

March 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	1.93%	-8.64%	-5.86%	-10.10%	-8.64%
Benchmark	-0.60%	-5.98%	-7.71%	-12.57%	-5.98%
Allianz Oriental Income (USD)	2.09%	-10.44%	-7.13%	-10.26%	-10.44%

Ringgit depreciated 0.69% (YTD) and depreciated 2.49% (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.

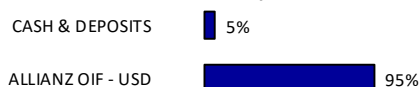
Facts on CIS

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

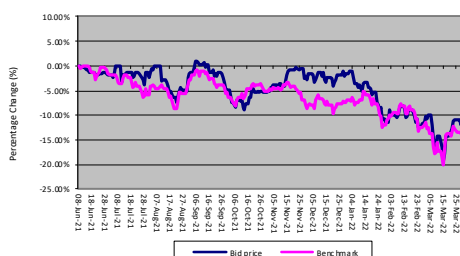
Key Fund Facts

Fund Size	RM30.249 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 31st March 2022) - Bid	0.899
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:

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Allianz Life Oriental Income Fund



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

Market Commentary

- Equity markets in Asia delivered mixed returns in March. Overall, the stronger tone to the US dollar and US Federal Reserve's (Fed's) rate hike dampened returns across the region. China stocks suffered sizeable losses. Large cap tech stocks were hurt by concerns that their American depository receipts (ADRs) may be forced to de-list from US exchanges. Additionally, as COVID-19 cases surged to their highest levels since the start of the pandemic, the key cities of Shanghai and Shenzhen entered lockdowns, raising the prospect of further supply chain disruptions.
- Among the region's more developed markets, Australian equities continued to rally with miners supported by a pick-up in the prices of many industrial and precious metals. Elsewhere, Korea and Taiwan ended the month with relatively flat returns. Meanwhile, Japan equities posted solid gains helped by news that the government will lift all remaining state of emergencies by the month-end. Exporters, in particular, have benefitted from a weak yen which slipped to a seven-year low against the US dollar as the Bank of Japan (BoJ) maintained its dovish stance.

Market Outlook and Strategy

- The Fund outperformed the benchmark during the month. From a country perspective, stock selection in Taiwan, New Zealand and Hong Kong contributed to performance. From a sector perspective, stock selection in Information Technology and Consumer Discretionary supported returns while Health Care and Energy lagged.
- On a single stock basis, our overweight positions in Mainfreight (New Zealand air freight and logistics), ASMedia Technology (Taiwan semiconductor), and Woodside Petroleum (Australian oil & gas exploration & production) helped most.
- Conversely, our positions in three Health Care companies (a biopharmaceutical company, a biological drugs company and a biotechnology company), weighed on returns.
- During the month, we exited our holdings in a Japanese health care equipment company. We added two Chinese firms, an ecommerce company and an aluminum producer, as well as a Japanese construction and engineering company, to the portfolio.
- At the end of the month, the top holdings were Mainfreight, Lasertec (Japanese semiconductor equipment), and Alchip (Taiwanese Semiconductor).
- 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.

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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.