May 2017

Allianz Life Asia Multi-IncomePLUS Fund

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

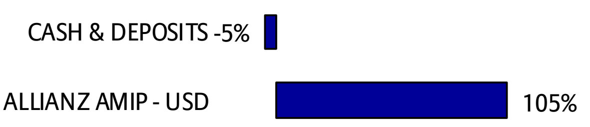
	1 month	6 months	1 year	3 years	5 years	YTD	Since Inception (Annualised)
Allianz Life Asia Multi-IncomePLUS Fund	-1.01%	3.74%	17.18%	37.29%	55.95%	3.94%	5.32%
Benchmark: 2/3 MSCI AC ASIA Pac Ex Japan High Dividend Yield Total Return (Net) + 1/3 JP Morgan Asia Credit Index (JACI) - Non Investment Grade Index *	1.35%	9.18%	18.02%	15.57%	35.09%	10.08%	4.15%
Allianz Asian Multi Income Plus ($USD)	0.83%	9.33%	15.31%	6.82%	22.35%	9.94%	3.87%

Ringgit appreciated 4.64% (YTD) and depreciated 2.28% (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.

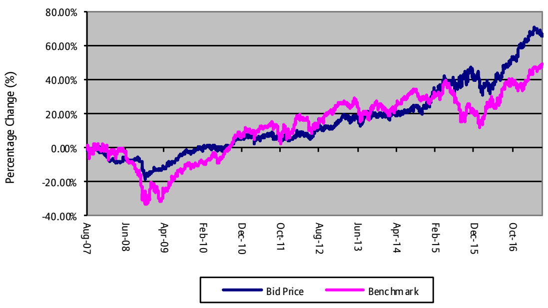
Facts on CIS

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	RM2.164 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 31st May 2017) - Bid	1.664
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

- 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, Downer EDI was a leading contributor. The company provides engineering and infrastructure management services to rail, road, telecoms, and resources sectors in Australia. We bought into the stock in May following a sharp share price correction when they announced an acquisition. We believe the sell down was unjustified and company fundamentals remain strong. Gearing is less than 10% and with a dividend yield close to 4% we believe the company offers good total return potential. Other contributors this month included Korean companies Hyundai Development, in the construction sector, and Hana Financial, in the banking sector, which both delivered earnings ahead of market expectations. Fletcher Building, a New Zealand listed building materials company, was a detractor last month. Having sold the stock earlier this year, it corrected sharply in March and April after a soft set of quarterly results. This pull back has pushed the dividend yield to over 5%, and given the strength of the balance sheet, we believe this is sustainable. We recently bought back into the stock which has continued to drift lower as consensus earnings are adjusted.
- Our asset allocation at the end of the month was 65.0% invested in Asian equities and 31.7% 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, portfolio activity has focused on taking profit in stocks that have performed strongly and rotating into market laggards. Technology stocks have performed very well and we trimmed our position in a Singapore-listed semiconductor equipment manufacturer, while adding to a Taiwanese sportswear apparel design company that has come back to attractive valuations. 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. 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 66 equities and 44 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 benign, 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 heavily underweight in emerging markets. In recent weeks, we have seen significant rotation within equity markets, with previously-favoured cyclical sectors being sold down in favour of growth stocks. The recent decline in US bond yields should, if sustained, provide more support for higher yielding equities in areas that have underperformed year-to-date. At this stage, we retain a broadly diversified portfolio that is less volatile than the wider market but which we expect to continue to provide good upside participation. Credit spreads have widened slightly due to a rise in idiosyncratic risk. Although we do not own the names affected, high yield credit spreads are generally wider due to a contagion effect. This provides us with a better level to invest our cash. We remain constructive for this year and do not expect a meaningful increase in default rates.

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