November 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

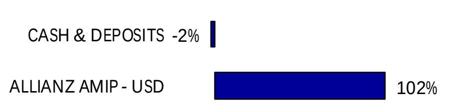
	1 month	6 months	1 year	3 years	5 years	10 years	YTD	Since Inception (Annualised)
Allianz Life Asia Multi-IncomePLUS Fund	-0.35%	1.93%	5.82%	5.42%	35.06%	71.85%	10.02%	4.35%
Benchmark: 2/3 MSCI AC ASIA Pac Ex Japan High Dividend Yield Total Return (Net) + 1/3 JP Morgan Asia Credit Index (JACI) - Non Investment Grade Index *	-0.41%	2.96%	9.14%	20.24%	25.81%	82.68%	9.45%	4.11%
Allianz Asian Multi Income Plus ($USD)	-0.18%	3.27%	7.90%	17.97%	16.28%	54.34%	11.28%	3.71%

Ringgit depreciated 0.68% (YTD) and depreciated 1.61% (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.

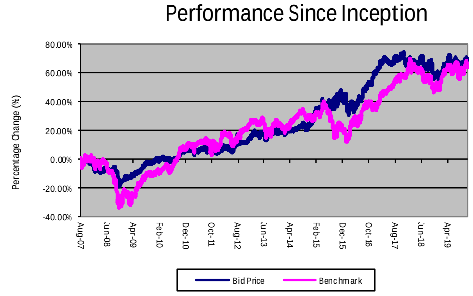
Facts on CIS

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	RM2.094 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 November 2019) - Bid	1.691
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 slightly advanced over November. Optimism over a "phase one" trade deal between the US and China partly faded towards month end after US president Donald Trump signed into law a bill backing Hong Kong's anti-government demonstrators. Against this backdrop, China equities rose modestly despite economic data remaining mixed. The Caixin purchasing managers' index (PMI) of Chinese manufacturing activity rose to 51.7 in October, its highest level since February 2017, but the official PMI, which tracks larger, state-owned companies, slipped to 49.3, the lowest level since June. In response, the People's Bank of China further eased monetary policy.
- The more developed markets in the region gained over the month with Australia leading the way. The Hong Kong market weakened, despite the successful listing of an e-commerce giant. Elsewhere, ASEAN markets generally lagged. Indonesian stocks were among the weakest performers as data showed that economic growth remained soft in Q3 and the current account deficit was wider than expected.
- Asian USD High Yield credits were neutral in November, with the J.P. Morgan Asia Credit Non-Investment Grade Index rising slightly by 0.29%, driven mainly by interest accrual. High Yield credit spreads tightened slightly from 559 to 554 basis points but this was offset by higher US Treasury yields (5 year yields rose from 1.52% to 1.63%). Sentiment continued to be driven by volatile news on the US-China trade deal and to a lesser extent by softer economic indicators. There was an increase in primary bond issuances this month but supply was well absorbed by strong demand.
- In November, the Fund slightly retreated in USD terms. The monthly distribution was paid from income.
- The top detractor was a South Korea-based oil refinery company. The stock faced profit-taking pressure after reporting a sluggish recovery in gasoil margins. We remain positive on this name as it is a key beneficiary of the International Maritime Organization's (IMO) regulations regarding tighter emission standards. The company has already completed upgrading its facilities so it will be less affected by the margin decline in high-sulfur fuel oil and should see fastest earnings growth once gasoil margins improve.
- On the positive side, the top contributor for November was James Hardie Industries, an Australia-based producer of fibre cement building materials. The company continued to achieve strong growth. In particular, their North America business was stronger with improved US housing construction activity, better plant utilisation and lower pulp and freight cost. The stock also distributes a stable dividend yield of approximately 3% which enhances the total return potential.
- Our asset allocation at the end of the month was 65.8% invested in Asian equities and 33.1% in Asian fixed income, with the remainder in cash. We continue to maintain an asset allocation close to the 65:35 level.
- In November, we continued to take profits in selective positions that have performed well such as an oilfield service provider in China and a Singaporean conglomerate with businesses in marine, property, infrastructure and asset management. We used the funds to initiate positions in a Hong Kong-based retail business group which has de-rated significantly amid political unrest, and an interventional medical device manufacturer in China. We also initiated a position in a China A-shares commercial bank.
- 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.
- At the end of the month, we held 70 equities and 75 fixed income securities. The equity portfolio yield was 3.3% and the average fixed income coupon was 7.9% with an average credit rating of BB- and duration of less than 2 years.

Market Outlook and Strategy

- While the US and China trade conflict continues to be an uncertain overhang, market sentiment has turned more positive. The looser monetary environment led by the US Federal Reserve, the subsequently weaker US dollar, and policy easing from several countries within Asia have combined to provide support to emerging market assets.
- Going into 2020, an improvement in fundamentals will ultimately be required to sustain a stronger market. Recent Q3 earnings reports have been encouraging, and expectations for 2020 are generally for a further earnings improvement. With equity valuations in the region being undemanding, we generally remain constructive on the outlook for the year ahead. The equity portfolio will continue to focus on companies with sustainable dividends and long-term growth potential and will remain broadly diversified with a good spread of exposure across sectors to capture income and growth opportunities.
- The yield of the High Yield asset class remains attractive and fairly stable. We expect returns to be driven by interest accrual in the near term as we enter the year-end holiday season with less market turnover. Short-dated higher quality bonds as held by our portfolio continue to provide attractive income accrual.