

January 2022

# Allianz Life Oriental Income Fund



## Investment Objective

The Allianz Life Oriental Income Fund (the "Fund") feeds into Allianz Oriental Income- USD ("CIS") and aims to provide long-term capital growth by investing in Asia Pacific equity and bond 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 Oriental Income Fund	-10.16%	-6.46%	-10.34%	-10.16%	-11.60%
Benchmark	-4.34%	-6.12%	-5.56%	-4.34%	-11.05%
Allianz Oriental Income (USD)	-11.86%	-8.43%	-10.48%	-11.86%	-11.67%

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.

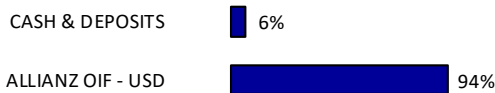
## Facts on CIS

Name	Allianz Oriental Income- USD ("Allianz OIF - USD")
Type	Undertaking for Collective Investment in Transferable Securities
Fund Manager	Allianz Global Investors Asia Pacific
Fund Currency	USD

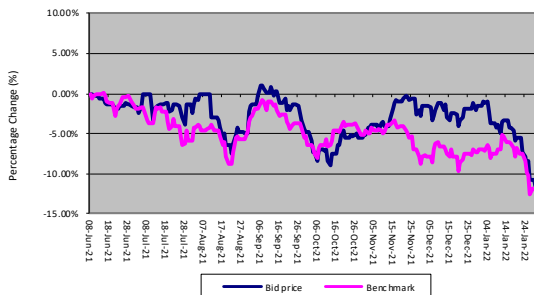
## Key Fund Facts

Fund Size	RM22.674 million
Risk Profile	Moderate Investor
Launch Date	8 <sup>th</sup> June 2021
Fund Currency	Ringgit Malaysia
Investment Manager	Allianz Life Insurance Malaysia Berhad
Pricing Frequency	Daily
Price per Unit <sup>1</sup> (as at 31st January 2022) - Bid	0.884
Management Fee	1.50% p.a
Other Charges <sup>2</sup>	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 Oriental Income 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 und 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 Oriental Income 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.

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](http://www.allianz.com.my)

# Allianz Life Oriental Income Fund



## Manager's Comment (For Allianz Oriental Income- USD)

### Market Commentary

- Equity markets in Asia ex Japan retreated over the period, as risk assets sold off after the US Federal Reserve (Fed) indicated it may need to accelerate the pace of rate hikes. Surging COVID-19 cases, both regionally and locally, also undermined sentiment, as did the stronger US dollar. Chinese stocks declined over the month, as the property slowdown and COVID-19 restrictions restricted economic activity. In response, the People's Bank of China (PBOC) eased its key interest rates. In contrast, Korea raised rates to tackle inflation whilst there was strong demand for one of the largest ever domestic IPOs. Japanese equities also declined over the month as the Bank of Japan (BoJ) lifted its inflation projections from 0.9% to 1.1% for the fiscal year starting in April, noting that risks are now "balanced" rather than "skewed to the downside". The government was forced to reimpose COVID-19 restrictions in some parts of the country as the Omicron variant caused infection levels to surge to a record high.

### Market Outlook and Strategy

- The Fund underperformed the benchmark during the month. From a country perspective, stock selection in Japan, China and Taiwan detracted. From a sector perspective, the underweight exposure to Financials, as well as stock selection in the key overweight sectors of Information Technology and Health Care were responsible for the underperformance.
- On a single stock basis, our overweight positions in two Hong Kong companies Galaxy Entertainment Group (casinos & gaming) and CK Asset Holdings (real estate development), as well as a Chinese oilfield services provider, helped most. Conversely, our overweight positions in Lasertec, a Japanese semiconductor equipment supplier; the New Zealand-based logistics company Mainfreight; and a Chinese biotechnology name, weighed heavily on the overall returns.
- During the month, we exited our holdings in a Taiwanese supplier of semiconductor equipment, a Singaporean electronic manufacturing services provider and a Japanese diversified real estate company. We added a Japanese specialised finance company and a Singapore-based bank to the portfolio.
- At the end of the month, the top holdings were Lasertec, Mainfreight and Alchip. From a geography perspective, the Fund has an overweight exposure to Taiwan, New Zealand, and Hong Kong, whereas Japan, China and India are underweight. At a sector level, the portfolio has overweight positions in Information Technology, Health Care and Industrials, whilst only holding selective positions in the Financials, Communication Services and Consumer sectors.

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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.
- **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. 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.