June 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

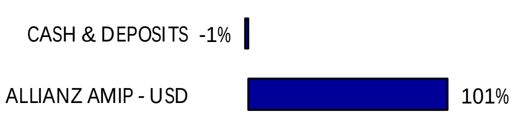
	1 month	6 months	1 year	3 years	5 years	YTD	Since Inception (Annualised)
Allianz Life Asia Multi-IncomePLUS Fund	-1.91%	-2.61%	-2.26%	18.56%	43.41%	-2.61%	4.65%
Benchmark: 2/3 MSCI AC ASIA Pac Ex Japan High Dividend Yield Total Return (Net) + 1/3 JP Morgan Asia Credit Index (JACI) - Non Investment Grade Index *	-3.41%	-4.25%	2.71%	16.86%	29.71%	-4.25%	4.09%
Allianz Asian Multi Income Plus ($USD)	-3.46%	-1.82%	5.02%	14.73%	19.05%	-1.82%	4.02%

Ringgit appreciated 0.34% (YTD) and depreciated 1.53% (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.

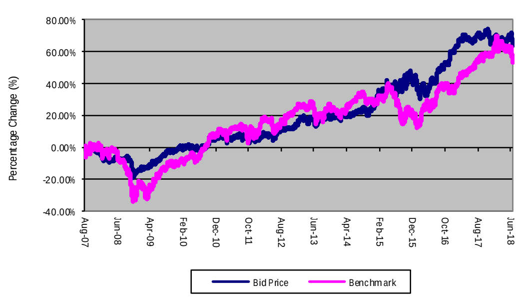
Facts on CIS

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	RM2.123 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 2018) - Bid	1.642
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

June 2018

Allianz Life Asia Multi-IncomePLUS Fund

Manager's Comment

Market Commentary

- On balance, equity markets in Asia Pacific ex Japan closed the month of June with flat returns. However, regional performance was skewed by a rally in one of the region's largest markets, Australia. The market was seen as a relative safe haven and hence benefitted from increased flows out of many of Asia's emerging markets. Elsewhere, stock markets were generally weak as tensions between the US and China on import tariffs escalated, weighing on investor sentiment.
- Chinese equities retreated, affected by rising concerns over the tit-for-tat trade war with the US: China imposed a 25% tariff on USD 34 billion of US exports and threatened to target another USD 16 billion of US energy exports. One of the key mainland stock indices, the Shanghai Composite, fell into bear market territory during the month, having dropped 20% from its peak in January. In response to concerns about the potential downside risks to the economy, the People's Bank of China reduced the reserve requirement ratio for most banks by 50 basis points.
- Asian USD credits corrected in June, with the investment grade credits marginally lower by -0.2% and high yield credits down by -1.6%, both based on the J.P. Morgan Asia Credit Index. Investment grade credits were impacted by slightly higher US Treasury yields together with wider credit spreads, while high yield bonds saw a repricing to higher yields due to poor market technicals.
- Under such environment the fund return retreated in USD terms. The monthly distribution was paid from income.
- In terms of key stock movements, our holdings in Hong Kong retailers such as Chow Tai Fook and Sa Sa International suffered from profit taking in late June, after a strong rally for the past three months. Fundamentally, we believe the outlook for both companies has improved based on higher tourist arrivals to Hong Kong and lower rental costs. Both stocks also offer decent dividends of above 3% to enhance the total return potential.
- On the positive side, an Indonesian telco was the top contributor in June. We initiated this position in May as a turnaround story. The stock had de-rated significantly over the past year 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 the company can benefit from an earnings recovery. At its low point, the valuation was less than one times price to book and the company is likely to reintroduce its dividend when the earnings recovery becomes stronger.
- Our asset allocation at the end of the month was 64.5% invested in Asian equities and 29.0% 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. Over the month, we took profit on some of the cyclical positions and switched into more defensive names. For example we initiated a position in Wharf Real Estate, which operates two key shopping malls in Hong Kong, Harbour City and Times Square. With its main revenue from rental income, we expect the stock should be well supported as we continue to see a recovery in retail sales momentum due to higher tourists arrivals in Hong Kong.
- 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 69 equities and 80 fixed income securities. The equity portfolio yield was 3.6% and the average fixed income coupon was 7.0% with an average credit rating of BB+ and duration of less than 3 years.

Market Outlook and Strategy

- Asian markets have been impacted by a combination of macro events in recent weeks. Our base case is that we expect the outlook to improve as we move through this year. In particular, inflation is rising in the US but is not out of control, so interest rate rises will likely be limited. Although the US dollar has been strong recently, at some stage the currency will start to reflect the US twin deficits. And over recent years, the Chinese authorities have been adept at fine-tuning economic policy – adding monetary and fiscal stimulus to offset economic slowdowns and then tightening policy to dampen down excessive growth.
- In term of the trade situation, our view is that even though the escalation in trade tensions and a sequence of retaliatory threats is unlikely to disappear in the immediate future, the base case remains that the ultimate outcome will be a renegotiation of existing trade deals and a new deal between the US and China. In this environment, we continue to manage a broadly diversified portfolio to help enhance resilience during periods of market volatility.
- Asian bond markets have seen weaker market technicals, with significantly reduced liquidity as supply and demand conditions deteriorated. While we no longer see new supply flooding the market, strong demand has yet to return to the market as China continues to deleverage. Yields have risen to a historically attractive level for high yield issuers while credit metrics continue to improve on the back of China's deleveraging. This presents a good opportunity for long term investors to pick bonds for interest accrual.

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