January 2022

Allianz Life All China Equity Fund

Investment Objective

The Allianz Life All China Equity Fund (the "Fund") feeds into Allianz All China Equity- 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.

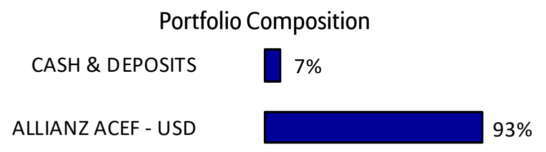
Performance Indicator

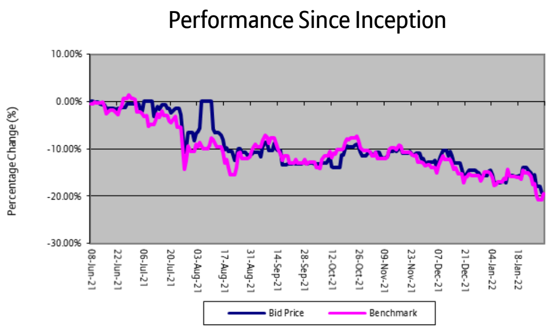
	1 month	3 months	6 months	YTD	Since Inception
Allianz Life All China Equity Fund	-4.15%	-8.80%	-13.49%	-4.15%	-19.20%
Benchmark	-5.32%	-10.21%	-10.02%	-5.32%	-19.49%
Allianz All China Equity (USD)	-5.05%	-11.24%	-14.75%	-5.05%	-21.64%

Ringgit depreciated 0.34% (YTD) and depreciated 2.55% (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- 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	RM25.977 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 January 2022) - Bid	0.808
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

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

Market Commentary

- There was significant rotation in China equities at a stock and sector level, including the same growth/value reversal evident in markets globally. In this environment, the close-to-benchmark approach to portfolio construction at a sector level helped mitigate the impact of the market volatility.
- At a single stock level, a leading contributor was a banking group in Hong Kong. The steepening bond yield environment should be helpful for net interest margins of Hong Kong banks. We view the company as having a well-capitalised balance sheet which should allow it to capture post COVID recovery opportunities.
- On the other hand, a top detractor was a leading ophthalmology hospital group. The stock was weak along with the rest of the Health Care sector on a combination of concerns regarding potential policy risk as well as the broader growth/sector market reversal. Localised COVID outbreaks have also affected patient traffic in recent months leading to slightly reduced earnings expectations.

Market Outlook and Strategy

- January saw a weak start to the new year for China equities. Offshore equities were relatively more resilient with previously beaten down sectors such as Internet/ecommerce seeing a slight recovery.
- There has been a clear cyclical tilt to performance – sectors such as Financials, Energy and Real Estate have been most resilient. Although this is in line with global equity trends, unlike the rest of the world, it is not because of rising rates. Quite the reverse in fact, as bond yields in China have been coming down in the lower interest rate/looser monetary conditions.
- We see the situation for China equities now as having similarities to the last economic cycle. In 2018, the government took action to tackle structural issues such as excessive leverage in the shadow banking sector. The policy changes resulted in a sharp economic slowdown, which initially caused a derating in equity markets. The government eased its policy stance later in 2018, and this subsequently supported equity valuations into the following year.
- There are clear parallels with recent experience. The government used the "growth dividend" from the COVID recovery in H2 2020/early 2021 to tackle structural longer-term issues – excessive leverage in the property sector, alleged anti-monopolistic practices in Internet/ecommerce, and achieving carbon-emissions targets, for example. More recently, we have seen a clear pivot to easier policy and we expect this to support valuations.
- A data point to watch is the gross domestic product (GDP) target for 2022, which will likely be announced in March. Our expectations are that the 5% level is a line in the sand to be protected. This compares to 2021 GDP of 8.1%. We expect to see macro stabilisation and improving economic momentum as we move through the year.
- Portfolio activity in January was focused on two areas – buying into preferred stocks that have come back to attractive levels in the market weakness and also adding selectively to names that should benefit from the easier policy environment, especially related to higher levels of fiscal spending.
- There was little change to overall Fund positioning during the month. The onshore/offshore weighting is now relatively close to benchmark with around 50% allocation to China A-shares. In recent months, we have added slightly to offshore equities, including adding selectively to Internet / Ecommerce stocks following their significant weakness.
- At month end, the largest overweight sector position is Information Technology (3.2%) and the largest underweight is Communication Services (-2.1%).

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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 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.

- **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.

- **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.