June 2017

Allianz Life Asia Multi-IncomePLUS Fund

Allianz

Investment Objective

The Allianz Asian Multi-IncomePLUS (the "Fund") feeds into Allianz Asian Multi Income Plus- USD ("CIS") and aims to achieve stable income stream and potential capital appreciation by investing primarily in Asian local currency denominated fixed income and quasi-fixed income instruments.

Investor Profile

The Fund is designed for investors who are generally risk averse and require stable returns.

Performance Indicator

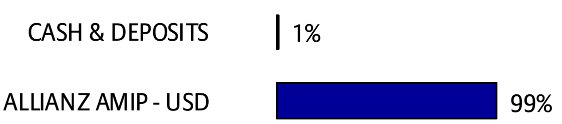
	1 month	6 months	1 year	3 years	5 years	YTD	Since Inception (Annualised)
Allianz Life Asia Multi-IncomePLUS Fund	0.96%	4.93%	19.83%	38.27%	54.13%	4.93%	5.37%
Benchmark: 2/3 MSCI AC ASIA Pac Ex Japan High Dividend Yield Total Return (Net) + 1/3 JP Morgan Asia Credit Index (JACI) - Non Investment Grade Index *	1.01%	11.19%	16.00%	15.49%	33.40%	11.19%	4.22%
Allianz Asian Multi Income Plus ($USD)	0.82%	10.84%	15.33%	7.26%	20.74%	10.84%	3.93%

Ringgit appreciated 4.24% (YTD) and depreciated 2.30% (since inception).
* Source: Bloomberg.
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.

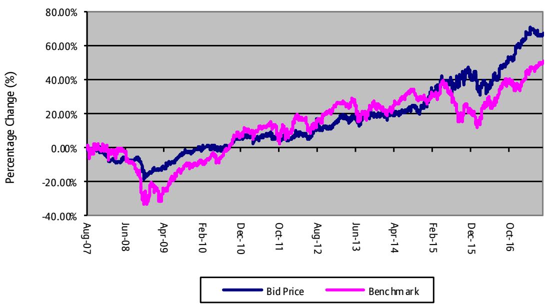
Facts on CIS

Name	Allianz Asian Multi Income Plus- USD ("Allianz AMIP - USD")
Type	Managed Fund
Fund Manager	Allianz Global Investors Singapore Limited
Fund Currency	USD

Portfolio Composition



Performance Since Inception



Key Fund Facts

Fund Size	RM2.17 million
Risk Profile	Moderate Investor
Launch Date	4th June 2007
Fund Currency	Ringgit Malaysia
Investment Manager	Allianz Life Insurance Malaysia Berhad
Pricing Frequency	Daily
Price per Unit[1] (as at 30th June 2017) - Bid	1.680
Management Fee	1.00% 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.

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Manager's Comment

Market Commentary

- June was another good month for regional equity markets with the MSCI Asia Pacific ex Japan Index advancing by 1.9% in USD terms. Australia was one of the leading performers buoyed by the rebound in commodities towards the end of the month and the related strengthening of the Australian dollar. Another feature was the performance of the technology sector, which was led higher by the mega cap China e-commerce and internet stocks such as Alibaba. The imminent launch of Apple's iPhone 8 has also captured the headlines, with many Taiwanese component suppliers in particular performing well. China equities had another good month with the MSCI China Index gaining 2.4% and MSCI China A 6.7% in USD terms. The key news this month was the decision by MSCI to include China A Shares in their Emerging Markets Index for the first time, with effect from May 2018. Although the potential fund inflows to China A Shares markets from global investors is expected to be small relative to the size of the market, it marks a further important milestone of the opening up of China's capital markets.
- Asian credit markets experienced mixed results. In line with other global markets, Asian investment grade bonds sold off towards the end of the month when global central bankers made a concerted effort to talk up bond yields. Although there was an increase in idiosyncratic risk and significant levels of new issuance from the China property sector, high yield spreads on average were unchanged during the month.
- The Fund's total return was positive during the month, continuing the good returns year-to-date, and the distribution was again paid from income. At the stock level, Eclat Textile was a leading contributor. This Taiwanese company manufactures sportswear and fashion products for a range of well-known clothing brands. The trend towards healthier lifestyles around the world and the associated rise of brands such as Lululemon Athletica and Under Armor has provided strong long term growth drivers for Eclat. However, for the last year the company has experienced slower earnings growth as a result of broad-based de-stocking across US retailers. We bought the stock in May 2017 believing that the order cycle was bottoming and that market expectations already discounted much of the bad news. A recent rebound in new orders has led to a good rally in the share price.
- Santos Ltd, an Australian oil and gas company, was a detractor last month. It is one of Australia's largest domestic gas producers, supplying sales gas to all mainland Australian states and territories. The stock has been impacted by the weaker oil price. We remain positive on the outlook, especially since the new CEO appointed in 2016 has taken significant restructuring action to reduce the cost of production and repay debt. At these levels we believe there is also potential for corporate activity.
- Our asset allocation at the end of the month was 65.4% invested in Asian equities and 31.4% in Asian fixed income, with the remainder in cash. We continue to maintain an asset allocation close to the 65:35 level. The core of the equity portfolio is companies with sustainable dividends and long term growth potential. Over the month, activity has focused on using positive flows to diversify the portfolio by adding to companies which have lagged in the market rally. Eclat Textile is a good recent example. Others include a Taiwanese industrial automation solutions provider, a global leader in technology services and consulting, and a Singapore-based integrated defence and engineering group. On the fixed income side, we continued to invest in new issues to benefit from some new issue premium and to gain exposure to new issuers. The Fund generally holds less volatile issuers for interest accrual. We also continued to access a more diversified portfolio of Asian USD high yield credits through the Allianz Dynamic Asian High Yield fund.
- At the end of the month we held 67 equities and 46 fixed income securities. The equity portfolio yield was 4.0% and the average fixed income coupon was 7.2% with an average credit rating of BB and duration of less than 3 years.

Market Outlook and Strategy

- Overall the environment for Asian equities remains positive, buoyed by optimism over the outlook for the global economy and improving earnings momentum. Although equity markets have rallied strongly this year, there appears to be a 'buy on weakness' mentality during any pullbacks, which is supported by many global investors remaining underweight in emerging markets.
- After a period of underperformance, more cyclical sectors such as financials and commodities have recently responded positively to the higher US bond yields. Steeper bond curves are good for bank earnings in particular, and the free cash flow of many commodity companies has improved significantly with lower capital expenditure, which should lead to higher dividend payouts. We retain a broadly diversified portfolio focused on dividend-paying companies, which means we have not invested in the large e-commerce and internet stocks. Many tech stocks appear fully valued after their strong run and we find better value in other growth areas.
- Credit spreads were generally unchanged in June and the index was range bound. We are currently defensively positioned and looking for better levels to invest our cash. We remain constructive for this year and do not expect a meaningful increase in default rates.

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