

February 2022

Allianz Life Oriental Income Fund



Investment Objective

The Allianz Life Oriental Income Fund (the "Fund") feeds into Allianz Oriental Income- 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

| | 1 month | 3 months | 6 months | Since Inception | YTD |
|-----------------------------------|---------|----------|----------|-----------------|---------|
| Allianz Life Oriental Income Fund | -0.23% | -9.91% | -7.16% | -11.80% | -10.37% |
| Benchmark | -1.12% | -3.62% | -8.86% | -12.04% | -5.41% |
| Allianz Oriental Income (USD) | -0.48% | -10.32% | -8.72% | -12.10% | -12.28% |

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.

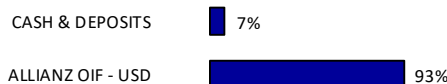
Facts on CIS

| | |
|---------------|--|
| Name | Allianz Oriental Income- USD ("Allianz OIF - USD") |
| ISIN | LU0348784397 |
| Type | Undertaking for Collective Investment in Transferable Securities |
| Fund Manager | Allianz Global Investors Asia Pacific |
| Fund Currency | USD |

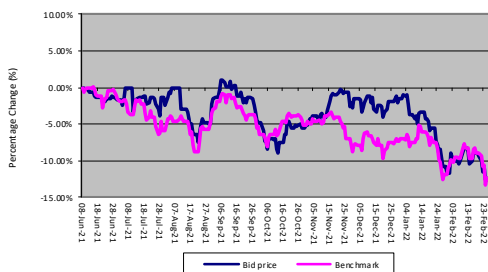
Key Fund Facts

| | |
|--|---|
| Fund Size | RM26.408 million |
| Risk Profile | Moderate Investor |
| Launch Date | 8 th 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 | 0.882 |
| Management Fee | 1.50% p.a |
| Other Charges ² | Include but not limited to government tax, auditor fee, custodian fee, & transaction charge |

Portfolio Composition



Performance Since Inception



- 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.
- 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 unit 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.

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 Oriental Income Fund



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

Market Commentary

- Equity markets in Asia ex Japan were mixed in February. There was a strong market reaction to the Russia armed forces' invasion of Ukraine which happened towards month end. The oil and broader commodity price surge had an immediate impact on relative market performance across the region. Commodity exporters such as Indonesia, Malaysia and Australia were more resilient, while net oil and gas importers such as the Philippines and India lagged. China stocks fell on concerns over further macroeconomic weakness as well as added geopolitical risks.
- In contrast, Japanese equities rose as the economy returned to growth in Q4 2021, with gross domestic product (GDP) expanding 5.4% on an annualised basis. Activity was boosted by a rebound in consumer spending and an easing in semiconductor shortages. Japan also announced that it would ease its strict border controls in March.
- The Fund performed in line with the benchmark during the month. From a country perspective, stock selection in China and Taiwan contributed to performance. From a sector perspective, stock selection in Energy and Industrials contributed to performance but this was offset by weaker stock selection in Health Care and Materials.
- One of the top detractors was Lasertec, a Japanese technology company which provides inspection machines for semiconductor and flat panel production. The company has a specific technology niche focused on mask inspection machines, where it has around 30% global market share. The stock has seen profit taking after a strong period of outperformance, as part of the broader growth / value rotation in markets. We remain positive on the outlook given its technology niche and strong order book, especially given supportive comments from leading semiconductor equipment manufacturers for its products.
- Conversely, one of the top contributors was Alchip Technologies in Taiwan. The company focuses on high complexity and high-volume chip design. The stock rallied as it benefits from secular trends such as the rising use of artificial intelligence (AI), growing in-house chip demand and ongoing localisation by Chinese semiconductor companies. We retain our holding given the company's strong foothold in Greater China and its focus on leading edge chip design and supply.
- The overall positioning of the portfolio remains little changed. From a country perspective, the portfolio is overweight in Taiwan, with underweight exposures in Japan, China, and India. From a sector perspective, the portfolio has significant exposure to Information Technology and Health Care, 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.
- During the month, we exited holdings in two Japanese firms – an electronic components supplier, and an agricultural and farm machinery manufacturer – as well as a Chinese materials supplier. We added two Japanese titanium companies, as well as a Taiwanese electronics hardware company, to the portfolio.

Market Outlook and Strategy

- While events in Ukraine are still relatively locally contained, markets are obviously unnerved by the low visibility around the developments and the insecurity around how they will unfold. The CBOE Volatility Index (VIX) went back to levels seen during the initial stages of the COVID-19 crisis in Q1 2020. Equity markets around the world have been marked lower, while oil and gold have been among the safe havens.
- With a longer-term perspective, our view is that should the sustained rise in energy prices last for a meaningful period of time (and probably also other commodities), this would likely dampen expectations of future economic growth. Ultimately, this may also dampen pressure for interest rate rises around the world, which had previously been the main catalyst for the market reversal earlier this year.
- Generally, there has been little stock specific news as we are between quarterly earnings seasons, so where our highest convictions holdings have been sold down, we are also looking to add at attractive valuations.

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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.
- **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.