August 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

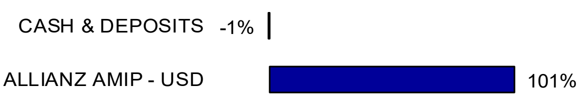
	1 month	6 months	1 year	3 years	5 years	10 years	YTD	Since Inception (Annualised)
Allianz Life Asia Multi-IncomePLUS Fund	-1.67%	-6.16%	9.20%	12.51%	27.74%	78.96%	2.05%	4.61%
Benchmark: 2/3 MSCI AC ASIA Pac Ex Japan High Dividend Yield Total Return (Net) + 1/3 JP Morgan Asia Credit Index (JACI) - Non Investment Grade Index	1.21%	0.83%	13.00%	18.01%	34.68%	65.15%	4.71%	4.51%
Allianz Asian Multi Income Plus ($USD)	-0.31%	-8.79%	11.04%	15.90%	34.32%	44.62%	-0.76%	4.26%

Ringgit depreciated 3.69% (YTD) and depreciated 1.41% (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.

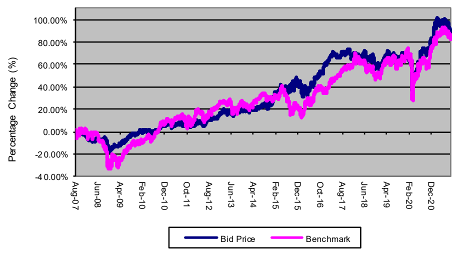
Facts on CIS

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	RM2.248 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 August 2021) - Bid	1.888
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

- It was a mixed month for equity markets in Asia Pacific ex Japan in August. Chinese stocks were flat. Widespread flooding and new COVID-19 outbreaks exacerbated concerns that economic activity was slowing. Ongoing uncertainty over China's regulatory environment also weighed on sentiment.
- On the other hand, most ASEAN markets rallied strongly, as rising vaccination levels and falling infection rates helped them recover from July's sell-off. Australia and New Zealand equities also advanced, despite both countries being forced into further lockdowns. Elsewhere, stocks in South Korea weakened after interest rates were raised for the first time since the start of pandemic.
- Asian USD high yield bonds staged a rebound in August, led by Chinese property issuers due to compelling valuations and as the sector decoupled from issuers hit by idiosyncratic concerns. Market sentiment was also lifted when an issuer in the financial sector plagued with liquidity concerns announced a new state-owned strategic investor and potential capital injection. The JP Morgan JACI Non-Investment Grade Index rose by 2.07% driven by tighter credit spreads (672 bps from 727 bps). The US Treasury 5-year yield rose slightly from 0.69% to 0.78% in anticipation of an earlier start to the US Federal Reserve (Fed) tapering.
- The Fund delivered a positive return in USD terms in August.
- The top contributor over the month was Reliance Industries. This Indian conglomerate has been expanding into e-commerce and digital services by leveraging its telecoms subscriber base and physical retail network. A more positive outlook for the core refining operations is also supporting growth prospects.
- On the negative side, a key detractor came from internet related holdings in China as ongoing uncertainty over the regulatory environment weighed on sentiment. We exited a position in an online live streaming company as we expect this area to remain under regulatory pressure for some time. Overall, our exposure in China internet stocks is relatively limited.
- The asset allocation at the end of the month was 66.4% invested in Asian equities and 30.6% in Asian fixed income, with the remainder in cash. We maintain an asset allocation close to the 65:35 level.
- In terms of equity portfolio activity, in August we initiated positions in a building material producer and a heavy industrial equipment maker, both in China, as potential beneficiaries of expected stronger infrastructure spending. We also initiated a position in a Chinese cosmetics maker with its live-broadcasting channels set to be a key growth driver.
- For the fixed income sleeve, we invest in bonds with the aim of long-term interest accrual. In August, we reduced exposure to issuers with idiosyncratic concerns while investing in a range of issuers outside the Chinese property sector for diversification.
- At the end of the month, we held 72 equities and 119 fixed income securities. The equity portfolio yield was 2.7% and the average fixed income coupon was 6.8% with an average credit rating of BB and duration of around 2 years.

Market Outlook and Strategy

- China equities, especially offshore markets, were volatile in August and there was significant churn within the market. This partly reflects the pivot in government policy, especially towards the goals of combating social inequality and reducing extremes of income and wealth ("common prosperity"). Another influence on the market has been the quarterly results season. There are a number of short-term headwinds – tough comparisons against a year ago as well as higher input costs for many manufacturing businesses. In the somewhat nervous market environment, small misses in quarterly results are leading to significant share price weakness.
- Looking ahead, our base case is that we will enter a more policy-friendly market environment in China. We expect an easing of monetary policy and some targeted fiscal spending to help mitigate the bumpy economic slowdown. We also believe the intensity and tone of the recent regulatory crackdown will be lessened. This should be supportive for China markets as we enter the final quarter of the year. Elsewhere in the region, with the rising vaccination levels and falling infection rates, we expect to see a more broad-based economic recovery. Our equity portfolio will continue to be broadly balanced between structural growth and dividend growth stocks, with a good spread of exposure across sectors.
- Despite the market rebound in August, valuations are still cheap on a historical basis. Default risk remains manageable, and we aim to invest in more issuers for a diversified income stream.

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.