

July 2021

Allianz Life All China Equity Fund



Investment Objective

The Allianz Life All China Equity Fund (the "Fund") feeds into Allianz All China Equity Fund- USD ("CIS") and aims to provide long term capital growth by investing in onshore and offshore People's Republic of China ("PRC"), Hong Kong and Macau equity markets.

Investor Profile

The Fund is designed for investors who pursue the objective of general capital formation/asset optimisation and/or above-average participation in price changes; have basic knowledge and/or experience of financial products; and are capable of bearing a financial loss. The Fund may not be suitable for investors who wish to withdraw their capital from the Fund within a short or medium timeframe.

Performance Indicator

	1 month	YTD (Since Inception)
Allianz Life All China Equity Fund	-6.22%	-6.60%
Benchmark	-11.13%	-10.53%
Allianz All China Equity (USD)	-10.07%	-8.07%

Ringgit depreciated 2.85% (YTD 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.

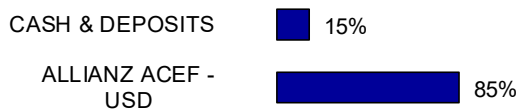
Facts on CIS

Name	Allianz All China Equity Fund- USD ("Allianz ACEF - USD")
Type	Undertaking for Collective Investment in Transferable Securities
Fund Manager	Allianz Global Investors Asia Pacific
Fund Currency	USD

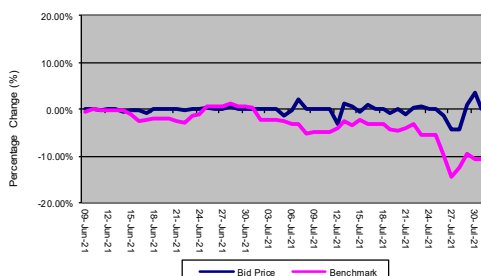
Key Fund Facts

Fund Size	RM10.66 million
Risk Profile	Moderate Investor
Launch Date	8 th June 2021
Fund Currency	Ringgit Malaysia
Investment Manager	Allianz Life Insurance Malaysia Berhad
Pricing Frequency	Daily
Price per Unit ¹ (as at 31st July 2021) - Bid	0.934
Management Fee	1.50% p.a
Other Charges ²	Include but not limited to government tax, auditor fee, custodian fee, & transaction charge

Portfolio Composition



Performance Since Inception



- 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.
- Expenses directly related to and necessary in operating the Fund.

Disclaimer:

The Allianz Life All China Equity Fund is a unit-linked fund offered by Allianz Life Insurance Malaysia Berhad (Allianz). This fact sheet is prepared by Allianz and is for information only. The fund fact sheet of the CIS will be available at < <https://sg.allianzgi.com/>>. The performance of the Fund is not guaranteed and the value of the units and the income derived there from may increase or decrease. Past returns and any forecast is not necessarily a guide to future performance. Allianz does not warrant or make any representations that the Fund will guarantee profits, or not result in losses or the correctness, accuracy, reliability, or otherwise of this fact sheet. Before deciding to invest in the Allianz Life All China Equity Fund, you should carefully consider your investment objectives, level of experience, and risk appetite. Allianz disclaims any and all liabilities against loss, damages, etc whether direct, indirect or consequential as a result of your reliance on this fact sheet. You should be aware of all the risks associated with fluctuations in a unit-linked fund and are advised to seek the advice of your financial consultant before making any investment.

While reasonable care has been taken to ensure the accuracy and completeness of this presentation as at the date of publication, Allianz accepts no responsibility for any errors or omissions. Allianz assumes no obligation to update any information contained herein.

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Allianz Life All China Equity Fund



Manager's Comment (For Allianz All China Equity Fund- USD)

Market Commentary

- The Fund lagged the benchmark in July. There was significant profit-taking in many stocks that had recovered well during Q2. The backdrop was a volatile market as sentiment was impacted by the sudden regulatory changes in the education space and other new economy sectors.
- At a single stock level, a top detractor was a digitised brokerage and wealth management platform. Over the long term, we believe the company is well placed to capture market share and to continue building its client base. In the short term, the stock has been impacted by the market volatility and reduced trading volumes in A-share markets.
- On the other hand, a top contributor was a photoelectric equipment manufacturer. Previously viewed by the market as a silicon solar cell production equipment company, the catalyst for the strong share price move was the announcement of new orders in its semiconductor equipment operations. The company has invested heavily in its semiconductor business over recent years, and the move to mass production should provide a further growth driver.

Market Outlook and Strategy

- China equity markets were significantly weaker in July with a sharp sell down in the final week which coincided with the clampdown on China's education sector and fears of further regulatory tightening across the internet space. The MSCI China All Share Index fell by 11.1%, with most of the weakness coming from offshore China equities listed in the US or Hong Kong. Although China A-shares are not directly impacted by the regulatory changes, nonetheless volatility in offshore China markets also had a significant impact on local sentiment in mainland China.
- While the short-term nervousness in markets is understandable, the longer-term consequences of recent regulatory events are likely to reinforce policy support in a number of other sectors. It is increasingly clear, for example, China will focus on channelling resources to finance innovation in key strategic areas which are viewed as critical to self-sufficiency in an increasingly polarised world. These include high tech manufacturing areas such as semiconductors, renewable energy, biotech, robotics and blockchain. In contrast, consumer facing apps are not seen as advancing the country's long-term interests.
- Looking ahead, our base case is that the intensity and tone of the recent regulatory crackdown will be lessened. A key point is that China's domestic capital markets must be developed further if long-term industrial policy goals are to be met. And if domestic stock markets are destabilised, then fund raising for all sectors is threatened. In this context, we see recent events as a speed bump which may delay, but not ultimately derail, China's goal of liberalisation of its financial markets.
- The market weakness provided opportunities to initiate several new positions in the portfolio, especially towards the end of the month. One example is an acoustic components company which specialises in areas such as wireless earphones. The stock had been weak earlier in the year due to concerns about excess inventory in the supply chain. With new product launches in coming months, we expect the company should be well-placed to maintain its growth trajectory.
- At a sector level, the main change during the month was to add to Information Technology exposure, especially in the hardware space. The portfolio remains overall underweight the large internet / ecommerce stocks which are being most impacted by the regulatory announcements. At month end, the largest overweight sector positions are Materials (+4.3%) and Industrials (+3.3%) and the largest underweights are Communication Services (-5.3%) and Financials (-2.0%).

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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.

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.