October 2021

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 provide long term capital appreciation and income by investing primarily in equites, trusts and interest bearing securities with a focus on the Asia Pacific Region.

Investor Profile

The Fund is designed for investors who are generally risk averse and require stable returns.

Performance Indicator

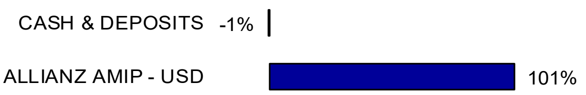
	1 month	3 months	6 months	1 year	3 years	5 years	10 years	YTD	Since Inception (Annualised)
Allianz Life Asia Multi-IncomePLUS Fund	-0.70%	-3.54%	-7.07%	7.86%	18.95%	21.52%	74.06%	0.11%	4.42%
Benchmark: 2/3 MSCI AC ASIA Pac Ex Japan High Dividend Yield Total Return (Net) + 1/3 JP Morgan Asia Credit Index (JACI) - Non Investment Grade Index *	-1.77%	-4.03%	-6.89%	12.61%	19.30%	27.89%	56.45%	-0.72%	4.07%
Allianz Asian Multi Income Plus ($USD)	0.41%	-1.37%	-8.06%	10.04%	26.22%	33.70%	45.10%	-1.82%	4.13%

Ringgit depreciated 2.92% (YTD) and depreciated 1.35% (since inception).
Source: Bloomberg and https://sg.allianzgi.com/
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.

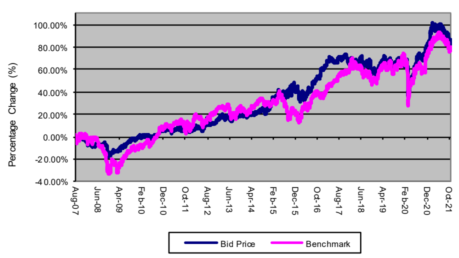
Facts on CIS

Name	Allianz Asian Multi Income Plus- USD ("Allianz AMIP - USD")
Type	Managed Fund
Fund Manager	Allianz Global Investors Asia Pacific
Fund Currency	USD

Portfolio Composition



Performance Since Inception



Key Fund Facts

Fund Size	RM2.206 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 2021) - Bid	1.852
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 (For Allianz Asian Multi Income Plus- USD)

Market Commentary

- Equity markets in Asia Pacific ex Japan rose modestly over October. After several months of weak returns, Chinese stocks advanced in October amid hopes that the government's regulatory crackdown may have passed its peak. Hong Kong stocks also benefitted from the improved sentiment. However, China's economic data continues to disappoint as power shortages and property sector curbs reined in growth.
- Looser pandemic-related restrictions in several countries buoyed optimism over a brighter economic outlook, although inflation worries continued given rising energy prices and supply chain bottlenecks. ASEAN markets outperformed developed markets in the region. Indonesia was the strongest market for the second month in a row, with energy companies boosted by record coal prices. Meanwhile, Thailand lagged other ASEAN markets. The country announced that it would end quarantine for vaccinated visitors as it sought to boost its tourism-dependent economy, although it may take years before tourist numbers return to prepandemic levels. Elsewhere, Australia was close to flat in the month.
- Asian USD high yield bonds declined in October driven by continued weakness in the Chinese property sector. As the weakness in the sector spreads beyond idiosyncratic concerns, the current market volatility is increasingly being driven by poor market technicals rather than fundamental developments. The JP Morgan JACI Non-Investment Grade Index corrected by -5.17% driven by wider credit spreads (821 basis points (bps) from 721 bps). Chinese property issuers were the main driver for wider spreads while non-China spreads were stable to slightly tighter. The US Treasury 5-year yield also rose from 0.96% to 1.18% as the market adjusted to clearer guidance of US Federal Reserve (Fed) tapering, which will commence November and see reductions of USD 15 billion per month from the current USD 120 billion per month.
- In October, the Fund return was close to flat in USD terms.
- In particular, the top contributor over the month was Unimicron Technology, a printed circuit board (PCB) manufacturer and a global leader in Ajinomoto build-up film (ABF) substrates. The company benefits from multiple growth drivers including 5G smartphones which will drive chipset performance enhancement. Tight supply in the industry also supports advanced players like Unimicron with stronger pricing power and higher margins.
- On the negative side, the top detractor came from one of the largest cement manufacturers in China, impacted by concerns over power shortages. We believe the share price weakness is likely to be temporary. Over the medium term, we expect an increase in infrastructure spending which should support demand and pricing of cement going forward.
- The asset allocation at the end of the month was 68.0% invested in Asian equities and 25.4% in Asian fixed income, with the remainder in cash.
- In terms of equity portfolio activity, in October we took profits on some holdings in China and Australia and used the funds to add to selective opportunities in India. For example, we initiated positions in the largest Indian online travel portal and also one of the leading mobile games companies.
- For the fixed income sleeve, we invest in bonds with the aim of long-term interest accrual. In October, we further reduced exposure to weaker issuers with idiosyncratic concerns in the Chinese property sector.
- At the end of the month, we held 69 equities and 97 fixed income securities. The equity portfolio yield was 2.7% and the average fixed income coupon was 6.4% with an average credit rating of BBB- and duration of around 2 years.

