November 2017

Allianz Life Asia Multi-IncomePLUS Fund

Investment Objective

The Allianz Asian Multi-IncomePLUS (the "Fund") feeds into Allianz Asian Multi Income Plus- USD ("CIS") and aims to achieve stable income stream and potential capital appreciation by investing primarily in Asian local currency denominated fixed income and quasi-fixed income instruments.

Investor Profile

The Fund is designed for investors who are generally risk averse and require stable returns.

Performance Indicator

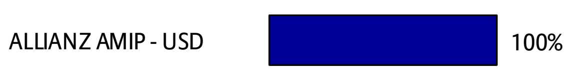
	1 month	6 months	1 year	3 years	5 years	YTD	Since Inception (Annualised)
Allianz Life Asia Multi-IncomePLUS Fund	-3.00%	0.90%	4.68%	34.11%	48.58%	4.87%	5.14%
Benchmark: 2/3 MSCI AC ASIA Pac Ex Japan High Dividend Yield Total Return (Net) + 1/3 JP Morgan Asia Credit Index (JACI) - Non Investment Grade Index *	-0.09%	5.90%	15.63%	20.99%	28.44%	16.58%	4.53%
Allianz Asian Multi Income Plus ($USD)	0.30%	6.51%	16.45%	14.78%	16.61%	17.10%	4.32%

Ringgit appreciated 8.88% (YTD) and depreciated 1.72% (since inception).
* Source: Bloomberg.
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.

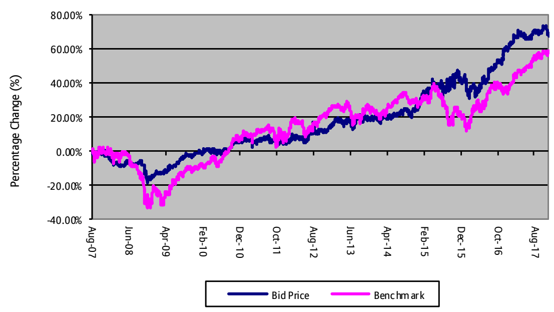
Facts on CIS

Name	Allianz Asian Multi Income Plus- USD ("Allianz AMIP - USD")
Type	Managed Fund
Fund Manager	Allianz Global Investors Singapore Limited
Fund Currency	USD

Portfolio Composition



Performance Since Inception



Key Fund Facts

Fund Size	RM2.17 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 30th November 2017) - Bid	1.679
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.

Disclaimer:

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Manager's Comment

Market Commentary

- Equities markets in Asia Pacific were mixed over the month. After starting the month on an improving trend, Chinese equities gave back most of the gains as investors were concerned about rising domestic bond yields and the authority's measures to tackle excessive debt. The Hang Seng Index breached 30,000 for the first time in a decade before contagion spread from China.
- On the economic front, there were further signs that the China economy was slowing, with retail sales, industrial production and fixed-asset investment all weakening, although the official purchasing managers' index of manufacturing activity unexpectedly strengthened in November.
- After strong returns in October, South Korea and Taiwan retreated over November as the technology-related sell-off spread to Asia. ASEAN markets delivered mixed returns as well. Singapore was the strongest market, buoyed by news that its Q3 GDP had expanded by a stronger-than-expected pace. Thailand delivered flat returns but Indonesia, the Philippines and Malaysia retreated.
- Asian USD high yield bonds returned -0.27% (J.P. Morgan Asian Credit Index – Non-Investment Grade) in November due to wider credit spreads (+6 basis points) and higher US Treasury yields (5-year US Treasury yield: +12 basis points). Credit spreads widened across both investment grade and high yield on supply indigestion. Asia ex-Japan issuers priced a mammoth USD 38.9 billion of USD bonds during the month. The large supply was driven by Chinese issuers on increased NDRC (National Development and Reform Commission) offshore bond approvals and rising Chinese onshore bond yields. We also saw a large USD 2.5 billion sovereign issue by Pakistan. By country, Bangladesh and Mongolia were the best performers due to high yield carry. Non-rated and single-B credits underperformed.
- In this environment, the Fund return was slightly down in USD terms. The monthly distribution was again paid from income.
- At a stock level, James Hardie Industries, the Australia building materials manufacturer was one of the top contributors. Following a company meeting, we initiated the position in October. The stock has underperformed over the last year and we believe there is good turnaround potential based on an improvement in US operations and also from a recent acquisition. As earnings grow, we also see room for dividend growth as well.
- A South Korean DRAM supplier, was a detractor last month. The stock sold off in line with the technology sector. Having rallied more than 70% this year, some profit taking is to be expected. Nonetheless we believe the outlook for companies in the semiconductor supply chain remains strong with robust demand from a wider range of industries such as electronic vehicles, medical devices and other growth areas related to the internet of things (IOT).
- Our asset allocation at the end of the month was 65.1% invested in Asian equities and 32.7% in Asian fixed income, with the remainder in cash. We continue to maintain an asset allocation close to the 65:35 level.
- The core of the equity portfolio is companies with sustainable dividends and long-term growth potential. In recent weeks we have taken profits in selective stocks, notably in the technology sector, and rotated into laggard companies. As well as adding to James Hardie, we also initiated a holding in a Hong Kong-based consumer products exporter. The stock has de-rated significantly, has a strong balance sheet to support the 7% dividend yield, and has been taking action to cut its cost base which provides earnings turnaround potential.
- On the fixed income side, we increased our holdings in a number of existing issues and new issues. We will continue to opportunistically look for more attractively priced issues. The Fund generally holds less volatile issuers for interest accrual. We also continued to access a more diversified portfolio of Asian USD high yield credits through the Allianz Dynamic Asian High Yield fund.
- At the end of the month, we held 58 equities and 60 fixed income securities. The equity portfolio yield was 4.3% and the average fixed income coupon was 6.9% with an average credit rating of BB- and duration of less than 3 years.

Market Outlook and Strategy

- Fundamentally, we believe the outlook for Asian equities remains positive over the medium to longer term. Corporate earnings and cash flows continue to improve and as a result, balance sheets have generally been strengthened. Given the strength of the rally year-to-date, it would not be surprising to see a period of consolidation. However, because this has been primarily an earnings-led market, valuations remain in line with longer-term averages.
- One feature of 2017 has been the heavy concentration of returns in the technology sector. This is an area where valuations in some instances have become excessive. We expect to see a period of market rotation and are increasingly finding better risk-reward opportunities elsewhere. We are maintaining a broadly diversified portfolio that will benefit if the rotation turns to other sectors such as financials and consumer stocks.
- We are seeing a typical slow-down in secondary activities into the year-end resulting in sideways trading for Asian credit markets. The recent widening of credit spreads has provided some reprieve from very tight levels. For the rest of the year, we expect returns for Asian credit will be driven by carry and security selection. We remain constructive on Asian US dollar high yield bonds driven by attractive carry and expect credit spreads to trade within a range, barring a significant negative macro event. Credit fundamentals are stable and default rates are expected to remain low at around 2-3%, while the maturity schedule for 2018 is manageable. We expect future supply will continue to be strong which will provide a range of investment opportunities but requires a highly selective approach as we look for bonds that provide more attractive valuations.

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