August 2018

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

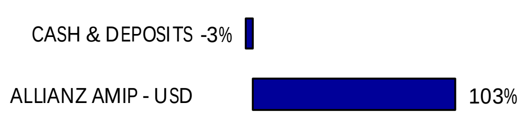
	1 month	6 months	1 year	3 years	5 years	YTD	Since Inception (Annualised)
Allianz Life Asia Multi-IncomePLUS Fund	1.15%	-0.06%	-1.87%	23.84%	42.20%	-0.47%	4.78%
Benchmark: 2/3 MSCI AC ASIA Pac Ex Japan High Dividend Yield Total Return (Net) + 1/3 JP Morgan Asia Credit Index (JACI) - Non Investment Grade Index *	-2.84%	-6.61%	-2.17%	29.56%	30.49%	-4.70%	3.98%
Allianz Asian Multi Income Plus ($USD)	0.12%	-3.86%	3.17%	28.87%	20.86%	-0.82%	4.06%

Ringgit depreciated 1.18% (YTD) and depreciated 1.65% (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.

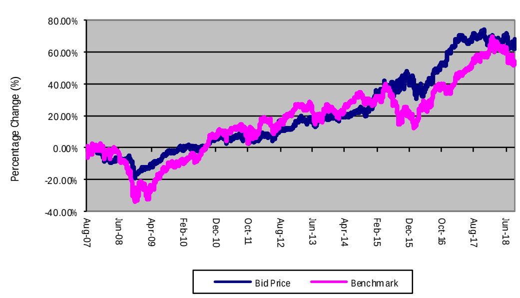
Facts on CIS

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	RM2.142 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 August 2018) - Bid	1.678
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.
Allianz Life Call Centre : 603-2264 1188
www. allianz.com.my

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Manager's Comment

Market Commentary

- As a result of the slowing pace of global growth, notably in China, and the escalation in trade tensions globally, the macro picture has become decidedly less attractive. This is being reflected at a company level where earnings expectations, previously supportive for emerging Asian markets, are now being downgraded. While we anticipate a volatile period ahead, we continue to focus on those companies in the portfolio and their business outlook in the coming years. We continue to view the current correction as more of a short term issue.
- The long-term growth drivers of Asian small caps, in our view, remains to be consumption, infrastructure development and technology. We have been positioning the portfolio to benefit from these secular trends. We have taken advantage of the weakness in the China A-Shares market to build our holdings which tap into these themes, such as the dominant yeast manufacturer in China.
- In terms of country exposure, we continue to remain underweight in South Korea given the limited growth opportunities. In India, we continue to remain concerned about stretched valuations. Some 13% of the portfolio is invested in the smaller frontier markets such as the Philippines, Vietnam, and Pakistan.
- In this environment, the Fund retreated slightly in US dollar terms but was significantly less volatile than overall equity markets. The monthly distribution was paid from income.
- Cathay Pacific Airways, one of the largest airline operators from Hong Kong, was a laggard last month. Its share price was under pressure after the announcement of results that were not as strong as market originally expected. We bought into the company as a turnaround situation earlier this year. With the recovery in demand and a more diversified customer mix, we believe the company remains on track in profitability improvement and earnings recovery. We used the share price weakness to add to our position.
- On the positive side, the Indonesian telco XL Axiata was again the top contributor in August. The stock had previously de-rated significantly in the face of extreme competitive pricing pressure. With an improvement in the structure of the Indonesia telecom industry we believe this pressure will ease and XL Axiata can benefit from an earnings recovery. Our conviction was reinforced by a recent Grassroots® Research project on mobile SIM card sales in Indonesia which validated the improving competition land-scape.
- Our asset allocation at the end of the month was 67.4% invested in Asian equities and 32.5% 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 recent months of market volatility, many quality names were overly punished and valuations have come back to more attractive levels. We took advantage of this and added to some positions. One example is a leading waste water treatment company in China that we initiated a position in August. We like this name given its solid growth outlook in the environmental protection industry, increasingly attractive valuation after the sell-off and a decent dividend yield of 4.4% that adds to the total return potential.
- On the fixed income side, we have been prudently increasing our holdings in a number of existing and new issues. Valuations are cheap and we have been able to invest in attractively priced issues for long-term interest accrual. The Fund generally holds shorter dated, less volatile 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 62 equities and 79 fixed income securities. The equity portfolio yield was 3.4% and the average fixed income coupon was 7.0% with an average credit rating of B+ and duration of less than 2 years.

Market Outlook and Strategy

- Emerging markets remain under pressure as a result of a combination of macro factors including the strength of the US dollar, rising US bond yields, trade tensions and a weakening of the China economy. Most recently, country-specific factors impacting Argentina and Turkey have also affected sentiment across Asian markets. This is being reflected at a company level where earnings expectations, previously supportive for regional Asian markets, are now being downgraded.
- We continue to manage a broadly diversified portfolio to help enhance resilience during periods of market volatility. For instance, the portfolio has a good spread of exposure geographically. In addition to the bigger markets like China, Hong Kong, and Australia, the portfolio is well represented in South Korea, Taiwan, and the ASEAN markets. In recent weeks, we have also taken action to de-risk the portfolio, mainly by trimming some of the more cyclical positions where we see potential volatility.
- Asian credit markets are facing the same challenges mentioned above, however valuations are compelling and the new bond supply coming to the market has also been managed more prudently. Our short-dated higher-quality diversified portfolio has an interest accrual focus and should be better positioned to weather any corrections in the market.

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