March 2019

Allianz Life Asia Multi-IncomePLUS Fund

Investment Objective

The Allianz Life Asia 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

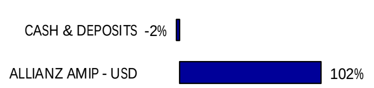
	1 month	6 months	1 year	3 years	5 years	10 years	YTD	Since Inception (Annualised)
Allianz Life Asia Multi-IncomePLUS Fund	0.67%	-0.95%	2.15%	22.53%	39.36%	87.81%	8.26%	4.46%
Benchmark: 2/3 MSCI AC ASIA Pac Ex Japan High Dividend Yield Total Return (Net) + 1/3 JP Morgan Asia Credit Index (JACI) - Non Investment Grade Index *	1.89%	3.38%	0.75%	28.72%	31.40%	120.94%	8.90%	4.31%
Allianz Asian Multi Income Plus ($USD)	0.65%	1.31%	-1.79%	24.94%	18.68%	85.39%	11.02%	3.91%

Ringgit appreciated 1.57% (YTD) and depreciated 1.51% (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.

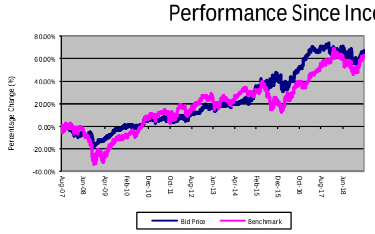
Facts on CIS

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	RM2.108 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 March 2019) - Bid	1.664
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 closed March with slight gains. The US Federal Reserve's (Fed's) dovish tone helped to support stocks although sentiment continued to be affected by the uncertain trade environment as well as signs that growth in China was slowing further. In particular, Chinese equities rose modestly, adding to their gains over January and February. While February's reading of the Caixin manufacturing purchasing managers' index (PMI) improved compared to January's near three-year low, it remained below the 50 level that separates expansion from contraction. In other news, Chinese industrial production increased at a year-on-year rate of 5.3% over January and February, the weakest since records began in 1995.
- Among the region's more developed markets, New Zealand recorded the best returns. Elsewhere, Australian stocks closed the month with slight gains. For ASEAN markets, performance was mixed. The Philippines and Indonesian equities advanced amid speculation that both countries have room to ease interest rates in the coming months. Meanwhile, Singapore and Thailand posted relatively flat returns, although Malaysia retreated modestly. Asian USD High Yield credits rose again in March, with the J.P. Morgan Asia Credit Non-Investment Grade Index up 2.73%. Inflows into the asset class continue to be strong while primary issuance was measured due to the earnings reporting season. Credit spreads at the index level compressed aggressively by 30 basis points (bps) to 504 bps while the 5yr US Treasury yield also dropped by 28 bps to 2.23% due to the end of the US rate hike cycle.
- The Fund return continued to be positive in USD terms in March. The monthly distribution was again paid from income.
- One of the key contributors for the month was Woolworths, the largest supermarket in Australia. It is a relatively new position which we added on weakness earlier this year. We expect the change of management of its key competitor should improve the competitive environment and benefit Woolworths given its dominant position. We also like its stable cash flows which support a decent dividend yield of around 3.5%.
- On the negative front, WorleyParsons faced some profit-taking pressure along with the sector after rallying more than 30% in the first two months of 2019. WorleyParsons is an Australia-based engineering company which provides project delivery and consultancy services to the energy sector. We continue to like this name as beneficiary of the pick-up in the capital expenditure cycle. We also expect its recent acquisition should bring synergies along the value chain.
- Our asset allocation at the end of the month was 65.6% invested in Asian equities and 32.2% 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. In March, we added to positions where we see attractive total return potential. For example we initiated a new position in National Australia Bank after a period of share price weakness following the completion of the Royal Commission enquiry into misconduct and a change of management. The stock pays a high dividend yield of 7.5% and is trading at a price-to-book level of 1.2x which is below its 10-year average. It is now one of our top 10 holdings.
- On the fixed income side, we continue to hold the existing bonds for interest accrual and are selectively investing in both new and secondary issues. The Fund generally holds shorter dated, less volatile issuers. We also did some switches to increase the yield of the portfolio.
- At the end of the month, we held 72 equities and 81 fixed income securities. The equity portfolio yield was 3.7% and the average fixed income coupon was 7.4% with an average credit rating of BB- and duration of less than 2 years.

Market Outlook and Strategy

- Asia has recovered all the losses made in the last quarter. We believe the main driver is a significant change in market psychology, especially at a time when many companies have continued to announce sluggish earnings growth. While the same results might have led to a sharp sell down last year, the market response now suggests that most investors are looking beyond the near-term weakness to a more optimistic outlook later this year. Ultimately, an improvement in fundamentals is required to sustain the market rally, and there are some encouraging early signs from a number of companies we spoke to.
- Many of the worst performers in the 2018 market decline have rallied the most this year. We continue to look for laggard stocks with good potential for business recovery which, in turn, should lead to higher dividends. A combination of improving earnings momentum and decent dividends provides attractive total return potential.
- Despite the strong rally in high yield bonds in March, valuations are still attractive on a multi-year window while the default rate for Asian issuers is projected to be stable and low. With the end of the earnings reporting season, we expect primary issuance to pick up pace again. This should be easily absorbed as further inflows into the Asian credit space are expected due to the end of the US rate hike cycle. Our bond portfolio will continue to be well diversified across short dated higher quality bonds with the primary aim of interest accrual.