December 2021

Allianz Life Global Artificial Intelligence Fund

Investment Objective

The Allianz Life Global Artificial Intelligence Fund (the "Fund") feeds into Allianz Global Artificial Intelligence- USD ("CIS") and aims to provide long term capital growth by investing in global equity markets with a focus on the evolution of artificial intelligence.

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

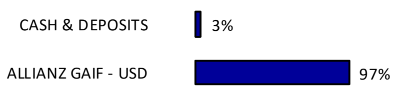
	1 month	3 months	6 months	YTD (Since Inception)
Allianz Life Global Artificial Intelligence Fund	-4.62%	-1.42%	-4.53%	-3.00%
Benchmark	3.32%	9.95%	10.17%	13.55%
Allianz Global Artificial Intelligence (USD)	-3.92%	-1.71%	-5.96%	1.53%

Ringgit depreciated 2.33% (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.

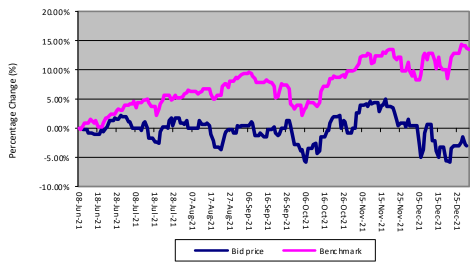
Facts on CIS

Name	Allianz Global Artificial Intelligence- USD ("Allianz GAIF - USD")
Type	Undertaking for Collective Investment in Transferable Securities
Fund Manager	Allianz Global Investors US
Fund Currency	USD

Portfolio Composition



Performance Since Inception



Key Fund Facts

Fund Size	RM28.366 million
Risk Profile	Moderate Investor
Launch Date	8th June 2021
Fund Currency	Ringgit Malaysia
Investment Manager	Allianz Life Insurance Malaysia Berhad
Pricing Frequency	Daily
Price per Unit[1] (as at 31st December 2021) - Bid	0.970
Management Fee	1.50% 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 (198301008983)
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

December 2021

Allianz Life Global Artificial Intelligence Fund

Manager's Comment (For Allianz Global Artificial Intelligence- USD)

