October 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

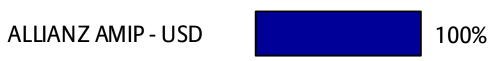
	1 month	6 months	1 year	3 years	5 years	YTD	Since Inception (Annualised)
Allianz Life Asia Multi-IncomePLUS Fund	1.88%	2.97%	13.58%	40.50%	55.67%	8.12%	5.50%
Benchmark: 2/3 MSCI AC ASIA Pac Ex Japan High Dividend Yield Total Return (Net) + 1/3 JP Morgan Asia Credit Index (JACI) - Non Investment Grade Index *	1.94%	7.43%	14.53%	20.96%	30.77%	16.68%	4.57%
Allianz Asian Multi Income Plus ($USD)	2.00%	7.07%	15.78%	13.90%	18.48%	16.75%	4.32%

Ringgit appreciated 5.61% (YTD) and depreciated 2.08% (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.

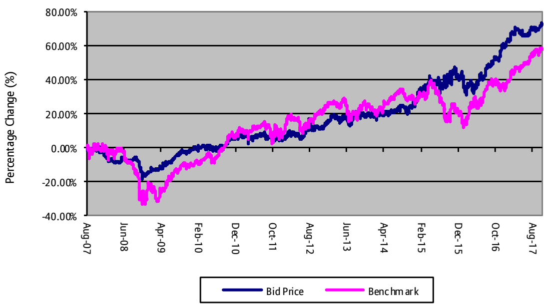
Facts on CIS

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	RM2.238 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 October 2017) - Bid	1.731
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.

Allianz Life Insurance Malaysia Berhad (104248-X)
Level 29, Menara Allianz Sentral , 203 , Jalan Tun Sambanthan, Kuala Lumpur Sentral , 50470 Kuala Lumpur.
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Manager's Comment

Market Commentary

- Equity markets in Asia Pacific ex Japan rallied over October, helped by growing optimism over the health of the global economy and indications of an uptick in Asian trade. Returns at a country level were mixed, with Singapore, South Korea and Taiwan leading the advance. The MSCI Asia Pacific ex Japan index was up by 4.1%..
- Chinese equities ratcheted higher, hitting a two-year high during the month. The initial rally was supported by the Reserve Ratio Requirement cut, and then subsequently when President Xi Jinping emerged from the 19th National Party Congress in a strengthened position. Both in China and across the region, technology stocks were strong, helped in part by demand for the new iPhone X which boosted Apple suppliers.
- On balance, ASEAN markets lagged their more developed counterparts. Singapore was the strongest ASEAN market: its economy grew at a faster-than-expected rate of 4.6% in Q3, due in part to a boost from manufacturing. The Philippines and Thailand also gained, while Indonesia posted only slightly positive returns.
- Asian USD high yield bonds returned 0.73% (J.P. Morgan Asian Credit Index – Non-Investment Grade) in October as carry and tighter spreads (-10 basis points) offset higher US Treasury yields. High yield bonds outperformed investment grade bonds due to higher bond carry and credit spread tightening. While investment grade bond spreads also tightened, the sector has greater sensitivity to US Treasury yields. With risk appetite remaining strong, the frontier markets such as Mongolia, Sri Lanka, Vietnam and Bangladesh continued to perform well. Single-B rated credits outperformed BB, C and non-rated credits. The real estate sector also generated good returns. During the month, we saw USD 21.9 billion of new US dollar bond issuances in Asia, bringing the year-to-date supply to around USD 250 billion.
- The fund return was positive in USD terms, continuing the good performance year-to-date. The monthly distribution was paid from income.
- At a stock level, Shenzhen Expressway, an operator of toll highways and expressways in China, was one of the positive contributors. The company previously acquired the Yichang Expressway and Environmental business, which contributed to better than expected Q3 results. Along with continuing earnings growth, we believe there are good prospects for another special dividend next year. Trading at less than 10x 2018 PE (price-earnings ratio) with a dividend yield over 4%, the stock provides good total return potential.
- Wynn Macau, the Macau casino and resort operator was a detractor last month. After a strong year-to-date return of 71%, the stock experienced some profit taking. Sector-wise, we are seeing a recovery in demand especially from the VIP high-rollers segment. Wynn Macau's exposure to the mass market as well as its decent dividend yield is also supportive. We continue to like the company and added to the position on the pullback.
- Our asset allocation at the end of the month was 63.4% invested in Asian equities and 31.0% 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. During the month we took profit in selective stocks that had performed strongly and rotated into laggard companies. We continue to find a number of investment opportunities in China where the narrow market focus on technology has resulted in other sectors being somewhat ignored. These include financials and infrastructure stocks, where we see good policy support following the National Party Congress.
- On the fixed income side, we increased our holdings in existing issues and will continue to opportunistically look for new issues. 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 56 equities and 56 fixed income securities. The equity portfolio yield was 3.5% and the average fixed income coupon was 6.9% with an average credit rating of BB+ and duration of less than 3 years.

Market Outlook and Strategy

- After the strong year-to-date rally, it would not be surprising to see some near term consolidation in Asia Pacific markets. Having said that, fundamentals remain strong. Corporate profits continue to have good momentum, cash flows are rising, and we believe this can eventually lead to a stronger dividend outlook as well. Portfolio positioning continues to be towards areas where we see improving corporate earnings and where valuations remain reasonable.
- In an environment of low and stable inflation globally, bond yields are likely to remain within a range at still low levels. From this perspective, Asian credit is an asset class that offers yield enhancement with relatively better fundamentals compared to other emerging market regions. While credit spreads are at tight levels from a historical basis, the hunt for yield amidst a continued low interest rate environment will likely keep spreads range-trading around current levels. With this backdrop, we expect returns for Asian high yield credit will be driven by good yield carry and security selection for the rest of the year.

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