September 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.

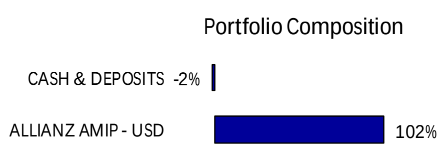
Performance Indicator

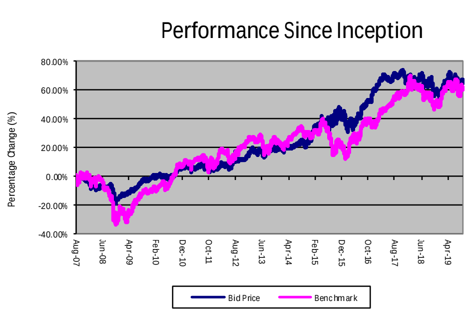
	1 month	6 months	1 year	3 years	5 years	10 years	YTD	Since Inception (Annualised)
Allianz Life Asia Multi-IncomePLUS Fund	0.92%	-0.78%	-1.73%	7.56%	33.68%	68.13%	7.42%	4.21%
Benchmark: 2/3 MSCI AC ASIA Pac Ex Japan High Dividend Yield Total Return (Net) + 1/3 JP Morgan Asia Credit Index (JACI) - Non Investment Grade Index *	1.67%	-1.72%	1.61%	15.55%	24.70%	76.90%	7.03%	3.97%
Allianz Asian Multi Income Plus ($USD)	1.91%	-2.82%	-1.55%	11.67%	11.45%	53.81%	7.89%	3.50%

Ringgit depreciated 1.03% (YTD) and depreciated 1.66% (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	RM2.044 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 2019) - Bid	1.651
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

Allianz Life Asia Multi-IncomePLUS Fund

Manager's Comment

Market Commentary

- Equity markets in Asia Pacific ex Japan recorded modest gains in September. Sentiment was lifted by increasing hopes of improved trade relations between the US and China, as well as by cuts in interest rates from several central banks. Chinese stocks delivered flat returns. China announced a range of US goods that would be exempted from 25% tariffs and President Donald Trump indicated that the US would delay a planned 5% tariff hike. Economic data remained weak, with industrial production recording its slowest year-on-year growth on record and weaker than expected retail sales growth. China continued to take measures to support the economy, including a 50 basis points (bps) cut in banks' reserve requirement ratio (RRR).
- Elsewhere, South Korea was one of the strongest markets in the region as trade tensions with Japan eased and the government announced one of the most expansionary budgets since the 2008 financial crisis. In contrast, Hong Kong stocks continued to lag amid political unrest. Singapore stocks rallied slightly but most other ASEAN markets lost ground. Indonesia was the weakest market, despite the news that Bank Indonesia had cut interest rates for the third month in a row.
- Asian USD high yield credits rose slightly in September mainly due to interest accrual. As a reference, the J.P. Morgan Asia Credit Non-Investment Grade Index rose by 0.43%. Trade tensions amidst a slowing global economy as seen by the weakening purchasing managers' indices (PMI) readings dominated headlines. The end of the quieter summer period saw a restart of primary bond issuances and these were generally well received by the market. High yield credit spreads tightened from 598 bps to 585 bps but 5yr US Treasury yields rose (1.39% to 1.54%), leaving the yield of the asset class almost unchanged.
- In September the fund return was positive in USD terms.
- Top contributor for the month was National Australia Bank. Under the leadership of the new CEO, we expect to see improvements in profitability given his reputation for firm cost control as well as positive developments in digitalisation. A greater focus in commercial loans should also improve its net interest margin. The stock pays a high dividend yield which is particularly attractive in this interest rate environment.
- On the negative side, the top detractor was an Australia-based imaging service provider to hospitals. The stock faced profit taking pressure after more than tripling this year. We remain positive on the company. Its leading product quality and strong pipeline mean there should be further market share gains and earnings growth potential. We added to our position following the share price weakness.
- Our asset allocation at the end of the month was 61.6% invested in Asian equities and 32.9% in Asian fixed income, with the remainder in cash. We continue to maintain an asset allocation close to the 65:35 level.
- In September, portfolio activity focused on exiting selective positions where we see limited near-term catalysts, notably in China and Hong Kong. We used the funds to add exposure in the Australian real estate sector given the improving outlook for the housing market, and also added further to the leading supermarket brand in view of the improving competitive landscape. We also initiated a position in a China A-share company which is a dominant grocery chain in China.
- 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 61 equities and 70 fixed income securities. The equity portfolio yield was 3.4% 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 trade situation remains highly uncertain and unpredictable, nonetheless if there is to be a surprise this time around, on balance it is likely to be a more positive outcome than is currently anticipated. Both the US and China now have clearer economic pressures to want, or even need, a deal than before. The trade war is proving a lose-lose economic situation for both countries. And this is probably the first time when both sides are coming to the negotiating table with a reason to want to get a deal agreed.
- In any case, stabilisation in the China economy in particular will be important as external pressures remain. On that front, recent economic data has been more positive. We expect to see more targeted easing policies in China to cushion the economic downside. In this environment, the portfolio remains broadly diversified with a good spread of exposure across sectors.
- The yield of the high yield asset class remains attractive and fairly stable, thus providing good income accrual. Short dated higher quality bonds as held by our portfolio continue to provide a safe haven in the current environment driven by volatile macro headlines. We expect further monetary support through policy rate cuts this year and lower primary issuance in Q4 to provide technical support to the market.