Market Commentary

- Global equities whipsawed throughout December but closed the month higher, helped by a late-month rally. Initially stocks rebounded from the sharp sell-off at the end of November, before the prospect of central-bank tightening and fears over the impact of the Omicron variant sparked considerable volatility. While the new variant is highly contagious, a growing body of evidence suggests it causes less severe disease, helping to ease fears over further lockdowns. Meanwhile, inflation continued to accelerate, and central banks finally took steps to wind down their pandemic-related stimulus measures. The US Federal Reserve (Fed) pledged to accelerate the tapering of its bond-purchase programme, which is now scheduled to end in March 2022. The uncertainty caused a rotation out of popular growth stocks and into defensive sectors such as Health Care, Consumer Staples and Utilities.
- Information Technology and related stocks underperformed the broader market during the period. Echoing the moves across equities, shares of high growth technology companies experienced significant downward pressure while shares of mega-caps and generally more defensive companies advanced. Three tech giants added over USD 300 billion in combined market cap with one of them nearing the USD 3 trillion valuation mark. Companies across software, payments, and media with long-duration growth profiles were sold as investors reassessed valuation levels given rising interest rates. Semiconductor and communications equipment stocks with lower valuations did well amid a backdrop of strong demand.
- During the period, the Fund underperformed on a gross of fees in USD basis the custom benchmark (50% MSCI All Country World Index/50% MSCI World Information Technology Index).
- Contributors: Our position in storage and communications chip maker, Marvell Technology, was one of the top contributors. Shares surged after the company reported much better-than-expected results for the recently completed quarter and management's commentary suggested the strong results should continue into next year. Results across Marvell's key segments were robust with new product cycles driving strong data centre sales and 5G deployments fuelling carrier infrastructure demand. We maintain our positive view on the company given strong execution amid constrained supply and leadership positions in the fast-growing cloud data centre and 5G wireless infrastructure markets.
- Our position in semiconductor supplier, Broadcom, was also among the top contributors. Shares gained after the company reported strong fiscal quarter results and management provided an outlook for the coming quarter that was well above expectations. The company attributed their sanguine forecasts to surging demand from enterprises investing in their data centre and networking infrastructure. Additionally, the company's mobile handset segment is expected to remain robust. We remain constructive on Broadcom shares based on strong free cash flow generation and generous returns of capital to shareholders.
- Detractors: Our position in a company engaged in the development of hydrogen fuel cell systems was one of the top detractors. The company provides alternative energy technology focused on hydrogen fuel cell systems used for the industrial off-road market and the stationary power market. Shares fell amid the growth stock sell-off along with reports suggesting an uncertain path forward for legislation in the US to tackle climate change. Nonetheless, the company made encouraging announcements including partnerships with a Korean electric bus manufacturer, and a green energy supplier to provide logistics and distribution services for hydrogen fuel. We remain constructive on the long-term earnings power of the business reflecting the company's secular growth opportunity in the hydrogen fuel cell market and scalable technology solutions.
- Our position in electric vehicle (EV) maker, Tesla, was also among the top detractors. Shares came under pressure as the company's founder, Elon Musk, continued his planned sale on the order of 10% of his ownership stake. Shares recovered some of their value late in the month as investors anticipated the end of Musk's share sales and positive data points suggested a strong Q4 vehicle delivery count. We believe the near-term results could remain solid amid strong demand and ramping supply. We believe the world is now embracing EVs and the move towards sustainable transport has reached an inflection point. We also believe that Tesla is positioned to lead this transition as it embraces continued rapid innovation.
- Purchases and Sales: During the period, we exited a wireless communications chip maker. Shares had surged following the company's most recent quarterly earnings results. While we remain constructive on the company's longer-term fundamental outlook, the share price is near our price target and it no longer offers a favourable upside/downside profile. In addition, we are mildly concerned regarding increasing news about a tech giant's own wireless chip efforts, which could on a longer-term basis dampen some of the company's opportunity.
- We also sold an industrial conglomerate. The company announced plans to break up its corporate structure into three independent companies by early 2023. We believe this will unlock additional shareholder value in the future, but in the meantime, we expect the stock to remain range bound. We felt that given the timeframes it would best to exit the stock and revisit closer to 2023.
- Last, we sold an industry-centric artificial intelligence (AI) software platform provider due to growing concerns that the company's solutions are not as scalable and its path towards profitability could take longer. The company recently announced that it would be revamping it's go-to-market sales approach in selling its solutions. This change indicates the company is still trying to evolve its sales model at a time when it is still not profitable rather than having a proven sales approach that can rapidly scale.

December 2021

Allianz Life Global Artificial Intelligence Fund

Allianz

Manager's Comment (For Allianz Global Artificial Intelligence- USD)

Market Commentary

- We redeployed the proceeds into a new position in an online networking service company, which operates a cloud-based digital platform for medical professionals in the US. The company's cloud-based platform provides its members with tools built for medical professionals, enabling them to collaborate with their colleagues, coordinate patient care, conduct virtual patient visits, stay up-to-date with the latest medical news and research, and manage their careers. The company leverages AI to personalise the end user experience and increasingly to target both advertisements and content. In addition to having fast top-line growth, the company has done so while delivering operating margins over 30%. After several discussions with the management team, we believe the company still remains at the early stages of its long-term market opportunity to serve both its users and advertising customers.

