December 2018

Allianz Life Asia Multi-IncomePLUS Fund

Investment Objective

The Allianz Asia 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.

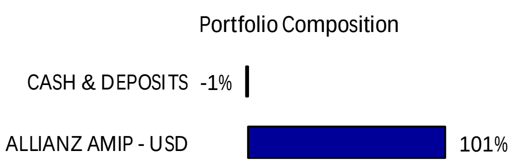
Performance Indicator

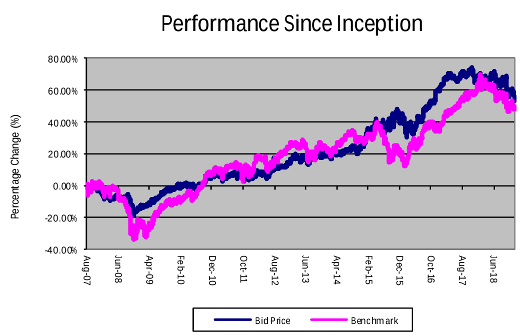
	1 month	6 months	1 year	3 years	5 years	YTD	Since Inception (Annualised)
Allianz Life Asia Multi-IncomePLUS Fund	-3.82%	-6.39%	-8.84%	7.78%	26.92%	-8.84%	3.84%
Benchmark: 2/3 MSCI AC ASIA Pac Ex Japan High Dividend Yield Total Return (Net) + 1/3 JP Morgan Asia Credit Index (JACI) - Non Investment Grade Index *	-0.28%	-3.02%	-7.14%	24.03%	20.92%	-7.14%	3.62%
Allianz Asian Multi Income Plus ($USD)	-3.03%	-8.42%	-10.08%	15.34%	6.23%	-10.08%	3.05%

Ringgit depreciated 2.09% (YTD) and depreciated 1.68% (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





Key Fund Facts

Fund Size	RM1.948 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 31st December 2018) - Bid	1.537
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.

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Allianz Life Insurance Malaysia Berhad (104248-X)
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

Market Commentary

- Equity markets in the Asia Pacific ex Japan declined over December even though many of the region's smaller markets helped offset part of the negative returns. Hong Kong equities fell to the lowest level since mid-2017, while markets in South Korea and Taiwan touched the lowest levels since early 2017. On the other hand, Australia equities recovered and ended the month slightly positive in local currency terms. This was mainly driven by the Materials sector as gold prices reached a six-month high during the month.
- Chinese equities were among the weakest performers in the region as data signaled that the trade war with the US was affecting economic growth. The official purchasing managers' index of manufacturing activity fell below the 50 level that separates expansion from contraction in December: the reading was the lowest since February 2016. Industrial output also recorded its slowest pace of growth in 15 years in November, adding to fears of a deepening slowdown.
- The positive sentiment for Asian USD High Yield credits from the end of November continued into December and the J.P. Morgan Asia Credit Non-Investment Grade Index rebounded by 1.42%. The rebound was mainly driven by high interest accrual and lower US Treasury yields, where the 5yr US Treasury yield decreased by 30 basis points (bps) to 2.51%. Credit spreads were stable with the index spread compressing by 4 bps to 606 bps.
- In such environment, the Fund declined in USD terms in December. The monthly distribution was paid from income.
- A key area of detraction came from the energy holdings where stocks like WorleyParsons and China Oilfield Services, oil service providers in Australia and China respectively, continued to experience profit taking as oil prices remained weak. We continue to like these two names as beneficiaries of an expected pick-up in the capital expenditure cycle. In addition, a recent acquisition by WorleyParsons should bring synergies along the value chain.
- On the positive front, Shenzhen Expressway was again the top contributor in December. As a toll highway operator in China, the company has good earnings growth prospects driven by new projects in the pipeline and a recently acquired environment business. The company also confirmed it would sell back three toll roads to the government which will provide a significant disposal gain. This will be included in the profit distribution for the next dividend payout which enhances the already attractive dividend yield of 4.7%.
- Our asset allocation at the end of the month was 66.8% invested in Asian equities and 32.1% 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 December we continued to take profits in stocks that have had a good run such as Guangdong Investment and Shenzhen Expressway. We used the funds to initiate positions in an iron ore distributor and a property developer, both of which are in Australia. These two stocks have previously underperformed and we expect them to have good recovery potential.
- On the fixed income side, we continue to hold the existing bonds for interest accrual and are selectively investing in both new and secondary issues. The Fund generally holds shorter dated, less volatile issuers.
- At the end of the month, we held 61 equities and 72 fixed income securities. The equity portfolio yield was 4.0% and the average fixed income coupon was 7.1% with an average credit rating of BB- and duration of less than 2 years.

Market Outlook and Strategy

- We would not be surprised to see Asian markets continuing their period of weakness in the short term. Economic data in China has been weakening and trade tensions with the US are likely to be an ongoing source of friction. However, given the volatility of recent months, valuations have come back to increasingly attractive levels. The key to a market recovery will likely be economic stabilisation in China, which we expect to happen in response to fiscal and monetary policy initiatives.
- We continue to manage a broadly diversified portfolio to help enhance resilience during periods of market volatility. The portfolio also has a good spread of exposure in both sector and country aspects to provide multiple sources of growth and income potential. In addition to the traditionally high dividend paying sectors like Telecommunications, Financials and Utilities, the portfolio also has exposure to selective quality names in Consumers and IT as growing consumption power and innovation remain as long term themes for the region.
- Primary issuance will likely pick up before the Lunar New Year in February which could lead to some short term repricing of the credit curve due to the additional supply. Interest accrual should continue to be the primary driver of returns in the near term and risk sentiment in the high yield bond market should continue to improve. Our diversified portfolio of short dated higher quality bonds is focused on interest accrual and should be more resilient in this environment.

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