March 2022

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 at long-term capital growth and income by investing in equity and bond markets in Asia Pacific.

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	-2.24%	-5.91%	-8.63%	-13.59%	2.40%	0.00%	57.49%	-5.91%	3.70%
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	0.61%	-1.57%	-1.77%	-5.44%	8.03%	20.20%	50.92%	-1.57%	3.95%
Allianz Asian Multi Income Plus ($USD)	-2.33%	-6.73%	-8.95%	-14.49%	3.29%	12.40%	29.15%	-6.73%	3.32%

Ringgit depreciated 0.69% (YTD) and depreciated 1.40% (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.

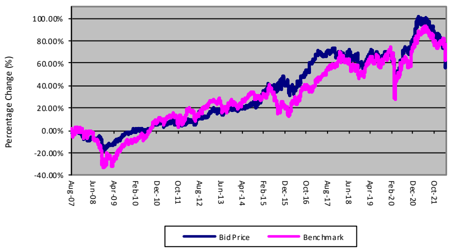
Facts on CIS

Name	Allianz Asian Multi Income Plus- USD ("Allianz AMIP - USD")
ISIN	LU0384039318
Type	Managed Fund
Fund Manager	Allianz Global Investors Asia Pacific
Fund Currency	USD

Portfolio Composition

CASH & DEPOSITS	0%
ALLIANZ AMIP - USD	100%

Performance Since Inception



Key Fund Facts

Fund Size	RM2.03milliom
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 March 2022) - Bid	1.704
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 (198301008983)
Level 29, Menara Allianz Sentral , 203 Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur.
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Manager's Comment (For Allianz Asian Multi Income Plus- USD)

Market Commentary

- Equity markets in Asia Pacific ex Japan delivered mixed returns in March. China saw COVID-19 case surge across multiple cities, sparking fresh lockdowns and factory closures. The COVID situation remains elevated in Hong Kong but generally saw improvement towards the latter half of the month. Taiwan equities also weakened throughout March due to concerns that manufacturing operations located in mainland China would be affected by factory closures. Elsewhere, South Korean equities ended March with positive gains as the COVID situation appears to have peaked towards to middle of March and exports rose to record levels. Thailand markets was relatively flat whereas returns in Singapore performed strongly on better reopening prospects.
- Asian USD high yield credits started the month on a weak note but rebounded strongly in the middle of March as China vowed to support economic growth and capital markets. For the month, the JP Morgan JACI Non-Investment Grade Index corrected by -2.60% but the move was mainly driven by sharply higher US Treasury yields where the 5-year benchmark rate rose from 1.72% to 2.46%. Credit spreads tightened in March from 843 basis points (bps) to 818 bps. Excluding month-end rebalancing effects, credit spreads were actually slightly wider, led by the China property sector.
- In this environment, the Fund return was negative in USD terms in March. Key detraction came from our China and Taiwan holdings.
- In terms of single stock, the top detractor over the month came from a private oncology-focused hospital group in China. During the month, China's National Health Care Institution initiated an inquiry into the capital raising of private hospitals which raised concerns over the future regulatory environment. We previously liked the company for its standardised operation model which should enable faster expansion and higher margins. However, we have exited our position given the regulatory policy uncertainty.
- On the other hand, the top contributor was Reliance Industries, a conglomerate in India with diverse business segments such as energy, telecommunications, and retail. Share price was boosted by strong refining margins from the company's energy business and expectations of retail recovery in the next few months. We like Reliance for its expansion into ecommerce and digital services by leveraging its telecom subscriber base and physical retail network.
- The asset allocation at the end of the month was 67.3% invested in Asian equities and 31.6% in Asian fixed income, with the remainder in cash.
- In terms of equity portfolio activity, in March we exited a gaming machine manufacturer in Australia to take profit. We used the market weakness and added to selective positions where valuations have come down to more attractive levels. For example, we initiated a position in the largest online booking travel platform in China.
- For the fixed income sleeve, we invest in bonds with the aim of long-term interest accrual. In March, we trimmed our exposure to issuers with potential credit concerns while investing the proceeds in issuers from other countries and sectors to diversify the portfolio.
- At the end of the month, we held 68 equities and 96 fixed income securities. The equity portfolio yield was 3.0% and the average fixed income coupon was 5.6% with an average credit rating of BB and duration of 2.6 years.

Market Outlook and Strategy

- Clearly, we are in extremely uncertain times with low visibility around future economic developments globally. However, with the assumption that events in Ukraine remain relatively locally contained, our base case scenario is to be cautiously optimistic on the market outlook. In particular, we expect a pivot to an easier monetary and fiscal policy setting in China. This should ultimately result in a stabilisation of the Chinese economy and also provide a more supportive backdrop to regional markets. While the current COVID lockdowns are likely to lead to weaker economic activity and therefore also weaker near-term earnings, this is also likely to prompt a more forceful policy response.
- In terms of key risks, there has been much speculation about whether China will face Western sanctions as a result of providing support to Russia. While making geopolitical predictions has rarely been more uncertain than it is now, nonetheless we think this is an unlikely scenario. The economic cost of jeopardising China's access to the vast US and European export markets would be huge. As a result, China has a strong incentive to demonstrate that it is "not a party to this crisis" as foreign minister Wang Yi commented.
- Following the strong rebound in late March, the Asian high yield credit market is expected to consolidate in the short term. We expect the market to continue to be bifurcated with most of the volatility driven by distressed Chinese property developers while other issuers remain more stable. We are focused on higher quality issuers and aim for diversification within the portfolio.

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Investment Strategy & Approach

The investment approach would be a combination of 1) Top down analysis of the macroeconomic environment to determine asset allocation and sector exposure strategy and 2) Rigorous bottom up analysis which includes value analysis and financial analysis, to select individual stocks/credits to generate alpha return.

On top of regulatory limits imposed by Bank Negara Malaysia, Allianz Life have put in place tight internal investment limits for all asset classes to ensure that the Fund does not take on excessive risk, while recognizing there cannot be total elimination of risks associated with investing in the Fund. The following is a non-exhaustive list of key risk factors when investing into the Fund.

- **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.

- **Interest Rate Risk** – Interest rate risk arises when the value of the debt instrument fluctuates due to interest rate movements. When interest rate rises, the debt instrument prices generally decline and this may lower the market value of the investment. The reverse may apply when interest rate falls. Debt instruments with longer maturities and lower coupon rates are more sensitive to interest rate changes. This risk may be mitigated by regular and rigorous reviews of asset allocation and duration 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.

- **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.

- **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.

- **Credit and Default Risk** – This relates to the creditworthiness of the issuers of the debt and money market instruments as well as their abilities to make timely payments of interest and principal. Any adverse situations faced by the issuer may impact the value of the fund as well as the liquidity of the debt instrument or money market instrument. This risk is managed through appropriate portfolio diversification, stringent credit selection and control on sector as well as credit concentration risks.

- **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.

- **Target Fund Subscription/Redemption Time Lapse Risk** – Due to the inherent unitisation and Target Fund subscription/redemption processing times, there could be a time lapse between the time monies are received by the Fund and the time the monies are subsequently invested into the Target Fund, vice versa for redemption. The risk of unnecessary subscription/redemption time lapse may be minimised by our best efforts in optimizing the process while adhering strictly to the stipulated asset allocation.