Market Outlook and Strategy

- Looking ahead to 2022, we see a strong economic backdrop with record job openings, healthy consumer balance sheets, and lean business inventories. With the new COVID-19 Omicron variant and recent shifts in monetary policy, equity market volatility could remain elevated in the near term, but should trend lower as investors navigate this dynamic environment. We expect supply chain constraints to ease as the year progresses and continued recovery of the global economy to help moderate inflationary pressures, which should keep monetary policy adjustments and rate hike expectations in check. This next phase of the business cycle is typically a favourable environment for the equity market given broadening economic activity and potential for upward earnings revisions, while valuation may compress modestly.
- Shares of companies with long-duration growth profiles have borne the brunt of the downside volatility recently as the market applies a higher discount rate to their future earnings power. The valuations on many of these companies are approaching more normalised levels while revenue and earnings estimates have moderated from higher levels earlier in 2021. We have exited some high-growth holdings where the investment thesis has deteriorated and have raised the bar for new additions preferring those with a clearer path to profitability. We strive to maintain balanced exposure among growth, valuation, and quality, but above all, continue to focus on innovation. AI investments remain a top priority for companies across many industries and sectors as they look for ways to enhance their competitive positioning and growth prospects.
- AI Infrastructure: We expect healthy demand for the ongoing build-out of AI infrastructure in the coming years. As AI training progresses past the pilot stage, the next phase will be about the new types of processing and storage needed to deploy AI from the cloud to billions of edge devices. We continue to believe the global rollout of 5G will accelerate going forward, and the resulting higher bandwidth will enable the collection of more data from billions of mobile and Internet of Things (IoT) devices.
- Within AI Infrastructure, we maintain a constructive view on the Semiconductor space. In line with the upswing in other pro-cyclical areas, Semiconductors have performed well fundamentally and in terms of share price. Looking forward, demand across many areas of end demand remains strong and supply is relatively constrained. We think these dynamics should remain in place over the next several quarters and are supportive of further upside in Semiconductor shares.
- AI Applications: We are seeing AI get embedded into an increasing number of software applications and systems to help make more intelligent decisions. AI is helping to drive higher levels of automation, better recommendations, faster decision-making, and significant cost savings. As AI continues to advance, we expect software and apps to offer even more personalised services, made possible through an increased understanding of user behaviour and search patterns, allowing companies to deliver more human-centric experiences in real-time. Smart assistants will begin to move from passive to proactive interactions by anticipating the user's needs rather than simply waiting for instructions. AI and machine learning will continue to automate mundane tasks and complicated analyses to free up employees to focus more time and attention on creative and strategic tasks. The recent introduction of quantum cloud computing could lead to significant breakthroughs in AI and machine learning in the coming years as researchers design new algorithms to exploit the exponentially faster computing power. We are just beginning to see AI become a part of more applications, which could potentially create an even bigger market opportunity than past IT transformation eras.

December 2021

Allianz Life Global Artificial Intelligence Fund

Manager's Comment (For Allianz Global Artificial Intelligence- USD)

Market Outlook and Strategy

- AI-enabled Industries: We are seeing more companies begin to leverage AI to drive innovation. Many of our portfolio holdings in the Automotive, Consumer, Health Care, and Finance sectors are already seeing the early benefits from AI, which is allowing them to introduce unique products and services enabling them to outperform their industry peers. We expect to see more industries roll out AI projects across more of their operations to accelerate their digital transformation. We believe companies will continue to adopt AI technologies such as facial recognition for identification and fraud detection, autonomous vehicles and robots for transportation and logistics, robotic process automation (RPA) and virtual digital workers to automate repetitive office tasks, predictive maintenance powered by IoT to minimise maintenance costs and equipment down time and augmented and virtual reality (AR/VR) to create engaging experiences and entertainment.
- Overall, we continue to believe we are at the very early stages of massive disruptive change brought about by advancement in AI and its deployment. We believe that these changes will drive meaningful growth for companies that are able to take advantage and drive disruption within their respective industries. While it is expected at times that markets may question the underpinnings of this growth, we believe the compounding effect from AI disruption will create long-term shareholder value. We believe that stockpicking will be imperative to capturing the benefits of this opportunity, especially in an environment characterised by disruption and change.

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 regular and rigorous reviews of macroeconomic factors and asset allocation strategy.

- **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 regular and rigorous reviews of macroeconomic, socio – politic and regulatory factors as well as adopting an appropriate asset allocation strategy.

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

- **Company Specific Risk** – The asset values of securities may be affected by company-specific factors, some of which include volatile business situations, adverse financial conditions and poor corporate governance. This risk may be contained through appropriate portfolio diversification, prudent investment selection and better control on investment concentration risks.

- **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 managed 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. Appropriate portfolio diversification, control on investment concentration limits taking into account liquidity constraints and regular monitoring could help mitigate the said risk.

- **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. Please also refer to the Target Fund's prospectus for more detailed and comprehensive information on Target Fund specific risks.

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.