

March 2022

# Allianz Life Thematica Fund



## Investment Objective

The Allianz Life Thematica Fund (the "Fund") feeds into Allianz Thematica- USD ("CIS") and aims to provide long-term capital growth by investing in global equity markets with a focus on theme and stock selection.

## Investor Profile

The Fund is suitable for investors who: pursue the objective of general capital formation/asset optimisation and/or above average participation risk in price fluctuations; 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

	YTD (Since Inception)
Allianz Life Thematica Fund	5.20%
Benchmark	3.45%
Allianz Thematica (USD)	4.67%

Ringgit depreciated 0.17% (YTD since inception).

Source: Bloomberg and <https://sg.allianzgi.com/>

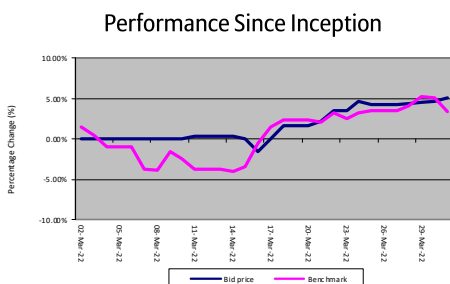
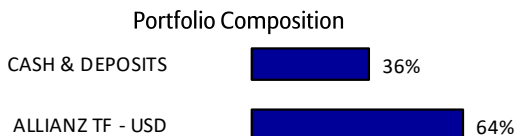
The above performance of the Fund is calculated in Ringgit Malaysia on a NAV-to-NAV basis including gross dividends paid out. It is strictly the performance of the investment fund and not the returns earned on the actual premiums paid of the investment-linked product. Past performance is not an indication of future performance.

## Facts on CIS

Name	Allianz Thematica- USD ("Allianz TF - USD")
ISIN	LU1917777945
Type	Undertaking for Collective Investment in Transferable Securities
Fund Manager	Allianz Global Investors GmbH
Fund Currency	USD

## Key Fund Facts

Fund Size	RM2.805 million
Risk Profile	Moderate Investor
Launch Date	2 <sup>nd</sup> March 2022
Fund Currency	Ringgit Malaysia
Investment Manager	Allianz Life Insurance Malaysia Berhad
Pricing Frequency	Daily
Price per Unit <sup>1</sup> (as at 31st March 2022) - Bid	1.052
Management Fee	1.50% p.a
Other Charges <sup>2</sup>	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.

## Disclaimer

The Allianz Life Thematica 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 Fund 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 Thematica 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.

# Allianz Life Thematica Fund



## Manager's Comment (For Allianz Thematica- USD)

### Market Commentary

- Global equities started March on a weak footing as investors were unnerved by the impact of the ongoing military aggression between Russia and Ukraine, including a further surge on oil prices and news that President Vladimir Putin had placed Russia's nuclear forces on a heightened state of alert. However, sentiment improved in the second half of the month when oil prices came off their highs, Russia failed to default on its debt, and the US Federal Reserve (Fed) took steps to tackle rampant inflationary pressures. Tentative signs of progress in negotiations between Russia and Ukraine also added to the positive tone.
- Most stock markets delivered modest gains in March, although European shares were flat overall and Chinese equities declined. At a sector level, Energy stocks continued to rally, and the materials sector benefitted from higher raw materials prices. Brent crude briefly touched a 14-year high of almost USD 140 a barrel, although prices later retreated to around USD 108 a barrel as the United Arab Emirates encouraged fellow Organization of the Petroleum Exporting Countries (OPEC) members to increase production and the US announced it would release oil from its emergency reserves. Wheat prices also hit a 14-year high. Other commodities where Russia had been a key producer, such as nickel, zinc and aluminium, climbed, as did fertiliser prices, adding to the upward pressure on food prices.
- Major central banks moved to tackle inflation. The Fed raised rates by 25 basis points (bps), its first rate hike since 2018, and upped the number of rate increases forecast for this year and next. The Bank of England also increased rates by 25 bps, marking its third back-to-back increase in borrowing costs. Elsewhere, the European Central Bank (ECB) scaled back its bond-buying programme as Christine Lagarde warned that the conflict in Eastern Europe was driving new inflationary trends.
- The Fund saw a strong absolute performance over the course of March, performing ahead of global equity markets as represented by the MSCI AC World index. For the month of March, performance was strongly supported by the Infrastructure theme, which benefits from a meaningful exposure to companies from the Materials space. The theme has also been a significant positive contributor for the full quarter. In March, we have also seen a stabilisation in the Clean Water and Land theme which contributed positively for the month but remains the most significant detractor for the quarter.
- Largest detractor in March – a comparatively smaller contribution - was the Digital Life theme. The Next Generation Energy, where the scramble of European countries to lessen the dependence on Russian energy imports provided new, provided additional impulse, was nevertheless a small negative contributor for the month. Whilst there was considerable strength in lithium and copper producers for example, Chinese electric vehicle manufacturers and chip technology providers held within the theme were under pressure.
- Strongest contributors on a single stock basis included Baker Hughes, Norsk Hydro, First Quantum Minerals and a provider of infrastructure services for electric power, pipeline, industrial and communications industries, all belonging to the Infrastructure theme, as well as two cyber security providers. These companies also belong to the most significant positive contributors for Q1 2022.
- On the negative side, underweight positions or not holding the tech mega caps and an American electric vehicle manufacturer detracted from performance.

### Market Outlook and Strategy

- The annual World Water day in March has a spotlight on the importance of freshwater. Water is probably the most essential commodity when it comes to human life on earth and fresh drinking water is scarce. The amount of water that can be used sustainably is limited – and becomes more limited with heavy use and increasing pollution. Demand for drinking water is growing worldwide due to population growth, changing dietary habits and rising living standards. Groundwater is the primary source of freshwater for almost half the world's population, but in many parts of the world, reserves are being depleted faster than the natural cycle can replenish them. This “vicious circle” has a devastating impact on the environment, harming ecosystems and creating desertification. Falling groundwater levels can also lead to seawater intrusion and land subsidence. Significant investment in innovative solutions across the three key areas of water efficiency, water quality and water supply is essential to address global water stress and to safeguard groundwater and corresponding ecosystems. The Clean Water and Land theme invests in companies that actively provide solutions to water scarcity and water quality issues, and which help to improve the sustainability of water resources. There is no alternative to clean water supply, but the structural imbalance between water supply and demand continues to widen. The solutions are in many cases well-known. Investments simply need to be made. The good news is that water spending is on the rise, and governments and corporates alike have begun to realise the need for urgent capital expenditure. Demand for solutions that help to resolve this mismatch will grow as water scarcity spreads worldwide.

#### Disclaimer:

The Allianz Life Thematica 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 Fund 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 Thematica 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.

# 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.