October 2018

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.

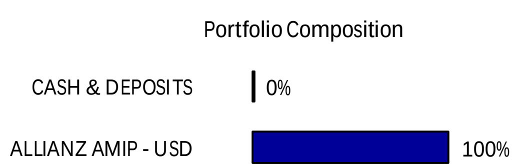
Performance Indicator

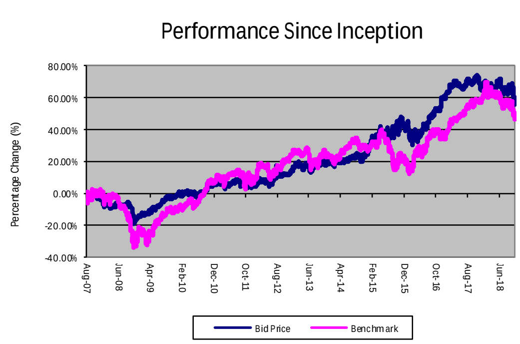
	1 month	6 months	1 year	3 years	5 years	YTD	Since Inception (Annualised)
Allianz Life Asia Multi-IncomePLUS Fund	-7.32%	-6.37%	-10.05%	6.72%	30.08%	-7.65%	4.01%
Benchmark: 2/3 MSCI AC ASIA Pac Ex Japan High Dividend Yield Total Return (Net) + 1/3 JP Morgan Asia Credit Index (JACI) - Non Investment Grade Index *	-6.39%	-9.14%	-6.40%	19.23%	16.78%	-8.44%	3.55%
Allianz Asian Multi Income Plus ($USD)	-8.57%	-12.17%	-8.51%	13.01%	3.50%	-9.91%	3.11%

Ringgit depreciated 3.05% (YTD) and depreciated 1.79% (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





Key Fund Facts

Fund Size	RM1.987 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 2018) - Bid	1.557
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

- Equity markets in Asia Pacific ex Japan retreated sharply over October, with worries over the impact of higher tariffs adding to concerns over the outlook for global growth, particularly in China. Among the region's more developed markets, Taiwan and South Korea were among the worst performers, dragged lower by their significant exposures to technology companies. Hong Kong shares posted double-digit losses, hitting an 18-month low. Australian equities retreated as well, but they held up better than the broader region.
- Chinese equities were among the weakest performers on a global basis. China's GDP expanded at an annual rate of 6.5% in Q3, the slowest quarterly pace of growth since early 2009. This was the first reading since the imposition of higher US tariffs on Chinese imports in July. Following the news, the Chinese government pledged to provide measures to support the economy and financial markets, and the People's Bank of China announced a further cut to banks' reserve requirement ratio. However, October's official purchasing managers' index of manufacturing activity slowed to its lowest level in two years, reinforcing worries about the impact of the trade conflict with the US.
- Asian USD credits corrected in October on the back of risk aversion coupled with low secondary market liquidity. The challenging market environment was further exacerbated by a number of new issues in the market. High yield bonds bore the brunt of the sell-off, correcting by -2.50% (based on the J.P. Morgan Asia Credit Index) as credit spreads spiked by 67 basis points. Investment grade bonds corrected by -0.73%, also driven by spread widening. US Treasury yields were largely unchanged on a month-on-month basis.
- In such environment the fund declined in USD terms in October.
- A key area of detraction came from the mean reversion in equity markets with previously outperforming sectors facing profit-taking. This has especially been the case in the energy sector where stocks like Worleyparsons and China Oilfield Services, the oil service providers in Australia and China respectively, have given up some of their previous gains as the crude oil price has drifted lower. We have trimmed some energy positions to lock in profits after the strong run.
- On the positive side, Guangdong Investment was one of the key contributors. The company has historically strong and stable cash flow from its Hong Kong water business which accounts for 70% of revenue. The Greater Bay development, which links a number of cities in Southern China, will provide further growth potential. The company also pays more than 4% dividend yield.
- 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. On a selective basis, we have been using the market weakness as an opportunity to add to preferred holdings. These include several Korean names in financials, technology and a casino operator. We also initiated a position in a lottery operator in Australia which we like for its monopoly position and stable high dividend yield of close to 5%.
- On the fixed income side, we continue to hold the existing bonds for interest accrual and are looking for better valuations to invest further. The fund generally holds shorter dated, less volatile issuers.
- At the end of the month, we held 54 equities and 70 fixed income securities. The equity portfolio yield was 3.7% and the average fixed income coupon was 7.0% with an average credit rating of BB and duration of less than 2 years.

Market Outlook and Strategy

- The volatility of recent weeks has been extreme and following the sharp market declines, we are finding an increasing number of stocks which appear to be significantly undervalued. Although it may take more time for Asian markets to stabilize given the uncertain macro outlook, the initial period of market recovery often brings the strongest performance. Under such an environment, we will continue to look for dividend growth stocks that have been excessively sold down.
- We continue to manage a broadly diversified portfolio in both sector and country aspects. We expect good security selection and diversification to be positive factors for the fund in mitigating risk in this market environment under our 65% equities and 35% fixed income allocation.
- For Asian credits, as we near the end of the year, secondary market liquidity is likely to remain thin. However, we also expect less primary issuance, which is positive for the market. Credit valuations are attractive now and interest accrual should be the primary driver of returns in the near term. Our short-dated higher quality diversified portfolio has an interest accrual focus and should be well positioned for this market.