund

Manager's Comment (For Allianz Global Income- USD)

Market Outlook and Strategy

- Market uncertainty has risen sharply as the military aggression between Russia and Ukraine intensifies.
- The ramifications are widespread. Many leading strategists believe:
  1) Global growth should slow with Europe experiencing the greatest deceleration. The US economy is on a stronger footing, but it is unclear today if the expansion's underlying forces can offset negative shocks related to energy/commodities, supply chains, trade/capital flows, business/consumer sentiment, and financial conditions, among others.
  2) Upward pressure on goods and services prices raises the odds of stagflation and further escalation and monetary policy normalisation in the face of potentially slower growth raises the odds of a global recession.
  3) Systemic financial risks should remain contained given US bank exposure to Russian banks is relatively small and both a global dollar crisis and a domestic (US) funding crisis appear highly unlikely with appropriate Fed facilities open and operational.
- The US economy should continue to benefit from an abating pandemic, steadfast consumer demand driven by rising wages, savings, and employment, and record household wealth, and higher business spending and investment.
- Pricing power, operating leverage, and rising sales of US companies should offset the impact of higher input costs and wages and near-term supply bottlenecks. However, the top- and bottom-lines of many issuers may be affected by geopolitical shocks highlighted above.
- The Fed is unlikely to delay lift-off in March with the futures markets pricing in an initial rate hike of 25 bps. Given the strength of labour and housing markets and consumer-related tailwinds, the US economy is in a good position to withstand future rate hikes.
- Key risks include escalating geopolitical tensions, tighter-than-expected monetary policy, persistently high inflation, and slowing economic momentum.

All data are sourced from Allianz Global Investors dated 28 February 2022 unless otherwise stated.
* Source: MSCI, as at 28 February 2022
^ Source: Bloomberg, as at 28 February 2022

February 2022

Investment Strategy & Approach

Allianz

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.

- **Interest Rate Risk** – Interest rate risk arises when the value of the debt instrument fluctuates due to interest rate movements. When interest rate rises, the debt instrument prices generally decline and this may lower the market value of the investment. The reverse may apply when interest rate falls. Debt instruments with longer maturities and lower coupon rates are more sensitive to interest rate changes. This risk may be mitigated by regular and rigorous reviews of asset allocation and duration 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.

- **Credit and Default Risk** – This relates to the creditworthiness of the issuers of the debt and money market instruments as well as their abilities to make timely payments of interest and principal. Any adverse situations faced by the issuer may impact the value of the fund as well as the liquidity of the debt instrument or money market instrument. This risk is managed through appropriate portfolio diversification, stringent credit selection and control on sector as well as credit 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.