September 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.

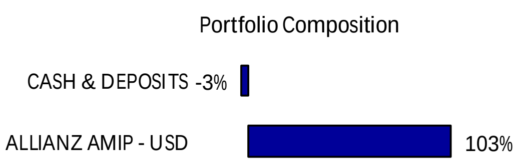
Performance Indicator

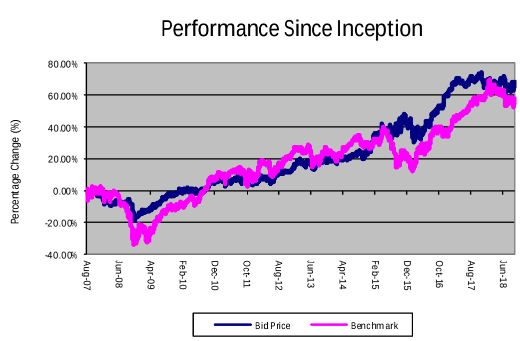
	1 month	6 months	1 year	3 years	5 years	YTD	Since Inception (Annualised)
Allianz Life Asia Multi-IncomePLUS Fund	0.12%	3.13%	-1.12%	18.98%	38.61%	-0.36%	4.76%
Benchmark: 2/3 MSCI AC ASIA Pac Ex Japan High Dividend Yield Total Return (Net) + 1/3 JP Morgan Asia Credit Index (JACI) - Non Investment Grade Index *	0.19%	-2.55%	1.92%	35.09%	29.03%	-2.19%	4.19%
Allianz Asian Multi Income Plus ($USD)	-0.65%	-3.06%	2.06%	31.02%	15.22%	-1.47%	3.97%

Ringgit depreciated 2.09% (YTD) and depreciated 1.72% (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	RM2.145 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 September 2018) - Bid	1.680
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

- Asia Pacific ex Japan equities retreated slightly over September. While the rally in the US market helped to support sentiment, this was offset by ongoing concerns about the impact of the trade war between the US and China as well as further signs of slowing Chinese economic activity. Among the region's more developed markets, South Korea and Taiwan held up the best. Australian equities retreated amid increased political risks after the country swore in its sixth prime minister in a decade last month. Financial stocks, in particular, were affected by fears of a softening housing market.
- Chinese equities lost ground again over September as the trade war with the US escalated: the US administration imposed tariffs on a further USD 200 billion of Chinese imports – meaning that more than half of Chinese imports now carry tariffs – and China retaliated with new duties on USD 60 billion of US imports. In addition, economic data triggered further market concerns on the slowing momentum in China.
- Asian USD credits were mixed in September. US Treasury yields rose on the back of a robust US economy and policy rate hikes. Credit spreads for both investment grade and non-investment grade bonds compressed. Higher interest accrual for non-investment grade bonds helped high yield bonds close the month 0.59% higher (based on the J.P. Morgan Asia Credit Index) while the investment grade bond index was lower by -0.33% due to lower interest accrual and longer duration.
- Against this backdrop the Fund was able to deliver a positive return in USD terms in September. Several oil names were key contributors to the portfolio performance. These include China Oilfield Services and S-Oil in South Korea. In particular, we like China Oilfield Services as we believe a pick-up in the capital expenditure cycle by major oil explorers should help lift the demand for oil services providers. For S-Oil, this is a Korean-based oil refinery company. With the tighter pollution regulations by the International Maritime Organization setting in from 2020, this will increase shipping demand for higher quality fuels. We believe S-Oil is well positioned to benefit.
- On the negative side, after rallying more than 80% in the past few months, the Indonesian telco XL Axiata retreated in the face of profit-taking pressure. We bought this name in May as a turnaround story. The stock had previously de-rated significantly under extreme competitive pricing pressure. We remain positive on the earnings recovery potential of the company. In our recent Grassroots® Research project on mobile SIM card sales in Indonesia, our conviction was reinforced as the competition landscape continues to see improvement.
- Our asset allocation at the end of the month was 67.3% 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, we have exited selective positions where the growth outlook has turned uncertain. In particular, we reduced our Malaysia exposure given the potential policy changes in the political environment. We also trimmed some of our consumer-related exposure to reduce risk from the ongoing trade tensions between US and China. We used the funds to add stocks that were overly punished in recent months of market volatility. One example is BOC (Hong Kong) for its strong domestic business and potential to benefit from a rising interest rate environment.
- On the fixed income side, we took profit on bonds that were relatively more expensive. Valuations are cheap in general and we look to reinvest into more attractively priced issues for long-term interest accrual. The Fund generally holds shorter dated, less volatile issuers.
- At the end of the month we held 55 equities and 72 fixed income securities. The equity portfolio yield was 3.3% 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

- Together with global emerging markets, Asia Pacific equities markets are likely to remain under pressure as a result of a combination of macro factors including trade tensions, a strengthening US dollar and a weakening in the Chinese economy. Market participants will focus on the US mid-term elections in the short term, as well as corporate earnings expectations.
- Under such environment, we continue to manage a broadly diversified portfolio to help enhance resilience during periods of market volatility. The portfolio has a good spread of exposure geographically. In addition to the bigger markets like China, Hong Kong and Australia, the portfolio is also well represented in South Korea, Taiwan, and the ASEAN markets.
- Asian credit markets are also exposed to some Emerging Market risk concerns, in particular weaknesses in the Indonesian and Indian currencies. 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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