Market Outlook and Strategy

- The Chinese property sector was again in the news during October with further signs of stress in more highly-indebted private companies. Our view is to expect a managed decline in property prices and not a "crash" scenario. Recent policy action to restrict the supply of credit to the property sector is self-imposed and designed to send a strong signal to rein in leverage. With regards to China Evergrande, we expect a restructuring of their assets with state-owned financial enterprises being required to step in where needed.
- The weaker property sector, combined with other headwinds such as power and chip shortages, are contributing to an ongoing deceleration in economic activity in China. Looking ahead, our base case continues to be that we will enter a more policy-friendly market
- environment. Particularly for China, we expect an easing of monetary policy and some targeted fiscal spending to help mitigate the bumpy economic slowdown. Elsewhere, with more countries taking additional steps to the reopening, we hope to see a more broad-based economic recovery in the region. Our equity portfolio will continue to be broadly balanced between structural growth and dividend growth stocks, with a good spread of exposure across sectors.
- Market sentiment for Asian high yield credits is likely to remain weak in the short term while the market awaits further decisive policy measures in China. Valuations are cheap and we will be prudent in looking for opportunities to invest in papers to lock in the yields.

Investment Strategy & Approach

Investors should realize that there are risks of investing in the Funds as listed below:-

- **Market Risk** – The value of the Fund's investment assets may be affected by changes in economic fundamentals, interest rate movement, regulatory policy, political and industrial developments. These market factors may result in fluctuations in the value of the Fund's investment assets. This risk may be mitigated by ensuring a rigorous review of macroeconomic factors and asset allocation strategy.

- **Currency Risk** – For foreign investment, fluctuations in currency exchange rates may have an impact on the value of the Fund's investment assets. This risk may be minimized by engaging in foreign currency hedging.

- **Country/Foreign Investment Risk** – This risk refers to the risks of investing in foreign markets. The value of the foreign investment assets directly or indirectly held by the Fund may be affected by country-specific factors, such as the country's economic fundamentals, social and political stability and regulatory policy. This risk may be mitigated by ensuring a rigorous review of macroeconomic factors and asset allocation strategy.

- **Specific Security Risk** – The value of the assets in particular securities and money market instruments may be affected by company-specific factors, such as business situation, financial condition and corporate governance of the company. This risk may be minimized through diversification of investments in a wide scope of companies belonging to a multitude of sectors.

- **Sector Risk** – The value of the Fund's investment assets may be adversely affected by the changes in sector-specific factors, such as the business condition, industry outlook and demand/supply dynamic of the industry. This risk may be minimized through portfolio diversification and control on sector concentration risk.

- **Liquidity Risk** – If an asset has insufficient liquidity, there is the risk that the asset cannot be sold or can only be sold at a significant discount to the purchase price. The lack of liquidity of an asset may cause its purchase price to increase significantly. The risk is managed by including liquidity factor into security selection and further mitigated by diversification.

- **Target Fund Risk** – As the Fund is a feeder fund, it will invest into a Target Fund which is being managed by a Target Fund Manager. While we would make every effort to ensure that the objectives of the Target Fund are appropriately aligned with those of ours, we do not have control over the Target Fund Manager's investment in terms of its approach, intelligence, operations and management. In the unlikely event of any mishandling of the Target Fund, the NAV of our Fund, which is investing predominantly into the Target Fund, could be similarly adversely affected. This risk may be mitigated by our constant monitoring of the Target Fund, which is requisite to ensuring that the Target Fund's objective, risk profile and characteristics are in line with ours.

Overall, on top of regulatory limits imposed by Bank Negara Malaysia, we have put in place tight internal investment limits for all asset class with oversight by risk officer to ensure that the Fund does not take on excessive risk, albeit we cannot guarantee the total elimination of risks associated with investing in the Fund.